



辽宁港口股份有限公司

LIAONING PORT CO., LTD.

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

(Stock Code : 2880)



2023

ANNUAL REPORT



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General Information on the Company

1) Company Profile

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

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

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

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

2) General Information on the Company

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

General Information on the Company

3. Contact persons
- | | |
|--|---|
| Joint Company Secretary/Secretary to the Board | Wang Huiying Address: Room 2608, Xingang Commercial Building, Jingang Road, Dalian International Logistics Park Zone, Liaoning Province, the PRC Telephone: 86 411 87599899 Facsimile: 86 411 87599854 E-mail: wanghuiyingln@cmhk.com |
| Joint Company Secretary/Qualified Accountant | Lee, Kin Yu Arthur Address: Room 2615, Xingang Commercial Building, Jingang Road, Dalian International Logistics Park Zone, Liaoning Province, the PRC Telephone: 852 53774873 Facsimile: 86 411 87599854 E-mail: lijianru1@cmhk.com |
4. Registered office
- | | |
|--|--|
| Postal Code | Xingang Commercial Building, Dayao Bay, Dalian Free Trade Zone, the PRC 116600 |
| Place of Business and Postal Code in PRC | Xingang Commercial Building, Dayao Bay, Dalian Free Trade Zone, the PRC (116600) |
| Place of Business in Hong Kong | 31st Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong |
| Company website | www.liaoganggf.cn |
| Company e-mail | ir@liaoganggf.cn |
5. Designated newspapers for information disclosure of the Company
- | | |
|---|--|
| Website designated by the China Securities Regulatory Commission for publishing the A share annual report | China Securities Daily, Shanghai Securities Daily, Securities Times, and Securities Daily www.sse.com.cn |
| Website for publishing the H share annual report | www.hkexnews.hk |
| Place for collection of annual report | Room 2609, Xingang Commercial Building, Jingang Road, Dalian International Logistics Park Zone, Liaoning Province, the PRC |

General Information on the Company

| | | | |
|----|---------------------------------------|--|---|
| 6. | Places of listing | Shanghai Stock Exchange | The Stock Exchange of Hong Kong Limited |
| | Stock abbreviations | LIAONING PORT | LIAONING PORT |
| | Stock codes | 601880 (Shanghai) | 2880 (Hong Kong) |
| 7. | A share registrar and transfer office | China Securities Depository and Clearing Corporation Limited, Shanghai Branch | |
| | H share registrar and transfer office | Computershare Hong Kong Investor Services Limited | |
| 8. | Auditor | Ernst & Young Hua Ming LLP Recognised PIE Auditor Address: No. 1 Chang An Avenue, Dong Cheng District, Beijing, PRC | |
| 9. | Other information | Legal advisor (as to Hong Kong law) Clifford Chance 27/F, Jardine House, 1 Connaught Place, Central, Hong Kong, PRC | |
| | | Major bankers Industrial and Commercial Bank of China Agricultural Bank of China China Construction Bank Bank of China Bank of Communications | |

3) Business Milestones in 2023

March

- The Company announced the annual results for the year 2022.

April

- In April, the Group intensified its market development efforts for bulk and general cargo terminal, actively strategized logistics plans, and inaugurated the first bulk and general cargo liner route from Dalian to Ravenna, Italy. This initiative has enhanced the global route network for bulk and general cargo liners at our port, while also establishing an economical, efficient, and convenient new maritime logistics channel for our target customers.

General Information on the Company

May

- In May, the Group's container terminal officially launched the Western Mediterranean Line (DRAGON). This route marks the first oceanic trunk line opened by our port in 2023. Consequently, our port's European-Mediterranean routes have increased to four, significantly bolstering our oceanic service capabilities.

June

- The Company convened the annual general meeting for the year 2022.
- In June, the Group's container terminal welcomed the addition of the HMM Vietnam Thailand Line (ICN), substantially boosting the export capacity of Hyundai Merchant Marine (HMM) and facilitating a more seamless maritime logistics channel for the import and export of fruits, chemicals, and other commodities of countries along the route.

July

- In July, the Group's container terminal officially launched the Mediterranean Indo-Malaysian Line (DOLPHIN). This route represents the second newly established route between our port and the Mediterranean this year, reinstating direct service from Dalian to Semarang, Indonesia's third-largest port, thereby enhancing our port's service capacity to Indonesia and Malaysia.

September

- On 26 September, a soybean ship with a cargo capacity of 77,000 tons docked at the Group's bulk grain terminal. The deadweight tonnage of the ship is the largest among imported soybean vessels in Northeast China over the past decade.
- In September, the Group's container terminal inaugurated the Qingdao Grand Ocean Wuhu Line (Domestic Trade), marking our port's maiden river-sea direct container liner route. This line has substantially slashed transportation time by 3-4 days compared to the previous transshipment mode, thereby enhancing the water logistics linkage between the Northeast region and the Yangtze River Economic Belt. Moreover, it delivers efficient, convenient, and stable transportation services to our targeted customers.

November

- In November, the Group's No. 0 Berth at oil product harbor handled over 1,000 VLCCs (Very Large Crude Carriers). On 10 November 2023, at 08:40, the VLCC named "Creator", with a cargo capacity of 132,000 tons, successfully docked at the Company's No. 0 Berth. This marks the 1,000th VLCC safely docked at our oil product harbor since its completion and operation in 2004.

December

- In 2023, the Group's passenger terminal facilitated the movement of 632,000 roll-on/roll-off vehicles entering and exiting the port, establishing a new historical record of Ro-Ro volume. This achievement propelled our related market share to 48.4%, further solidifying our port's dominant position in the roll-on/roll-off market. Such success significantly contributes to the development of the Northeast Asia International Shipping Center, Northeast Asia International Logistics Center, and Northeast Sea Land Corridor within our port.

Chairman's Statement

Dear shareholders,

On behalf of the Board of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2023.

In 2023, amid the slow growth of the world economy and the sluggish growth of global trade due to the impact of the international situation and regional conflicts, China witnessed an overall stable and positive macro economy and continually ranked among the top in the world in terms of economic development, with the economic structure transformation and upgrading unstopably marching towards the goal of active adaptation and comprehensive reform, thanks to the strong resilience and huge potential of the Chinese economy. The annual gross domestic product (GDP) reached RMB126.06 trillion, representing a year-on-year growth of 5.2% (Source: the official website of the National Bureau of Statistics).

Operating Results and Dividends

In 2023, despite the challenges of the volatile international situation and the escalation of regional conflicts, China's economy made headway with rapid growth in strategic emerging industries, state-owned enterprises centering around improving overall results through reform, major progress in the construction of free trade ports, and the continuously rebounding port and shipping industry index. On a year-round basis, the growth of cargo throughput handled by China's ports above the designated size remained stable with a sign of slowing down, and the throughput of certain goods in the same period bounced back steadily.

In 2023, the Group's net profit attributable to shareholders of the parent company amounted to RMB1,343,109,072.73. To better reward the shareholders, the Board recommended the payment of cash dividends of RMB0.191 (withholding tax included) for every 10 shares for the year 2023.

Business Review

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

In the face of the complicated and volatile economic situations, the Group consistently implemented the policy of "integrating strategies, expanding incremental growth, improving weak links, and strengthening services", and held fast to the imperatives of the "three transformations" while concentrating its efforts to three major tasks, i.e. advancing the construction of the Dalian Northeast Asia International Shipping Center, an International Logistics Center, and the Northeast Sea Land Corridor. By expanding its presence in markets, impelling its development through reinforcing intrinsic reform, and enhancing services while upholding principles of integrity and innovation, the Group completed its annual production tasks to a relatively satisfactory extent.

Chairman's Statement

The Group vigorously developed its maritime logistics business and has made achievements in the development of hubs and channels. In the past year, the Group launched 9 new container routes, 3 liner routes for international steel trade, and 4 bulk and general cargo routes for domestic trade, gradually enhancing its route network coverage. 16 ports located in cities including Qingdao, Rizhao, and Qinhuangdao serve as the gateways of our subnetwork in the Bohai Rim. The Group further cultivated the market by consistently enhancing its goods sourcing efforts. In terms of the Container Segment, the Group managed a volume of ad-hoc shipping services for 166 foreign trade vessels and increased the export-based direct shipping capacity by 136,000 TEUs. Furthermore, the empty container allocation (distribution) business saw a 16.1% increase year-on-year. In terms of the Oil Segment, the Group strived to secure the transshipment of more goods from Panjin North Asphalt Fuel Limited Company (盤錦北方瀝青燃料有限公司) at its ports, representing a growth of 16.2% year-on-year. The Group competed for a larger quota of refined oil exporting from its ports, achieving a year-on-year increase of 17.5%. In terms of the Bulk and General Cargo Segment, Rio Tinto delivered the iron ore to our Yingkou Port pursuant to a spot trading contract denominated in Chinese Renminbi; we completed transshipments of 4.22 million tons of mixed ore for international trade, marking a year-on-year increase of 48.1%. In terms of the Ro-Ro Segment, the Group has acquired new customers from the automobile industry for its international transshipment services, including Mitsubishi, Kia, Subaru, and Honda, achieving a year-on-year increase of 22.7%, a record high since the opening of the port. Focus on making progress, our customer services experienced a steady improvement. The Group has established customer service centers in Chaoyang Municipality, Shanghai Municipality, and other cities with an aim to further enhance the “8 centers and 20 service outlets” customer service system. The Group hosted the National Vehicle Logistics Conference and a series of events to present its ports to customers in Eastern China, Heilongjiang Province, Jilin Province, Suizhong County, and other areas, significantly enhancing its brand influence. Additionally, it has signed strategic cooperation agreements with over 30 key enterprises, establishing a mutually beneficial ecosystem. The Group has developed 10 service brands boasting quality, efficiency, safety, low costs, and high flexibility with unique characteristics of Liaoning Port, such as “Dalian Standard Grade Ore” and “Hub Port for the North-to-South Grains Transportation Project”. With the functions of the port gradually improving, 18 berths in Dalian Port have been officially open for business, which has maximized the availability of the port area. Dayaowan Bay Port has officially implemented a tax refund policy as a port of departure, shortening the tax refund cycle for enterprises; Bayuquan Port Area has achieved full opening-up and has been officially designated as a national coal reserve base. Tapping into the opportunity arising from China's support for the physical trading of grain in bonded areas, the Group has obtained the qualification for a Bonded Trading Warehouse for Imported Soybean from the Qianhai Mercantile Exchange, making it the sole northern port to win this accreditation. Upholding win-win cooperation, we gathered more and more strength from collaborative development. The Group bolstered the collaboration between customs and ports by jointly advancing 23 key cooperation projects for the year with the customs, thereby enhancing port functions and clearance efficiency. Underpinning cooperation between railways and waterways, we leveraged the favorable railway support policies to further boost our port competitiveness; to meet customers' logistics requirements, the Group advanced the development of port networks to achieve the synergy at scale between container terminals and iron ore terminals, thus furnishing robust port logistics support.

Chairman's Statement

Prospects

In 2024, amid the still grim outlook of the global economy, the international market demand is not expected to resume in the short term due to the varying degrees of influence of several major economies. To cope with this situation, the Group will take advantage of various favorable policies promulgated by the state in a reasonable manner and optimize the allocation of resources from a comprehensive perspective, while collaborating with the premium enterprises in related upstream and downstream industries to overcome difficulties and hardships and forge ahead. In 2024, the adjustment to the economic and industrial structure and the business model innovation in China will enter a critical stage of comprehensive reform and key breakthroughs, which will bring new opportunities and challenges to the development of the port industry. In addition, after the 20th National Congress of the CPC, various national strategic plans and beneficial policies will build a higher and wider platform for the coastal regions to fully take part in strategic cooperation in the global economy and enhance the development of the cross-border economic cooperation zones. This will further consolidate the Group's important position as the "bridgehead" for the opening-up of the Northeast area and provide favorable policy support and room for the development of the Group and the prosperity of the regional economy. In the future, the Group will continue to follow the working principle of "integrating strategies, expanding incremental growth, improving weak links, strengthening services, consolidating foundation, and stressing decisions implementation", persist in the market-oriented and customer-centric approach, compete for larger market share, take the initiative to serve, and stay keen on innovation to enhance the core competitiveness of the ports. The Group endeavors to build an integrated service system of "hub + channel + network" and fully promotes the construction of "world-class" ports.

Liaoning Port Co., Ltd.

WANG Zhixian

Chairman

28 March 2024

Financial Highlights

| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> | Changes (%) |
|---|-------------------------------|------------------------|--------------------|
| Highlights of Income Statement | | | |
| Revenue | 12,219,879 | 12,167,472 | 0.43 |
| Gross profit | 3,390,095 | 3,177,602 | 6.69 |
| Operating profit | 2,005,350 | 1,909,694 | 5.01 |
| Net profit attributable to shareholders of the parent company | 1,343,109 | 1,317,655 | 1.93 |
| Basic earnings per share (RMB) | 0.055993 | 0.054932 | 1.93 |
| Highlights of Balance Sheet | | | |
| Cash and bank balances | 5,228,415 | 5,285,807 | -1.09 |
| Net current assets | 4,935,395 | 3,144,654 | 56.95 |
| Total assets | 56,352,940 | 57,876,049 | -2.63 |
| Borrowings | 5,797,537 | 7,550,282 | -23.21 |
| Debt ratio (%) | 13.57 | 18.02 | -24.70 |
| Net assets value per share (RMB) | 1.65 | 1.62 | 1.85 |
| Return on net assets (%) | 3.40 | 3.40 | 0.00 |
| Highlights of Cash Flow Statement | | | |
| Net cash flow from operating activities | 3,339,178 | 3,444,494 | -3.06 |
| Net cash flow from investing activities | -349,146 | -3,084,351 | 88.68 |
| Net cash flow from financing activities | -3,028,534 | 288,268 | -1,150.60 |
| Net increase in cash and cash equivalents | -46,487 | 658,806 | -107.06 |

Note: *Debt ratio = Borrowings/Net assets*

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

Management Discussion and Analysis

I. OPERATING DISCUSSION AND ANALYSIS

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.

II. MAJOR OPERATIONS DURING THE REPORTING PERIOD

1. 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 aging 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.

Management Discussion and Analysis

2. 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.

3. 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.

Management Discussion and Analysis

4. 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. (青島中亮貿易有限公司) (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.

Management Discussion and Analysis

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

Management Discussion and Analysis

On 27 January 2022, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2021) Liao 72 Min Chu No. 372) regarding the lawsuit case of Rongjiang against DCT Logistics. The judgement ruled that DCT Logistics should compensate Rongjiang for the loss of goods of RMB336.0810 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

5. 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.

6. 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:

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

Management Discussion and Analysis

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

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

| | 2023 (‘0,000 TEUs) | 2022 (‘0,000 TEUs) | Increase/ (decrease) |
|-----------|-----------------------|-----------------------|-------------------------|
| Container | 1,026.3 | 939.8 | 9.2% |

Management Discussion and Analysis

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:

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

Management Discussion and Analysis

Automobile Segment

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

| | | 2023 | 2022 | Increase/ (decrease) |
|--------------------|----------------|---------|---------|-------------------------|
| Vehicles (units) | Foreign trade | 86,086 | 70,185 | 22.7% |
| | Domestic trade | 722,135 | 735,884 | (1.9%) |
| | Total | 808,221 | 806,069 | 0.3% |
| Equipment (tonnes) | | 31,690 | 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:

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

Management Discussion and Analysis

Bulk and General Cargo Segment

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

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

Management Discussion and Analysis

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

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

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

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.

Management Discussion and Analysis

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 | 674,199,483.87 | 673,239,656.09 | 0.1 |
| Percentage of the Group's revenue | 5.5% | 5.5% | Stable |
| Gross profit | 151,703,681.83 | 135,452,829.63 | 12.0 |
| Percentage of the Group's gross profit | 4.5% | 4.3% | Up by 0.2 percentage point |
| Gross profit margin | 22.5% | 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) | 352.3 | 144.1 | 144.5% |
| Ro-Ro throughput ('0,000 units) (Note 1) | 98.1 | 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.

Management Discussion and Analysis

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:

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

Management Discussion and Analysis

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

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

7. Analysis of Main Operations

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

Unit: RMB

| Items | Amount for the period | Amount for the same period of the previous year | Changes (%) |
|---|--------------------------|---|-------------|
| Revenue | 12,219,878,814.79 | 12,167,471,648.38 | 0.43 |
| Cost of sales | 8,829,783,585.69 | 8,989,869,893.11 | -1.78 |
| Sales expenses | 1,787,276.41 | – | 100 |
| Administrative expenses | 735,736,896.11 | 814,673,311.85 | -9.69 |
| Financial expenses | 432,164,611.61 | 465,639,190.54 | -7.19 |
| Research and development expenses | 39,294,670.66 | 53,126,381.44 | -26.04 |
| Net cash flow from operating activities | 3,339,177,768.02 | 3,444,493,500.14 | -3.06 |
| Net cash flow from investing activities | -349,145,819.00 | -3,084,351,479.17 | 88.68 |
| Net cash flow from financing activities | -3,028,533,968.00 | 288,268,201.64 | -1,150.60 |

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

Management Discussion and Analysis

Explanation of reasons for changes in related items of the cash flow statement: please refer to the details described in the part of “7.5 Cash Flow” in “Analysis of Main Operations” of the section “Major Operations during the Reporting Period”.

7.2 Income and cost analysis

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

Unit: RMB

| By segment | Revenue | Cost of sales | Analysis of main operations by segments | | | |
|------------------------|------------------|------------------|---|------------------------|------------------------------|---------------------------------|
| | | | Gross margin (%) | Changes in revenue (%) | Changes in cost of sales (%) | Changes in gross margin (%) |
| Oil products | 1,650,277,132.48 | 1,045,202,362.67 | 36.67 | 0.13 | -4.79 | Up by 3.3 percentage points |
| Containers | 3,877,110,859.32 | 2,681,036,635.38 | 30.85 | 3.62 | -0.22 | Up by 2.6 percentage points |
| Bulk and general cargo | 4,218,416,727.01 | 2,980,122,511.82 | 29.35 | -4.25 | -5.84 | Up by 1.2 percentage points |
| Bulk grain | 674,199,483.87 | 522,495,802.04 | 22.50 | 0.14 | -2.84 | Up by 2.4 percentage points |
| Passenger | 228,208,230.93 | 173,851,179.04 | 23.82 | 52.39 | 7.54 | Up by 31.8 percentage points |
| Value-added products | 1,357,315,907.96 | 1,003,725,022.13 | 26.05 | 1.07 | -11.72 | Up by 10.8 percentage points |
| Automobiles | 63,487,746.07 | 48,236,510.35 | 24.02 | 4.73 | -4.11 | Up by 7.0 percentage points |
| Unallocated | 150,862,727.15 | 375,113,562.26 | -148.65 | 3.54 | 144.65 | Down by 143.4 percentage points |

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

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

Management Discussion and Analysis

(2) Statement of cost analysis

Unit: RMB

| By segments | Cost components | Segment information | | | | Changes in the amount for the current year as compared with the previous year (%) | Explanation |
|--------------------------|-------------------------------|-----------------------------|---|------------------------------|--|---|-------------|
| | | Amount for the current year | Percentage of the total cost for the current year (%) | Amount for the previous year | Percentage of the total cost for the previous year (%) | | |
| Oil products | Cost of sales | 1,045,202,362.67 | 11.8 | 1,097,772,473.86 | 12.2 | -4.8 | |
| Oil products | Depreciation and amortisation | 352,070,794.59 | 4.0 | 352,637,534.36 | 4.5 | -0.2 | |
| Oil products | Labour cost | 268,602,455.53 | 3.0 | 280,647,141.45 | 3.4 | -4.3 | |
| Containers | Cost of sales | 2,681,036,635.38 | 30.4 | 2,686,938,924.76 | 29.9 | -0.2 | |
| Containers | Depreciation and amortisation | 486,847,905.86 | 5.5 | 518,944,249.50 | 5.8 | -6.2 | |
| Containers | Labour cost | 251,220,315.88 | 2.8 | 387,969,783.04 | 6.5 | -35.2 | |
| Bulk and general cargoes | Cost of sales | 2,980,122,511.82 | 33.8 | 3,165,117,352.10 | 35.2 | -5.8 | |
| Bulk and general cargoes | Depreciation and amortisation | 705,993,705.15 | 8.0 | 754,971,883.01 | 7.6 | -6.5 | |
| Bulk and general cargoes | Labour cost | 768,897,763.71 | 8.7 | 800,404,250.79 | 9.2 | -3.9 | |
| Bulk grain | Cost of sales | 522,495,802.04 | 5.9 | 537,786,826.46 | 6.0 | -2.8 | |
| Bulk grain | Depreciation and amortisation | 141,083,155.53 | 1.6 | 140,979,850.53 | 1.6 | 0.1 | |
| Bulk grain | Labour cost | 96,187,398.07 | 1.1 | 99,316,488.01 | 1.1 | -3.2 | |
| Passenger | Cost of sales | 173,851,179.04 | 2.0 | 161,668,578.99 | 1.8 | 7.5 | |
| Passenger | Depreciation and amortisation | 52,122,124.02 | 0.6 | 52,777,382.98 | 0.6 | -1.2 | |
| Passenger | Labour cost | 64,541,315.71 | 0.7 | 61,266,877.46 | 0.7 | 5.3 | |
| Value-added products | Cost of sales | 1,003,725,022.13 | 11.4 | 1,136,951,215.06 | 12.6 | -11.7 | |
| Value-added products | Depreciation and amortisation | 267,227,296.82 | 3.0 | 280,334,805.83 | 3.1 | -4.7 | |
| Value-added products | Labour cost | 770,233,732.13 | 8.7 | 720,042,222.47 | 7.9 | 7.0 | |
| Automobiles | Cost of sales | 48,236,510.35 | 0.5 | 50,304,796.44 | 0.6 | -4.1 | |
| Automobiles | Depreciation and amortisation | 13,393,069.18 | 0.2 | 13,727,849.88 | 0.2 | -2.4 | |
| Automobiles | Labour cost | 4,288,141.26 | 0.0 | 3,839,240.49 | 0.0 | 11.7 | |
| Unallocated | Cost of sales | 375,113,562.26 | 4.2 | 153,329,725.44 | 1.7 | 144.6 | |
| Unallocated | Depreciation and amortisation | 258,655,017.44 | 2.9 | 188,781,354.02 | 2.1 | 37.0 | |
| Unallocated | Labour cost | 10,906,209.03 | 0.1 | 30,270,852.73 | 0.30 | -64.0 | |

Explanation of cost analysis

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

Management Discussion and Analysis

(3) Major sales customers and major suppliers

The sales to the top five customers amounted to RMB2,004.1566 million, representing 16% of the total annual sales. Of the sales to the top five customers, sales to related parties amounted to zero, representing 0% of the total annual sales.

The purchases from the top five suppliers amounted to RMB791.9105 million, representing 9% of the total annual purchases. Of the purchases from the top five suppliers, purchases from related parties amounted to zero, representing 0% of the total annual purchases.

7.3 Expenses

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

7.4 Research and development (R&D) investment

(1) Statement of R&D investment

Unit: RMB

| | |
|---|---------------|
| Expensed R&D investment for the year | 39,294,670.66 |
| Capitalised R&D investment for the year | 11,019,810.57 |
| Total R&D investment | 50,314,481.23 |
| Percentage of total R&D investment in revenue (%) | 0.41 |
| Percentage of capitalised R&D investment (%) | 21.90 |

(2) Information of R&D personnel

| | |
|--|------|
| Number of R&D personnel | 166 |
| Percentage of R&D personnel in total employees (%) | 0.85 |

R&D personnel by educational level

| <u>Categories of educational level</u> | <u>Numbers by educational level</u> |
|--|-------------------------------------|
| Doctor | – |
| Master | 23 |
| Bachelor | 130 |
| Junior college | 11 |
| High school or below | 2 |

Management Discussion and Analysis

R&D personnel by age

| Categories of age | Numbers by age |
|---------------------------------|----------------|
| below 30 (exclusive) | 11 |
| 30 (inclusive) – 40 (exclusive) | 67 |
| 40 (inclusive) – 50 (exclusive) | 70 |
| 50 (inclusive) – 60 (exclusive) | 18 |
| above 60 (inclusive) | – |

7.5 Cash flow

Net cash inflow from operating activities amounted to RMB3,339,177,768.02, representing a year-on-year decrease in inflow of RMB105,315,732.12 or 3.06%, which was mainly due to the impact of the release of bank guarantees in the same period last year while customer payments increased this year.

Net cash outflow from investing activities amounted to RMB349,145,819.00, representing a year-on-year decrease in outflow of RMB2,735,205,660.17 or 88.68%, which was mainly due to the impact of payment of the remaining consideration for the acquisition of the assets of Yingkou Port Group Corporation Limited in the same period last year.

Net cash outflow from financing activities amounted to RMB3,028,533,968.00, representing a year-on-year increase in outflow of RMB3,316,802,169.64 or 1,150.60%, which was mainly due to the impact of the Company redeeming its corporate bonds this year, while it issued corporate bonds last year.

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

1. In 2023, the Group's Dalian Port Oil Product Terminal Company accrued credit impairment loss on receivables of Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司) of RMB156.14 million.
2. In 2023, Dalian Container Terminals Co., Ltd., a related party of the Group, made an asset impairment loss provision of RMB96.57 million for construction in progress.
3. In 2023, the Group made a provision for credit impairment loss of RMB30.19 million on the receivables from Dalian Changxing Island Port Investment and Development Co., Ltd.

Management Discussion and Analysis

9. Analysis of Assets and Liabilities

9.1 Assets and liabilities

Unit: RMB

| Item | Amount as at the end of the current year | Percentage of total assets as at the end of the current year (%) | Amount as at the end of the previous year | Percentage of total assets as at the end of the previous year (%) | Changes in amount for the current year as compared with the previous year (%) | Explanation |
|---|--|--|---|---|---|---|
| Financing receivable | 244,381,797.52 | 0.43 | 154,213,980.23 | 0.27 | 58.47 | It was mainly due to the increase in notes received at the year end and the reclassification of notes receivable. |
| Long-term prepaid expenses | 74,095,620.53 | 0.13 | 56,562,308.24 | 0.10 | 31.00 | It was mainly due to the effect of transfer-in of dredging projects. |
| Other non-current assets | 49,663,112.76 | 0.09 | 12,551,780.38 | 0.02 | 295.67 | It was mainly due to the effect of reclassification of prepaid construction costs. |
| Short-term borrowings | 1,000,718,055.55 | 1.78 | - | - | 100 | It was mainly due to the effect of new loans from financial companies. |
| Non-current liabilities due within one year | 2,378,384,323.74 | 4.22 | 4,478,103,496.21 | 7.74 | -46.89 | It was mainly due to the effect of repayment of matured bonds and reclassification of bonds payable. |
| Deferred income tax liabilities | 157,140,810.64 | 0.28 | 259,568,410.54 | 0.45 | -39.46 | It was mainly due to the effect of absorption and merger resulting in reclassification of deferred income tax. |
| Other non-current liabilities | 56,737,436.20 | 0.10 | 41,606,945.81 | 0.07 | 36.37 | It was mainly due to the effect of reclassification of contract liabilities. |

Other explanation

Nil.

Management Discussion and Analysis

9.2 Information of off-shore assets

Scale of assets

Including: off-shore assets of RMB143.5961 million, representing 0.25% of the total assets.

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

Please refer to the details described in Note IX (22) to the financial statements, assets with restricted ownership or use rights.

10. Analysis of Business Operation in the Industry

10.1 Core business and related business models

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

10.2 Business model

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

Management Discussion and Analysis

11. Analysis of Investments

11.1 Overall analysis of external equity investments

Details are as below:

(1) Major equity investments

Nil

(2) Major non-equity investment

Unit: RMB'0,000

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

Management Discussion and Analysis

(3) Financial assets at fair value

Unit: RMB

| Asset class | Opening balance | Profit or loss arising from changes in fair value for the current period | Accumulated fair value change included in equity | Impairment for the current period | Amount of purchase for the current period | Amount of disposal/redemption for the current period | Other change | Closing balance |
|--------------------------------------|-----------------------|--|--|-----------------------------------|---|--|--------------|-----------------------|
| | | | | | | | | |
| Others | 311,083,626.83 | - | 39,765,208.22 | - | 655,442,340.57 | 565,274,523.28 | - | 415,709,697.24 |
| Other equity instruments investments | 156,869,646.60 | - | 39,765,208.22 | - | - | - | - | 171,327,899.72 |
| Financing receivable | 154,213,980.23 | - | - | - | 655,442,340.57 | 565,274,523.28 | - | 244,381,797.52 |
| Total | 311,083,626.83 | - | 39,765,208.22 | - | 655,442,340.57 | 565,274,523.28 | - | 415,709,697.24 |

12. Analysis of Major Subsidiaries and Investee Companies

The shareholders of the Dalian Container Terminals Co., Ltd. ("DCT") and their respective percentages of ownership were 48.15% for Dalian Port Container Development Co., Ltd. ("Dalian Port Container"), a wholly-owned subsidiary of the Company, 4.35% for COSCO SHIPPING Ports (Dalian) Limited, 3.66% for COSCO SHIPPING Ports Development Co., Ltd., 10.99% for China Shipping Terminal Development Co., Ltd., 26% for Singapore Dalian Port Investment Pte. Ltd., and 6.85% for Nippon Yusen Kabushiki Kaisha. Dalian Port Container entered into the Concerted Action Agreement on Dalian Container Terminals Co., Ltd. with Nippon Yusen Kabushiki, by which they agreed to act in concert on voting in relation to DCT's operating decision-making. The registered capital of DCT is RMB3,480 million. Its principal businesses include the development, construction, management and operation of container terminals and their auxiliary facilities, provision of container handling and provision of bonded storage. As of the end of December 2023, DCT recorded a total asset of RMB6,943.1111 million and net asset of RMB3,739.5777 million. From January to December 2023, it achieved a revenue of RMB1,331.7535 million and net profit of RMB225.3816 million.

Liaoning Port Holdings (Yingkou) Co., Ltd. ("Yingkou Ltd.") is a wholly-owned subsidiary of Liaoning Port Co., Ltd., with a registered capital of RMB10,000 million. Its principal businesses include, among others, port operation, construction engineering design, special equipment manufacturing, road cargo transportation (excluding dangerous goods), domestic freight forwarding agency, general cargo warehousing services (excluding hazardous chemicals and other projects that require approval), and domestic shipping agency. As of the end of December 2023, it recorded a total asset of RMB24,283.4582 million and net asset of RMB13,651.7144 million. From January to December 2023, it achieved a revenue of RMB4,687.5953 million and net profit of RMB846.1042 million.

Management Discussion and Analysis

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

1. Competitive landscape and development trend in the industry

In terms of the international economic situation, the global economy is in a downward cycle and the growth rate of world trade is declining. Emerging markets and developing economies in Asia are expected to grow. In terms of the domestic economic situation, the economy continues to improve, the construction of a new development pattern is accelerating, and market vitality continues to be released. The IMF has raised its forecast for China's economic growth in 2024 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 successive introduction of a new round of policies to revitalise Northeast China and the continual deepening of Sino-Russian trade, the bright outlook of the economic development in Northeast China will bring incremental growth to the port business.

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

2. The Company's development strategy

In 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", stick with the market-oriented and customer-centric approach, compete for the market, take the initiative to serve, and innovate to enhance the core competitiveness of the port. The Group will make effort to build an integrated service system of "hub + channel + network" and fully promote the construction of "world-class" strong ports.

In 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 resources and utilise comprehensive service capabilities of ports to secure crude oil transshipment business. Leveraging the opportunity from the increase in ship fuel production at refineries in the hinterland, the Group will fully utilise the capacity of the Group's process facilities and seize the growth opportunity of the trend of using low-sulfur fuel oil by ships to drive the increase in throughput.

Management Discussion and Analysis

Container Segment

The Group will strengthen the construction of route network system, focus on the expansion of ocean routes in blank areas, optimise and strengthen routes from Japan and South Korea, concentrate on Southeast Asian routes, grasp the development opportunities of emerging regional markets, create high-quality routes, and continuously enhance the status of port hubs. We will actively strengthen the construction of the transshipment platform in Bohai Rim, make full use of the advantage of port resources, and continuously optimise and improve the network layout of feeder lines in Bohai Rim to establish a “multi-linkage and focused support (多點聯通、重點輻射)” network system of container feeder lines. Guided by customer demand, the Group will enhance coordination with upstream and downstream enterprises in the industry, improve the development of comprehensive logistics businesses including whole-process logistics and bulk-to-container, and enhance customer stickiness. We will boost the high-quality development of container business while strengthening the construction of smart ports and enhancing digital empowerment.

Passengers and Ro-Ro Segment

The Group will make use of the opportunities from the 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 also vigorously develop the ro-ro cargo ships as well as drop and pull transportation business, and resume passenger transportation business for 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. The Group will seize the opportunity from high-speed growth of commercial vehicle exports and strengthen cooperation with shipping companies and automobile manufacturers to open new routes and new cargo sources for foreign trade. The Group will seek support for the Railway Liner Program to expand the coverage of the 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 internal and external collaborative development, the Group will further improve the construction of liner shipping routes system for bulk and general cargo. The Group will build an integrated supply chain service brand for iron ore, formulate a sound supply chain value-added service system integrating “direct sales + processing + trading + distribution”, actively strive for the qualification of “national strategic reserve facilities (國家戰略儲備庫)” for iron ore and carry out diversified value-added services for iron ore. Meanwhile, the Group will continue to work on transportation of grains from the north to the south and deeply explore national policy sources of grains.

Management Discussion and Analysis

3. Business plans

In 2024, the Group will continue to increase the level of its logistics hub ports by focusing on customer needs, optimise the layout of its land and sea logistics networks, improve the functions of its port services and strengthen the quality of its port services, with a view to further strengthening the construction of its hub ports.

4. Possible risk exposures

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

Human resources management

Overview of employees

Taking into consideration the Company's development strategies and priorities, the Group took efforts to facilitate each employee's development of his or her potential and formulated an employment mechanism for staff selection, training, appointment and retention so as to support the Company's sustainable development. As of 31 December 2023, the Company had 3,263 full-time employees in total. The Group had 10,848 employees in total.

Compensation policy

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

Training plan

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

Management Discussion and Analysis

Investor relations management

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

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

In 2023, in order to allow all interested parties to fully understand the Company's performance, operating strategies and development prospects, the Company received investors' inquiries, set up investor mailboxes and adopted other ways and methods. The Company proactively and candidly communicated with the capital market for domestic and overseas investors, and published all kinds of announcements, circulars, and reports as required by domestic and overseas regulatory rules on the website of the Company and the websites and newspapers designated by regulators.

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

Management Discussion and Analysis

2023 Corporate Social Responsibility Report

I. Summary on Fulfilment of Social Responsibilities

In 2023, amidst the intricate domestic and global economic situations, Liaoning Port was actively fulfilling its social responsibilities with persistent efforts on scientific and high-quality development, firm reform, pragmatic innovation, and commitment to excellence. With the joint efforts of all staff, we made new progress for various initiatives, and met our annual respective metrics.

(I) Concept of social responsibility

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

(II) Undertaking of social responsibility

The Company thoroughly implemented the social responsibility supervision and management mechanism with the comprehensive management system that integrates quality, occupational health and safety, and environment as the main framework. These actions ensure that the standardized management work is always up to the latest standards, provide standardized management support for the Company's management, quality, safety, occupational health, and environmental protection and a strong safeguard for the fulfilment of its social responsibilities. While taking the initiative to fulfil the obligation of "pay in full any tax as it should", the Company paid tax in aggregate of RMB1,087,671,660.39 during the year, making its due contributions to national and regional development.

(III) Vision of social responsibility

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

Management Discussion and Analysis

II. Contribution to the Industry

In 2023, building on the vision of “a world-class leading port”, the Company prioritized the broadening of port service functionality, made breakthroughs in product and service innovation, and through measures such as deepening customer cooperation, expanding logistic network and improving port service efficiency, the Company further lowered comprehensive logistic costs for customers, thereby effectively supporting the real economy and promoting the regional economic development. Firstly, we strengthened the building of a system for collective transport and delivery, and in terms of land sector, enhanced business cooperation with the railway bureau and promoted scheduled railway transportation and bulk cargo port logistics. In terms of sea sector, the Company vigorously developed scheduled shipping services and created a low-cost, efficient and convenient shipping service system. Secondly, relying on the advantages of deep-water berth resources, we continuously expanded the combined port model to effectively ensure the steady supply of raw materials for inland steel companies and refineries. Thirdly, we strengthened the cooperation among ports around the Bohai Rim region and improved the layout of the circum-Bohai-Sea network, to provide feeder transit services for liner operators, provide transport service combining main transport with feeder transit service for cargo owners in the Bohai Rim region, due to which the supply of the transit shipment business involving containers developed steadily. Fourthly, we continued to promote cooperation with the water transport project of the North-South main engine plant, promote the construction of the north-south dual-way route of commodity vehicles, and develop logistics services such as river-ocean combined transportation and sea-railway inter-modal transportation and build up a transshipment center for commercial vehicles. Fifthly, we worked closely with the port regulatory authorities and implemented a variety of initiatives to promote the development of foreign trade through ports to enhance the business environment for ports.

III. Caring for Customers

(I) Product quality and customer service

In 2023, the Company continued to take business transformation and quality improvement as its major tasks, focused on reducing logistics costs and increased service offerings, based on its supply chain logistics service system, marketing system and customer management system to subdivide customer groups, deeply studied the actual needs of customers and implemented the differentiated marketing strategy, so as to meet explicit demands and explore potential demands. For strategic customers and large customers, we tailored the supply chain logistics solutions to meet their customized demands. For small and medium customers, we built up a platform and system to provide them with comprehensive, one-stop value-added services. In addition, the Company increased interaction with its customers, expanded into new services, and facilitated the continuous improvement in port environment and business environment through the application of various information platforms such as the government’s public information platform, cloud service hotline of Liaoning Port, mobile APP and Micro Port System.

Management Discussion and Analysis

(II) Production safety

Liaoning Port adhered to the production safety concept of “starting from zero and striving towards zero”, resolutely implemented the decisions and deployments made by the competent authorities, continuously optimized the governance system, improved the rules and regulations, consolidated the work foundation, strengthened the risk prevention and control, enhanced the management of hidden hazards, committed itself to cultural development, and paid close attention to emergency response capability, resulting in a stable production safety situation throughout the year.

1. Comprehensively strengthening work coordination throughout the year, clarifying ideas and priorities, and tasks and measures

At the beginning of 2023, we held the 2023 annual safety and environmental protection work meeting, issued key work points on production safety, environmental protection and occupational health and the special inspection plan for production safety, coordinated the development of the Implementation Plan for the Year of Safety Management Enhancement, and proposed 65 specific tasks and 6 strengthening measures from the six aspects; units at all levels were highly unified in their thinking and objectives, taking “zero accident and zero casualty” as the goal for the whole year.

2. Adapting to the new system and new mechanism, and further improving the safety and environmental protection system construction

We reorganized the safety management relationship of the invested enterprises and further clarified the safety management system; we organized the revision of the system of responsibility for safety in production applicable for all of the headquarters of Liaoning Port and each unit, compiled the “One List for One Responsibility of One Post” for production safety, and established a sound safety responsibility system; we clarified the inspection frequency of the members of the two-level leadership teams of the Company, established the four-level safety inspection system of headquarters – terminal – station – team, and continuously improved the safety inspection system; currently, Liaoning Port has a total of 80 rules and regulations on safety and environmental protection in place, and 18 of them were prepared and revised in the year, improving the system day by day.

Management Discussion and Analysis

3. Further strengthening the development of basic skills, and building a long-term mechanism for safety and environmental protection

(1) *Conducting operational inspection and evaluation of the dual mechanism for safety risk and hidden danger investigation*

We conducted inspections on the operation of the risk classification and control mechanism and hidden danger investigation and management mechanism for 36 subordinate units, randomly selected 2,963 people to participate in the examination, held talks and exchanges for more than 200 people, identified a total of 452 problems and weak links, compared the operation of the units in the same industry, and put forward 474 suggestions; we have implemented the mechanism of “Daily Report on Safety Risk Study and Judgment” across the Company since April, improved the Safe Operation Permit Management System, strengthened the safety briefing, personnel training and on-site supervision and inspection of special operations, and conducted the pre-operation approval and construction of all special operations in accordance with the requirements.

(2) *Increasing safety and environmental protection inspections and statistical analysis of problems and hidden dangers*

In 2023, we carried out 34 special inspections and 273 daily inspections, and identified 1,682 problems and hidden dangers of various types; the primary units carried out 651 inspections, and identified 2,441 problems and hidden dangers of various types; all units across the region received a total of 212 inspections from competent authorities, and identified 378 problems and hidden dangers; 98% of the above 4,501 problems and hidden dangers were rectified, and those that were not rectified were handled in accordance with the established special inspection standards. After a statistical analysis of the problems and hidden dangers identified throughout the year, there were 442 unsafe behaviors of people, accounting for 11%, 2,855 unsafe conditions of objects, accounting for 63%, 94 environmental defects, accounting for 2%, and 1,110 management defects, accounting for 24%.

Management Discussion and Analysis

(3) *Enhancing daily publicity, education and training as well as research on key topics and projects*

We mobilized key grassroots members to set up 7 working groups to strengthen publicity and training; we published more than 600 pieces of various safety and environmental protection information on official WeChat accounts such as “Liaoning Port” throughout the year; we launched the “Safety Rationalization Suggestions and Call for Papers Activity” with the labor union of Liaoning Port; we organized the training and appointment of 13 intermediate internal safety trainers at the grass-roots level, and carried out lectures by internal trainers in the barge and container industry; we completed the evaluation system of safety quality and ability of key positions in Dalian Port Petrochemical Company and Yingkou No.4 Company; we prepared and completed the outline of the safety training course system for front-line positions in 25 major production units; Yingkou No.4 Company won the honorary title of “National Safety Culture Construction Demonstration Enterprise”; Dalian Port Oil Terminal and Dalian Port Railway Company won the honorary title of “Provincial Safety Culture Construction Demonstration Enterprise”.

(4) *Promoting safety standardization of work shifts in an orderly manner*

We promoted the standardization of work shifts in Dalian Port and compiled the Safety Standardization Manual for Work Shifts, further enhancing the awareness and ability of frontline team members of each unit in complying with the work safety responsibility system, rules and regulations, operating procedures, risk management, and hidden danger investigation and management.

(5) *Giving full play to the leading role of the Safety Committee*

We held regular safety committee meetings every quarter, and heard reports on the production safety performance of “Two Responsibilities for One Specific Position” of the functional departments of the headquarters every six months; members of the leadership team carried out safety inspections every month in accordance with the inspection frequency requirements of the 2023 Major Hidden Accident Dangers Investigation and Rectification Action; subordinate units held regular safety committee meetings as required to study and solve production safety issues; Dandong Port safety committee members successively had 14 in-depth investigations and studies at the grassroots level. The leading role of the two-level safety committees is obvious.

Management Discussion and Analysis

4. Focusing on key points and taking multiple measures at the same time resulting in success in the production safety “combination blow”

(1) *Implementing the 2023 Major Hidden Accident Dangers Investigation and Rectification Action of the State Council Safety Committee*

We formulated the action implementation plan in May, and held regular safety committee meetings to supervise and promote the investigation and rectification of major hidden accident dangers; we focused on 12 key industries, and sorted out 13 major hidden accident danger determination standards for each industry, with a total of 476 specific determination items; during the action period, a total of 566 relevant inspections were carried out, with no major hidden accident dangers identified. 1,133 general hidden dangers were identified, all of which were rectified.

(2) *Promoting the tasks and measures of the Year of Safety Management Enhancement and enhancing the effectiveness of work in six major areas*

Focusing on “6 practical enhancements + 22 key tasks”, we developed 37 key work points and divided them into 65 specific tasks to be carried out simultaneously; each unit formulated its implementation plan and task lists respectively, and focused on 1-2 aspects from the six major aspects including the concept of production safety, the implementation of production safety responsibilities, and the management of hidden production safety hazards for enhancement in light of their respective shortcomings and weaknesses. The production safety gateway was moved further forward.

(3) *Strengthening work site management and carrying out special rectification against “three violations”*

From the beginning of April to the end of the year, we organized a special rectification campaign against “three violations”, and carried out surprise inspections and night inspections at random locations and times. The inspections found that “three violations” were committed 1,746 times, and a total of more than RMB270,000 in performance bonuses or safety deposits were deducted. The number of “three violations” has gradually declined, basically creating a warning atmosphere of “dare not violate and cannot afford to violate”.

(4) *Strengthening the safety management of the outsourced personnel team and leased premises*

We organized the annual work meeting of the outsourced personnel team, reporting 219 problems and hidden dangers existing in the access review and on-site, and inviting experts to conduct safety training for the heads of more than 230 labor outsourcing units; we sorted out various types of rental premises, added 18 new rental premises, focused on the safety management of the berths rented out at the 4 terminals, and launched a “look back” action on the rectification of 76 problems and hidden dangers discovered during the special inspection.

Management Discussion and Analysis

(5) ***Adhering to scientific and technological innovation, and constantly moving towards smart safety***

Dalian Jifa South Coast International Logistics Co., Ltd., developed and built a digital twin system, i.e., Production Safety Management System 2.0; Dalian Automobile Terminal Co., Ltd. built an infrared monitoring system in response to the risk of spontaneous combustion of vehicles; oil and chemical products units invested a total of nearly RMB30 million in the addition of the lightning warning system and the renovation and upgrading of the emergency cut-off system for storage tanks. The “Safety Management Intelligent Cloud Platform” organized and developed by the Company’s headquarters was formally launched in March 2024, and the “Safety Smart Inspection System” has been fully promoted and used in Dalian Port.

(6) ***Focusing on safety management in key industry areas***

In terms of major hazard installations of dangerous goods: Special inspections on berthing safety of oil and chemical terminals and safety management of inspection and maintenance operations identified 86 problems and summarized 11 issues that need to be focused on. **In terms of structural safety of key construction projects and buildings:** A total of 1,007 buildings were inspected, and 50 structural safety and seismic appraisals were completed; 1,150 building roofs were inspected, and 25 issues were rectified. **In terms of passenger and roll-on/roll-off dangerous goods inspection and blocking:** Dalian Port Passenger Transportation Company inspected and blocked 2,556 pieces of dangerous goods and 1,325 dangerous goods vehicles throughout the year; Dalian Lvshun Port detected a total of 116 vehicles with dangerous goods, and investigated and dealt with 98 pieces of dangerous goods. **In terms of grain silos and warehouse safety management:** All three grain units promoted and applied a shaft temperature induction monitoring system; the vacuum dust collector in bulk grain terminal of Dalian Port is operating efficiently. The renovation of bulk grain dust removal facilities in Dandong Port and Yingkou Port is actively progressing, and the automatic clearing device for large-diameter silos of bulk grain at Yingkou Port is about to be put into operation. **In terms of gas safety:** 4 alcohol-based fuel usage points in Yingkou Port were converted to electricity, and the conversion of 2 liquefied gas usage points in Dandong Port was completed. **In terms of special operation safety management:** A total of 38,901 special operations were carried out throughout the year. The Safety Supervision Department organized a research on the safety management of limited space in ports and compiled the Guidelines for Operations in Limited Spaces in Ports. **In terms of fire safety management:** A comprehensive fire safety inspection was carried out on 245 single buildings, and 7 special fire safety inspections and patrols were conducted. A total of 596 premises were inspected and 441 hidden dangers were supervised for rectification. **In terms of road traffic safety management:** We strengthened daily patrols and inspections, supervised the rectification of more than 300 problems and hidden dangers, painted lines on roads for more than 230,000 meters, and added and replaced 407 road traffic signs; there were 10 notifications of vehicle violations in Yingkou Port, and 14,705 illegal vehicles were investigated. **In terms of counter-terrorism, anti-smuggling and drug control:** We solidly promoted basic management and assisted each port in establishing rules and regulations; we carried out various inspections on more than 120 units and conducted more than 40 counter-terrorism security emergency drills.

(7) ***Continuing to organize and carry out safety management peer benchmarking***

We continued to organize 29 units in five major industries including bulk cargo, oil and chemical products, to carry out 118 peer benchmarking activities, resulting in 39 benchmarking results; we established 23 benchmark projects, resulting in 260 results in production safety rules and regulations, 190 results in operating procedures, 28 results in operating procedures, tools and equipment, and 60 results in on-site management measures and comprehensive supervision mechanisms.

Management Discussion and Analysis

IV. Care for Employees

(I) Protection of employees' rights and interests

We gave full play to the rights and roles of labor unions and the Congress of Workers and Staff in participating in democratic decision-making, democratic management and democratic supervision of the Company to support the healthy development of the Company. We implemented the requirements of the superior labor union and combined them with the requirements of “employee home construction” to improve the system of deliberation and decision-making, standardize management procedures, and deepen the construction of employee homes. We insisted on giving full play to the role of mechanisms such as expressing employees' interests and early warning of labor disputes, timely listening to the voices of employees, resolving contradictions and disputes, and effectively maintaining the democratic and harmonious development of ports. We launched the 2022-2023 “Good Health” Cup competition themed “screening and rectifying potential safety hazards and jointly promoting safety and health”, and completed the annual application for rewards for reporting hidden safety hazards and occupational hazards, with a total of 86 units applying for 2,346 items. We earnestly completed the labor protection and cooling prevention for employees working in summer, and labor unions at all levels persisted in carrying out summer cooling activities, distributing heatstroke prevention and cooling materials worth more than RMB6 million for employees.

(II) Supporting and caring for the employees

We continued various heart-warming activities such as visits to field workers to express gratitude, and distributed consolation money and materials worth RMB6.9 million to workers throughout the year, allowing them to feel the warmth of Liaoning Port. We adhered to the medical mutual aid service to effectively reduce the burden of medical care for employees. During the year, the employee medical mutual service reviewed a total of 1,472 reimbursements, and distributed more than RMB4,970,000 in subsidies. We figured out the situation and adopted precise measures. During the year, we visited 151 households of workers in need, distributed condolences and gifts worth RMB310,000, and secured RMB200,000 in special subsidies from the government and higher-level labor unions for 10 workers in need. We engaged experts to provide business training to further standardize production safety and labor protection supervision and other operations, and to continuously enhance the ability of labor union cadres at all levels to perform their duties.

(III) Improving employment mechanism

We insisted on general innovation and efficiency creation activities such as the creation of model worker (employee) innovation studios and the collection of “five small” achievements. The Company now has 70 innovation studios focusing on technological innovation, energy saving and efficiency enhancement, which completed 90 innovation and efficiency creation projects during the year, and achieved a cumulative efficiency savings of more than RMB83,320,000. Among them, one studio was rated as a provincial model worker (employee) innovation studio, and three studios were rated as municipal model worker (employee) innovation studios. We actively carried out activities such as collecting “five small” achievements and rationalization suggestions. One project won first place among the “five small” innovation projects in Liaoning Province, and several projects and individuals received municipal awards. We carried out labor competitions for female workers. Each regional labor union flexibly designed the competition content based on the actual characteristics of female employees' positions, showing the women's style.

Management Discussion and Analysis

V. Ecological Development

(I) Environmental protection

1. The blue sky defense war was strongly advancing

Firstly, the control of volatile organic compounds in crude oil, refined oil terminals and oil tankers was the top environmental protection priority this year. We tracked and supervised the construction of projects, and formulated the Oil and Gas Recycling Facilities Construction Program and Plan. Secondly, we promoted the Plan for the Elimination of Heavy Pollution Weather of Liaoning Province in a step-by-step manner, and coordinated the planning of 2 special implementation programs based on our own situation. Thirdly, the optimization measures currently proposed for Liaoning Province Transportation Powerhouse Pilot Project are implemented on schedule by each dry bulk cargo operation port area, and the construction is entering the final stage; we invested RMB2.89 million to complete the construction of the intelligent sprinkler system project of the ore storage yard in harbor basin A of Yingkou No. 3 Company; we invested RMB12.6 million to build a new coal yard windproof and dust suppression wall of 2,284 meters in Dalian Port Bulk Terminal General Cargo Operation Area. Fourthly, we completed the transformation of 49 sets of machinery and equipment in the pilot project of non-road mobile machinery exhaust gas control in Yingkou port area, and they have been operating stably for more than 200 days after the transformation. Fifthly, all relevant units strictly implemented the control measures of Air Quality Protection Program for Key Periods in each area, and strengthened the control of dust and mobile sources for a total of 15 times.

2. The clear water defense war was progressing at a steady pace

Firstly, we organized company-wide special operations for the regulation and supervision and management of sewage outlets into the sea. Secondly, we took the lead in completing the problem diagnosis and transformation program research of rainwater sewage collection and treatment system in Yingkou Port, and deployed and completed the task of rectifying flood drainage, culverts and sewage discharge from the 4th harbor basin in Yingkou area. Thirdly, bulk grain terminal of Dalian Port we invested RMB4.6 million in the sewage separation system renovation project, completely solving the problem of direct discharge of runoff rainwater from the stockyard into the sea.

3. The solid waste treatment campaign was steadily advancing

Firstly, we organized and implemented precise supervision of hazardous waste classification, carried out in-depth investigation of potential environmental risks, and strengthened supervision of hazardous waste transfers. Secondly, we participated in the formulation of evaluation standards for the construction of “waste-free ports” and actively carried out the creation of “waste-free cells”. Thirdly, we actively promoted the use of standardized hazardous waste storage rooms and supervised 11 companies, including Dagang Petrochemical to complete the construction of standardized hazardous waste storage facilities.

Management Discussion and Analysis

(II) Energy conservation and consumption reduction

- The overall energy consumption intensity continued to decline.** In 2023, the total energy consumption in Dalian Port was 93,907.24 tons of standard coal, with a unit consumption of 3.64 tons of standard coal/10,000 tons of throughput, a year-on-year decrease of 13.63% from 2022. Carbon dioxide emissions were 290,407.32 tons, and carbon dioxide emissions intensity was 12.62 tons of carbon dioxide/10,000 tons of throughput, a year-on-year decrease of 12.54% from 2022. The total energy consumption in Yingkou Port was 56,899.25 tons of standard coal, with a unit consumption of 2.64 tons of standard coal/10,000 tons of throughput, a year-on-year decrease of 0.17% from 2022. Carbon dioxide emissions were 216,309.472 tons, and carbon dioxide emissions intensity was 10.02 tons of carbon dioxide/10,000 tons of throughput, a year-on-year decrease of 0.30% from 2022.
- Conducting energy audits to standardize management.** In 2023, Liaoning Port continued to strengthen the foundation of dual-carbon management by carrying out a company-wide energy audit project in 2023, standardizing the statistical analysis of energy consumption and carbon emissions, examining, analyzing and evaluating the physical and financial processes of energy utilization of energy-consuming units, analyzing and evaluating the energy management of energy-consuming units, identifying problems and loopholes in the energy utilization of energy-consuming units, analyzing and tapping the energy-saving potential, putting forward practical energy-saving measures and suggestions to effectively promote the energy utilization of energy-consuming units.
- Normalizing use of shore power at passenger (cargo) ro-ro terminals.** In 2023, Liaoning Port actively played the dominant role as an enterprise, strengthened coordination with the relevant shipping companies to verify the situation of shore power facilities in the passenger ro-ro berths, sorted out and improved shore power usage and maintenance systems, and organized the testing and disclosure of the relevant information in accordance with the Management Measures for Shore Power in Ports and Ships and the Transportation Powerhouse Regional Pilot Program for the Use of Shore Power for Interprovincial Passenger (Cargo) Ro-Ro Berths in the Bohai Bay. We proactively joined the WeChat groups established by the government, shipping companies and relevant terminals, coordinated the signing of the framework agreement on the collaborative promotion of shore power use, promoted the joint ship-to-shore coordination between passenger terminals and shipping companies, completed the construction of 5 sets of passenger ro-ro shore power facilities in Dagang port area and Lushun port area, completed the normalization of the use of shore power for passenger ro-ro ships in Dalian Bay, and vigorously promoted the use of shore power for passenger (cargo) ro-ro ships berthing at the port. In 2023, a total of 1,718 ships were connected to shore power at passenger ro-ro berths for 6,410.5 hours, consuming 3,062,100 KWH of shore power. A total of 30 ships were connected to shore power at container berths for 312 hours, consuming 8,900 KWH of shore power.

Management Discussion and Analysis

4. **Concluding the transportation powerhouse project successfully.** In 2023, Liaoning Port successfully completed the automation transformation of all 7 blocks and 21 rail cranes in the Transportation Powerhouse Pilot Task at Dalian Container Terminal and put them into production. The project included the automation transformation of individual equipment, construction of remote control center and ancillary facilities, four-layer collision protection of automation equipment, and the full coverage of 33 quay cranes of the container intelligent tally system, which further enhanced the work efficiency and customer service levels, and provided technical support for improving terminal operation resource utilization, improving quality and efficiency, and management innovation, and provided a strong impetus for the development of the terminal.
5. **Increasing the scale of photovoltaic construction in ports and promoting the use of clean energy.** In 2023, Liaoning Port promoted the photovoltaic renovation project of the comprehensive office building of the automobile terminal, commercial vehicle inspection workshop, customs inspection shed, pre-inspection workshop, and No. 1 parking garage roof. The automobile terminal photovoltaic agreement has been signed, and project construction will start in 2024. At present, the total photovoltaic construction capacity of Liaoning Port is 32.55MW, and the power generation in 2023 is 28.965 million KWH.
6. **Accelerating the procurement of new energy mobile machinery to support the construction of green ports.** In 2023, Dalian-based operation under the Liaoning Port continued to promote the hybrid power upgrading of 3 yard cranes to reduce carbon emission of the terminal, added 2 full-electric empty container handlers and a 10-ton pure electric forklift, which have been accepted at present. The newly added one new energy commuter vehicle and 2 electric vehicles for inspection and production further expanded the scope and quantity of electrified mobile machinery. 12 full-electric unmanned trucks are in regular use, and experience in operating new energy vehicles is being accumulated. Business outsourcing fleets will be gradually guided to trial electric trucks. Yingkou Port completed the local full automation control transformation of a bucket wheel machine, replaced a 66kV energy-saving transformer with an on-load voltage regulator switch SZ11, and added two new electric vehicles for inspection.

(III) *Emergency precautions*

In 2023, Liaoning Port continuously strengthened its emergency management, and reorganized 12 emergency plans for safety, environmental protection and occupational health. Each unit established comprehensive plans, special plans and on-site disposal programs in line with its own actual situation, to continuously strengthen its emergency management system, and improve emergency response and rescue capabilities. Dalian Port Oil Terminal successfully completed the “2023 Liaoning Provincial General Emergency Response Drill for Port Dangerous Goods Production Safety Accident and Port Facility Security Incident”; the “China Merchants Group’s 2023 Production Safety Month Activities Launching Ceremony and Emergency Response and Rescue Drill for Ships in Port” hosted by Yingkou Port was well received by China Merchants Group and Liaoning Port.

Management Discussion and Analysis

VI. Community Welfare

The volunteer service team of Liaoning Port, with young employees as the main force, always adheres to the principles of voluntary participation, acting according to one's ability, focusing on practical results, and perseverance, and actively carries out various volunteer service activities, demonstrating to the society the good qualities of the young people of Liaoning Port and their sense of social responsibility. In 2023, the Company's volunteer service team carried out a number of activities. First, it organized the volunteer service activity of "Inheriting the Spirit of Lei Feng and Promoting the New Trend of the Times". During the activities, the volunteer service team focused on leading the youth of Liaoning Port to adhere to their ideals and beliefs while carrying forward the Red Tradition. Second, the team organized the public welfare activity of "Scent of Books on Campus and Growing up with Love", purchasing must-read extracurricular books for the children of Dalijia Elementary School (Chengzi Branch) in Jinpu New District, Dalian, and allowing the "scent of books to permeate the campus and accompany the growth of children with warm love". Third, funds raised from the "Caring for Special Children Charity Sale" will be donated to Donggang City Special Education School, to bring love and warmth to the children in the special education school. Fourth, it carried out the activity of "Warmth for Elderly Homes on the Double Ninth Festival". On the Double Ninth Festival, the volunteer service team not only extended holiday greetings and best wishes to the elderly in Dalian Aiyide Rest Home, but also provided spiritual and material care to the elderly. Fifth, it focused on the regular work of voluntary blood donation, poverty alleviation and agricultural assistance, and counterpart assistance. We mobilized employees to respond positively and enthusiastically and show their compassion and love, improved people's satisfaction in a diversified way, and contributed to the creation of a warm and happy family at Liaoning Port.

VII. Prospect

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

Investment plan

In 2024, the Company will prudently carry out investment and supporting financing based on the development strategy of making progress while maintaining stability. As at the date of this annual report, the Company has no significant relevant information that needs to be disclosed and brought to the attention of the investing public. In case of any related matters, the Company will make timely compliance disclosure according to the information disclosure requirements of Hong Kong and the PRC.

Directors' Report

The board of directors hereby presents its report and the audited consolidated financial statements of the Group (the "Auditor's Report") for the year ended 31 December 2023. All references made below to other sections, reports or notes of this annual report form part of this Directors' Report.

Principal activities and geographical analysis of operations

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

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

Details of the analysis of the Group's operating results by business segments for the year ended 31 December 2023 are set out in Note IX (46) to the financial statements.

Results and appropriations

The results of the Group for the year ended 31 December 2023 are set out in the consolidated income statement of the Auditor's Report.

In 2023, the Group's net profit attributable to shareholders of the parent company amounted to RMB1,343,109,072.73. To provide better returns for the shareholders, the Board recommended the payment of cash dividend of RMB0.191 (tax inclusive) for every 10 shares for 2023.

Pursuant to the provisions of the Articles of Association of the Company, the annual profit distribution plan of the Company is subject to approval of the Company's shareholders at the general meeting. Accordingly, the aforesaid profit distribution plan will be implemented following the approval of the Company's shareholders at the annual general meeting for 2023.

Review of business

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

Financial highlights for the past five accounting years

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

Reserves

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

Directors' Report

Distributable reserves

As at 31 December 2023, the Company's reserves available for distribution were RMB458,152,957.09, which was calculated in accordance with the generally accepted accounting principles of the People's Republic of China.

Bank loans and other borrowings

As at 31 December 2023, the total amount of outstanding bank loans and other borrowings of the Group was RMB5,797,536,591.61. Details of the relevant loans are set out in the notes to the financial statements: Note IX (30) Other payables, Note IX (31) Non-current liabilities due within one year, Note IX (33) Long-term borrowings, Note IX (34) Bonds payable, and Note IX (36) Long-term payables.

Group assets pledged

As at 31 December 2023, the Group used part of the monetary funds as the security deposit for project payment guarantee, as the project performance bond, and as the security fund for the purchase of electricity. Specific details are set out in Note IX (22) to the financial statements.

Capitalisation of interest

2023 fixed assets and construction in progress

Details of the movements in the fixed assets and construction in progress of the Group during the year are set out in the notes to financial statements: Note IX (13) Fixed assets and Note IX (14) Construction in progress.

Investment properties

Details of the investment properties of the Group during the year are set out in Note IX (12) Investment properties to the financial statements.

Significant acquisition and disposal of subsidiaries, associates and joint ventures

Save as disclosed in this report, the Group has no significant acquisition or disposal of subsidiaries, associates and joint ventures during the year.

Share capital

The share capital structure of the Company as at 31 December 2023 is set out in the table below

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

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

Directors' Report

Pre-emption rights

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

Purchase, sale or redemption of the Company's listed securities

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

Environmental policies and performance

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

Internally, the Group encourages its employees to actively protect environment to reduce use of resources and waste production and increase recycling of renewable resources. The subsidiaries of the Company strictly comply with the country's corresponding environmental laws and regulations and there was no material non-compliance with relevant laws and regulations during the year.

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

Directors and supervisors

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

Executive Directors

Mr. Wang Zhixian (*re-appointed on 15 June 2023*)

Mr. Wei Minghui (*re-appointed on 15 June 2023*)

Non-executive Directors

Dr. Li Guofeng (*appointed on 15 December 2023*)

Mr. Zhou Qinghong (*re-appointed on 15 June 2023, and resigned on 11 August 2023*)

Dr. Xu Xin (*appointed on 15 June 2023, and resigned on 18 April 2024*)

Dr. Xu Song (*re-appointed on 15 June 2023, and resigned on 6 September 2023*)

Dr. Li Yubin (*appointed on 15 December 2023*)

Mr. Yang Bing (*re-appointed on 15 June 2023*)

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

Directors' Report

Independent Non-executive Directors

Dr. Liu Chunyan *(re-appointed on 15 June 2023)*

Mr. Law Man Tat *(re-appointed on 29 June 2020, and resigned on 15 June 2023 upon expiry of the term of office of the sixth session of the Board)*

Ms. Cheng Chaoying *(re-appointed on 15 June 2023)*

Mr. Chan Wai Hei *(appointed on 15 June 2023)*

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

Supervisors

Mr. Li Shichen *(re-appointed on 15 June 2023, and resigned on 4 September 2023)*

Mr. Yuan Yi *(re-appointed on 15 June 2023, and resigned on 11 August 2023)*

Mr. Kuang Zhiguo *(appointed on 15 December 2023)*

Mr. Cui Beiqiang *(appointed on 15 December 2023)*

Mr. Ding Kai *(appointed on 15 June 2023)*

Ms. Zhang Hong *(re-appointed on 15 June 2023)*

Mr. Gao Shicheng *(re-appointed on 15 June 2023)*

Directors' and supervisors' service contracts

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

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

Directors' and supervisors' interests in contracts

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

Profiles of Directors, Supervisors and Senior Management

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

Directors' Report

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

As at 31 December 2023, none of the directors, supervisors, senior management and any of their respective associates had any interests and short positions in shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), or as recorded and kept in the Company's register required under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Directors' and supervisors' rights to acquire shares and debentures

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

The status of bonds issuance

As registered with Zheng Jian Xu Ke [2022] No. 658 issued by the China Securities Regulatory Commission, the Company is approved to publicly issue corporate bonds with a total amount of not more than RMB8 billion (inclusive) to professional investors. The bonds are issued in tranches. On 19 June 2023, the Company issued the third tranche of corporate bonds at par value of RMB100 for a term of 2 years, and the interest is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 2.98%, which is payable once a year, with allotted investors including commercial banks, securities companies, funds and other institutions. The Company has utilized the total proceeds of RMB1.5 billion (after deducting the issuance expenses) fully to settle the sale back principal and interest of "01 Corporate Bonds of Liaoning Port 2022 (22遼港01)". Given that the Company has utilized its self-owned funds to fully repay the sale back principal and interest of "01 Corporate Bonds of Liaoning Port 2022 (22遼港01)" in advance, the self-owned funds for settling the principal and interest of "01 Corporate Bonds of Liaoning Port 2022 (22遼港01)" may be replaced with the proceeds raised from such tranche of bonds. As of the date of approval of the financial statements for issue, the proceeds have been fully utilized as previously disclosed by the Company. On 12 January 2024, the Company publicly issued the 2024 first tranche of corporate bonds at par value of RMB100 to professional investors, type I of which with actual issue size 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 of which with actual issue size 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%. The allotted investors include commercial banks, securities companies, funds and other institutions. The Company has utilized the total proceeds of RMB1.0 billion (after deducting the issuance expenses) to supplement liquidity.

Directors' interests in competing businesses

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

Directors' and supervisors' remuneration

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

Directors' Report

Five highest paid individuals

As of 31 December 2023, information in respect of the five highest paid individuals of the Group is set out in Note XVIII (4) to the financial statements.

Management contracts

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

Connected transactions

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

Connected translations under the Listing Rules

On 26 September 2023 (after trading hours), the Company entered into the Dalian Port Logistics Network Co., Ltd. Share Transfer Agreement and the Yingkou Gangxin Technology Co., Ltd. Equity Transfer Agreement with China Merchants International Technology Company Limited (招商局國際科技有限公司) ("China Merchants Technology") based on the Company's strategic development needs, pursuant to which the Company agreed to purchase and China Merchants Technology agreed to sell (1) 79.03% of the total shares of Dalian Port Logistics Network Co., Ltd. at a consideration of RMB63,716,000; and (2) 100% equity interest in Yingkou Gangxin Technology Co., Ltd. at a consideration of RMB19,311,500.

On the same day, Dalian Port Container Development Co., Ltd. and Dalian Port Jifa Logistics Co., Ltd., each being a wholly-owned subsidiary of the Company, entered into the China Merchants Technology Equity Transfer Agreement I and the China Merchants Technology Equity Transfer Agreement II with China Merchants Port Group Co., Ltd. ("China Merchants Port Group"), respectively, pursuant to which Dalian Port Container Development Co., Ltd. and Dalian Port Jifa Logistics Co., Ltd. agreed to sell and China Merchants Port Group agreed to purchase 22.3779% and 13.2563% equity interest in China Merchants Technology at a consideration of RMB57,083,400 and RMB33,815,300, respectively.

As at the trading date, China Merchants Technology is a non-wholly owned subsidiary of China Merchants Port Group, which in turn is an indirectly-owned subsidiary of China Merchants Group Limited. China Merchants Group Limited is an indirect holding company of the Company. Therefore, each of China Merchants Port Group and China Merchants Technology is a connected person of the Company as defined under Rule 14A.07 of the Listing Rules. For details of the transactions, please refer to the announcement of the Company dated 26 September 2023.

Directors' Report

Ordinary continuing connected transactions under the Listing Rules

The summary of the Group's various non-exempt continuing connected transactions during the year 2023

| Connected transactions | Connected persons | Annual cap for 2023 (RMB'000) | Actual amount for 2023 (RMB'000) | |
|---|---|-------------------------------------|---|-----------|
| 1. Construction supervision and management services | Provision of construction supervision and management services | Liaoning Port Group | 105,000 | 13,358 |
| | Be provided with construction supervision and management services | Liaoning Port Group | 24,000 | 2,673 |
| 2. Sales of goods and provision of services | | Liaoning Port Group | 2,200,000 | 1,346,798 |
| 3. Purchase of goods and receipt of services | | Liaoning Port Group | 1,030,000 | 520,897 |
| 4. Terminal facilities design and construction services | | Liaoning Port Group | 370,000 | 35,068 |
| 5. Leases | As a lessee – based on the amount of additional use-of-right assets each year | Liaoning Port Group | 774,000 | 24,026 |
| | As a lessee – short-term and low-value leases | Liaoning Port Group | 49,000 | 22,066 |
| | As a lessor | Liaoning Port Group | 226,000 | 99,307 |
| 6. Financial services | Deposit | China Merchants Finance | 6,000,000 | 2,887,762 |
| | Loan | China Merchants Finance | 6,000,000 | 1,728,845 |
| | Settlement and others | China Merchants Finance | 10,000 | 9 |

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

1. Construction supervision and management services

The Group entered into the construction supervision and management services agreement with Liaoning Port on 28 April 2021, pursuant to which, the parties provide each other with construction supervision and management services. The transaction cap and the actual amount of transaction for provision of construction supervision and management services for the year ended 31 December 2023 were RMB105 million and RMB13.358 million respectively, and the transaction cap and the actual amount of transaction for accepting construction supervision and management services were RMB24 million and RMB2.673 million respectively.

Directors' Report

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

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

2. Sales of goods and provision of services

The Group entered into the Sales of Goods and Provision of Services Agreement with Liaoning Port on 28 April 2021, pursuant to which, the Group shall supply goods and services to Liaoning Port and/or its associates. The transaction cap and the actual amount of transaction for sales of goods and provision of services for the year ended 31 December 2023 were RMB2,200 million and RMB1,346.798 million respectively. The key terms and conditions of the Sales of Goods and Provision of Services Agreement are as follows:

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

Directors' Report

3. Purchase of goods and receipt of services

The Group entered into the Purchase of Goods and Receipt of Services Agreement with Liaoning Port on 28 April 2021, pursuant to which, the Group shall purchase goods and receive services from Liaoning Port and/or its associates. The annual transaction cap and the actual amount of transaction for purchase of goods and receipt of services for the year ended 31 December 2023 were RMB1,030 million and RMB520.897 million, respectively. The key terms and conditions of the Purchase of Goods and Receipt of Services Agreement are as follows:

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

4. Terminal facilities design and construction services

On 28 April 2021, the Group entered into the Terminal Facilities Design and Construction Services Agreement with Liaoning Port. The transaction cap and the actual amount of transaction for terminal facilities design and construction services for the year ended 31 December 2023 were RMB370 million and RMB35.068 million, respectively. The key terms and conditions of the Terminal Facilities Design and Construction Services Agreement are as follows:

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

Directors' Report

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

5. Lease agreement

The Group entered into the Lease Agreement with Liaoning Port on 28 April 2021. The cap and the actual amount of transaction for leases (based on amount of additional right-of-use assets per year) for the year ended 31 December 2023 were RMB774 million and RMB24.026 million respectively; and the cap and the actual amount of transaction for leases (short-term and low-value leases) for the year ended 31 December 2023 were RMB49 million and RMB22.066 million respectively, and the cap and the actual amount of transaction for lease business (as a lessor) for the year ended 31 December 2023 were RMB226 million and RMB99.307 million.

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

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

6. Financial Services

On 28 April 2021, the Group entered into the Financial Services Agreement with China Merchants Finance covering deposit services, loan services, settlement services, foreign exchange services and other financial services. The maximum daily closing balance of deposits and the maximum daily closing balance of loans for the year ended 31 December 2023 amounted to RMB6 billion and RMB6 billion; the maximum balance of expenses for settlement and other financial services throughout the year did not exceed RMB10 million. The actual daily closing balance of deposits and the actual daily closing balance of loans for the year ended 31 December 2023 amounted to RMB2,887.762 million and RMB1,728,845; expenses for settlement and other financial services amounted to RMB9,000.

Directors' Report

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

Given the expiry of the construction supervision and management services agreement, the Lease Agreement, the Sales of Goods and Provision of Services Agreement, the Purchase of Goods and Receipt of Services Agreement and the Terminal Facilities Design and Construction Services Agreement and the annual caps on 31 December 2023, the Company and Liaoning Port Group have renewed such agreements on 26 October 2023 and determined the annual caps for the three years ending 31 December 2024, 2025 and 2026. Given the expiry of the Financial Services Agreement and the annual caps on 31 December 2023, the Company and China Merchants Finance have renewed the agreement on 26 October 2023 and determined the annual caps for the three years ending 31 December 2024, 2025 and 2026. For details, please refer to the announcement of the Company dated 26 October 2023 and the circular of the Company dated 27 November 2023.

Directors' Report

Pursuant to paragraph 8 of Appendix 16 to the Listing Rules, the Company confirms that in respect of the Company's connected transactions and continuing connected transactions, it has complied with the disclosure requirements of Chapter 14A of the Listing Rules. The Company has confirmed that the execution and implementation of the specific agreements under the continuing connected transactions set above for the year 2023 have followed the pricing principles of such continuing connected transactions.

Pursuant to Rule 14A.71(6)(a) of the Listing Rules, the Company confirms that, in respect of the Company's continuing connected transactions for the year 2023, the Company's independent non-executive directors have reviewed the continuing connected transactions and confirmed the transactions were (1) entered into in the ordinary and usual course of business of the Group; (2) made on normal commercial terms or better; and (3) conducted according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

Related party transactions

As of 31 December 2023, the Company has entered into certain related party transactions with parties regarded as "related parties" under the applicable accounting standards. Details of these related party transactions are disclosed in Note XII to the financial statements. Certain of these non-exempt connected transactions and continuing connected transactions in this report are also included in Note XII to the above-mentioned financial statements for disclosure and these non-exempt connected transactions and continuing connected transactions have complied with the requirements of Chapter 14A of the Listing Rules.

Major customers and suppliers

| | |
|--|-------|
| Purchases from the largest supplier as a percentage of the Group's purchases | 2.75% |
| Purchases from the top five suppliers as a percentage of the Group's total purchases | 9% |
| Sales to the largest customer as a percentage of the Group's sales | 4.71% |
| Sales to the top five sales customers as a percentage of the Group's total sales | 16% |

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

Retirement benefit scheme

Details of the Group's retirement benefit scheme are set out in Note IX (28) Employee benefits payable to the financial statements. The Group is required to make monthly contributions to the retirement benefit scheme based on a specified percentage of the current employee insurance contribution base in order to fund these benefits. In addition, the Group has established a corporate annuity scheme where contributions from employees and the Group to the annuity scheme are based on certain percentages of the salary offered by the Group. As at 31 December 2023, the Group has not forfeited any contributions from the above schemes.

Directors' Report

Permitted indemnity provision

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

Substantial shareholders' interests

As at 31 December 2023, to the knowledge of the directors of the Company, the following persons (other than the directors or supervisors) had any interest or short position in the shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

| Name of shareholder | Class of shares | Number of shares/ underlying shares held (shares) | Capacity | As % of the relevant class of share capital ⁽¹⁾ | As % of the total share capital ⁽²⁾ |
|---|-----------------|---|--|--|--|
| Yingkou Port Group Corporation Limited ⁽³⁾ | A shares | 6,916,185,012 (long position) | Beneficial owner | 36.73% | 28.83% |
| | A shares | 67,309,590 (long position) | Interest of controlled corporations ⁽⁴⁾ | 0.36% | 0.28% |
| Dalian Port Corporation Limited ⁽³⁾ | A shares | 5,310,255,162 (long position) | Beneficial owner | 28.20% | 22.14% |
| China Merchants Group Limited ⁽⁵⁾ | H shares | 4,293,248,695 (long position) | Interest of controlled corporations | 83.22% | 17.90% |

Notes:

- Number of shares in the relevant class of share capital: A shares – 18,828,349,817, H shares – 5,158,715,999.
- Total number of share capital: 23,987,065,816.
- According to the Voting Right Entrustment Agreement entered into by Dalian Port Corporation Limited (“PDA Group”) and Yingkou Port Group Corporation Limited (“Yingkou Port Group”) on 29 March 2021, PDA Group agreed to fully entrust the exercise of shareholders' rights of its equity interests in the Company, other than right to earnings, right of disposition (including share pledge) and share options, to Yingkou Port Group.
- Liaoning Gangwan Industry and Finance Investment Group Co., Ltd. (遼寧港灣產融投資集團有限公司), as a wholly-owned subsidiary of Yingkou Port Group, holds 67,309,590 A Shares of the Company. As such, Yingkou Port Group is deemed to be interested in the 67,309,590 A Shares of the Company held by Liaoning Gangwan Industry and Finance Investment Group Co., Ltd.
- China Merchants Group Limited held 722,166,000 H shares through its indirect subsidiary, Dalian Port Corporation Limited, 2,714,736,000 H shares through its indirect subsidiary, Team Able International Limited, and 856,346,695 H shares through its indirect subsidiary, Broadford Global Limited.

Save as disclosed above, as at 31 December 2023, to the knowledge of the directors of the Company, no other persons (other than the directors or supervisors) had any interest or short position in the shares of the Company which is required to be disclosed to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' Report

Sufficiency of public float

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

Corporate governance

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

Auditors

Upon approval at the annual general meeting for 2022, the Company has engaged Ernst & Young Hua Ming LLP (Special General Partnership) as its auditor for the year 2023 and Ernst & Young Hua Ming LLP (Special General Partnership) has audited the Company's financial statements for the year 2023.

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

Other matters

Implementation of the Non-Competition Agreement

1. On 23 March 2006, the Company and PDA Group entered into the Non-Competition Agreement in preparation of its initial public offering and listing of its H shares on the main board of the Stock Exchange of Hong Kong Limited for the purpose of avoiding the actual and potential competition with the Company or its subsidiaries. In connection with the acquisition of certain port services related business and assets from PDA Group and issuance of A shares on the Shanghai Stock Exchange, a revised non-competition agreement (together with the Non-Competition Agreement, collectively referred to as the "Agreements") was executed on 30 September 2009. Pursuant to the Agreements, PDA Group provided certain non-competition undertakings in favor of the Company and granted right of first refusal and option to the Company in respect of the business of PDA Group and future business opportunities. Under the Agreements, the independent non-executive directors of the Company were granted the right on behalf of the Company to review at least on an annual basis the implementation of the Agreements and determine the exercise of any of the aforesaid right of first refusal or options. During the year, the independent non-executive directors reviewed the implementation of the Agreements and confirmed that Dalian Port Corporation Limited has been in full compliance with the Agreements without any breach of the Agreements.
2. The independent non-executive directors have conducted a review and made necessary enquiries for the year 2023 and confirmed that PDA Group has been in compliance with the provisions of the Non-Competition Agreements and there was no breach on the side of PDA Group.

Directors' Report

Fulfillment of Undertakings

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

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

Directors' Report

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

Directors' Report

| Background of undertakings | Types of undertakings | Party of undertakings | Details of the undertakings | Time of the undertakings | Whether there is time limit of performance | Time limit of undertakings | Whether the undertaking is honoured in a timely and strict manner | Specific reasons for the failure to timely honour the undertaking | Further plans in the event of failing to timely honour the undertaking |
|----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|--|----------------------------|---|---|--|
|----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|--|----------------------------|---|---|--|

As of the date of issuance of this Undertaking, the Group has promoted the completion of absorption and merger of Yingkou Port Liability Co., Ltd. by Liaoning Port according to the requirements of the 2020 Undertaking, and procured Liaoning Port Group to inject industry-competitive assets that meet the asset injection conditions into Liaoning Port. As for the industry-competitive assets that have major defects in profitability, asset ownership and other aspects and do not meet the conditions for asset injection, the Group expects that it is difficult to completely resolve the industry competition problem within the deadline agreed in the 2020 Undertaking. However, it has procured Liaoning Port Group and its related subsidiaries to sign entrusted management agreement with Liaoning Port, and standardised industry competition problems for related assets through entrusted management.

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

Directors' Report

| Background of undertakings | Types of undertakings | Party of undertakings | Details of the undertakings | Time of the undertakings | Whether there is time limit of performance | Time limit of undertakings | Whether the undertaking is honoured in a timely and strict manner | Specific reasons for the failure to timely honour the undertaking | Further plans in the event of failing to timely honour the undertaking |
|----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|--|----------------------------|---|---|--|
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| | | | | | | | | | |
|--------|--|-----------------------|---|-------------|----|-----------------|-----|-----|-----|
| Others | | China Merchants Group | Letter of undertaking in relation to maintaining the independence of the listed company | 7 July 2020 | No | Long-term valid | Yes | Nil | Nil |
|--------|--|-----------------------|---|-------------|----|-----------------|-----|-----|-----|

1. China Merchants Group undertakes that it and Liaoning Port will be mutually independent in terms of assets, personnel, finance, institution and business, and it will not, taking advantage of its position as the actual controller, conduct any acts that prejudice the legitimate rights of Liaoning Port and other shareholders; it and its other subordinated enterprises undertake not to appropriate, in any illegal forms, the financial resources of Liaoning Port and its subordinated enterprises.
2. The above undertaking will continue in effect during the period when China Merchants Group has control over Liaoning Port. In the event of any losses to Liaoning Port arising from China Merchants Group's failure to fulfill the above undertaking, China Merchants Group will assume the corresponding compensation liabilities.

Directors' Report

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

Directors' Report

| Background of undertakings | Types of undertakings | Party of undertakings | Details of the undertakings | Time of the undertakings | Whether there is time limit of performance | Time limit of undertakings | Whether the undertaking is honoured in a timely and strict manner | Specific reasons for the failure to timely honour the undertaking | Further plans in the event of failing to timely honour the undertaking |
|------------------------------|-----------------------|-----------------------|---|--------------------------|--|----------------------------|---|---|--|
| | | | <p>3. The above undertakings will continue in effect during the period when the company (and/or an entity controlled by the company) is recognised as a related party of Liaoning Port, in accordance with applicable regulations. In the event of any losses to Liaoning Port, arising from the company's failure to fulfil the above undertakings, the company will assume the corresponding compensation liabilities.</p> | | | | | | |
| Resolve industry competition | | PDA Group | <p>Upon completion of the transaction, the company will actively take effective measures to avoid engaging in business that constitutes horizontal competition with the principal business of Liaoning Port, and ensure that the company and other entities controlled by it strictly abide by laws, regulations, regulatory documents and relevant supervision and management rules and the Articles of Association of Liaoning Port, not to seek improper benefits by advantage of its voting rights and significant influence over shareholders of Liaoning Port, nor harm the legitimate interests of the Liaoning Port and other shareholders.</p> <p>The above undertakings will continue in effect during the period when the company or the actual controller of the company has control over Liaoning Port. In the event of any losses to Liaoning Port arising from the company's failure to fulfil the above undertakings, the company will assume the corresponding compensation liabilities.</p> | 7 July 2020 | No | Long-term valid | Yes | Nil | Nil |

Directors' Report

| Background of undertakings | Types of undertakings | Party of undertakings | Details of the undertakings | Time of the undertakings | Whether there is time limit of performance | Time limit of undertakings | Whether the undertaking is honoured in a timely and strict manner | Specific reasons for the failure to timely honour the undertaking | Further plans in the event of failing to timely honour the undertaking |
|------------------------------|-----------------------|-----------------------|---|--------------------------|--|----------------------------|---|---|--|
| Others | | PDA Group | Letter of undertaking in relation to maintaining the independence of the listed company | 7 July 2020 | No | Long-term valid | Yes | Nil | Nil |
| | | | <ol style="list-style-type: none"> The company undertakes that it and Liaoning Port will be mutually independent in terms of assets, personnel, finance, institution and business, and it will not conduct any acts that prejudice the legitimate rights of Liaoning Port and other shareholders; the company and other subordinated enterprises controlled by it undertake not to appropriate, in any illegal forms, the financial resources of Liaoning Port and its subordinated enterprises. The above undertaking will continue in effect during the period when the company or the actual controller of the company has control over Liaoning Port. In the event of any losses to Liaoning Port arising from the company's failure to fulfil the above undertaking, the company will assume the corresponding compensation liabilities. | | | | | | |
| Resolve industry competition | | Liaoning Port Group | Liaoning Port Group Limited (formerly known as "Liaoning North East Asia Gang Hang Development Co., Ltd., the "Group"), as an indirect controlling shareholder of Liaoning Port Co., Ltd. (the "Liaoning Port"), issued the Undertaking on Regulating the Industry Competition with Dalian Port (PDA) Company Limited (the "Undertaking") on 24 December 2017. In the Undertaking, the Group stated that it will steadily promote the integration of relevant businesses to resolve the industry competition problem by the end of 2022. | 24 December 2017 | Yes | By the end of 2025 | Yes | Nil | Nil |

Directors' Report

| Background of undertakings | Types of undertakings | Party of undertakings | Details of the undertakings | Time of the undertakings | Whether there is time limit of performance | Time limit of undertakings | Whether the undertaking is honoured in a timely and strict manner | Specific reasons for the failure to timely honour the undertaking | Further plans in the event of failing to timely honour the undertaking |
|----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|--|----------------------------|---|---|--|
|----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|--|----------------------------|---|---|--|

As of the date of issuance of this Undertaking, the Group has promoted the completion of absorption and merger of Yingkou Port Liability Co., Ltd. by Liaoning Port according to the requirements of the 2017 Undertaking, and injected the industry-competitive assets that meet the asset injection conditions into Liaoning Port. As for the industry-competitive assets that have major defects in profitability, asset ownership and other aspects and do not meet the conditions for asset injection, the Group expects that it is difficult to completely resolve the industry competition problem within the deadline agreed in the 2017 Undertaking. However, it standardised industry-competition problems for related assets through entrusted management by signing entrusted management agreement.

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

Directors' Report

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

Directors' Report

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

Directors' Report

| Background of undertakings | Types of undertakings | Party of undertakings | Details of the undertakings | Time of the undertakings | Whether there is time limit of performance | Time limit of undertakings | Whether the undertaking is honoured in a timely and strict manner | Specific reasons for the failure to timely honour the undertaking | Further plans in the event of failing to timely honour the undertaking |
|----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|--|----------------------------|---|---|--|
|----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|--|----------------------------|---|---|--|

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

Directors' Report

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

Directors' Report

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

Directors' Report

| Background of undertakings | Types of undertakings | Party of undertakings | Details of the undertakings | Time of the undertakings | Whether there is time limit of performance | Time limit of undertakings | Whether the undertaking is honoured in a timely and strict manner | Specific reasons for the failure to timely honour the undertaking | Further plans in the event of failing to timely honour the undertaking |
|----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|--|----------------------------|---|---|--|
|----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|--|----------------------------|---|---|--|

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

Directors' Report

| Background of undertakings | Types of undertakings | Party of undertakings | Details of the undertakings | Time of the undertakings | Whether there is time limit of performance | Time limit of undertakings | Whether the undertaking is honoured in a timely and strict manner | Specific reasons for the failure to timely honour the undertaking | Further plans in the event of failing to timely honour the undertaking |
|----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|--|----------------------------|---|---|--|
|----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|--|----------------------------|---|---|--|

- Upon the completion of the transaction, if Yingkou Port and its holding subsidiaries suffer from compensation, fines, taxes and other expenses in the process of perfecting the legal procedures for relevant defective sea area use rights, berths, land use rights, and real estate involved in the operation of Yingkou Port and its holding subsidiaries before the transaction (being the sea area use rights, berths, land use rights, and real estate held by Yingkou Port and its holding subsidiaries before the completion of the transaction without a complete ownership certificate), within 180 days after Liaoning Port and its holding subsidiaries determine the actual amount of losses according to law and notify the Group, the Group will compensate Liaoning Port and/or its holding subsidiaries in a timely manner and in full in cash.

By Order of the Board

Wang Zhixian
Chairman

Dalian, PRC
28 March 2024

Corporate Governance Report

Introduction

The Company is well aware of the importance of corporate governance, and recognises that maintaining a high standard of corporate governance is in the fundamental interests of the Company and its shareholders. The Company has been striving to improve its corporate governance practices since its establishment. We have adopted the code on corporate governance practices (the “CG Code”) set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as our own code of corporate governance practices. The Company has adopted a series of measures to maintain a high standard of corporate governance.

A. Corporate Governance Practice

The Board strictly complied with the principles set out in the “CG Code” to establish and operate a corporate governance mechanism and adopted a principle of strict execution of the code provisions so as to ensure that the code provisions are fully executed, while striving to promote the “Recommended Best Practices” to the largest extent according to the Company’s actual management. The Board also monitors and reviews the existing corporate governance practices of the Company on a regular basis with the aim of constantly fostering and carrying out a sound standard of corporate governance. During the reporting period, save as disclosed below, the Company has complied with the code provisions.

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 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.

B. Directors’ and Supervisors Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules as the code of conduct governing the securities transactions by all directors and supervisors of the Company. In order to ensure that the directors and supervisors comply with the Model Code when dealing in the securities of the Company, the Company has made enquiries to all directors and supervisors, all directors and supervisors have confirmed that they have complied with the requirements under the Model Code during the reporting period.

Corporate Governance Report

C. Board of Directors

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

1. Board Composition

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

Executive Directors

Mr. Wang Zhixian (*re-appointed on 15 June 2023*)

Mr. Wei Minghui (*re-appointed on 15 June 2023*)

Non-executive Directors

Dr. Li Guofeng (*appointed on 15 December 2023*)

Mr. Zhou Qinghong (*re-appointed on 15 June 2023 and resigned on 11 August 2023*)

Dr. Xu Xin (*appointed on 15 June 2023 and resigned on 18 April 2024*)

Dr. Xu Song (*re-appointed on 15 June 2023 and resigned on 6 September 2023*)

Dr. Li Yubin (*appointed on 15 December 2023*)

Mr. Yang Bing (*re-appointed on 15 June 2023*)

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

Independent Non-executive Directors

Dr. Liu Chunyan (*re-appointed on 15 June 2023*)

Mr. Law Man Tat (*re-appointed on 29 June 2020 and resigned on 15 June 2023 upon expiry of the term of office of the sixth session of the Board*)

Ms. Cheng Chaoying (*re-appointed on 15 June 2023*)

Mr. Chan Wai Hei (*appointed on 15 June 2023*)

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

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

Corporate Governance Report

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

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

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

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

2. Operation of the Board

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

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

Corporate Governance Report

During the reporting period, the Board held a total of 8 meetings. The attendance of the directors at those board meetings is as follows:

| Members of the Board | Number of meetings in his/her incumbency | Number of attendance in person | Number of attendance by his/her proxy | Attendance rate |
|-----------------------------|---|---------------------------------------|--|------------------------|
| WANG Zhixian | 8 | 8 | 0 | 100% |
| WEI Minghui | 8 | 7 | 1 | 88% |
| ZHOU Qinghong | 4 | 2 | 2 | 50% |
| LI Guofeng | 1 | 1 | 0 | 100% |
| SI Zheng | 0 | 0 | 0 | N/A |
| XU Xin | 5 | 3 | 2 | 60% |
| XU Song | 5 | 1 | 4 | 20% |
| LI Yubin | 1 | 0 | 1 | 0% |
| YANG Bing | 8 | 5 | 3 | 63% |
| LIU Chunyan | 8 | 8 | 0 | 100% |
| LAW Man Tat | 3 | 3 | 0 | 100% |
| CHENG Chaoying | 8 | 7 | 1 | 88% |
| CHAN Wai Hei | 5 | 4 | 1 | 80% |

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

During the reporting period, the Company convened a total of 2 general meetings. The attendance of directors at those general meetings is as follows:

| Members of the Board | Number of meetings in his/her incumbency | Number of attendance | Attendance rate |
|-----------------------------|---|-----------------------------|------------------------|
| WANG Zhixian | 2 | 1 | 50% |
| WEI Minghui | 2 | 1 | 50% |
| ZHOU Qinghong | 1 | 0 | 0% |
| LI Guofeng | 0 | 0 | N/A |
| SI Zheng | 0 | 0 | N/A |
| XU Xin | 1 | 0 | 0% |
| XU Song | 1 | 0 | 0% |
| LI Yubin | 0 | 0 | N/A |
| YANG Bing | 2 | 1 | 50% |
| LIU Chunyan | 2 | 2 | 100% |
| LAW Man Tat | 1 | 0 | 0% |
| CHENG Chaoying | 2 | 2 | 100% |
| CHAN Wai Hei | 1 | 0 | 0% |

Corporate Governance Report

3. Respective Responsibilities of the Board and the Management

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

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

The Board is also responsible for the preparation of accounts for each financial period to give a true and fair view of the financial status, operating results and cash flows of the Company for that period. In preparing the accounts for the year ended 31 December 2023, the directors have selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable and prepared the accounts on an ongoing concern basis in accordance with the PRC Accounting Standards for Business Enterprises.

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

The Board is responsible for the following corporate governance functions:

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

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

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

Corporate Governance Report

4. Nomination, Appointment and Removal of Directors

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

5. Continuing Professional Development of Directors

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

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

| Directors | Type of training <i>(Note)</i> |
|--|--------------------------------|
| Executive directors | |
| Mr. Wang Zhixian | A/B |
| Mr. Wei Minghui | A/B |
| Non-executive directors | |
| Dr. Li Guofeng | A/B |
| Mr. Si Zheng | A/B |
| Mr. Zhou Qinghong | A/B |
| Dr. Xu Xin | A/B |
| Dr. Xu Song | A/B |
| Dr. Li Yubin | A/B |
| Mr. Yang Bing | A/B |
| Independent non-executive directors | |
| Dr. Liu Chunyan | A/B |
| Mr. Law Man Tat | A/B |
| Ms. Cheng Chaoying | A/B |
| Mr. Chan Wai Hei | A/B |

Notes:

Type of training

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

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

Corporate Governance Report

6. Board Diversity Policy and Practices

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

As at 31 December 2023, the Company has nine Directors, of which one is female; the Company has eight senior management members, of which one is female (accounting for 12.5% of the total senior management). As at 31 December 2023, female employees accounted for 17.67% of the Group’s employees and male employees accounted for 82.33%. Despite there being a majority of male employees due to the nature of the Group’s business which requires a high level of physical strength, the Group is committed to maximising employee diversity and considers gender diversity when recruiting employees. The Company will continue to take steps to promote gender diversity at all levels, including but not limited to the Board and senior management levels, and to establish access to the Board for female senior management members and potential successors.

Measurable objectives

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

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

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

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

Mechanisms to ensure independent opinion

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

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

The Board reviews annually the mechanism for ensuring that independent opinion is introduced to the Board, whether in relation to the proportion, employment and independence of independent non-executive directors, their contribution and the availability of external independent professional advice. Upon review, the Board of the Company considers that these mechanisms for independent opinion are effective during the reporting period.

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D. Chairman and General Manager

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

E. Board Committees

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

Audit Committee

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

During the reporting period and up to the date of this report, the Audit Committee of the Board consists of the following directors:

Ms. Cheng Chaoying (independent non-executive director, re-appointed as the chairman of the Audit Committee on 15 June 2023)

Dr. Li Guofeng (non-executive director, appointed as a member of the Audit Committee on 15 December 2023)

Mr. Zhou Qinghong (non-executive director, re-appointed as a member of the Audit Committee on 15 June 2023 and resigned on 11 August 2023)

Mr. Chan Wai Hei (independent non-executive director, appointed as a member of the Audit Committee on 15 June 2023)

Mr. Law Man Tat (independent non-executive director, re-appointed as a member of the Audit Committee on 29 June 2020 and resigned on 15 June 2023 upon expiry of the term of office of the sixth session of the Board)

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

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

| Members of the Audit Committee | Number of meetings in his/her incumbency | Number of attendance in person | Attendance rate |
|---------------------------------------|---|---------------------------------------|------------------------|
| Mr. Law Man Tat | 2 | 2 | 100% |
| Mr. Zhou Qinghong | 2 | 2 | 100% |
| Ms. Cheng Chaoying | 5 | 5 | 100% |
| Mr. Chan Wai Hei | 3 | 3 | 100% |
| Dr. Li Guofeng | 0 | 0 | N/A |

During the reporting period, the Audit Committee has, together with the management of the Company and the external auditors, reviewed the interim results for 2023 and annual results for 2022 of the Group and has recommended the approval of these results by the Board. They have also discussed the key risks and the internal control and risk management issues, and reviewed the audit plan, internal control performance and the effectiveness of the internal control system.

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

Financial Management Committee

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

During the reporting period and up to the date of this report, the Financial Management Committee consists of the following directors:

Mr. Chan Wai Hei (independent non-executive director, appointed as the chairman of the Financial Management Committee on 15 June 2023)

Mr. Law Man Tat (independent non-executive director, appointed as the chairman of the Financial Management Committee on 29 June 2020 and resigned on 15 June 2023 upon expiry of the term of office of the sixth session of the Board)

Ms. Cheng Chaoying (independent non-executive director, re-appointed as a member of the Financial Management Committee on 15 June 2023)

Dr. Xu Xin (non-executive director, appointed as a member of the Financial Management Committee on 15 June 2023 and resigned on 18 April 2024)

Mr. Wei Minghui (executive director, appointed as a member of the Financial Management Committee on 11 November 2021 and resigned on 15 June 2023 upon expiry of the term of office of the sixth session of the Board)

Corporate Governance Report

During the reporting period, the Financial Management Committee under the Board of the Company actively carried out relevant work and performed its duties in strict accordance with the relevant laws and regulations as well as the relevant provisions of the Articles of Association of the Company and the Terms of Reference of the Financial Management Committee of the Board. During the reporting period, the Financial Management Committee held 6 meetings to mainly review the annual profit distribution plan, periodic reports and other related matters, and made proposals to the Board.

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

| Members of the Financial Management Committee | Number of meetings in his/her incumbency | Number of attendance in person | Attendance rate |
|--|---|---------------------------------------|------------------------|
| Mr. Chan Wai Hei | 4 | 4 | 100% |
| Mr. Law Man Tat | 2 | 2 | 100% |
| Mr. Wei Minghui | 2 | 2 | 100% |
| Ms. Cheng Chaoying | 6 | 5 | 83% |
| Dr. Xu Xin | 4 | 3 | 75% |

Nomination and Remuneration Committee

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

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

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The remuneration of directors of the Company will be reviewed by the Nomination and Remuneration Committee and the Board and shall be subject to final approval by the general meeting. In particular, (1) remuneration of directors who concurrently served as senior management shall be determined by the Board under the delegation by the general meeting based on the profitability of the Company and their duties and performance; (2) the remuneration of Dr. Liu Chunyan, an independent non-executive director, was RMB200,000 per annum before tax, the remuneration of Ms. Cheng Chaoying, an independent non-executive Director, were RMB150,000 per annum before tax (received until June) and RMB200,000 per annum before tax (increased to this level upon the election of the seventh session of the Board and received from July onwards), the remuneration of Mr. Law Man Tat, an independent non-executive director, was RMB250,000 per annum before tax (received until June only), and the remuneration of Mr. Chan Wai Hei, an independent non-executive director, was RMB250,000 per annum before tax (received from July onwards); (3) save as above, no any other remuneration, welfare or bonus shall be paid by the Company to other Directors in connection with their duties as Directors.

During the reporting period and up to the date of this report, the Nomination and Remuneration Committee consists of the following directors:

Dr. Liu Chunyan (independent non-executive director, re-appointed as the chairman of the Nomination and Remuneration Committee on 15 June 2023)

Mr. Wang Zhixian (chairman, executive director, re-appointed as a member of the Nomination and Remuneration Committee on 15 June 2023)

Ms. Cheng Chaoying (independent non-executive director, re-appointed as a member of the Nomination and Remuneration Committee on 15 June 2023)

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

During the reporting period, 6 meetings of the Nomination and Remuneration Committee were held with the attendance of members as follows:

| Members of the Nomination and Remuneration Committee | Number of meetings in his/her incumbency | Number of attendance in person | Attendance rate |
|---|---|---------------------------------------|------------------------|
| Mr. Wang Zhixian | 6 | 6 | 100% |
| Dr. Liu Chunyan | 6 | 6 | 100% |
| Ms. Cheng Chaoying | 6 | 6 | 100% |

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Strategy Development Committee

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

During the reporting period and up to the date of this report, the Strategy Development Committee consists of the following directors:

Mr. Wang Zhixian (chairman, executive director, re-appointed as the chairman of the Strategy Development Committee on 15 June 2023)

Dr. Li Guofeng (non-executive director, appointed as a member of the Strategy Development Committee on 15 December 2023)

Dr. Xu Xin (non-executive director, appointed as a member of the Strategy Development Committee on 15 June 2023 and resigned on 18 April 2024)

Mr. Wei Minghui (executive director, re-appointed as a member of the Strategy Development Committee on 15 June 2023)

Dr. Li Yubin (non-executive director, appointed as a member of the Strategy Development Committee on 15 December 2023)

Mr. Zhou Qinghong (non-executive director, re-appointed as a member of the Strategy Development Committee on 15 June 2023 and resigned on 11 August 2023)

Dr. Xu Song (non-executive director, re-appointed as a member of the Strategy Development Committee on 15 June 2023 and resigned on 6 September 2023)

During the reporting period, one meeting of the Strategic Development Committee was held with the attendance of members as follows:

| Members of the Strategic Development Committee | Number of meetings in his/her incumbency | Number of attendance in person | Attendance rate |
|---|---|---------------------------------------|------------------------|
| Mr. Wang Zhixian | 1 | 1 | 100% |
| Dr. Li Guofeng | 1 | 1 | 100% |
| Dr. Xu Xin | 1 | 1 | 100% |
| Mr. Wei Minghui | 1 | 1 | 100% |
| Dr. Li Yubin | 1 | 1 | 100% |
| Mr. Zhou Qinghong | 0 | 0 | N/A |
| Dr. Xu Song | 0 | 0 | N/A |

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F. Auditors

During the reporting period, Ernst & Young Hua Ming LLP was appointed as the PRC auditor of the Company for the year 2023 by the shareholders at the 2022 annual general meeting to conduct audit work on the Company's financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises, and to act as the overseas auditor of the Company in compliance with the relevant requirements of the Listing Rules of the Stock Exchange. Ernst & Young Hua Ming LLP was also appointed as the auditor of internal control of the Company for the year 2023 to audit the internal control of the financial report of the Company and issue an audit report.

During the reporting period, the total fees paid and payable to the auditors of the Group (with the meaning ascribed to it under the Independent Auditor's Report) for audit service in respect of the annual financial report were RMB4,390,000 and the fees paid and payable for annual internal control audit were RMB800,000. This remuneration is different from the "Audit fee" under "Administrative expenses" of Note IX (48) to Auditor's Report, due to the fact that item "Audit fee" under "Administrative expenses" also included fees payable to audit service providers other than Ernst & Young Hua Ming LLP for annual audit and other audit management services. During the reporting period, the auditors of the Group (including any entity that is under common control, ownership or management with the auditors, or an entity that would be reasonably concluded by a reasonable and informed third party knowing all relevant information to be part of the domestic or international business of the auditors) did not provide any non-audit services to the Group.

G. Senior Management's Interests in Shares and Remuneration

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

Details of remuneration payable to senior management in 2023 are as follows.

| Name | Position | Pre-tax remuneration paid by the Company during the reporting period (RMB) |
|--------------------|---|---|
| WEI Minghui | General manager | 1.0478 million |
| WANG Ping* | Chief financial officer | 0.8082 million |
| WANG Huiying | Secretary to the board, joint company secretary | 0.7284 million |
| LEE, Kin Yu Arthur | Qualified accountant, joint company secretary | 1.3407 million |
| TAI Jingang | Vice general manager | 0.8065 million |
| YIN Kaiyang | Vice general manager | 0.8085 million |
| LUO Dongxi | Vice general manager | 0.8027 million |
| CAO Yingfeng* | Executive deputy general manager | 0.7973 million |
| GUAN Lihui | Chief safety officer, vice general manager | 0.8596 million |
| CHEN Liqing** | Vice general manager | 0.1025 million |

* CAO Yingfeng resigned as the executive deputy general manager of the Company in September 2023; WANG Ping resigned as the chief financial officer of the Company in December 2023.

** CHEN Liqing had been serving as a vice general manager of the Company from June 2022 to April 2023.

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H. Company Secretary

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

I. Risk Management and Internal Control

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

Risk Management

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

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

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

Internal Control

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

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

Corporate Governance Report

1. Internal Audit

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

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

2. Other Internal Control Procedures

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

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

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

To comply with the requirements of the code provisions on risk management and internal control under the Listing Rules, the Board has reviewed the effectiveness of the risk management and internal control system of the Company for the year ended 31 December 2023 through the Audit Committee and with the assistance of the risk management department and internal audit. In addition, the directors of the Company have reviewed the work scope and quality of the continuous supervision by the management over the risk management and internal control system. The directors also reviewed the extent and frequency of communication of monitoring results made by the management to the special committee of the Board to facilitate the relevant committee to review the risk management and internal control system of the Company.

With the assistance of the Audit Committee, the Board has assessed the effectiveness of the risk management and internal control systems by reviewing the management reports and internal audit findings, and considers that the Company’s risk management and internal control systems for the year ended 31 December 2023 were effective and adequate.

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J. Corporate Culture

Being committed to cultivating the corporate culture, sticking to the mission of “taking over the heritage over a century, and contributing to the prosperity of northeast China”, upholding the vision of “building a world-class leading port”, adhering to the enterprise spirit of “innovation, sense of responsibility, service and devotion” and maintaining the core value of “making efforts to create value and delivering a fruitful future in a solid manner”, the Company enables its employees at all levels to realise growth and achieve full potential by acting lawfully and ethically and responsibly, thereby providing sustainable and long-term results and operating in ways that are beneficial to society and the environment. The mission and value of the Company provide guidance for the conduct and behavior of staff, which the Company ensures are thoroughly observed in the Company’s business practices, workplace policies and practices and stakeholder relations. The management is responsible for setting the tone and creating corporate culture for the Company, and defining the mission, value and strategic direction of the Group for review by the Board. Considering that the corporate culture is reflected in various environments such as labour participation, staff trainings, legal and regulatory compliance, staff safety, welfare and support, the Group maintains consistent in culture, mission, value and strategies.

K. Rights of Shareholders and Shareholder’s Communication Policy

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

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

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

During the reporting period, the Company had active and frank communication with its shareholders through various channels and means such as holding shareholders’ meetings, results presentations, receiving enquiries from investors and setting up an investor mailbox. Upon review, the Company considered that the mechanism of the Company’s shareholder communication policy and its implementation were effective in 2023.

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

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

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

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

| | | |
|---|------------------|--|
| Joint company secretary/secretary to the Board: | Ms. WANG Huiying | (Tel: 86-411-87599899) (Fax: 86-411-87599854) |
|---|------------------|--|

| | | |
|---|------------------------|---|
| Joint company secretary/qualified accountant: | Mr. LEE, Kin Yu Arthur | (Tel: 852-53774873) (Fax: 86-411-87599854) |
|---|------------------------|---|

Company website: www.liaoganggf.cn
Company e-mail: ir@liaoganggf.cn

Corporate Governance Report

Dividend Policy

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

The Company's distributable profit of the year is calculated based on the net profit of the parent company of the year. The Company's distributed profit and declared profit distribution over the recent three years were all not less than 40% of the distributable profit of the year. The pay-out ratios from 2021 to 2023 were 40.81%, 40.23% and 40.07%, respectively.

L. Investor Relations

Convening of General Meetings

During the reporting period, two general meetings were convened by the Company in total. The 2022 annual general meeting was held on 15 June 2023, and the 2023 first extraordinary general meeting was held on 15 December 2023.

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

Profiles of Directors, Supervisors and Senior Management

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

Directors

Mr. Wang Zhixian (王志賢先生), born in 1965, a Chinese national, served as a manager of Hempel Coatings Ltd. (海虹老人牌塗料公司) sales department, the general manager of the enterprise planning department of China Merchants Holdings (International) Company Limited (招商局國際有限公司) (currently known as China Merchants Port Holdings Company Limited, the shares of which are listed on the Stock Exchange, stock code: 144), a deputy general manager of Shenzhen Mawan Harbor Affairs Co., Ltd. (深圳媽灣港務有限公司), the chairman and the CEO of Ningbo Daxie Merchants International Terminals Limited (寧波大榭招商國際碼頭有限公司), a deputy general manager of China Merchants Holdings (International) Company Limited (招商局國際有限公司), the Secretary of the Party Committee and the chairman of China Nanshan Development (Group) Inc. (中國南山開發(集團)股份有限公司) and a director of China International Marine Containers (Group) Co., Ltd. Mr. Wang served as the executive director of China Merchants Port Holdings Company Limited from February 2016 to June 2022. Mr. Wang is currently the Secretary of the Party Committee and the CEO of Liaoning Port Group Limited (遼寧港口集團有限公司) and the chairman and executive director of the Company. Mr. Wang obtained a bachelor's degree of the Major of Polymer Material from Tianjin University, a master's degree of the Major of Polymer Material from Shanghai Jiao Tong University and a master's degree of business administration from Peking University Guanghua School of Management.

Dr. Li Guofeng (李國鋒博士), born in 1974, a Chinese national, was the general manager of the research and development department, the general manager of the overseas business department, the general manager of the investment and development department and a deputy chief economist of China Merchants Holdings (International) Company Limited (currently known as China Merchants Port Holdings Company Limited, the shares of which are listed on the Stock Exchange, stock code: 144), and a deputy director of the overseas business department and the director of the overseas department/international cooperation department of China Merchants Group Limited. He is currently a deputy secretary of the Party Committee, the chief operating officer (COO) and the general manager of Liaoning Port Group Limited and a non-executive director of the Company. Dr. Li holds a bachelor's degree in Economics, a master's degree in Transportation Economics and a doctorate degree in World Economics from Nankai University.

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

Profiles of Directors, Supervisors and Senior Management

Dr. Li Yubin (李玉彬博士), born in 1972, a Chinese (Hong Kong) national, was the general manager of the planning and commerce department of China Merchants Holdings (International) Company Limited (currently known as China Merchants Port Holdings Company Limited, the shares of which are listed on the Stock Exchange, stock code: 144), a deputy chief economist and the general manager of the strategy and operation management department of China Merchants Holdings (International) Company Limited, a deputy chief economist of China Merchants Holdings (International) Company Limited and the general manager of China Merchants Bonded Logistics Co., Ltd., and a deputy chief economist of China Merchants Port Holdings Company Limited and the general manager of China Merchants Bonded Logistics Co., Ltd. Dr. Li is currently a deputy general manager and a member of the Party Committee of China Merchants Port Holdings Company Limited, a deputy general manager, a member of the Party Committee and the secretary to the Board of Directors of China Merchants Port Group Co., Ltd. (the shares of which are listed on the Shenzhen Stock Exchange, stock code: 001872), the chairman of China Merchants Bonded Logistics Co., Ltd. and a non-executive director of the Company. Dr. Li holds a doctorate degree in Real Estate and Construction from The University of Hong Kong.

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

Dr. Liu Chunyan (劉春彥博士), born in 1967, a Chinese national, is an assistant professor of the faculty of law and an instructor of master's degree candidates of civil and commercial law at Tongji University and a part-time attorney and certified lawyer in Beijing Jincheng Tongda & Neal Law Firm in Shanghai. He is an independent non-executive director of the Company. From December 2018 to January 2022, Dr. Liu served as an independent director of Fujian Oriental Silver Star Investment Co., Ltd. (福建東方銀星投資股份有限公司) (currently known as Gengxing Energy Group Co., Ltd. (庚星能源集團股份有限公司), whose shares are listed on the Shanghai Stock Exchange, stock code: 600753), from January 2019 to March 2023, he served as an independent director of Zhejiang Yilida Ventilator Co., Ltd. (浙江億利達風機股份有限公司) (whose shares are listed on the Shenzhen Stock Exchange, stock code: 002686). From April 2021 to April 2024, he served as an independent director of Conch (Anhui) Energy Saving and Environment Protection New Material Co., Ltd. (海螺(安徽)節能環保新材料股份有限公司) (whose shares are listed on the Shenzhen Stock Exchange, stock code: 000619). Since December 2021, he has been serving as an independent director of Hangzhou Fortune Gas Cryogenic Group Co., Ltd. (杭州福斯達深冷裝備股份有限公司) (whose shares are listed on the Shanghai Stock Exchange, stock code: 603173), and since November 2022, he has been serving as an independent director of Chuangyuan Futures Co., Ltd. (創元期貨股份有限公司) (whose shares are listed on the NEEQ, stock code: 832280). Dr. Liu obtained a bachelor's degree in law from Liaoning Normal University, a master's degree in law from Shanghai Jiao Tong University and a doctorate in management from Tongji University.

Profiles of Directors, Supervisors and Senior Management

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

Mr. Chan Wai Hei (陳維曦先生), born in 1957, a Chinese (Hong Kong) national, was a partner of Messrs. Li, Tang, Chen & Co., Certified Public Accountants (Practicing), and currently serves as a senior consultant of Roger K.C. Tou & Co. and he is a senior chartered accountant. He is an independent non-executive director of the Company. Mr. Chan graduated from Hong Kong Shue Yan College majoring in accounting. Mr. Chan served as an independent non-executive director of Vanke Property (Overseas) Limited (萬科海外投資控股有限公司) (whose shares are listed on the Stock Exchange, stock code: 1036) from September 2012 to May 2021, and has been serving as an independent non-executive director of Shandong Hi-Speed Holdings Group Limited (山高控股集團有限公司) (whose shares are listed on the Stock Exchange, stock code: 412) since May 2020.

Supervisors

Mr. Kuang Zhiguo (匡治國先生), born in 1972, a Chinese national, was the head of the production department, an executive deputy director, the director, a deputy secretary of the Party committee and the secretary of the Party committee of Qingshan Shipyard of China Changjiang National Shipping Group (長江航運集團青山船廠), the general manager, a deputy secretary of the Party committee and the secretary of the Party committee of CSC Wuhan Qingshan Shipyard Co., Ltd. (長航集團武漢青山船廠有限公司), and an assistant to the general manager of China Yangtze Shipping Group Co., Ltd. Mr. Kuang currently serves as a member of the Party Committee and the secretary of the Discipline Inspection Committee of Liaoning Port Group Limited (遼寧港口集團有限公司) and the chairman of the supervisory committee of the Company. Mr. Kuang obtained a master's degree of engineering in Software Project Management from Wuhan University.

Mr. Cui Beiqiang (崔貝強先生), born in 1970, a Chinese national, was a deputy director of the administration office of Yingkou Port Authority, the director of the administration office, the general manager of the human resources department, the director of the development and research department and a director of Yingkou Port Group Co., Ltd.. Mr. Cui currently serves as a vice chairman of the labour union of Liaoning Port Group Limited, and a deputy secretary of the Party committee, the secretary of the discipline inspection committee and the chairman of the labour union of Yingkou Port Group Co., Ltd. and a supervisor of the Company. Mr. Cui obtained a bachelor's degree in Technical Economics from Harbin Institute of Shipbuilding Engineering (哈爾濱船舶工程學院) and a master's degree in business administration from Dalian University of Technology.

Mr. Ding Kai (丁凱先生), born in 1967, a Chinese national, currently serves as a partner and lawyer of Chong Guang Law Office of Beijing (北京市重光律師事務所) and an independent supervisor of the Company. Mr. Ding obtained a bachelor's degree in law and a master's degree in law from Peking University.

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

Profiles of Directors, Supervisors and Senior Management

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

Senior Management

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

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

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

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

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

Mr. Tang Ming (唐明先生), born in 1978, a Chinese national, held various positions including deputy head of the finance department of Dalian Port Corporation Limited (大連港集團有限公司), deputy head of the finance department of Liaoning Port Group Limited, and the chief financial officer of Dalian Port Corporation Limited. He is currently the chief financial officer of the Company. Mr. Tang obtained a postgraduate qualification in business administration (financial management) and a master’s degree in management from the School of Accounting of Dongbei University of Finance and Economics. He is an accountant.

Profiles of Directors, Supervisors and Senior Management

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

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

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

I. Opinion

We have audited the accompanying financial statements of Liaoning Port Co., Ltd., which comprise the consolidated and company balance sheets as at 31 December 2023, the consolidated and company income statements for the year then ended, the consolidated and company statements of changes in shareholders' equity for the year then ended, the consolidated and company cash flow statements for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial positions of the Company as at 31 December 2023, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

II. Basis for Opinion

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

III. Key Audit Matters

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

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

III. Key Audit Matters (continued)

| Key Audit Matter: | How our audit addressed the Key Audit Matter: |
|--|---|
| Provision for bad debts of accounts receivable | |
| <p>As of 31 December 2023, the book balance of the accounts receivable in the consolidated financial statements was RMB4,551,471,017.52, and the provision for bad debts was RMB776,373,029.01. The balance of the accounts receivable of the Group is significant. The assessment of bad debt provisions involves complex and significant judgments and estimates by the management. Therefore, we identified provision for bad debts of accounts receivable as a key audit matter for the audit of the year.</p> <p>For the disclosure of the accounts receivable and the provision for bad debts, please refer to Note V.1 Critical judgments and key assumptions and uncertainties in accounting estimates, Note IX.3 Accounts receivable and Note IX.6 Other receivables to the financial report.</p> | <p>The audit procedures we performed include:</p> <ul style="list-style-type: none"> • Gained an understanding of and tested the internal control related to provision for bad debts of accounts receivable; • Evaluated whether the management's evaluation basis for credit rating of the counterparty to the receivables was reasonable; checked, on a sample basis, the supporting records such as contracts, bookkeeping vouchers and invoices, and whether the age of the accounts receivables was accurate; and evaluated the basis for the calculation of expected credit losses, including the management's estimation and calculation of expected credit losses in combination with historical loss rates and forward-looking considerations; • For goods in which the Group has a lien, checked such goods on spot and assessed the value thereof, obtained the legal opinion issued by the Group's external legal advisor and reply to the letter of confirmation, and evaluated the management's estimation of the probability, amount and discount rate of possible recovery of relevant receivables in the future, as well as the calculation of expected credit losses on relevant receivables; • Reviewed the disclosure of the receivables and the provision for bad debts in the financial report. |

III. Key Audit Matters (continued)

| Key Audit Matter: | How our audit addressed the Key Audit Matter: |
|--|--|
| Impairment of long-term equity investments | |
| <p>As of 31 December 2023, the book balance of long-term equity investments in the consolidated financial statements was RMB3,538,884,175.96, and provision for impairment was RMB8,468,465.03. The management has assessed whether the long-term equity investments have indicators of impairment. If there is any indicator of impairment, the management performs impairment testing by calculating the recoverable amount of long-term equity investments. It is expected that the recoverable amount of long-term equity investments relates to the assessment of fair value of long-term equity investments and forecast of the present value of expected future cash flows of long-term equity investments, as the management needs to make significant judgments and assumptions in the assessment and forecast, especially for the assessment methods and choice of relevant parameters, the investee's future business volume, gross profit margin and discount rate. Therefore, we identified the impairment of long-term equity investments as a key audit matter of the year.</p> <p>For the disclosure of long-term equity investments, please refer to Note V.1 Critical judgments and key assumptions and uncertainties in accounting estimates and Note IX.10 Long-term equity investments to the financial report.</p> | <p>The audit procedures we performed include:</p> <ul style="list-style-type: none"> Analyzed and assessed the management's judgments on the indicators of impairment of long-term equity investments, and evaluated the important assumptions made and key parameters used by the management when determining the recoverable amount of long-term equity investments, especially the key data and assumptions about the future business volume, gross profit margin and discount rate of the investee in the management's impairment test, as well as fair value assessment methods and key parameters used for assessment, etc.; As assisted by the internal valuer, evaluated the management's impairment test methods, models and key parameters; Reviewed the disclosure of long-term equity investments and impairment of long-term equity investments in the financial report. |

IV. Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young Hua Ming LLP

Certified Public Accountant:

Liu Taiping

(Project partner)

Beijing, the People's Republic of China
28 March 2024

Certified Public Accountant:

Wang Xiaoyao

Consolidated Balance Sheet

31 December 2023
In RMB

| Item | Note | Balance at the end of the year | Balance at the beginning of the year (Restated) |
|---|--------|--------------------------------------|--|
| Current assets | | | |
| Cash at bank and on hand | IX. 1 | 5,228,415,449.28 | 5,285,807,017.68 |
| Including: Deposits with financial institutions | | 2,102,193,440.96 | 2,390,798,429.03 |
| Notes receivable | IX. 2 | 310,015,462.53 | 369,840,570.06 |
| Accounts receivable | IX. 3 | 3,304,178,653.31 | 2,934,952,392.90 |
| Receivables financing | IX. 4 | 244,381,797.52 | 154,213,980.23 |
| Advances to suppliers | IX. 5 | 64,467,545.03 | 54,625,520.45 |
| Other receivables | IX. 6 | 470,919,335.20 | 416,421,026.73 |
| Including: Interest receivable | | 3,500,160.05 | 2,689,917.11 |
| Dividends receivable | | 135,422,064.18 | 96,282,178.82 |
| Inventories | IX. 7 | 133,306,714.38 | 135,591,127.32 |
| Including: Raw material | | 95,073,353.28 | 92,746,393.09 |
| Merchandise inventories (finished goods) | | 14,477,638.35 | 17,383,872.19 |
| Non-current assets due within one year | IX. 8 | 13,200,000.00 | 13,250,000.00 |
| Other current assets | IX. 9 | 347,699,193.06 | 363,942,466.61 |
| Total current assets | | 10,116,584,150.31 | 9,728,644,101.98 |
| Non-current assets | | | |
| Long-term equity investments | IX. 10 | 3,530,415,710.93 | 3,779,473,566.20 |
| Investments in other equity instruments | IX. 11 | 171,327,899.72 | 156,869,646.60 |
| Investment properties | IX. 12 | 191,466,945.47 | 168,475,898.11 |
| Fixed assets | IX. 13 | 29,754,229,616.57 | 30,709,976,636.96 |
| Including: Original cost of fixed assets | | 54,561,646,224.85 | 53,744,503,305.27 |
| Accumulated depreciation | | 24,770,288,591.44 | 22,995,981,556.51 |
| Provision for impairment of fixed assets | | 44,992,613.52 | 44,992,613.52 |
| Construction in progress | IX. 14 | 1,811,375,985.83 | 2,242,690,024.15 |
| Right-of-use assets | IX. 15 | 4,743,745,845.35 | 4,976,014,486.45 |
| Intangible assets | IX. 16 | 5,350,090,830.48 | 5,491,744,452.35 |
| Development expenditure | IX. 17 | – | 12,684,691.00 |
| Goodwill | IX. 18 | 225,929,504.67 | 225,929,504.67 |
| Long-term prepaid expenses | IX. 19 | 74,095,620.53 | 56,562,308.24 |
| Deferred income tax assets | IX. 20 | 334,014,506.22 | 314,432,336.66 |
| Other non-current assets | IX. 21 | 49,663,112.76 | 12,551,780.38 |
| Total non-current assets | | 46,236,355,578.53 | 48,147,405,331.77 |
| Total assets | | 56,352,939,728.84 | 57,876,049,433.75 |

Notes form an integral part of the financial statements

Consolidated Balance Sheet (continued)

31 December 2023
In RMB

| Item | Note | Balance at the end of the year | Balance at the beginning of the year (Restated) |
|---|--------|--------------------------------------|--|
| Current liabilities | | | |
| Short-term borrowings | IX. 24 | 1,000,718,055.55 | – |
| Accounts payable | IX. 25 | 322,512,777.37 | 343,941,855.80 |
| Advances from customers | IX. 26 | 3,340,244.41 | 4,508,721.75 |
| Contract liabilities | IX. 27 | 219,678,903.96 | 306,195,780.05 |
| Employee benefits payable | IX. 28 | 365,477,587.55 | 350,703,906.84 |
| Including: Salary payable | | 324,620,388.29 | 301,117,334.75 |
| Taxes payable | IX. 29 | 163,783,519.31 | 140,158,900.25 |
| Including: Taxes payable excluding surcharges | | 163,283,659.22 | 139,867,485.58 |
| Other payables | IX. 30 | 715,251,442.84 | 946,047,358.10 |
| Including: Dividends payable | | 187,078,249.46 | 133,169,817.19 |
| Non-current liabilities due within one year | IX. 31 | 2,378,384,323.74 | 4,478,103,496.21 |
| Other current liabilities | IX. 32 | 12,042,348.71 | 14,329,926.71 |
| Total current liabilities | | 5,181,189,203.44 | 6,583,989,945.71 |
| Non-current liabilities | | | |
| Long-term borrowings | IX. 33 | 566,000,000.00 | 716,000,000.00 |
| Bonds payable | IX. 34 | 1,997,206,461.11 | 2,495,906,235.36 |
| Lease liabilities | IX. 35 | 4,966,735,156.50 | 5,117,187,307.19 |
| Long-term payables | IX. 36 | 17,500,000.00 | 17,500,000.00 |
| Estimated liabilities | IX. 37 | 160,358,538.56 | 170,708,538.56 |
| Deferred income | IX. 38 | 520,881,481.69 | 571,197,128.39 |
| Deferred income tax liabilities | IX. 20 | 157,140,810.64 | 259,568,410.54 |
| Other non-current liabilities | IX. 39 | 56,737,436.20 | 41,606,945.81 |
| Total non-current liabilities | | 8,442,559,884.70 | 9,389,674,565.85 |
| Total liabilities | | 13,623,749,088.14 | 15,973,664,511.56 |

Notes form an integral part of the financial statements

Consolidated Balance Sheet (continued)

31 December 2023
In RMB

| Item | Note | Balance at the end of the year | Balance at the beginning of the year (Restated) |
|--|--------|--------------------------------------|--|
| Shareholders' equity | | | |
| Share capital | IX. 40 | 23,987,065,816.00 | 23,987,065,816.00 |
| Capital surplus | IX. 41 | 9,012,945,301.26 | 9,092,394,552.49 |
| Other comprehensive income | IX. 42 | 86,548,575.40 | 72,364,171.03 |
| Including: Exchange differences on translation of foreign currency financial statements | | 57,986,230.94 | 54,871,006.75 |
| Specific reserve | IX. 43 | 180,604,889.52 | 147,235,048.25 |
| Surplus reserve | IX. 44 | 1,599,751,522.71 | 1,472,702,801.34 |
| Including: Statutory reserve | | 1,598,777,988.34 | 1,471,729,266.97 |
| Undistributed profits | IX. 45 | 4,734,941,958.54 | 4,020,050,298.62 |
| Total equity attributable to owners of the parent company | | 39,601,858,063.43 | 38,791,812,687.73 |
| Minority interests | | 3,127,332,577.27 | 3,110,572,234.46 |
| Total shareholders' equity | | 42,729,190,640.70 | 41,902,384,922.19 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 56,352,939,728.84 | 57,876,049,433.75 |

Notes form an integral part of the financial statements

These financial statements are signed by the following persons:

Balance Sheet of the Parent Company

31 December 2023
In RMB

| Item | Note | Balance at the end of the year | Balance at the beginning of the year |
|---|--------|--------------------------------------|--|
| Current assets | | | |
| Cash at bank and on hand | | 2,195,625,438.44 | 2,444,983,092.18 |
| Including: Deposits with financial institutions | | 628,867,886.20 | 962,786,707.70 |
| Notes receivable | | 149,213,388.97 | 187,740,647.20 |
| Accounts receivable | XIX. 1 | 2,852,454,414.70 | 2,425,928,610.49 |
| Advances to suppliers | | 9,485,580.29 | 12,197,912.51 |
| Other receivables | XIX. 2 | 2,874,704,776.63 | 3,092,261,447.80 |
| Including: Interest receivable | | 3,469,589.14 | – |
| Dividends receivable | | 2,822,882,692.06 | 3,019,042,396.43 |
| Inventories | | 46,159,200.13 | 49,929,215.98 |
| Including: Raw material | | 37,854,817.42 | 42,019,629.12 |
| Non-current assets due within one year | | 2,104,775,571.67 | 1,641,465,670.27 |
| Other current assets | | 7,944,654.40 | 3,208,150.46 |
| Total current assets | | 10,240,363,025.23 | 9,857,714,746.89 |
| Non-current assets | | | |
| Long-term receivables | XIX. 3 | 2,432,069,976.93 | 3,112,465,916.88 |
| Right-of-use assets | | 2,340,486,705.98 | 2,374,031,847.17 |
| Long-term equity investments | XIX. 4 | 22,631,662,696.11 | 22,930,744,418.39 |
| Investments in other equity instruments | | 11,133,001.93 | 6,304,107.79 |
| Investment properties | | 34,642,969.37 | – |
| Fixed assets | | 8,728,518,467.32 | 8,847,379,975.15 |
| Including: Original cost of fixed assets | | 17,774,288,456.05 | 16,999,248,593.31 |
| Accumulated depreciation | | 9,052,417,990.92 | 8,156,219,641.06 |
| Construction in progress | | 1,322,919,920.90 | 1,401,635,883.24 |
| Intangible assets | | 482,692,159.00 | 500,730,018.65 |
| Long-term prepaid expenses | | 49,501,544.40 | 42,915,928.82 |
| Deferred income tax assets | | 263,317,908.86 | 194,281,373.47 |
| Other non-current assets | | 27,010,104.00 | 1,860,000.00 |
| Total non-current assets | | 38,323,955,454.80 | 39,412,349,469.56 |
| TOTAL ASSETS | | 48,564,318,480.03 | 49,270,064,216.45 |

Notes form an integral part of the financial statements

Balance Sheet of the Parent Company (continued)

31 December 2023
In RMB

| Item | Balance at the end of the year | Balance at the beginning of the year |
|---|--------------------------------------|--|
| Current liabilities | | |
| Short-term borrowings | 1,000,718,055.55 | – |
| Accounts payable | 27,305,320.14 | 26,451,465.92 |
| Advances from customers | 239,512.81 | 136,461.52 |
| Contract liabilities | 42,565,334.44 | 39,834,656.50 |
| Employee benefits payable | 142,723,154.76 | 138,850,506.51 |
| Including: Salary payable | 141,857,581.13 | 132,601,759.23 |
| Taxes payable | 28,737,882.89 | 47,588,318.82 |
| Including: Taxes payable excluding surcharges | 28,737,782.70 | 47,588,173.04 |
| Other payables | 191,537,558.09 | 234,117,906.27 |
| Non-current liabilities due within one year | 2,102,721,447.04 | 4,149,878,725.65 |
| Other current liabilities | 2,380,222.65 | 4,776,333.93 |
| Total current liabilities | 3,538,928,488.37 | 4,641,634,375.12 |
| Non-current liabilities | | |
| Bonds payable | 1,997,206,461.11 | 2,495,906,235.36 |
| Lease liabilities | 2,544,705,785.10 | 2,536,611,597.29 |
| Long-term payables | 40,000,000.00 | 40,000,000.00 |
| Deferred income | 493,771,972.29 | 535,516,929.67 |
| Other non-current liabilities | 56,737,436.20 | 41,606,945.81 |
| Total non-current liabilities | 5,132,421,654.70 | 5,649,641,708.13 |
| Total liabilities | 8,671,350,143.07 | 10,291,276,083.25 |
| Shareholders' equity | | |
| Share capital | 23,987,065,816.00 | 23,987,065,816.00 |
| Capital surplus | 9,858,949,553.52 | 9,871,427,654.58 |
| Other comprehensive income | 6,924,708.33 | 3,303,037.72 |
| Specific reserve | 45,650,972.74 | 38,508,910.16 |
| Surplus reserve | 1,353,861,495.79 | 1,221,578,933.81 |
| Including: Statutory reserve | 1,353,861,495.79 | 1,221,578,933.81 |
| Undistributed profits | 4,640,515,790.58 | 3,856,903,780.93 |
| Total shareholders' equity | 39,892,968,336.96 | 38,978,788,133.20 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 48,564,318,480.03 | 49,270,064,216.45 |

Notes form an integral part of the financial statements

Consolidated Income Statement

For the year ended 31 December 2023
In RMB

| Item | Note | Amount for the year | Amount for last year (Restated) |
|--|--------|--------------------------|------------------------------------|
| I. Revenue | IX. 46 | 12,219,878,814.79 | 12,167,471,648.38 |
| Less: Cost of sales | IX. 46 | 8,829,783,585.69 | 8,989,869,893.11 |
| Taxes and surcharges | IX. 47 | 146,584,440.90 | 127,926,882.55 |
| Sales expenses | | 1,787,276.41 | – |
| Administrative expenses | IX. 48 | 735,736,896.11 | 814,673,311.85 |
| Research and development expenses | IX. 49 | 39,294,670.66 | 53,126,381.44 |
| Financial expenses | IX. 50 | 432,164,611.61 | 465,639,190.54 |
| Including: Interest expenses | | 501,452,869.60 | 542,913,822.50 |
| Interest income | | 75,403,616.14 | 95,849,133.75 |
| Net exchange loss (net gain represented by “-”) | | 4,993,183.05 | 17,654,965.66 |
| Add: Other income | IX. 51 | 184,527,016.95 | 160,690,852.30 |
| Investment income (loss represented by “-”) | IX. 52 | 97,079,157.84 | 196,696,980.45 |
| Including: Investment income from associates and joint ventures | | 79,338,157.47 | 182,569,390.84 |
| Credit impairment loss (loss represented by “-”) | IX. 53 | -211,038,143.00 | -157,322,064.43 |
| Asset impairment loss (loss represented by “-”) | IX. 54 | -99,940,178.96 | -11,658,563.63 |
| Gains on disposals of assets (loss represented by “-”) | IX. 55 | 194,692.55 | 5,051,232.80 |
| II. Operating profit (loss represented by “-”) | | 2,005,349,878.79 | 1,909,694,426.38 |
| Add: Non-operating income | IX. 56 | 35,487,918.80 | 45,445,937.27 |
| Less: Non-operating expenses | IX. 57 | 5,845,097.56 | 15,353,310.67 |
| III. Total profit (total loss represented by “-”) | | 2,034,992,700.03 | 1,939,787,052.98 |
| Less: Income tax expenses | IX. 58 | 527,741,508.94 | 467,167,918.02 |
| IV. Net profit (net loss represented by “-”) | | 1,507,251,191.09 | 1,472,619,134.96 |
| Including: Net profit of the merged party before merger in business combination under the common control | | -7,064,133.75 | 41,258,915.30 |
| (I) Classified by ownership of the equity | | | |
| 1. Net profit attributable to shareholders of the parent company (net loss represented by “-”) | | 1,343,109,072.73 | 1,317,655,267.29 |
| 2. Gains or losses of minority interests (net loss represented by “-”) | | 164,142,118.36 | 154,963,867.67 |
| (II) Classified by continuity of operations | | | |
| 1. Profit or loss from continuing operations (net loss represented by “-”) | | 1,507,251,191.09 | 1,472,619,134.96 |
| 2. Profit or loss from discontinued operations (net loss represented by “-”) | | – | – |

Notes form an integral part of the financial statements

Consolidated Income Statement (continued)

For the year ended 31 December 2023
In RMB

| Item | Note | Amount for the year | Amount for last year (Restated) |
|---|--------|-------------------------|------------------------------------|
| V. Other comprehensive income, net of tax | IX. 42 | 13,958,914.03 | 15,551,394.62 |
| Other comprehensive income, net of tax, attributable to shareholders of the parent company | | 14,184,404.37 | 14,689,874.52 |
| (I) Other comprehensive income that may not be reclassified to profit or loss | | 11,069,180.18 | -7,258,509.85 |
| 1. Changes in fair value of investments in other equity instruments | | 11,069,180.18 | -7,258,509.85 |
| (II) Other comprehensive income that will be reclassified to profit or loss | | 3,115,224.19 | 21,948,384.37 |
| 1. Exchange differences on translation of foreign currency financial statements | | 3,115,224.19 | 21,948,384.37 |
| Other comprehensive income, net of tax, attributable to minority interests | | -225,490.34 | 861,520.10 |
| VI. Total comprehensive income | | 1,521,210,105.12 | 1,488,170,529.58 |
| Attributable to shareholders of the parent company | | 1,357,293,477.10 | 1,332,345,141.81 |
| Attributable to minority interests | | 163,916,628.02 | 155,825,387.77 |
| VII. Earnings per share: | | | |
| Basic earnings per share | IX. 60 | 0.06 | 0.05 |
| Diluted earnings per share | IX. 60 | 0.06 | 0.05 |

In the case of business combinations involving entities under common control occurred in the current period, the net profit realised by the merged party prior to the combinations was RMB-7,064,133.75, and the net profit realised by the merged party in the previous period was RMB41,258,915.30.

Legal representative:
Wang Zhixian

Principal in charge of accounting:
Tang Ming

Head of accounting department:
Wang Jinsong

Notes form an integral part of the financial statements

Income Statement of the Parent Company

For the year ended 31 December 2023
In RMB

| Item | Note | Amount for the year | Amount for last year |
|---|--------|-------------------------|----------------------|
| I. Revenue | XIX. 5 | 3,359,480,703.30 | 3,573,458,113.29 |
| Less: Cost of sales | XIX. 5 | 2,467,366,416.82 | 2,613,919,020.54 |
| Taxes and surcharges | | 38,117,737.92 | 36,329,833.61 |
| Sales expenses | | 1,787,276.41 | – |
| Administrative expenses | | 356,288,505.27 | 395,145,037.09 |
| Research and development expenses | | 37,826.42 | 24,518.32 |
| Financial expenses | | 302,953,810.94 | 322,705,989.07 |
| Including: Interest expenses | | 334,359,456.19 | 355,978,065.04 |
| Interest income | | 32,938,649.45 | 34,969,263.69 |
| Add: Other income | | 49,052,027.88 | 52,924,474.62 |
| Investment income (loss represented by “-”) | XIX. 6 | 1,260,833,995.96 | 1,093,311,011.95 |
| Including: Investment income from associates and joint ventures | | 54,887,126.51 | 76,967,572.04 |
| Credit impairment loss (loss represented by “-”) | | -200,543,787.54 | -124,397,309.17 |
| Asset impairment loss (loss represented by “-”) | | -7,899,833.98 | -17,777,533.25 |
| II. Operating profit (loss represented by “-”) | | 1,294,371,531.84 | 1,209,394,358.81 |
| Add: Non-operating income | | 26,185,361.26 | 3,179,220.43 |
| Less: Non-operating expenses | | 3,663,475.28 | 9,916,707.41 |
| III. Total profit (total loss represented by “-”) | | 1,316,893,417.82 | 1,202,656,871.83 |
| Less: Income tax expenses | | 46,406,204.08 | 49,819,173.81 |
| IV. Net profit (net loss represented by “-”) | | 1,270,487,213.74 | 1,152,837,698.02 |
| Profit or loss from continuing operations (net loss represented by “-”) | | 1,270,487,213.74 | 1,152,837,698.02 |
| Net profit from discontinued operations (net loss represented by “-”) | | – | – |
| V. Other comprehensive income, net of tax | | 3,621,670.61 | -703,487.72 |
| (I) Other comprehensive income that may not be reclassified to profit or loss | | 3,621,670.61 | -703,487.72 |
| 1. Changes in fair value of investments in other equity instruments | | 3,621,670.61 | -703,487.72 |
| (II) Other comprehensive income that will be reclassified to profit or loss | | – | – |
| VI. Total comprehensive income | | 1,274,108,884.35 | 1,152,134,210.30 |

Notes form an integral part of the financial statements

Consolidated Cash Flow Statement

For the year ended 31 December 2023
In RMB

| Item | Note | Amount for the year | Amount for last year (Restated) |
|--|--------|--------------------------|------------------------------------|
| I. Cash flows from operating activities | | | |
| Cash received from sales of goods or rendering of services | | 11,654,331,086.54 | 11,503,444,502.63 |
| Refund of taxes and surcharges | | 20,229,764.98 | 46,567,569.94 |
| Cash received relating to other operating activities | IX. 61 | 343,191,497.54 | 534,731,981.42 |
| Sub-total of cash inflows from operating activities | | 12,017,752,349.06 | 12,084,744,053.99 |
| Cash paid for goods and services | | 4,348,087,037.21 | 4,401,981,438.87 |
| Cash paid to and on behalf of employees | | 2,827,902,470.50 | 3,026,594,198.31 |
| Payments of taxes and surcharges | | 1,051,656,652.01 | 903,087,811.99 |
| Cash paid relating to other operating activities | IX. 61 | 450,928,421.32 | 308,587,104.68 |
| Sub-total of cash outflows from operating activities | | 8,678,574,581.04 | 8,640,250,553.85 |
| Net cash flows from operating activities | IX. 61 | 3,339,177,768.02 | 3,444,493,500.14 |
| II. Cash flows from investing activities | | | |
| Cash received from disposal of investments | | 90,898,700.00 | 22,249,542.50 |
| Cash received from return on investments | | 214,836,019.20 | 290,567,210.11 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 14,922,772.14 | 10,432,584.84 |
| Cash received relating to other investing activities | IX. 61 | 2,282,000.00 | 8,323,264.74 |
| Sub-total of cash inflows from investing activities | | 322,939,491.34 | 331,572,602.19 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 667,573,000.86 | 3,414,759,303.31 |
| Cash paid relating to other investing activities | IX. 61 | 4,512,309.48 | 1,164,778.05 |
| Sub-total of cash outflows from investing activities | | 672,085,310.34 | 3,415,924,081.36 |
| Net cash flows from investing activities | | -349,145,819.00 | -3,084,351,479.17 |

Notes form an integral part of the financial statements

Consolidated Cash Flow Statement (continued)

For the year ended 31 December 2023
In RMB

| Item | Note | Amount for the year | Amount for last year (Restated) |
|---|--------|--------------------------|------------------------------------|
| III. Cash flows from financing activities | | | |
| Cash received from borrowings | | 2,497,000,000.00 | 5,086,000,000.00 |
| Sub-total of cash inflows from financing activities | | 2,497,000,000.00 | 5,086,000,000.00 |
| Cash repayments of borrowings | | 4,205,000,000.00 | 2,275,763,298.00 |
| Cash paid for distribution of dividends or profits or for interest expenses | | 845,822,479.39 | 997,113,457.33 |
| Cash paid relating to other financing activities | IX. 61 | 474,711,488.61 | 1,524,855,043.03 |
| Sub-total of cash outflows from financing activities | | 5,525,533,968.00 | 4,797,731,798.36 |
| Net cash flows from financing activities | | -3,028,533,968.00 | 288,268,201.64 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | -7,984,646.19 | 10,395,468.70 |
| V. Net increase in cash and cash equivalents | | -46,486,665.17 | 658,805,691.31 |
| Add: Cash and cash equivalents at the beginning of the year | | 5,246,086,432.65 | 4,587,280,741.34 |
| VI. Cash and cash equivalents at the end of the year | IX. 62 | 5,199,599,767.48 | 5,246,086,432.65 |

Notes form an integral part of the financial statements

Cash Flow Statement of the Parent Company

For the year ended 31 December 2023
In RMB

| Item | Note | Amount for the year | Amount for last year |
|---|--------|-------------------------|----------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sales of goods or rendering of services | | 2,976,740,534.23 | 3,205,259,715.45 |
| Refund of taxes and surcharges | | – | 28.18 |
| Cash received relating to other operating activities | | 67,584,833.73 | 187,252,628.06 |
| Sub-total of cash inflows from operating activities | | 3,044,325,367.96 | 3,392,512,371.69 |
| Cash paid for goods and services | | 1,101,198,682.20 | 1,269,589,208.44 |
| Cash paid to and on behalf of employees | | 987,074,312.11 | 1,050,758,064.44 |
| Payments of taxes and surcharges | | 260,345,674.50 | 204,479,956.15 |
| Cash paid relating to other operating activities | | 102,855,178.76 | 129,288,477.51 |
| Sub-total of cash outflows from operating activities | | 2,451,473,847.57 | 2,654,115,706.54 |
| Net cash flows from operating activities | XIX. 7 | 592,851,520.39 | 738,396,665.15 |
| II. Cash flows from investing activities: | | | |
| Cash received from disposal of investments | | – | 14,636,306.77 |
| Cash received from return on investments | | 1,573,628,757.96 | 767,690,860.15 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 8,224,718.34 | 3,046,207.36 |
| Cash received relating to other investing activities | | 266,080,650.39 | 40,260,347.00 |
| Sub-total of cash inflows from investing activities | | 1,847,934,126.69 | 825,633,721.28 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 225,937,847.28 | 153,201,253.59 |
| Net cash paid to acquire subsidiaries and other business units | | 89,751,557.22 | – |
| Cash paid relating to other investing activities | | 30,000,000.00 | 3,000,000,000.00 |
| Sub-total of cash outflows from investing activities | | 345,689,404.50 | 3,153,201,253.59 |
| Net cash flows from investing activities | | 1,502,244,722.19 | -2,327,567,532.31 |

Notes form an integral part of the financial statements

Cash Flow Statement of the Parent Company (continued)

For the year ended 31 December 2023
In RMB

| Item | Note | Amount for the year | Amount for last year |
|---|--------|--------------------------|----------------------|
| III. Cash flows from financing activities: | | | |
| Cash received from borrowings | | 2,497,000,000.00 | 4,032,000,000.00 |
| Sub-total of cash inflows from financing activities | | 2,497,000,000.00 | 4,032,000,000.00 |
| Cash repayments of borrowings | | 4,000,000,000.00 | 1,070,000,000.00 |
| Cash paid for distribution of dividends or profits or for interest expenses | | 661,407,482.24 | 822,376,602.11 |
| Cash paid relating to other financing activities | | 180,115,826.01 | 187,257,856.27 |
| Sub-total of cash outflows from financing activities | | 4,841,523,308.25 | 2,079,634,458.38 |
| Net cash flows from financing activities | | -2,344,523,308.25 | 1,952,365,541.62 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | | |
| | | - | - |
| V. Net increase in cash and cash equivalents | | -249,427,065.67 | 363,194,674.46 |
| Add: Cash and cash equivalents at the beginning of the year | | 2,444,983,092.18 | 2,081,788,417.72 |
| VI. Cash and cash equivalents at the end of the year | XIX. 7 | 2,195,556,026.51 | 2,444,983,092.18 |

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2023
In RMB

| Item | Amount for the year | | | | | | | | | | Total shareholders' equity |
|---|---------------------|------------------|----------------------------|---|------------------|------------------|-----------------------|-------------------|--------------------|-------------------|----------------------------|
| | Share capital | Capital surplus | Other comprehensive income | Including: Exchange differences on translation of foreign currency financial statements | Specific reserve | Surplus reserve | Undistributed profits | Sub-total | Minority interests | | |
| I. Closing balance of last year | 23,987,065,816.00 | 9,026,991,793.19 | 72,364,171.03 | 54,871,006.75 | 147,235,048.25 | 1,462,397,659.49 | 3,950,404,277.47 | 38,646,458,765.43 | 3,095,532,327.21 | 41,741,991,092.64 | |
| Add: Changes of accounting policies | - | - | - | - | - | - | - | - | - | - | |
| Correction of errors in prior periods | - | - | - | - | - | - | - | - | - | - | |
| Business combination involving entities under common control | - | 65,402,759.30 | - | - | - | 10,305,141.85 | 69,646,021.15 | 145,353,922.30 | 15,039,907.25 | 160,393,929.55 | |
| Others | - | - | - | - | - | - | - | - | - | - | |
| II. Opening balance of the year | 23,987,065,816.00 | 9,092,394,552.49 | 72,364,171.03 | 54,871,006.75 | 147,235,048.25 | 1,472,702,801.34 | 4,020,050,298.62 | 38,791,812,687.73 | 3,110,572,234.46 | 41,902,384,922.19 | |
| III. Changes for the year (decrease represented by "-") | - | - | 14,184,404.37 | 3,115,224.19 | - | - | 1,343,109,072.73 | 1,357,293,477.10 | 163,916,628.02 | 1,521,210,105.12 | |
| (I) Total comprehensive income | - | - | 14,184,404.37 | 3,115,224.19 | - | - | 1,343,109,072.73 | 1,357,293,477.10 | 163,916,628.02 | 1,521,210,105.12 | |
| (II) Capital contribution and withdrawal by shareholders | - | -79,449,251.23 | - | - | - | - | - | -79,449,251.23 | - | -79,449,251.23 | |
| 1. Ordinary shares contributed by shareholders | - | - | - | - | - | - | - | - | - | - | |
| 2. Capital contributed by other equity instrument holders | - | - | - | - | - | - | - | - | - | - | |
| 3. Amount of share-based payment included in shareholders' equity | - | - | - | - | - | - | - | - | - | - | |
| 4. Business combination not involving entities under common control | - | - | - | - | - | - | - | - | - | - | |
| 5. Disposal of subsidiaries | - | - | - | - | - | - | - | - | - | - | |
| 6. Others | - | -79,449,251.23 | - | - | - | - | - | -79,449,251.23 | - | -79,449,251.23 | |

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2023
In RMB

| Item | Amount for the year | | | | | | | | | | Total shareholders' equity | |
|---|---------------------|------------------|----------------------------|---|------------------|------------------|-----------------------|-------------------|--------------------|-------------------|----------------------------|--|
| | Share capital | Capital surplus | Other comprehensive income | Including: Exchange differences on translation of foreign currency financial statements | Specific reserve | Surplus reserve | Undistributed profits | Sub-total | Minority interests | | | |
| (III) Accrual and usage of specific reserve | | | | | | | | | | | | |
| 1. Accrual of specific reserve | - | - | - | - | 33,369,841.27 | - | - | 33,369,841.27 | 870,281.31 | - | 34,240,122.58 | |
| 2. Usage of specific reserve | - | - | - | - | 111,835,901.89 | - | - | 111,835,901.89 | 9,049,239.38 | - | 120,885,141.27 | |
| | - | - | - | - | -78,466,060.62 | - | - | -78,466,060.62 | -8,178,958.07 | - | -86,645,018.69 | |
| (IV) Profit distribution | | | | | | | | | | | | |
| 1. Appropriation to surplus reserve | - | - | - | - | - | 127,048,721.37 | -628,217,412.81 | -501,168,691.44 | -148,026,566.52 | - | -649,195,257.96 | |
| Including: Statutory reserve | - | - | - | - | - | 127,048,721.37 | -127,048,721.37 | - | - | - | - | |
| Discretionary reserve | - | - | - | - | - | 127,048,721.37 | -127,048,721.37 | - | - | - | - | |
| 2. Appropriation to general risk reserve | - | - | - | - | - | - | - | - | - | - | - | |
| 3. Profit distribution to shareholders | - | - | - | - | - | - | - | - | - | - | - | |
| 4. Appropriation to employee bonus and welfare fund | - | - | - | - | - | - | -495,742,629.47 | -495,742,629.47 | -142,183,548.59 | - | -637,926,178.06 | |
| (V) Internal carry-over of shareholders' equity | | | | | | | | | | | | |
| 1. Transfer of capital reserve to capital | - | - | - | - | - | - | -5,426,061.97 | -5,426,061.97 | -5,843,017.93 | - | -11,269,079.90 | |
| 2. Transfer of surplus reserve to capital | - | - | - | - | - | - | - | - | - | - | - | |
| 3. Surplus reserve to cover losses | - | - | - | - | - | - | - | - | - | - | - | |
| 4. Other comprehensive income carried over to retained earnings | - | - | - | - | - | - | - | - | - | - | - | |
| IV. Closing balance of the year | 23,987,065,816.00 | 9,012,945,301.26 | 86,548,575.40 | 57,966,230.94 | 180,604,889.62 | 1,589,751,522.71 | 4,734,941,958.54 | 39,601,858,063.43 | 3,127,332,577.27 | 42,729,190,640.70 | | |

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2023
In RMB

| Item | Amount for last year (Restated) | | | | | | | | | | Total shareholders' equity |
|--|---------------------------------|------------------|----------------------------|---|------------------|------------------|-----------------------|-------------------|--------------------|-------------------|----------------------------|
| | Share capital | Capital surplus | Other comprehensive income | Including: Exchange differences on translation of foreign currency financial statements | Specific reserve | Surplus reserve | Undistributed profits | Sub-total | Minority interests | | |
| I. Closing balance of last year | 23,987,065,816.00 | 9,022,246,406.02 | 59,093,962.51 | 32,922,622.38 | 92,693,542.25 | 1,346,971,923.09 | 3,437,962,865.75 | 37,946,034,465.62 | 3,107,707,134.73 | 41,053,741,620.35 | |
| Add: Changes of accounting policies | - | - | - | - | - | - | - | - | - | - | |
| Correction of errors in prior periods | - | - | - | - | - | - | - | - | - | - | |
| Business combination involving entities under common control | - | 65,402,759.30 | - | - | - | 6,587,363.81 | 35,443,321.01 | 107,433,444.12 | 9,817,070.13 | 117,250,514.25 | |
| II. Opening balance of the year | 23,987,065,816.00 | 9,087,649,165.32 | 59,093,962.51 | 32,922,622.38 | 92,693,542.25 | 1,353,559,286.90 | 3,473,406,156.76 | 38,053,467,923.74 | 3,117,524,204.86 | 41,170,992,134.60 | |
| III. Changes for the year (decrease represented by "-") | | | | | | | | | | | |
| (I) Total comprehensive income | - | - | 14,689,674.52 | 21,948,384.37 | - | - | 1,317,655,267.29 | 1,332,345,141.81 | 155,625,387.77 | 1,488,170,529.58 | |
| (II) Capital contribution and withdrawal by shareholders | - | 4,745,387.17 | - | - | - | - | - | 4,745,387.17 | - | 4,745,387.17 | |
| 1. Ordinary shares contributed by shareholders | - | - | - | - | - | - | - | - | - | - | |
| 2. Capital contributed by other equity instrument holders | - | - | - | - | - | - | - | - | - | - | |
| 3. Amount of share-based payment included in owners' equity | - | - | - | - | - | - | - | - | - | - | |
| 4. Disposal of subsidiaries | - | - | - | - | - | - | - | - | - | - | |
| 5. Others | - | 4,745,387.17 | - | - | - | - | - | 4,745,387.17 | - | 4,745,387.17 | |

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2023
In RMB

| Item | Amount for last year (Restated) | | | | | | | | Total shareholders' equity | |
|---|---------------------------------|------------------|----------------------------|---|------------------|------------------|-----------------------|-------------------|----------------------------|--------------------|
| | Share capital | Capital surplus | Other comprehensive income | Including: Exchange differences on translation of foreign currency financial statements | Specific reserve | Surplus reserve | Undistributed profits | Sub-total | | Minority interests |
| (III) Accrual and usage of specific reserve | - | - | - | - | 54,541,506.00 | - | - | 54,541,506.00 | 232,906.94 | 54,794,412.94 |
| 1. Accrual of specific reserve | - | - | - | - | 141,974,044.17 | - | - | 141,974,044.17 | 9,547,049.84 | 151,521,094.01 |
| 2. Usage of specific reserve | - | - | - | - | -87,432,538.17 | - | - | -87,432,538.17 | -9,294,142.90 | -96,726,681.07 |
| (IV) Profit distribution | - | - | - | - | - | 119,001,547.84 | -772,288,824.83 | -653,287,276.99 | -163,030,265.11 | -816,317,542.10 |
| 1. Appropriation to surplus reserve | - | - | - | - | - | 119,001,547.84 | -119,001,547.84 | - | - | - |
| Including: Statutory reserve | - | - | - | - | - | 119,001,547.84 | -119,001,547.84 | - | - | - |
| Discretionary reserve | - | - | - | - | - | - | - | - | - | - |
| 2. Appropriation to general risk reserve | - | - | - | - | - | - | - | - | - | - |
| 3. Profit distribution to shareholders | - | - | - | - | - | - | -647,650,777.03 | -647,650,777.03 | -157,046,144.73 | -804,696,921.76 |
| 4. Appropriation to employee bonus and welfare fund | - | - | - | - | - | - | -5,636,499.96 | -5,636,499.96 | -5,984,120.38 | -11,620,620.34 |
| 5. Others | - | - | - | - | - | - | - | - | - | - |
| (V) Internal carry-over of shareholders' equity | - | - | -1,419,666.00 | - | - | 141,966.60 | 1,277,699.40 | - | - | - |
| 1. Transfer of capital reserve to capital | - | - | - | - | - | - | - | - | - | - |
| 2. Transfer of surplus reserve to capital | - | - | - | - | - | - | - | - | - | - |
| 3. Surplus reserve to cover losses | - | - | - | - | - | - | - | - | - | - |
| 4. Other comprehensive income carried over to retained earnings | - | - | -1,419,666.00 | - | - | 141,966.60 | 1,277,699.40 | - | - | - |
| IV. Closing balance of the year | 23,987,065,816.00 | 9,092,394,552.49 | 72,364,171.03 | 54,871,006.75 | 147,235,048.25 | 1,472,702,801.34 | 4,020,650,298.62 | 38,791,812,687.73 | 3,110,572,294.46 | 41,902,384,922.19 |

Notes form an integral part of the financial statements

Statement of Changes in Shareholders' Equity of the Parent Company

For the year ended 31 December 2023
In RMB

| Item | Amount for the year | | | | | | Total shareholders' equity |
|---|---------------------|------------------|----------------------------|------------------|------------------|-----------------------|----------------------------|
| | Share capital | Capital surplus | Other comprehensive income | Specific reserve | Surplus reserve | Undistributed profits | |
| I. Closing balance of last year | 23,987,065,816.00 | 9,871,427,654.58 | 3,303,037.72 | 38,508,910.16 | 1,221,578,933.81 | 3,856,903,780.93 | 38,978,788,133.20 |
| Add: Changes of accounting policies | - | - | - | - | - | - | - |
| Correction of errors in prior periods | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - |
| II. Opening balance of the year | 23,987,065,816.00 | 9,871,427,654.58 | 3,303,037.72 | 38,508,910.16 | 1,221,578,933.81 | 3,856,903,780.93 | 38,978,788,133.20 |
| III. Changes for the year (decrease represented by "-") | | | | | | | |
| (I) Total comprehensive income | - | - | 3,621,670.61 | - | - | 1,270,487,213.74 | 1,274,108,884.35 |
| (II) Capital contribution and withdrawal by shareholders | - | -11,159,616.12 | - | - | - | - | -11,159,616.12 |
| 1. Ordinary shares contributed by shareholders | - | - | - | - | - | - | - |
| 2. Capital contributed by other equity instrument holders | - | - | - | - | - | - | - |
| 3. Amount of share-based payment included in shareholders' equity | - | - | - | - | - | - | - |
| 4. Others | - | -11,159,616.12 | - | - | - | - | -11,159,616.12 |
| (III) Accrual and usage of specific reserve | - | - | - | 6,328,609.43 | - | - | 6,328,609.43 |
| 1. Accrual of specific reserve | - | - | - | 29,741,416.37 | - | - | 29,741,416.37 |
| 2. Usage of specific reserve | - | - | - | -23,412,806.94 | - | - | -23,412,806.94 |
| (IV) Profit distribution | - | -1,318,484.94 | - | 813,453.15 | 132,282,561.98 | -486,875,204.09 | -355,097,673.90 |
| 1. Appropriation to surplus reserve | - | - | - | - | 127,048,721.37 | -127,048,721.37 | - |
| Including: Statutory reserve | - | - | - | - | 127,048,721.37 | -127,048,721.37 | - |
| Discretionary reserve | - | - | - | - | - | - | - |
| 2. Appropriation to general risk reserve | - | - | - | - | - | - | - |
| 3. Profit distribution to shareholders | - | - | - | - | - | -417,374,945.20 | -417,374,945.20 |
| 4. Others | - | -1,318,484.94 | - | 813,453.15 | 5,233,840.61 | 57,548,462.48 | 62,277,271.30 |
| (V) Internal carry-over of shareholders' equity | - | - | - | - | - | - | - |
| 1. Transfer of capital reserve to capital | - | - | - | - | - | - | - |
| 2. Transfer of surplus reserve to capital | - | - | - | - | - | - | - |
| 3. Surplus reserve to cover losses | - | - | - | - | - | - | - |
| 4. Other comprehensive income carried over to retained earnings | - | - | - | - | - | - | - |
| IV. Closing balance of the year | 23,987,065,816.00 | 9,858,949,553.52 | 6,924,708.33 | 45,650,972.74 | 1,353,861,495.79 | 4,640,515,790.58 | 39,892,968,336.96 |

Notes form an integral part of the financial statements

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

For the year ended 31 December 2023
In RMB

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

Notes form an integral part of the financial statements

Notes to the Financial Statements

For the year ended 31 December 2023
In RMB

I. General information

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

In order to promote the integration of the 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 was 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, the 2020 first A Shareholders class meeting, the 2020 first H Shareholders class meeting of the Company convened on 25 September 2020, and approved by the Reply on Approval of Dalian Port (PDA) Company Limited’s Merger with Yingkou Port Liability Co., Ltd. by Absorption and Fundraising (Zheng Jian Xu Ke [2020] No. 3690) issued by China Securities Regulatory Commission, the Company completed the merger by absorption through share swap of Yingkou Port Liability Co., Ltd. on 4 February 2021. On 4 February 2021, upon the completion of such merger through share swap, the total share capital of the Company increased from 12,894,535,999 to 22,623,429,453, in which Yingkou Port Group 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 had issued 1,363,636,363 RMB ordinary shares (A shares) to eight specific investors including Anshan Iron & Steel Co. Ltd. on 17 November 2021. Total share capital of the Company increased from 22,623,429,453 to 23,987,065,816, in which Yingkou Port Group has 28.83% equity interests.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

I. General information (continued)

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

The principal 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 and etc.; providing facilities and services for passenger waiting, embarking and disembarking; tallying and tugging services for vessels sailing on international and domestic lines; towage; port logistics and port information technology consultation services; engaged in crude oil storage in port area (operating with the permit); refined oil products storage (restricted to those applying for bonded qualification and those at port storage facilities), 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.

II. Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises – Basic Standards" promulgated by the Ministry of Finance and the specific accounting standards, application guidelines, interpretations and other relevant regulations subsequently announced and revised (collectively "Accounting Standards for Business Enterprises" or "ASBEs"). In addition, the financial statements also have disclosed relevant financial information in accordance with the "Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports".

The financial statements are presented on a going concern basis.

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

The financial statements are prepared by the Group in compliance with the Accounting Standards for Business Enterprises, and give a true and complete view of the consolidated and parent company's financial positions of the Group as at 31 December 2023 and the consolidated and parent company's operating results and cash flows of the Group for 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IV. Significant accounting policies and accounting estimates of the Company

The specific accounting policies and accounting estimates are formulated based on the actual characteristics of production and operation, which are mainly reflected in provision for bad debt reserves in respect of receivables, depreciation of fixed assets, amortisation of intangible assets and recognition and measure of revenue.

1. Accounting year

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

2. Recording currency

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

3. Book-keeping basis and measurement principle

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

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

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

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

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

4. Method and selection basis for determining importance standards

Importance standards

| | |
|--|---|
| Significant receivables | more than RMB5,000,000 (inclusive) |
| Significant credit impairment loss provision recovered or reversed | The percentage of accumulated provisions for credit impairment losses is greater than or equal to 50% (provisions/book balance), receivables fully recovered or reversed during the year |
| Significant prepayments | more than RMB5,000,000 (inclusive) |
| Significant payables | more than RMB5,000,000 (inclusive) |
| Significant advances from customers/contract liabilities | more than RMB5,000,000 (inclusive) |
| Major non-wholly-owned subsidiaries | The minority interests of non-wholly-owned subsidiaries accounting for more than 3% (inclusive) of minority interests of the Group |
| Major joint ventures or associates | The carrying amount of the long-term equity investment of joint ventures or associates accounting for more than 3% (inclusive) of the carrying amount of the long-term equity investment of the Group |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

5. Business combinations

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

5.1 *Business combinations involving entities under common control*

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

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

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

5.2 *Business combination not involving entities under common control*

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

6. Goodwill

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

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

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

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

7. Consolidated financial statements

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

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

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

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

Notes to the Financial Statements (continued)

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

7. Consolidated financial statements (continued)

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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

7. Consolidated financial statements (continued)

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

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

8. Joint arrangement

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

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

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

Notes to the Financial Statements (continued)

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

9. Cash and cash equivalents

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

10. Financial instruments

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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

10. Financial instruments (continued)

10.1 Classification, recognition and measurement of financial assets

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IV. Significant accounting policies and accounting estimates of the Company (continued)

10. Financial instruments (continued)

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

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

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

10.1.1 Financial assets at amortised cost

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IV. Significant accounting policies and accounting estimates of the Company (continued)

10. Financial instruments (continued)

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

10.1.2 Financial assets at fair value through other comprehensive income

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

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

10.1.3 Financial assets at fair value through current profit or loss

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IV. Significant accounting policies and accounting estimates of the Company (continued)

10. Financial instruments (continued)

10.2 Impairment of financial instruments

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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

10. Financial instruments (continued)

10.2 Impairment of financial instruments (continued)

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

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

10.2.1 Write-down of financial assets

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

10.3 Transfer of financial assets

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

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

Notes to the Financial Statements (continued)

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

10. Financial instruments (continued)

10.3 Transfer of financial assets (continued)

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

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

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

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

Notes to the Financial Statements (continued)

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

10. Financial instruments (continued)

10.4 Classification of financial liabilities and equity instruments

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

10.4.1 Classification and measurement of financial liabilities

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

10.4.1.1 Other financial liabilities

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

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

Financial guarantee contracts

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

Notes to the Financial Statements (continued)

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

10. Financial instruments (continued)

10.4 Classification of financial liabilities and equity instruments (continued)

10.4.2 Derecognition of financial liabilities

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

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

10.5 Offsetting financial assets and financial liabilities

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

11. Receivables financing

Bills receivable classified as at FVTOCI with a period of one year (inclusive) since obtaining are presented as receivables financing; those with a period of over one year since obtaining are presented as other debt investments. For the relevant accounting policies, see Note IV. 10.

12. Inventories

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

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

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

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

Notes to the Financial Statements (continued)

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

12. Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The estimates of net realisable value are based on the most reliable evidence available, taking into consideration the purpose for holding inventories and the effects of events subsequent to the balance sheet date. When making the provision of inventory value decline, in principle, provision shall be made by individual inventory items; for inventories with large quantities and low unit prices, provision of inventory value decline is made by inventory category.

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

The Group adopts a perpetual inventory system.

13. Long-term equity investments

13.1 Basis for determining joint control and significant influence

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

13.2 Determination of investment cost

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

Notes to the Financial Statements (continued)

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

13. Long-term equity investments (continued)

13.2 Determination of investment cost (continued)

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

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

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

13.3 Subsequent measurement and recognition method for profit or loss

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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

13. Long-term equity investments (continued)

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

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

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

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

Notes to the Financial Statements (continued)

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

13. Long-term equity investments (continued)

13.4 Disposal of long-term equity investments

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

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

Notes to the Financial Statements (continued)

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

13. Long-term equity investments (continued)

13.4 Disposal of long-term equity investments (continued)

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

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

14. Investment properties

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IV. Significant accounting policies and accounting estimates of the Company (continued)

15. Fixed assets and depreciation

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

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

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

| Category | Useful life | Estimated net residual value | Annual depreciation rate |
|--|--------------|------------------------------|--------------------------|
| Buildings | 5 – 30 years | 5.00% | 3.17% – 19.00% |
| Port and terminal facilities | 5 – 50 years | 5.00% | 1.90% – 19.00% |
| Automobiles and ships | 5 – 25 years | 5.00% | 3.80% – 19.00% |
| Machinery and equipment, furniture, appliances and other equipment | 3 – 15 years | 5.00%, 15.00% | 6.33% – 31.67%, 10.63% |

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IV. Significant accounting policies and accounting estimates of the Company (continued)

16. Construction in progress

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

Criteria of transfer to fixed assets

| | |
|--|---|
| Buildings | When the assets meet the operating condition for normal operations |
| Port and terminal facilities | When the assets meet the operating condition for normal operations |
| Automobiles and ships | Upon completion of installation and commissioning or assets for normal operations |
| Machinery and equipment, furniture, appliances and other equipment | Upon completion of installation and commissioning or assets for normal operations |

17. Intangible assets

17.1 Intangible assets

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

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

| Category | Useful life | Determination basis |
|--------------------------|---------------|--|
| Land use rights | 40 – 50 years | Term of use of the land use rights |
| Software | 2 – 10 years | Estimated term of use in conjunction with product life cycle |
| Port facility use rights | 50 years | Estimated term of use in conjunction with product life cycle |
| Others | 10 – 46 years | Estimated term of use in conjunction with product life cycle |

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

Notes to the Financial Statements (continued)

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

17. Intangible assets (continued)

17.2 Research and development expenditure

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

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

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

If the expenditures incurred in research stage and development stage cannot be distinguished separately, all development expenditures incurred are included in profit or loss for the year. The cost of intangible assets resulting from internal development activities includes only the total amount of expenditure incurred from the point at which the capitalisation condition is met until the intangible asset reaches its intended use. No adjustment is made to the expenditure that has been expensed to profit or loss before the capitalisation condition is met for the same intangible asset in the development process.

18. Long-term prepaid expenses

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IV. Significant accounting policies and accounting estimates of the Company (continued)

19. Impairment of non-financial assets other than goodwill

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

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

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

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

20. Provisions

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IV. Significant accounting policies and accounting estimates of the Company (continued)

21. Employee compensation

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

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IV. Significant accounting policies and accounting estimates of the Company (continued)

22. Revenue recognition

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

If one of the following conditions is met, a performance obligation which is performed over a certain period of time will be recognised as revenue by the Group based on the progress of the performance within a period of time: (1) the customer obtains and consumes economic benefits provided by the Group's performance as the Group performs; (2) the customer is able to control goods in progress during the Group's performance; (3) goods or services generated during the Group's performance have no alternative use, and the Group is entitled to charge for the accumulated part of the contract that has been performed so far during the whole contract period. Otherwise, the Group will recognise revenue at the point in time when the customer obtains control of the relevant goods or services.

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

Contract on rendering of services

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

Significant financing component

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IV. Significant accounting policies and accounting estimates of the Company (continued)

22. Revenue recognition (continued)

Contract on sales of goods

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

Main responsible person/agent

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

Contract assets represent the Group's right to collect consideration from the customer which arises from the transfer of goods or services to the customer, and such right depends on factors other than time lapse. For details of accounting policies on impairment of contract assets, see Note IV. 10. The Group separately presents as receivables the right that it owns unconditionally (i.e., depending on the time lapse only) to collect consideration from the customer. Contract liabilities represent the Group's obligation to transfer goods or services to the customer for the consideration received or receivable from the customer.

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

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

Notes to the Financial Statements (continued)

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

22. Revenue recognition (continued)

Main responsible person/agent (continued)

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

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

Cost of contract acquisition

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

Cost of performance of contract

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IV. Significant accounting policies and accounting estimates of the Company (continued)

23. Government grants

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

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

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

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

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

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

24. Borrowing costs

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IV. Significant accounting policies and accounting estimates of the Company (continued)

24. Borrowing costs (continued)

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

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

25. Income tax

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

25.1 Current income tax

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

25.2 Deferred income tax asset and deferred income tax liability

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

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

Notes to the Financial Statements (continued)

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

25. Income tax (continued)

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

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

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

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

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

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

25.3 *Offset of income tax*

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

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

Notes to the Financial Statements (continued)

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

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

26.1 Foreign currency business

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

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

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

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

26.2 Translation of foreign currency financial statements

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

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

26.2 Translation of foreign currency financial statements (continued)

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

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

27. Leases

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

At the inception of contract, the Group evaluates whether the contract is a lease or contains a lease. The Group shall not reassess whether a contract is a lease or contains a lease unless there are changes to the contract terms and conditions.

27.1 As lessee

27.1.1 Separation of lease

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

27. Leases (continued)

27.1 As lessee (continued)

27.1.2 Right-of-use assets

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

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

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

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

The Group makes depreciation provisions for the right-of-use assets with reference to the depreciation requirements of the Accounting Standards for Business Enterprises No. 4 – Fixed Assets. If the Group is reasonably certain to obtain ownership of leased assets upon expiry of the lease term, right-of-use assets are depreciated over the remaining useful life of the leased assets. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful life of the leased assets.

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

27. Leases (continued)

27.1 As lessee (continued)

27.1.3 Lease liabilities

Except for short-term leases and low-value asset leases, the Group initially measures lease liabilities on the commencement date of lease term according to the present value of outstanding lease payments on that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate, or uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. Variable lease payments, not included in the measurement of lease liabilities, are recognized as profit or loss when made, except for those that are stipulated to be recognised in related asset costs.

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

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

After the commencement date of lease term, the Group recognises interest expenses on lease liabilities in each period during the lease term by using the fixed periodic interest rate, into current profit or loss or relevant cost of asset. The Group increases the carrying amount of lease liabilities when recognising interests and decreases the carrying amount of lease liabilities when making lease payments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

27. Leases (continued)

27.1 As lessee (continued)

27.1.3 Lease liabilities (continued)

Upon occurrence of the following cases after the commencement date of the lease term, the Group shall remeasure the lease liabilities and adjust the right-of-use assets correspondingly, and if the book value of the right-of-use assets has been reduced to zero, but the lease liabilities is still subject to a further reduction, the difference shall be included in the current profit or loss:

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

27.1.4 Short-term leases and low-value asset leases

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

27. Leases (continued)

27.1 As lessee (continued)

27.1.5 Modification of lease

If modification of lease happens and meets the following conditions at the same time, the Group will conduct accounting treatment for the modification of lease as a separate lease:

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

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

If the scope of the lease is narrowed or the lease term is shortened as a result of the lease modification, the Group shall reduce the carrying amount of the right-of-use assets accordingly, and record the relevant gains or losses from partial or complete termination of the lease into the current profit or loss. In case of remeasurement of lease liabilities due to other lease modifications, the Group shall adjust the carrying amount of the right-of-use assets accordingly.

27.2 As a lessor

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

27.2.1 Separation of lease

For a contract that contains both lease and non-lease components, the Group shall allocate the consideration of the contract according to the Standard on Revenue in respect of allocation of transaction price, on the basis of their respective standalone prices.

27.2.2 Classification of lease

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

27. Leases (continued)

27.2 As a lessor (continued)

27.2.3 Recording operating leasing business as a lessor

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

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

27.2.4 Modification of lease

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

28. Production safety funds

Production safety fund is accrued by the Group in accordance with the Administrative Measures for Accrual and Usage of Production Safety Expenses of the Enterprises (Cai Zi [2022] No. 136) jointly issued by the Ministry of Finance and the Ministry of Emergency Management on 13 December 2022, which is charged to the cost of related products or recognised in profit or loss for the current period, and transferred to the specific reserve. As production safety fund accrued is utilised, if it is of expenditure nature, the cost is directly charged against the specific reserve. For the production safety fund used that is formed into a fixed asset, the cost is collected under the “Construction in progress” line item and will be recognised as fixed asset when the safety projects are completed and get ready for their intended use. Meanwhile, the cost of fixed asset is offset against the specific reserve, and accumulated depreciation of the same amount is recognised. For such fixed asset, there will be no further depreciation in the subsequent periods.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

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

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

1. Critical judgments and key assumptions and uncertainties in accounting estimates

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

1.1 *Business model*

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

1.2 *Characteristics of contractual cash flow*

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

1.3 *Recognition of expected credit loss*

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

1. Critical judgments and key assumptions and uncertainties in accounting estimates (continued)

1.3 Recognition of expected credit loss (continued)

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

1.4 Determination of performance progress of port operation contracts

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

1.5 Impairment of goodwill

As at 31 December 2023, the carrying amount of goodwill was RMB225,929,504.67. The Group conducts an impairment test on goodwill at least annually. When conducting an impairment test on goodwill, the present value of projected future cash flow of the underlying asset group or portfolio of asset groups incorporating such goodwill will be calculated, and projection of the future cash flow of such asset group or portfolio of asset groups will be made, and a pre-tax interest rate shall be determined which can properly reflect the prevailing time value of currency in the market as well as the specific risks concerning such assets, which all involve judgments made by the management.

1.6 Recognition of deferred income tax

When it is probable that enough taxable income will be available and used to offset against the deductible temporary differences and deductible losses in the future periods, deferred income tax assets shall be recognised by the Group for all the deductible temporary differences and deductible losses that have not been used. This requires the management of the Group to use a lot of judgments to estimate the time and amount of the taxable income in the future and determine the amount of the deferred income tax assets that should be recognised according to the tax planning strategy.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

1. Critical judgments and key assumptions and uncertainties in accounting estimates (continued)

1.7 *Estimated useful life and estimated residual value of fixed assets and intangible assets*

The Group determines the useful life and residue value of fixed assets and intangible assets. This estimate is made based on the historical experience of actual useful life and residue value of fixed assets and intangible assets with shared natures and functions, and is subject to material change as a result of technological innovation and severe industry competition. If the estimated useful life and residue value of fixed assets or intangible assets are lower than the estimates previously made, the Group will increase the depreciation/amortisation, or write-off or write-down of fixed assets or intangible assets with backward technologies.

1.8 *Impairment of non-current assets other than financial assets (except for goodwill)*

The Group will judge if non-current assets other than financial assets have any sign of impairment on the balance sheet date, and conduct an impairment test when there is any sign of impairment. In addition, intangible assets with uncertain useful life shall be subject to an annual impairment test. The recoverable amount of an asset or asset group is determined at the higher of the value in use of the asset or asset group and the net amount of its fair value less the costs of disposal. In estimating its value in use, the future cash flow of the asset or asset group will be projected after discounting at a discount rate. The management makes accounting estimates in connection with the use of the asset and estimates future cash flows on a reasonable and well-founded basis, and determines the present value of future cash flows by using a discount rate which reflects the prevailing time value of currency in the market as well as the specific risks concerning such asset.

1.9 *Lease term of lease contracts that are certain to have an option to renew the lease*

A lease term is the period during which the Group has the right to use the leased asset and is irrevocable. Where the Group has an option to renew the lease and reasonably determines to exercise the option, the lease term shall also include the period covered by the option to renew the lease. In assessing whether it is reasonably determined to exercise the option to renew the lease, the Group will consider all relevant facts and circumstances that bring economic benefits to the exercise of the renewal option of the Group, including the expected changes in facts and circumstances from the commencement date of the lease term to the date of exercise of the option. At the commencement date of the lease term, the Group believes that the Group can reasonably determine that it will exercise the option to renew the lease as the leased asset is crucial to its operation and it is hard to obtain appropriate alternative asset. Therefore, the lease term includes the period covered by the option to renew the lease. After the commencement date of the lease term, if material events or changes within the control of the Group occur and affect the Group's ability to reasonably determine whether to exercise the corresponding option to renew the lease, the Group will reassess whether or not to the exercise of the renewal option and amend the lease term according the reassess results.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

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

1. Critical judgments and key assumptions and uncertainties in accounting estimates (continued)

1.10 Consolidation scope – the Group holding 50% or less equity interests of the investees

The Group believes that even if the Group only holds 50% or less of the equity interests, it has control over Dalian Haijia Automobile Terminal Co., Ltd., Dalian Golden Bay Grain Logistics Co., Ltd., Dalian Harbour ECL Logistics Co., Ltd. and Dalian Container Terminal Co., Ltd.. According to the joint venture contract entered into between the Company and the other shareholders of Dalian Haijia Automobile Terminal Co., Ltd., the other shareholders give consent to the decisions made by the Company on significant financial and operational policies. The Company has de-facto control over Dalian Haijia Automobile Terminal Co., Ltd.. Pursuant to the acting-in-concert agreement signed by and between the Group and another shareholder of each of Dalian Container Terminal Co., Ltd., Dalian Golden Bay Grain Logistics Co., Ltd. and Dalian Harbour ECL Logistics Co., Ltd., such shareholders give consent to the decisions made by the Group on significant financial and operational policies. The Group has de-facto control over the above three companies.

VI. Changes in significant accounting policies

1. Changes in accounting policies and impact

(1) Accounting Standards for Business Enterprises Interpretation No. 16

The Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 16 (Cai Kuai [2022] No.31) (hereinafter referred to as “Interpretation No. 16”) on 30 November 2022, which specified that in respect of a single transaction that was not business combination and neither affected the accounting profits nor taxable income (or deductible losses) at the time of occurrence, as well as resulted in equal amounts of taxable temporary differences and deductible temporary differences in respect of the initial recognition of the asset and liability, the requirement of exempting from initial recognition of deferred income tax would not be applied. With the above requirement taking effect from 1 January 2023, taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in lease transactions that initially recognize lease liabilities and include right-of-use assets at the commencement of the lease term have been changed from not recognizing deferred income tax originally to separately recognizing corresponding deferred income tax liabilities and deferred income tax assets. In accordance with the transitional requirement, the Group made adjustments for the above transactions that occurred between the beginning of the earliest period as stated in financial statements that adopt the interpretation for the first time and the date of the change in accounting policies. In respect of lease liabilities and right-of-use assets recognized at the beginning of the earliest period as stated in financial statements that adopt the interpretation for the first time due to the above transactions adopting the interpretation and resulted in taxable temporary differences and deductible temporary differences, the Group would record the accumulative effect of RMB1,243,878,578.51, and adjust the un-eliminated deferred income tax liabilities and un-eliminated deferred income tax assets as at the earliest period as stated in financial statements. After evaluating, the Group presented the deferred income tax assets and deferred income tax liabilities satisfying the requirement on a net basis after elimination, hence, the Group believed that the adoption of this requirement did not have a material impact on the Group’s financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

VII. Taxes

1. Major categories of taxes and respective tax rates

| Taxes | Basis of calculating tax | Tax rate |
|---------------------------------------|---|--------------------------------|
| Value-added tax (VAT) (Note 1) | Revenues from port handling, sales of goods, transport income, interest income from related party borrowings, project construction, leasing of real estate and labour dispatch services | 6%, 13%, 9%, 6%, 9%, 5% and 6% |
| City maintenance and construction tax | Turnover taxes paid | 7% |
| Educational surcharge | Turnover taxes paid | 5% |
| Property tax | 70% of the cost of the property or rental income from the rental of the property | 1.2% or 12% |
| Corporate income tax (Note 2) | Taxable profit | 25% |

Note 1: Output VAT of the Group's revenues from port handling, sales of goods, transport income, interest income from related party borrowings, project construction, leasing of real estate and labour dispatch services is calculated at a tax rate of 6%, 13%, 9%, 6%, 9%, 5% and 6%, respectively, which is levied after deducting deductible input VAT for the current period.

Note 2: It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group which enjoy tax preferences (see Note VII. 2 for details).

2. Tax preference and approvals

Property tax and land use tax

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

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

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 purpose) shall be calculated based on 50% of the applicable tax for the relevant grade of the land. Accordingly, the land use tax on the lands for bulk commodity storage facilities held by the Group is calculated at half of the relevant tax rate.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

VII. Taxes (continued)

2. Tax preference and approvals (continued)

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 Value-Added Tax Reduction and Exemption for Small-Scale Value-Added Tax Taxpayers and Other Policies (Announcement of the Ministry of Finance and State Administration of Taxation [2023] No. 1), the Company and certain subsidiaries shall, from 1 January 2023 to 31 December 2023, allow the productive service industry to deduct additional 5% of current deductible input tax from VAT payable.

Corporate income tax

Dalian Jifa South Coast International Logistics Co., Ltd., Yingkou Gangxin Technology Co., Ltd. and Dalian Port Logistics Technology Co., Ltd., a subsidiary of the Group, has obtained in 2021, the Certificate of High and New Technological Enterprise (Certificate No. GR202121200628, GR202121002022, GR202121200468, respectively); Dalian Port Logistics Network Co., Ltd., a subsidiary of the Group, has obtained in 2023, the Certificate of High and New Technological Enterprise (Certificate No. GR202321200350), and the term of validity of the certificate is 3 years. Under Article 28 of the Corporate Income Tax Law of the People's Republic of China, for the year, the corporate income tax rate applicable to such companies are 15%.

Pursuant to the Announcement on Further Supporting the Development of Relevant Tax and Fee Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households issued by the Ministry of Finance and the State Administration of Taxation (Announcement of the Ministry of Finance and the State Administration of Taxation [2023] No. 12), the taxable income of a small low-profit enterprise shall be calculated at a reduced rate of 25% and be subject to corporate income tax at 20% tax rate, which will be extended to 31 December 2027. The above preferred tax policies were applicable to several subsidiaries of the Group, namely Dalian Changxing Island Economic Zone Wanpeng Port Construction Supervision & Consultation Co., Ltd., Qinhuangdao Jigang Shipping Agency Co., Ltd., Dalian Port Haiheng Ship Management Co., Ltd., Dalian Ocean Shipping Tally Co., Ltd., Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd., Dalian Gangrun Gas Co., Ltd., 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 Announcement on Further Improving the Policy on Pre-tax Additional Deduction of Research and Development Expenses (Announcement of the Ministry of Finance and the State Administration of Taxation [2023] No. 7) issued by the Ministry of Finance and the State Administration of Taxation, which stipulates that, for the R&D expenses actually incurred in the R&D activities of enterprises, if they are not accounted for as intangible assets and included in the profit or loss of the current period, they shall be deducted on an actual basis as required, and shall be additionally deducted before tax at 100% of the actual amount incurred since 1 January 2023; or be amortized before tax at 200% of the cost of intangible assets since 1 January 2023 if they are accounted for as intangible assets. The above preferred tax policies were applicable to Dalian Jifa South Coast International Logistics Co., Ltd. and Dalian Container Terminal Co., Ltd. for the year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

VII. Taxes (continued)

2. Tax preference and approvals (continued)

“Six Taxes and Two Fees” Reduction Policy

Pursuant to the Announcement on Further Supporting the Development of Relevant Tax and Fee Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households issued by the Ministry of Finance and the State Administration of Taxation (Announcement of the Ministry of Finance and the State Administration of Taxation [2023] No. 12), from 1 January 2023 to 31 December 2027, small-scale value-added tax taxpayers, small low-profit enterprises and individual industrial and commercial households are entitled to a 50% reduction of resource tax (excluding water resource tax), city maintenance and construction tax, property tax, urban land use tax, stamp tax (excluding securities trading stamp tax), farmland occupation tax, educational surcharge, and local educational surcharge. The above preferred tax policies were applicable for several subsidiaries of the Group, namely Dalian Changxing Island Economic Zone Wanpeng Port Construction Supervision & Consultation Co., Ltd., Qinhuangdao Jigang Shipping Agency Co., Ltd., Dalian 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.

VIII. Business combinations and consolidated financial statements

1. Basic information on the subsidiaries included in the scope of consolidated statements during the year

| Investee | Place of registration | Major place of business | Type of legal entity | Nature of business | Registered capital (RMB'0,000) | Shareholding percentage (%) | | Voting right percentage (%) | Remark |
|---|-----------------------|-------------------------|---------------------------|----------------------|--------------------------------|-----------------------------|----------|-----------------------------|--------|
| | | | | | | Direct | Indirect | | |
| | | | | | | | | | |
| Subsidiaries invested by PDA Group by equity injection on the date of incorporation of the Company | | | | | | | | | |
| Dalian Port Container Development Co., Ltd. (大連港集裝箱發展有限公司) | Dalian | Dalian | Limited liability company | Container services | 296,411 | 100 | - | 100 | |
| Dalian Port Jifa Logistics Co., Ltd. (大連港集發物流有限責任公司) ("Jifa Logistics") | Dalian | Dalian | Limited liability company | Logistics services | 117,940 | - | 100 | 100 | |
| Dalian Jifa Shipping Agency Co., Ltd. (大連集發船舶代理有限公司) | Dalian | Dalian | Limited liability company | Vessel agency | 550 | - | 100 | 100 | |
| Dalian International Logistics Park Development Co., Ltd. (大連國際物流園發展有限公司) | Dalian | Dalian | Limited liability company | Property development | 15,000 | - | 100 | 100 | |
| Dalian Jifa Bohai Rim Container Lines Co., Ltd. (大連集發環渤海集裝箱運輸有限公司) | Dalian | Dalian | Limited liability company | Transportation | 4,923 | - | 97.36 | 97.36 | |
| Dalian International Container Services Co., Ltd. (大連國際集裝箱服務有限公司) | Dalian | Dalian | Limited liability company | Logistics services | USD 1,440,000 | - | 55 | 60 | Note 1 |

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

1. Basic information on the subsidiaries included in the scope of consolidated statements during the year (continued)

| Investee | Place of registration | Major place of business | Type of legal entity | Nature of business | Registered capital (RMB'0,000) | Shareholding percentage (%) | | Voting right percentage (%) | Remark |
|---|-----------------------|-------------------------|---------------------------|----------------------------------|--------------------------------|-----------------------------|----------|-----------------------------|--------|
| | | | | | | Direct | Indirect | | |
| | | | | | | | | | |
| Dalian Jifa Port Logistics Co., Ltd. (大連集發港口物流有限公司) | Dalian | Dalian | Limited liability company | Loading, unloading and handling | 1,200 | – | 100 | 100 | |
| Dalian Jifa Shipping Management Co., Ltd. (大連集發船舶管理有限公司) | Dalian | Dalian | Limited liability company | Management services | 41,500 | 100 | – | 100 | |
| Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd. (大連保稅區金鑫石化有限公司) | Dalian | Dalian | Limited liability company | Wholesale & agency | 1,000 | 60 | – | 60 | |
| Subsidiaries acquired through establishment or investment | | | | | | | | | |
| Dalian Dilangsirui Caravan Co., Ltd. (大連迪朗斯瑞房車有限公司) | Dalian | Dalian | Limited liability company | Manufacturing sector | 10,000 | 51 | – | 51 | |
| Asia Pacific Ports Company Limited (亞太港口有限公司) | Hong Kong | Hong Kong | Limited liability company | Logistics services | HKD 75,000,000 | 100 | – | 100 | |
| Asia Pacific Ports (Dalian) Co., Ltd. (亞太港口(大連)有限公司) | Dalian | Dalian | Limited liability company | Logistics services | 21,572.48 | 100 | – | 100 | Note 2 |
| Dalian Container Terminal Co., Ltd. (大連集裝箱碼頭有限公司) | Dalian | Dalian | Limited liability company | Terminal services | 348,000 | – | 48.15 | 55.56 | Note 3 |
| Heilongjiang Suimu Dalian Port Logistics Co., Ltd. (黑龍江綏穆大連港口物流有限公司) | Muling | Muling | Limited liability company | Logistics services | 4,500 | – | 91.67 | 91.67 | |
| Qinhuangdao Jigang Shipping Agency Co., Ltd. (秦皇島集港船舶代理有限公司) | Qinhuangdao | Qinhuangdao | Limited liability company | Logistics services | 500 | – | 100 | 100 | |
| Dalian Port Grain and Oil Trading Co., Ltd. (大連港糧油貿易有限公司) | Dalian | Dalian | Limited liability company | Wholesale | 2,500 | 100 | – | 100 | |
| Dalian Haijia Automobile Terminal Co., Ltd. (大連海嘉汽車碼頭有限公司) | Dalian | Dalian | Limited liability company | Terminal services | 40,000 | 50 | – | 100 | Note 4 |
| Caofeidian Port Container Logistics Co., Ltd. (曹妃甸港集裝箱物流有限公司) | Tangshan | Tangshan | Limited liability company | Vessel agency | 50 | – | 51 | 51 | |
| Dalian Zhuanghe Gangxing Investment Co., Ltd. (大連莊河港興投資有限公司) | Dalian | Dalian | Limited liability company | Property development | 8,000 | 100 | – | 100 | |
| Inner Mongolia Lugang Bonded Logistics Park Co., Ltd. (內蒙古陸港保稅物流園有限公司) | Tongliao | Tongliao | Limited liability company | Freight services | 1,000 | – | 51 | 51 | |
| Dalian Gangrun Gas Co., Ltd. (大連港潤燃氣有限公司) | Dalian | Dalian | Limited liability company | Sale of fuel gas | 1,000 | 51 | – | 51 | |
| Dalian Port Lianheng Supply Chain Management Co., Ltd. (大連港連恒供應鏈管理有限公司) | Dalian | Dalian | Limited liability company | Supply chain management services | 2,000 | – | 51 | 51 | |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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VIII. Business combinations and consolidated financial statements (continued)

1. Basic information on the subsidiaries included in the scope of consolidated statements during the year (continued)

| Investee | Place of registration | Major place of business | Type of legal entity | Nature of business | Registered capital (RMB'0,000) | Shareholding percentage (%) | | Voting right percentage (%) | Remark |
|--|-----------------------|-------------------------|---------------------------|-----------------------------|--------------------------------|-----------------------------|----------|-----------------------------|---------|
| | | | | | | Direct | Indirect | | |
| | | | | | | | | | |
| Dalian Jifa South Coast International Logistics Co., Ltd. (大連集發南岸國際物流有限公司) | Dalian | Dalian | Limited liability company | Terminal services | 1,500 | – | 100 | 100 | |
| Dalian Dilangsirui Tourism Development Co., Ltd. (大連迪朗斯瑞旅遊開發有限公司) | Dalian | Dalian | Limited liability company | Tourist project development | 3,000 | – | 100 | 100 | |
| Subsidiaries acquired through business combinations involving enterprises under common control | | | | | | | | | |
| Dalian Ocean Shipping Tally Co., Ltd. (大連外輪理貨有限公司) | Dalian | Dalian | Limited liability company | Tallying services | 630.14 | 84 | – | 84 | |
| Dalian Port Construction Supervision Consulting Co., Ltd. (大連港口建設監理諮詢有限公司) | Dalian | Dalian | Limited liability company | Supervision services | 1,000 | 75 | – | 75 | |
| Dalian Port Telecommunications Engineering Co., Ltd. (大連港通信工程有限公司) | Dalian | Dalian | Limited liability company | Telecommunication | 1,000 | 45 | 20 | 65 | Note 10 |
| Dalian Golden Bay Grain Logistics Co., Ltd. (大連金港灣糧食物流有限公司) | Dalian | Dalian | Limited liability company | Logistics services | 9,733 | 37.50 | – | 75 | Note 5 |
| Dalian Port Power Supply Co., Ltd. (大連港電力有限公司) | Dalian | Dalian | Limited liability company | Engineering services | 11,000 | 100 | – | 100 | |
| Dalian Changxing Island Economic Zone Wapeng Port Construction Supervision & Consultation Co., Ltd. (大連長興島經濟區萬鵬港口建設監理諮詢有限公司) | Dalian | Dalian | Limited liability company | Supervision services | 10 | – | 100 | 100 | |
| Dalian Port Haiheng Ship Management Co., Ltd. (大連港海恒船舶管理有限公司) | Dalian | Dalian | Limited liability company | Service industry | 500 | 100 | – | 100 | |
| Liaoning Port Holdings (Yingkou) Co., Ltd. (遼港控股(營口)有限公司) ("Yingkou Ltd.") | Yingkou | Yingkou | Limited liability company | Terminal services | 1,000,000 | 100 | – | 100 | |
| Yingkou Xingang Ore Terminal Co., Ltd. (營口新港礦石碼頭有限公司) ("Xingang Ore Terminal") | Yingkou | Yingkou | Limited liability company | Terminal services | 358,006.30 | – | 88 | 90.1 | Note 6 |
| Yingkou New Century Container Terminal Co., Ltd. (營口新世紀集裝箱碼頭有限公司) | Yingkou | Yingkou | Limited liability company | Terminal services | 4,000 | – | 60 | 60 | |
| Yingkou Port Bulk Cargo Terminal Co., Ltd. (營口港散貨碼頭有限公司) | Yingkou | Yingkou | Limited liability company | Terminal services | 50,000 | 100 | – | 100 | Note 7 |
| Dalian Port Logistics Network Co., Ltd. (大連口岸物流網股份有限公司) | Dalian | Dalian | Company by shares | Limited Information service | 3,200 | 79.03 | – | 79.03 | Note 8 |
| Dalian Port Logistics Technology Co., Ltd. (大連口岸物流科技有限公司) | Dalian | Dalian | Limited liability company | Software development | 1,000 | – | 100 | 100 | Note 8 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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VIII. Business combinations and consolidated financial statements (continued)

1. Basic information on the subsidiaries included in the scope of consolidated statements during the year (continued)

| Investee | Place of registration | Major place of business | Type of legal entity | Nature of business | Registered capital (RMB'0,000) | Shareholding percentage (%) | | Voting right percentage (%) | Remark |
|--|-----------------------|-------------------------|---------------------------|--------------------------|--------------------------------|-----------------------------|----------|-----------------------------|-----------------|
| | | | | | | Direct | Indirect | | |
| | | | | | | | | | |
| Dalian Portsoft Technology Co., Ltd. (大連港隆科技有限公司) | Dalian | Dalian | Limited liability company | Computer system services | 1,000 | - | 100 | 100 | Note 8 |
| China Merchants Port and Shipping Digital Technology (Liaoning) Co., Ltd.* (招商港航數字科技(遼寧)有限公司) | Dalian | Dalian | Limited liability company | Computer system services | 1,000 | - | 100 | 100 | Note 8, Note 11 |
| Yingkou Gangxin Technology Co., Ltd. (營口港信科技有限公司) | Yingkou | Yingkou | Limited liability company | Computer system services | 800 | 100 | - | 100 | Note 9 |
| Subsidiaries acquired through business combinations not involving entities under common control | | | | | | | | | |
| DCT Logistics Co., Ltd. ("DCT Logistics") | Dalian | Dalian | Limited liability company | Logistics services | 15,538.70 | - | 100 | 100 | |
| Dalian Jiye Logistics Co., Ltd. (大連集益物流有限公司) | Dalian | Dalian | Limited liability company | Freight services | 10,000 | - | 100 | 100 | |
| Dalian Port Lvshun Harbour Service Co., Ltd. (大連港旅順港務有限公司) | Dalian | Dalian | Limited liability company | Terminal services | 35,000 | 60 | - | 60 | |
| Liaoning Con-Rail International Logistics Co., Ltd. (遼寧集鐵國際物流有限公司) | Shenyang | Shenyang | Limited liability company | Logistics services | 1,600 | - | 100 | 100 | |
| Dalian Harbour ECL Logistics Co., Ltd. | Dalian | Dalian | Limited liability company | Terminal services | USD 9,000,000 | 50 | - | 75 | Note 5 |

Note 1: Shareholding percentage in subsidiaries is different from voting right percentage. Shareholding percentage is determined based on the share of contribution as stated in the investment agreement, while voting right percentage is determined based on the voting manner of the highest decision-making organization in accordance with the articles of associations of the investee. As a result, there is inconsistency.

Note 2: In July 2023, the Company absorbed and merged Asia Pacific Ports (Dalian) Co., Ltd.; In August 2023, Asia Pacific Ports (Dalian) Co., Ltd. completed the cancellation of industrial and commercial registration.

Note 3: Based on the concerted action agreement signed with another shareholder, the decision made by such shareholder aligns with that of the subsidiary of the Company, Dalian Port Container Development Co., Ltd. The Company, in fact, has the effective control over the subsidiary.

Note 4: Shareholding percentage in subsidiaries is different from voting right percentage. Based on the joint venture contract signed with other shareholders, other shareholders will align with the decision made by the Company in respect of significant operating matters of joint ventures. The Company, in fact, has effective control over the subsidiary.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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VIII. Business combinations and consolidated financial statements (continued)

1. Basic information on the subsidiaries included in the scope of consolidated statements during the year (continued)

- Note 5: Based on the concerted action agreement signed with some of the other shareholders, the decision made by such shareholders aligns with that of the Company. The Company, in fact, has the effective control over the subsidiary.
- Note 6: In October 2021, Yingkou Ltd., a subsidiary of the Company, signed a capital increase agreement with Xingang Ore Terminal, pursuant to which, Yingkou Ltd. subscribed for all proposed increased registered capital of RMB759,407,300 from Xingang Ore Terminal and other shareholders agreed to waive their rights of first refusal. Upon completion of the subscription contribution, the shareholding of Yingkou Ltd. in Xingang Ore Terminal would increase from 88% to 90.1%. As of the date of these financial statements, Yingkou Ltd. has not paid for the subscribed capital contribution. Pursuant to the capital increase agreement, supplemental agreement for joint operation and the articles of association, the voting rights in the resolutions of a general meeting shall be exercised by the shareholders according to their proportion of subscribed capital contributions. All shareholders shall share the Company's profits and risks and losses according to their proportion of actual capital contributions. Therefore, there are circumstances in which the shareholding ratio is different from the voting rights ratio.
- Note 7: In December 2023, Yingkou Ltd. merged by absorption with Yingkou Port Bulk Cargo Terminal Co., Ltd.. Yingkou Port Bulk Cargo Terminal Co., Ltd. completed the de-registration procedures with the administration for industry and commerce.
- Note 8: On 3 November 2023, the Company completed the equity acquisition of Dalian Port Logistics Network Co., Ltd. and incorporated 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. into the Group's scope of combination.
- Note 9: On 27 October 2023, the Company completed the equity acquisition of Yingkou Gangxin Technology Co., Ltd. and incorporated Yingkou Gangxin Technology Co., Ltd. into the Group's scope of combination.
- Note 10: Dalian Port Logistics Network Co., Ltd., a subsidiary of the Company, held 20% equity interests of Dalian Port Telecommunications Engineering Co., Ltd.. During the year, the Company incorporated Dalian Port Logistics Network Co., Ltd. into the Group's scope of combination and the shareholding of the Group in Dalian Port Telecommunications Engineering Co., Ltd. increased from 45% to 65% accordingly.
- Note 11: In November 2023, Dalian Portsoft Network Co., Ltd., a subsidiary of the Group, was renamed as China Merchants Port and Shipping Digital Technology (Liaoning) Co., Ltd..

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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VIII. Business combinations and consolidated financial statements (continued)

2. Changes in the scope of consolidation and reasons therefor during the year

- (1) For companies newly included in the scope of consolidation during the year, please see Note VIII.3.
(2) Companies excluded from the scope of consolidation during the year

| Name of enterprise | Place of registration | Nature of business | Total shareholding held by the Group (%) | Total voting right percentage of the Group (%) | Reason for not being a subsidiary |
|--|-----------------------|--------------------|--|--|-----------------------------------|
| Asia Pacific Ports (Dalian) Co., Ltd. | Dalian | Logistics services | 100 | 100 | Note 1 |
| Yingkou Port Bulk Cargo Terminal Co., Ltd. | Yingkou | Terminal services | 100 | 100 | Note 2 |

Note 1: In July 2023, the Company merged by absorption with Asia Pacific Ports (Dalian) Co., Ltd.; In August 2023, Asia Pacific Ports (Dalian) Co., Ltd. completed the de-registration procedures with the administration for industry and commerce. The de-registration procedures of the company did not significantly affect the financial position of the Group on 31 December 2023 and the operation results and cash flows during the year 2023.

Note 2: In December 2023, Yingkou Ltd. merged by absorption with Yingkou Port Bulk Cargo Terminal Co., Ltd.. Yingkou Port Bulk Cargo Terminal Co., Ltd. completed the de-registration procedures with the administration for industry and commerce. The de-registration procedures of the company did not significantly affect the financial position of the Group on 31 December 2023 and the operation results and cash flows during the year 2023.

3. Information on business combinations involving entities under common control during the year

- (1) Business combinations involving entities under common control during the year

| Company name | Combination date | Net book value | De facto controller | Status from the beginning of the year to the combination date | | | |
|--|------------------|----------------|-----------------------|---|----------------|----------------------|---|
| | | | | Revenue | Net profit | Net increase in cash | Net cash flow from operating activities |
| Dalian Port Logistics Network Co., Ltd. (Note 1) | 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. (Note 2) | 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 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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VIII. Business combinations and consolidated financial statements (continued)

3. Information on business combinations involving entities under common control during the year (continued)

(1) Business combinations involving entities under common control during the year (continued)

Note 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 controlling party China Merchants Group, and retrospectively adjusted the comparative data, as if the reporting entity after the business combinations had been in existence since the point of time when the ultimate controlling party began to control.

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* (招商局國際科技有限公司) 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 controlling party China Merchants Group, and retrospectively adjusted the comparative data, as if the reporting entity after the business combinations had been in existence since the point of time when the ultimate controlling party began to control.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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VIII. Business combinations and consolidated financial statements (continued)

3. Information on business combinations involving entities under common control during the year (continued)

(2) Combination costs

| Company name | Combination costs | In RMB |
|---|-------------------------|---------------|
| Dalian Port Logistics Network Co., Ltd. | Cash consideration paid | 63,716,000.00 |
| Yingkou Gangxin Technology Co., Ltd. | Cash consideration paid | 19,311,500.00 |

(3) Adjustments to the amounts at the beginning of the year regarding business combination under common control during the year

The carrying amounts of the assets and liabilities of Dalian Port Logistics Network Co., Ltd. at the date of combination and the balance sheet date of previous accounting period are as follows:

| Item | 3 November 2023 | 31 December 2022 |
|---|----------------------|------------------|
| Assets: | | |
| Cash at bank and on hand | 86,768,375.76 | 145,888,290.62 |
| Notes receivable | 550,000.00 | 395,000.00 |
| Accounts receivable | 36,579,965.37 | 45,802,840.23 |
| Advances to suppliers | 5,493,308.77 | 2,640,192.38 |
| Other receivables | 3,531,653.68 | 2,192,070.92 |
| Inventories | 11,368,883.17 | 7,899,691.84 |
| Other current assets | 454,963.18 | 314,187.78 |
| Long-term equity investments | 7,598,706.20 | 10,690,597.97 |
| Fixed assets | 10,528,308.64 | 13,543,440.75 |
| Right-of-use assets | 300,360.71 | 714,664.71 |
| Intangible assets | 4,844,471.53 | 5,854,554.44 |
| Deferred income tax assets | 134,739.45 | 100,088.52 |
| Liabilities: | | |
| Accounts payable | 12,866,520.05 | 41,500,156.80 |
| Contract liabilities | 10,591,773.24 | 10,677,082.50 |
| Employee benefits payable | 9,337,953.47 | 21,906,824.48 |
| Taxes payable | 490,840.35 | 3,342,938.91 |
| Other payables | 79,591,577.22 | 47,091,585.42 |
| Non-current liabilities due within one year | 210,107.81 | 501,382.57 |
| Lease liabilities | 252,648.22 | 243,038.57 |
| Net assets | 54,812,316.10 | 110,772,610.91 |
| Less: Minority interests | 11,494,142.69 | 15,039,907.25 |
| Net assets received | 43,318,173.41 | 95,732,703.66 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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VIII. Business combinations and consolidated financial statements (continued)

3. Information on business combinations involving entities under common control during the year (continued)

(3) Adjustments to the amounts at the beginning of the year regarding business combination under common control during the year (continued)

The carrying amounts of the assets and liabilities of Yingkou Gangxin Technology Co., Ltd. at the date of combination and the balance sheet date of previous accounting period are as follows:

| Item | 27 October 2023 | 31 December 2022 |
|----------------------------|----------------------|------------------|
| Assets: | | |
| Cash at bank and on hand | 32,226,129.09 | 54,724,643.80 |
| Accounts receivable | 11,397,215.61 | 6,420,308.69 |
| Advances to suppliers | 2,347,112.44 | 2,405,231.22 |
| Other receivables | 1,142,486.87 | 1,278,837.21 |
| Inventories | 5,019,299.81 | 4,549,703.93 |
| Other current assets | 450.00 | 24,053.15 |
| Fixed assets | 5,823,926.05 | 3,641,536.46 |
| Intangible assets | 1,213,174.91 | 1,198,685.41 |
| Deferred income tax assets | 366,290.12 | 366,290.12 |
| Liabilities: | | |
| Accounts payable | 1,945,610.38 | 2,127,658.41 |
| Contract liabilities | 2,433,805.22 | 3,823,791.61 |
| Employee benefits payable | 1,953,640.00 | 1,447,584.00 |
| Taxes payable | 305,322.79 | 2,849,094.78 |
| Other payables | 25,710,614.72 | 1,588,407.29 |
| Net assets | 27,187,091.79 | 62,772,753.90 |
| Net assets received | 27,187,091.79 | 62,772,753.90 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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VIII. Business combinations and consolidated financial statements (continued)

4. Information on major non-wholly-owned subsidiaries

(1) Minority shareholders

2023

| No. | Name of enterprise | Shareholding percentage of minority shareholders (%) | Profit or loss of the current year attributable to minority shareholders | Dividend paid to minority shareholders for the current year | Accumulated minority interests at the end of the year |
|-----|--|--|--|---|---|
| 1 | Dalian Container Terminal Co., Ltd. | 51.85 | 124,837,111.72 | 108,559,391.38 | 2,039,431,259.13 |
| 2 | Dalian Haijia Automobile Terminal Co., Ltd. | 50.00 | -2,737,075.12 | - | 202,327,102.21 |
| 3 | Dalian Port Lvshun Harbour Service Co., Ltd. | 40.00 | 409,903.83 | - | 132,826,698.75 |
| 4 | Xingang Ore Terminal | 12.00 | 18,661,830.17 | 10,434,656.79 | 511,950,244.22 |

2022

| No. | Name of enterprise | Shareholding percentage of minority shareholders (%) | Profit or loss of the current year attributable to minority shareholders | Dividend paid to minority shareholders for the current year | Accumulated minority interests at the end of the year |
|-----|--|--|--|---|---|
| 1 | Dalian Container Terminal Co., Ltd. | 51.85 | 126,325,722.95 | 102,495,935.99 | 2,031,166,819.14 |
| 2 | Dalian Haijia Automobile Terminal Co., Ltd. | 50.00 | -3,203,444.80 | - | 205,064,177.33 |
| 3 | Dalian Port Lvshun Harbour Service Co., Ltd. | 40.00 | -7,167,676.83 | - | 132,375,562.94 |
| 4 | Xingang Ore Terminal | 12.00 | 17,884,775.20 | - | 493,448,037.70 |

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

4. Information on major non-wholly-owned subsidiaries (continued)

(2) Key financial information

| Item | Dalian Container Terminal Co., Ltd. | Dalian Haijia Automobile Terminal Co., Ltd. | Dalian Port Lvshun Harbour Service Co., Ltd. | Xingang Ore Terminal |
|--|-------------------------------------|---|--|----------------------|
| 31 December 2023 | | | | |
| Current assets | 380,360,792.87 | 71,113,003.18 | 59,076,848.57 | 2,211,615,592.70 |
| Non-current assets | 6,562,750,338.88 | 296,200,314.49 | 282,893,304.45 | 2,270,564,184.51 |
| Total assets | 6,943,111,131.75 | 367,313,317.67 | 341,970,153.02 | 4,482,179,777.21 |
| Current liabilities | 570,129,772.37 | 7,455,716.55 | 11,345,066.92 | 77,985,382.41 |
| Non-current liabilities | 2,633,403,604.19 | - | 3,865,043.44 | 137,942,359.63 |
| Total liabilities | 3,203,533,376.56 | 7,455,716.55 | 15,210,110.36 | 215,927,742.04 |
| 2023 | | | | |
| Revenue | 1,331,753,465.73 | 26,573,849.44 | 68,047,069.98 | 605,474,526.19 |
| Net profit (net loss represented by "-") | 225,381,598.00 | -4,375,896.51 | 1,613,858.06 | 155,515,251.45 |
| Total comprehensive income | 225,381,598.00 | -4,375,896.51 | 1,613,858.06 | 155,515,251.45 |
| Net cash flows from operating activities | 789,690,687.86 | 7,719,081.51 | 23,586,719.45 | 195,839,061.06 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

VIII. Business combinations and consolidated financial statements (continued)

4. Information on major non-wholly-owned subsidiaries (continued)

(2) Key financial information (continued)

| Item | Dalian Container Terminal Co., Ltd. | Dalian Haijia Automobile Terminal Co., Ltd. | Dalian Port Lvshun Harbour Service Co., Ltd. | Xingang Ore Terminal |
|--|-------------------------------------|---|--|----------------------|
| 31 December 2022 | | | | |
| Current assets | 340,287,849.06 | 65,864,561.60 | 55,383,829.81 | 666,010,053.82 |
| Non-current assets | 6,857,402,802.44 | 305,745,785.25 | 281,559,786.51 | 3,668,538,457.81 |
| Total assets | 7,197,690,651.50 | 371,610,346.85 | 336,943,616.32 | 4,334,548,511.63 |
| Current liabilities | 616,776,777.88 | 7,376,849.22 | 7,760,922.96 | 198,171,127.78 |
| Non-current liabilities | 2,841,874,490.40 | – | 4,254,588.70 | 24,310,402.99 |
| Total liabilities | 3,458,651,268.28 | 7,376,849.22 | 12,015,511.66 | 222,481,530.77 |
| 2022 | | | | |
| Revenue | 1,274,321,506.70 | 20,139,505.23 | 47,707,424.22 | 632,049,142.27 |
| Net profit (net loss represented by “-”) | 220,391,598.00 | -7,505,142.06 | -17,279,381.09 | 149,039,793.33 |
| Total comprehensive income | 220,391,598.00 | -7,505,142.06 | -17,279,381.09 | 149,039,793.33 |
| Net cash flows from operating activities | 727,672,659.69 | 11,667,626.33 | 1,797,553.80 | 104,439,714.55 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements

1. Cash at bank and on hand

| Item | 31 December 2023 | | | 31 December 2022 (Restated) | | |
|--|-----------------------------|-----------------|-------------------------|-----------------------------|-----------------|------------------|
| | Amount in original currency | Conversion rate | Amount in RMB | Amount in original currency | Conversion rate | Amount in RMB |
| Cash on hand | — | — | 10,574.34 | — | — | 30,138.17 |
| Of which: RMB | 10,574.34 | 1.0000 | 10,574.34 | 30,138.17 | 1.0000 | 30,138.17 |
| Cash at bank | — | — | 3,126,211,433.98 | — | — | 2,894,978,450.48 |
| Of which: RMB | 3,049,877,770.29 | 1.0000 | 3,049,877,770.29 | 2,797,329,045.44 | 1.0000 | 2,797,329,045.44 |
| USD | 10,667,028.25 | 7.0827 | 75,551,360.99 | 13,971,160.31 | 6.9646 | 97,303,543.10 |
| HKD | 855,640.82 | 0.9062 | 775,398.82 | 383,947.09 | 0.8933 | 342,979.94 |
| JPY | 137,500.00 | 0.0502 | 6,903.88 | 55,000.00 | 0.0524 | 2,882.00 |
| Other cash balances | — | — | — | — | — | — |
| Of which: RMB | — | — | — | — | — | — |
| Deposits with financial institutions | — | — | 2,102,193,440.96 | — | — | 2,390,798,429.03 |
| Of which: RMB | 2,102,193,440.96 | 1.0000 | 2,102,193,440.96 | 2,390,798,429.03 | 1.0000 | 2,390,798,429.03 |
| Total | — | — | 5,228,415,449.28 | — | — | 5,285,807,017.68 |
| Of which: Interest receivable from bank deposits | — | — | 3,365,528.32 | — | — | 17,824,910.06 |
| Total overseas deposits | — | — | 143,596,090.41 | — | — | 243,879,173.74 |

As at 31 December 2023, the use rights of the Group's cash at bank and on hand of RMB25,450,153.48 (31 December 2022: RMB21,895,674.97) were restricted.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

2. Notes receivable

(1) Classification of notes receivable

| Type | 31 December 2023 | 31 December 2022 (Restated) |
|--|-----------------------|--------------------------------|
| Bank acceptance notes | 310,015,462.53 | 369,840,570.06 |
| Less: Provision for bad debts on notes receivable (Note) | – | – |
| Total | 310,015,462.53 | 369,840,570.06 |

Note: The Group believes that the credit rating of the acceptor of bank acceptance notes it held is relatively high and there is no significant credit risk, and hence no credit loss provision has been made.

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

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

| Type | 31 December 2023 | |
|-----------------------|----------------------|---------------------|
| | Derecognised | Not derecognised |
| Bank acceptance notes | 23,592,685.15 | 1,400,000.00 |

(4) As at 31 December 2023, there were no discounted notes or notes that were recognised as accounts receivable due to the drawer's liability to perform.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

3. Accounts receivable

(1) Overall situation of accounts receivable

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|-----------------------------|-------------------------|--------------------------------|
| Accounts receivable | 3,936,043,042.09 | 3,393,832,433.94 |
| Less: Credit loss provision | 631,864,388.78 | 458,880,041.04 |
| Total | 3,304,178,653.31 | 2,934,952,392.90 |

(2) The overall aging of accounts receivable

| Item | 31 December 2023 | | | 31 December 2022 (Restated) | | |
|----------------------------------|-------------------------|-------------------|--------------------------|-----------------------------|-------------------|--------------------------|
| | Book balance | Proportion (%) | Credit loss provision | Book balance | Proportion (%) | Credit loss provision |
| Within 1 year (including 1 year) | 1,177,666,220.46 | 29.92 | 103,961,019.59 | 1,261,521,543.50 | 37.18 | 98,604,622.42 |
| 1 to 2 years (including 2 years) | 643,618,983.69 | 16.35 | 115,008,244.66 | 630,736,140.63 | 18.58 | 90,854,958.03 |
| 2 to 3 years (including 3 years) | 611,354,293.58 | 15.53 | 103,412,051.80 | 644,215,684.87 | 18.98 | 93,088,605.54 |
| Over 3 years | 1,503,403,544.36 | 38.20 | 309,483,072.73 | 857,359,064.94 | 25.26 | 176,331,855.05 |
| Total | 3,936,043,042.09 | 100.00 | 631,864,388.78 | 3,393,832,433.94 | 100.00 | 458,880,041.04 |

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

| | Balance as at the beginning of the year | Provision for the year | Other changes | Recovery or reversal during the year | Write-off during the year | Balance as at the end of the 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 (Restated) | 333,955,835.35 | 160,162,578.14 | - | -35,082,051.53 | -156,320.92 | 458,880,041.04 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

3. Accounts receivable (continued)

(4) Significant credit loss provision recovered or reversed during the year

| Name of entity | Book value of accounts receivable | Reason for recovery or reversal | Basis for determining the original credit loss provision | Accumulated amount of credit loss provision before recovery or reversal | Recovered or reversed amount |
|---|-----------------------------------|---------------------------------|--|---|------------------------------|
| Yingkou Gangjun Logistics Co., Ltd. (營口港駿物流有限公司) | | - Payment recovery | Expected credit losses | 2,800,000.00 | 2,800,000.00 |

(5) The accounts receivable that were actually written off during the reporting period

| Name of entity | Nature of accounts receivable | Write-off amount | Reason for write-off | Write-off procedures performed | Whether incurred due to related transaction |
|---|-------------------------------|------------------|---|--------------------------------------|---|
| Dalian Shipbuilding Industry Group Shipping Engineering Co., Ltd. (大連船舶重工集團船務工程有限公司) | Supervision fee | 266,366.87 | Bankruptcy and reorganization of the debtor | Considered and approved by the Board | No |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

3. Accounts receivable (continued)

(6) Details of accounts receivable of which provision for bad debts is made are as follows:

| Rating | Book balance | Provision for impairment | Provision percentage (%) |
|--------------|-------------------------|--------------------------|--------------------------|
| A | 514,267,001.51 | 55,938.88 | 0.00-0.10 |
| B | 85,291,671.90 | 91,322.93 | 0.10-0.30 |
| C | 3,241,897,316.32 | 539,579,201.34 | 0.30-50.00 |
| D | 94,587,052.36 | 92,137,925.63 | 50.00-100.00 |
| Total | 3,936,043,042.09 | 631,864,388.78 | — |

(7) In this year, the Group has no significant amounts due from shareholders who held more than 5% (inclusive) of the voting rights of the Group.

(8) Information on the top five entities by the amounts of accounts receivable

| Name of entity | Relationship with the Company | Amount | Aging | Credit loss provision | Proportion to the total accounts receivable (%) |
|---|-------------------------------|-------------------------|---|-----------------------|---|
| Dalian Enesky International Trade Co., Ltd. (Note) | Client | 3,233,185,734.00 | Within 1 year, 1-2 years, 2-3 year and over 3 years | 537,193,970.84 | 82.14 |
| Dalian Automobile Terminal Co., Ltd. | Related party | 38,246,747.80 | Within 1 year, 1-2 years, 2-3 years | 7,622.73 | 0.97 |
| Rizhao Steel Yingkou Medium Plate Co., Ltd. (日鋼營口中板有限公司) | Client | 36,677,347.49 | Within 1 year | 3,667.74 | 0.93 |
| China Merchants International Technology Company Limited | Related party | 32,185,749.42 | Within 1 year, 1-2 years | 11,758.08 | 0.82 |
| Dalian Municipal Bureau of Finance | Client | 29,657,529.36 | Within 1 year | 4,019.16 | 0.75 |
| Total | — | 3,369,953,108.07 | — | 537,221,038.55 | 85.61 |

Note: As at 31 December 2023, the book balance of the Group's secured accounts receivable amounted to RMB3,233,185,734.00 (31 December 2022: RMB2,623,568,742.00), which was mainly the Group's warehousing costs due from Dalian Enesky International Trade Co., Ltd.. Based on the relevant agreement signed by the Group and Dalian Enesky International Trade Co., Ltd., this company shall not transfer its goods equivalent to such accounts receivable stored in the Group until the outstanding amount is settled.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

4. Receivables financing

(1) *Classification of receivables financing*

| Type | 31 December 2023 | 31 December 2022 (Restated) |
|--|-----------------------|--------------------------------|
| Bank acceptance notes measured at fair value | 244,381,797.52 | 154,213,980.23 |

(2) *As at 31 December 2023, the Group has no receivables financing pledged.*

(3) *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:*

| Type | 31 December 2023 | |
|-----------------------|----------------------|------------------|
| | Derecognised | Not derecognised |
| Bank acceptance notes | 44,579,136.38 | - |

5. Prepayments

(1) *An aging analysis of prepayments is as follows:*

| Item | 31 December 2023 | | | 31 December 2022 (Restated) | | |
|----------------------------------|----------------------|-------------------|-----------------------------|-----------------------------|-------------------|-----------------------------|
| | Book balance | Proportion (%) | Provision for impairment | Book balance | Proportion (%) | Provision for impairment |
| Within 1 year (including 1 year) | 64,209,820.03 | 99.60 | - | 54,175,665.15 | 99.17 | - |
| 1 to 2 years (including 2 years) | 252,083.19 | 0.39 | - | 309,617.40 | 0.57 | - |
| 2 to 3 years (including 3 years) | 5,641.81 | 0.01 | - | 38,328.90 | 0.07 | - |
| Over 3 years | - | - | - | 101,909.00 | 0.19 | - |
| Total | 64,467,545.03 | 100.00 | - | 54,625,520.45 | 100.00 | - |

As at 31 December 2023, the Group has no significant prepayments aged over 1 year (31 December 2022: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

5. Prepayments (continued)

(2) The top five entities by the amounts of prepayments were summarised as below

| Name of entity | Relationship with the Company | Amount | Aging | Proportion to the total prepayments (%) | Reasons for unsettlement |
|---|-------------------------------|---------------|---------------|---|---|
| China Railway International Multimodal Transport Co., Ltd. | Third party | 16,000,000.00 | Within 1 year | 24.82 | The condition for settlement is unsatisfied |
| China Railway Shenyang Group Co., Ltd. | Third party | 6,030,227.60 | Within 1 year | 9.35 | The condition for settlement is unsatisfied |
| State Grid Liaoning Electric Power Supply Co., Ltd. | Third party | 5,312,327.07 | Within 1 year | 8.24 | The condition for settlement is unsatisfied |
| China Railway Harbin Bureau Group Co., Ltd. | Third party | 3,871,947.72 | Within 1 year | 6.01 | The condition for settlement is unsatisfied |
| Door to door Information Technology Co., Ltd. (門到門信息技術有限公司) | Third party | 3,611,823.50 | Within 1 year | 5.60 | The condition for settlement is unsatisfied |
| Total | - | 34,826,325.89 | - | 54.02 | - |

6. Other receivables

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|----------------------|-----------------------|--------------------------------|
| Interest receivable | 3,500,160.05 | 2,689,917.11 |
| Dividends receivable | 135,422,064.18 | 96,282,178.82 |
| Other receivables | 331,997,110.97 | 317,448,930.80 |
| Total | 470,919,335.20 | 416,421,026.73 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(1) Interest receivable

1) Classification of interest receivable

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|-----------------------------|---------------------|--------------------------------|
| Related party borrowings | 4,842,630.35 | 3,323,273.19 |
| Less: Credit loss provision | 1,342,470.30 | 633,356.08 |
| Carrying amount | 3,500,160.05 | 2,689,917.11 |

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

2) Provision for credit loss of interest receivable

| Credit loss provision | Stage I Expected credit loss over the next 12 months | Stage II Expected credit loss for the entire duration (no credit impairment occurred) | Stage III Expected credit loss for the entire duration (credit impairment occurred) | Total |
|------------------------|---|---|--|--------------|
| Opening balance | - | 633,356.08 | - | 633,356.08 |
| Provision for the year | - | 709,114.22 | - | 709,114.22 |
| Closing balance | - | 1,342,470.30 | - | 1,342,470.30 |

In 2023, the provision for bad debts was RMB709,114.22, and no recovery or reversal of bad debt provision was recorded.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(2) Dividends receivable

1) Presentation of dividends receivable

| Investee | 31 December 2023 | 31 December 2022 (Restated) |
|--|-----------------------|--------------------------------|
| 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 Container Terminal Co., Ltd. | 1,112,481.65 | 943,125.50 |
| VTTI Terminals Dalian Co., Ltd. | 15,000,000.00 | – |
| China Merchants International Technology Co., Ltd. | 25,735,801.03 | – |
| Total | 156,452,807.01 | 113,848,201.48 |
| Less: Credit loss provision | 21,030,742.83 | 17,566,022.66 |
| Carrying amount | 135,422,064.18 | 96,282,178.82 |

2) Material dividends receivable aged over 1 year

| Investee | 31 December 2023 | 31 December 2022 (Restated) | Reasons for unrecovery | Closing balance of credit loss provision |
|---------------------------------------|----------------------|--------------------------------|---------------------------|--|
| Dalian Port Yidu Cold Chain Co., Ltd. | 72,617,796.35 | 72,617,796.35 | Delay of payment | 9,385,255.25 |
| Dalian Jilong Logistics Co., Ltd. | 22,507,539.23 | 22,507,539.23 | Delay of payment | 11,253,769.62 |
| Total | 95,125,335.58 | 95,125,335.58 | – | 20,639,024.87 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(2) Dividends receivable (continued)

3) Movements in provision for credit losses on dividends receivable

| Credit loss provision | Stage I Expected credit loss over the next 12 months | Stage II | Stage III | Total |
|------------------------|---|--|---|---------------|
| | | Expected credit loss for the entire duration (no credit impairment occurred) | Expected credit loss for the entire duration (credit impairment occurred) | |
| Opening balance | 6,312,253.04 | 11,253,769.62 | – | 17,566,022.66 |
| Provision for the year | 3,464,720.17 | – | – | 3,464,720.17 |
| Closing balance | 9,776,973.21 | 11,253,769.62 | – | 21,030,742.83 |

In 2023, the provision for bad debts was RMB3,464,720.17, and no recovery or reversal of bad debt provision was recorded.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(3) Other receivables

1) Other receivables by nature

| Amount by nature | 31 December 2023 | 31 December 2022 (Restated) |
|--|-----------------------|--------------------------------|
| 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 |
| Subtotal | 454,132,538.07 | 405,920,763.90 |
| Less: Credit loss provision | 122,135,427.10 | 88,471,833.10 |
| Total | 331,997,110.97 | 317,448,930.80 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(3) Other receivables (continued)

2) Aging analysis

| Item | 31 December 2023 | | | 31 December 2022 (Restated) | | |
|----------------------------------|-----------------------|----------------|-----------------------|-----------------------------|----------------|-----------------------|
| | Book balance | Proportion (%) | Credit loss provision | Book balance | Proportion (%) | Credit loss provision |
| Within 1 year (including 1 year) | 169,722,205.16 | 37.38 | 2,434,299.28 | 169,624,955.55 | 41.79 | 2,408,923.56 |
| 1 to 2 years (including 2 years) | 83,396,601.14 | 18.36 | 3,153,342.70 | 74,568,944.16 | 18.37 | 2,284,916.06 |
| 2 to 3 years (including 3 years) | 54,180,605.83 | 11.93 | 5,354,126.82 | 20,694,264.96 | 5.10 | 1,991,863.82 |
| Over 3 years | 146,833,125.94 | 32.33 | 111,193,658.30 | 141,032,599.23 | 34.74 | 81,786,129.66 |
| Total | 454,132,538.07 | 100.00 | 122,135,427.10 | 405,920,763.90 | 100.00 | 88,471,833.10 |

3) Details of other receivables of which provision for bad debts is made according to the portfolio of credit risk rating are as follows:

| Rating | Book balance | Provision for impairment | Provision percentage (%) |
|--------------|-----------------------|--------------------------|--------------------------|
| A | 269,323,579.59 | 43,937.91 | 0.00-0.10 |
| B | 49,628,661.52 | 1,918,850.07 | 0.10-0.30 |
| C | 23,774,093.34 | 9,582,935.50 | 0.30-50.00 |
| D | 111,406,203.62 | 110,589,703.62 | 50.00-100.00 |
| Total | 454,132,538.07 | 122,135,427.10 | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(3) Other receivables (continued)

- 4) *Movements in bad debt provisions for other receivables based on expected credit losses over the next 12 months and the entire duration are as follows:*

| Credit loss provision | Stage I | Stage II | Stage III | Total |
|--------------------------------------|--|--|---|----------------|
| | Expected credit loss over the next 12 months | Expected credit loss for the entire duration (no credit impairment occurred) | Expected credit loss for the entire duration (credit impairment occurred) | |
| Opening balance (Restated) | 2,126,997.11 | 32,534,345.96 | 53,810,490.03 | 88,471,833.10 |
| Opening balance in the current year: | - | - | - | - |
| – Transfer into stage II | -6,520.57 | 6,520.57 | - | - |
| – Transfer into 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 | 1,962,787.98 | 9,582,935.50 | 110,589,703.62 | 122,135,427.10 |

In 2023, the provision for bad debts was RMB41,973,828.00, and the provision for bad debts reversed was RMB160,600.73. The reclassification resulted in a decrease of RMB8,149,633.27 in the provision for bad debts, and no provision for bad debts was written off.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(3) Other receivables (continued)

5) Debts of shareholders holding 5% or more shares of the Company with voting rights

| Name of entity | 31 December 2023 | | 31 December 2022 (Restated) | |
|--------------------|--------------------|-----------------------------|-----------------------------|-----------------------------|
| | Outstanding amount | Provision for credit losses | Outstanding amount | Provision for credit losses |
| PDA Group | 605,642.51 | 69,054.61 | 4,649,201.03 | 51,835.54 |
| Yingkou Port Group | 184,825.33 | 18.48 | 151,301.38 | – |

6) Other receivables of the top five debtors by closing balances

| Name of entity | Relationship with the Group | Amount | Aging | Proportion to total other receivables (%) | Credit loss provision | Nature or content |
|---|-----------------------------|-----------------------|---|---|-----------------------|--|
| Dalian Shipping and Logistics Development Service Center (大連市航運和物流發展服務中心) | Government agency | 191,774,851.77 | Within 1 year, 1-2 years and 2-3 years | 42.23 | 33,110.41 | Government subsidies receivable |
| Dalian Changxing Island Port Investment and Development Co., Ltd. | Related party | 85,316,315.12 | Within 1 year, 1-2 years and above 3 years | 18.79 | 60,181,158.06 | Receivables from income of entrusted management services |
| Dalian Vanguard International Logistics Co., Ltd. | Related party | 23,000,000.00 | 4-5 years | 5.06 | 1,877,616.22 | Borrowings from related parties |
| China Merchants Gangrong Big Data Co., Ltd. ("China Merchants Gangrong") | Related party | 21,235,658.22 | Within 1 year | 4.68 | 2,123.56 | Settlement to be transferred |
| Dalian Changxing Island Port Co., Ltd. | Related party | 18,975,476.57 | Within 1 year, 1-2 Years, 2-3 years and above 3 years | 4.18 | 18,156,015.48 | Receivables from income of appointment of executives |
| Total | – | 340,302,301.68 | – | 74.94 | 80,250,023.73 | – |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

7. Inventories

(1) Classification of inventories

| Item | 31 December 2023 | | | 31 December 2022 (Restated) | | |
|--|-----------------------|---|-----------------------|-----------------------------|---|-----------------------|
| | Book balance | Provision for decline in value of Inventories/ Provision for impairment of contract performance cost | Carrying amount | Book balance | Provision for decline in value of Inventories/ Provision for impairment of contract performance cost | 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 |
| Merchandise 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 | 138,171,534.42 | 4,864,820.04 | 133,306,714.38 | 139,749,717.04 | 4,158,589.72 | 135,591,127.32 |

(2) Provision for decline in the value of inventories

| Item | 31 December 2022 (Restated) | Increase in the year | | Decrease in the year | | 31 December 2023 |
|--|--------------------------------|----------------------|----------|-----------------------|----------|---------------------|
| | | Provision | Others | Reversal or write-off | Others | |
| Raw materials | 1,442,701.98 | 1,929.25 | - | - | - | 1,444,631.23 |
| Merchandise 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 | 4,158,589.72 | 706,230.32 | - | - | - | 4,864,820.04 |

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

8. Non-current assets due within one year

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|---|----------------------|--------------------------------|
| Long-term receivables due within one year | 26,400,000.00 | 26,500,000.00 |
| Less: Provision for impairment | 13,200,000.00 | 13,250,000.00 |
| Total | 13,200,000.00 | 13,250,000.00 |

In 2023, there was no provision for bad debts, the provision for bad debts reversed was RMB50,000, and no provision for bad debts was written off.

9. Other current assets

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|--------------------------------|-----------------------|--------------------------------|
| Input VAT to be deducted | 335,907,939.89 | 351,336,606.28 |
| Input VAT to be certified | 10,376,840.95 | 9,552,033.29 |
| Prepaid tax | 947,308.69 | 3,053,827.04 |
| Others | 12,076,859.44 | – |
| Sub-total | 359,308,948.97 | 363,942,466.61 |
| Less: Provision for impairment | 11,609,755.91 | – |
| Total | 347,699,193.06 | 363,942,466.61 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments

(1) Classification of long-term equity investments

| Item | Opening | Increase in the year | Decrease in the year | Other increase (decrease) | Impact of change in scope of combination | Closing |
|---|------------------|-------------------------|-------------------------|------------------------------|---|------------------|
| Investment in joint ventures | 2,028,040,380.92 | - | - | -116,928,049.92 | - | 1,911,112,331.00 |
| Investment in associates | 1,759,901,650.31 | - | -84,537,781.17 | -47,592,024.18 | - | 1,627,771,844.96 |
| Sub-total | 3,787,942,031.23 | - | -84,537,781.17 | -164,520,074.10 | - | 3,538,884,175.96 |
| Less: Provision for impairment of long-term equity investments | 8,468,465.03 | - | - | - | - | 8,468,465.03 |
| Total | 3,779,473,566.20 | - | -84,537,781.17 | -164,520,074.10 | - | 3,530,415,710.93 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments

31 December 2023

| Investee | Movements for the year | | | | | | | | | | Balance of provision for impairment at the end of the year | |
|--|-------------------------|--------------------------------------|--|------------------------|------------------------|---|--|-------------------------|------------------------------------|--------------------------|--|--------------------------------|
| | Investment costs | Balance at the beginning of the year | Impact of change in scope of combination | Increase in investment | Decrease in investment | Investment gains or losses recognised under equity method | Adjustment of other comprehensive income | Other changes in equity | Declare cash dividends and profits | Provision for impairment | | Balance at the end of the year |
| Joint ventures | | | | | | | | | | | | |
| VTTI Terminals Dalian Co., Ltd. | 86,678,185.37 | 191,750,504.89 | - | - | - | 6,711,234.71 | - | 10.01 | -40,000,000.00 | - | 158,461,749.61 | - |
| Dalian Port PetroChina International Terminal Co., Ltd. | 125,000,000.00 | 225,756,336.65 | - | - | - | 25,029,864.81 | - | - | -35,000,000.00 | - | 215,786,201.46 | - |
| Dalian United International Shipping Agency Co., Ltd. | 2,175,192.85 | 16,847,597.36 | - | - | - | 4,257,616.61 | - | - | - | - | 21,105,213.97 | - |
| Dalian Vanguard International Logistics Co., Ltd. | 37,000,000.00 | 34,073,345.39 | - | - | - | 1,486,257.53 | - | -29,283.25 | - | - | 35,541,319.67 | - |
| Dalian Port Yidu Cold Chain Co., Ltd. | 260,500,000.00 | 401,640,823.79 | - | - | - | -144,666.54 | - | 1,735,698.73 | - | - | 403,231,841.98 | - |
| China United Tally (Dalian) Co., Ltd. | 5,103,200.33 | 1,979,575.68 | - | - | - | 1,022,775.26 | - | 16,420.46 | - | - | 3,018,771.40 | - |
| China Oil Dock Management (Dalian) Co., Ltd. | 16,301,068.34 | 21,150,046.87 | - | - | - | 8,231,466.96 | - | - | -8,470,840.36 | - | 20,910,673.47 | - |
| Liaoning Electronic Port Co., Ltd. (Note) | 6,000,000.00 | 6,703,488.18 | - | - | - | 16,715.22 | - | - | -45,899.48 | - | 6,674,303.92 | - |
| Dalian Degang Container Terminal Co., Ltd. | 5,798,464.21 | 7,272,661.03 | - | - | - | 1,112,722.03 | - | -24,042.76 | -1,112,481.65 | - | 7,248,858.65 | - |
| Dalian Jilong Logistics Co., Ltd. | 21,000,000.00 | 15,334,583.11 | - | - | - | -7,805,229.77 | - | - | - | - | 7,529,353.34 | - |
| China United International Rail Containers (Dalian) Co., Ltd. | 214,000,000.00 | 175,294,712.46 | - | - | - | 2,048,877.68 | - | - | - | - | 177,343,590.14 | - |
| Dalian Changyong Island Port Co., Ltd. | 246,000,000.00 | 117,629,681.03 | - | - | - | -21,192,229.59 | - | 275,365.33 | - | - | 96,912,816.77 | - |
| Dalian Port Bulk Cargo Logistics Center Co., Ltd. | 4,000,000.00 | 9,947,569.59 | - | - | - | 7,135,764.99 | - | 83,403.36 | -3,777,857.39 | - | 13,388,860.55 | - |
| Dalian Changyong Island Port Investment and Development Co., Ltd. | 463,147,800.00 | 344,159,739.59 | - | - | - | -41,175,309.03 | - | 1,463,767.92 | - | - | 304,448,198.08 | - |
| Dalian Shunde Jifa Supply Chain Management Co., Ltd. | 10,000,000.00 | - | - | - | - | - | - | - | - | - | - | 8,488,465.03 |
| Ha'ou International Logistics Co., Ltd. | 23,000,000.00 | 28,669,990.33 | - | - | - | 2,578,260.36 | - | - | -4,759,900.00 | - | 26,488,350.69 | - |
| Offell (Changyong Terminals (Dalian) Co., Ltd. | 14,627,723.47 | 7,819,393.29 | - | - | - | -63,005.81 | - | - | - | - | 7,736,387.48 | - |
| Weifang Weida Container Service Co., Ltd. | 1,500,000.00 | 1,840,830.51 | - | - | - | 152,813.63 | - | - | - | - | 1,993,644.14 | - |
| Dalian Port Xiangyu Grain Logistics Co., Ltd. | 49,980,000.00 | 36,647,305.35 | - | - | - | 794,054.86 | - | - | - | - | 37,441,360.21 | - |
| China Shipping Gang Lan Co., Ltd. | 90,000,000.00 | 78,961,401.08 | - | - | - | -3,125,777.03 | - | - | - | - | 75,835,624.05 | - |
| Yingkou Container Terminals Company Limited | 16,458,690.85 | 62,175,870.02 | - | - | - | 27,125,424.05 | - | 538,845.54 | -20,371,957.66 | - | 69,468,181.95 | - |
| Songnan Yingkou Storage and Transportation Co., Ltd. (中諾豐港口儲運有限公司) | 192,118,114.69 | 233,716,463.69 | - | - | - | -21,637,909.25 | - | - | - | - | 212,078,544.44 | - |
| Sub-total | 1,992,588,440.11 | 2,019,571,915.89 | - | - | - | -7,450,299.32 | - | 4,061,184.94 | -119,538,936.54 | - | 1,902,643,865.97 | 8,468,465.03 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

31 December 2023 (continued)

| Investee | Investment costs | Balance at the beginning of the year | Impact of change in scope of combination | Increase in investment | Decrease in investment | Movements for the year | | | | | Balance at the end of the year | Balance of provision for impairment at the end of the year | |
|--|-------------------------|--------------------------------------|--|------------------------|------------------------|---|--|-------------------------|------------------------------------|--------------------------|--------------------------------|--|---------------------|
| | | | | | | Investment gains or losses recognised under equity method | Adjustment of other comprehensive income | Other changes in equity | Declare cash dividends and profits | Provision for impairment | | | |
| Associates | | | | | | | | | | | | | |
| Dalian PetroChina International Warehousing and Transportation Co., Ltd. | 20,288,520.00 | 59,422,161.59 | - | - | - | 25,798,963.33 | - | - | -23,002,571.00 | - | - | 62,218,453.92 | - |
| Dalian Wanpeng Port Engineering Testing Co., Ltd. | 2,000,000.00 | 3,169,254.28 | - | - | - | 83,356.69 | - | - | - | - | - | 3,232,610.97 | - |
| Dalian Pujia Storage Facility Co., Ltd. | 239,636,434.98 | 96,857,584.20 | - | - | - | 1,199,764.40 | - | - | - | - | - | 98,057,348.60 | - |
| Taiyang Xinggang Tug Co., Ltd. | 6,233,613.00 | 8,512,059.32 | - | - | - | 4,012,306.88 | - | 33,592.90 | -2,142,855.00 | - | - | 10,415,104.10 | - |
| National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司) | 520,000,000.00 | 632,625,580.04 | - | - | - | 15,642,315.80 | - | -422,477.74 | -31,642,716.53 | - | - | 616,222,701.57 | - |
| Dalian North Oil Petroleum Logistics Co., Ltd. | 60,000,000.00 | 69,083,581.68 | - | - | - | 3,583,050.54 | - | - | -4,000,000.00 | - | - | 68,676,632.22 | - |
| Suo Hai Bonhai Train Ferry Co., Ltd. | 274,500,286.56 | 218,167,105.14 | - | - | - | -2,902,620.42 | - | - | - | - | - | 215,264,584.72 | - |
| CDC International Logistics Co., Ltd. | 90,000,000.00 | 126,112,180.19 | - | - | - | 8,828,096.31 | - | - | - | - | - | 134,940,276.50 | - |
| Dalian Automobile Terminal Co., Ltd. | 152,593,640.00 | 183,599,201.66 | - | - | - | 16,561,706.07 | - | -87,463.16 | -16,000,000.00 | - | - | 184,073,446.57 | - |
| Dalian Singamas International Container Co., Ltd. | 43,729,517.84 | 43,651,805.67 | - | - | - | 1,170,699.32 | - | -6,588.17 | -380,194.33 | - | - | 44,435,722.49 | - |
| China Merchants International Technology Company Limited (招商局國際科技有限公司) | 66,576,800.00 | 111,353,341.33 | - | - | -84,537,781.17 | -1,084,759.13 | - | - | -25,735,801.03 | - | - | - | - |
| Angang Yingkou Port Co., Ltd. | 213,224,500.00 | 207,342,795.21 | - | - | - | 13,885,574.00 | - | - | -30,993,405.91 | - | - | 190,234,963.30 | - |
| Sub-total | 1,688,663,312.38 | 1,759,901,650.31 | - | - | -84,537,781.17 | 86,788,455.79 | - | -482,936.17 | -133,897,543.80 | - | - | 1,627,771,844.96 | - |
| Total | 3,561,201,752.49 | 3,779,473,566.20 | - | - | -84,537,781.17 | 79,388,157.47 | - | 3,570,248.77 | -247,436,480.34 | - | - | 3,530,415,710.93 | 8,468,465.03 |

Note: Dalian Port Logistics Network Co., Ltd. holds 45% of the equity interests in Liaoning Electronic Port Co., Ltd. As described in Note VIII.3, the Company's acquisition of equity interest in Dalian Port Logistics Network Co., Ltd. during the year constituted a business combination under common control, and the shareholding of the Group in Liaoning Electronic Port Co., Ltd. increased from 5% to 50% accordingly, and Liaoning Electronic Port Co., Ltd. was accordingly changed to a joint venture of the Group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

31 December 2022 (Restated)

| Investee | Movements for the year | | | | | | | | | | Balance of provision for impairment at the end of the year | |
|---|------------------------|--------------------------------------|--|------------------------|------------------------|---|--|-------------------------|------------------------------------|--------------------------|--|--------------------------------|
| | Investment costs | Balance at the beginning of the year | Impact of change in scope of combination | Increase in investment | Decrease in investment | Investment gains or losses recognised under equity method | Adjustment of other comprehensive income | Other changes in equity | Declare cash dividends and profits | Provision for impairment | | Balance at the end of the year |
| Joint ventures | | | | | | | | | | | | |
| Dalian Port Torgji Shipping Agency Co., Ltd. | 1,311,300.00 | 1,271,654.19 | - | - | -1,331,660.85 | 59,936.66 | - | - | - | - | - | - |
| VTTI Terminals Dalian Co., Ltd. | 86,876,185.37 | 184,189,475.87 | - | - | - | 17,557,029.02 | - | - | -10,000,000.00 | - | - | 191,730,504.89 |
| Dalian Port PetroChina International Terminal Co., Ltd. | 125,000,000.00 | 236,277,636.10 | - | - | - | 24,478,698.55 | - | - | -35,000,000.00 | - | - | 225,756,336.65 |
| Dalian United International Shipping Agency Co., Ltd. | 2,175,192.85 | 16,155,463.15 | - | - | - | 5,262,134.21 | - | - | -4,570,000.00 | - | - | 16,847,597.36 |
| Dalian Vanguard International Logistics Co., Ltd. | 37,000,000.00 | 32,574,640.50 | - | - | - | 1,346,713.67 | - | 151,991.22 | - | - | - | 34,073,345.39 |
| Dalian Port You Cold Chain Co., Ltd. | 260,500,000.00 | 361,994,703.39 | - | - | - | 38,790,000.00 | - | 866,126.40 | - | - | - | 401,640,829.79 |
| China United Tally(Dalian) Co., Ltd. | 5,103,200.33 | 1,480,827.06 | - | - | - | 510,701.15 | - | -11,952.63 | - | - | - | 1,979,575.68 |
| China Oil Dock Management (Dalian) Co., Ltd. | 16,301,088.34 | 23,381,453.02 | - | - | - | 8,477,000.00 | - | - | -10,708,406.15 | - | - | 21,130,046.87 |
| Liaoning Electronic Port Co., Ltd. | 6,000,000.00 | 6,468,994.74 | - | - | - | 244,483.44 | - | - | - | - | - | 6,703,488.18 |
| Dalian Degan Container Terminal Co., Ltd. | 5,798,464.21 | 7,274,281.19 | - | - | - | 943,328.38 | - | -1,823.04 | -943,125.50 | - | - | 7,272,661.03 |
| Dalian Jilong Logistics Co., Ltd. | 21,000,000.00 | 15,334,583.11 | - | - | - | - | - | - | - | - | - | 15,334,583.11 |
| China United International Rail Containers (Dalian) Co., Ltd. | 214,000,000.00 | 171,758,464.77 | - | - | - | 3,636,247.69 | - | - | - | - | - | 175,394,712.46 |
| Dalian Changying Island Port Co., Ltd. | 248,000,000.00 | 135,699,325.76 | - | - | - | -18,284,576.47 | - | 414,931.74 | - | - | - | 117,829,681.03 |
| Dalian Port Bulk Cargo Logistics Center Co., Ltd. | 4,000,000.00 | 24,178,763.89 | - | - | - | 3,777,857.39 | - | 128,046.85 | -18,137,098.54 | - | - | 9,947,569.59 |
| Dalian Changying Island Port Investment and Development Co., Ltd. | 463,147,800.00 | 558,302,444.62 | - | - | - | -15,412,608.70 | - | 1,269,903.67 | - | - | - | 344,159,739.59 |
| Dalian Shunde Jifa Supply Chain Management Co., Ltd. | 10,000,000.00 | - | - | - | - | - | - | - | - | - | - | 8,468,465.03 |
| Haou International Logistics Co., Ltd. | 23,000,000.00 | 27,921,773.46 | - | - | - | 748,216.87 | - | - | - | - | - | 28,669,990.33 |
| Oriji Changying Terminals (Dalian) Co., Ltd. | 14,627,723.47 | 7,902,231.45 | - | - | - | -82,838.16 | - | - | - | - | - | 7,819,393.29 |
| Weiliang Wexia Container Service Co., Ltd. | 1,500,000.00 | 1,727,412.70 | - | - | - | 113,417.81 | - | - | - | - | - | 1,840,830.51 |
| Dalian Port Xiangyu Grain Logistics Co., Ltd. | 49,990,000.00 | 33,846,283.81 | - | - | - | 2,801,021.54 | - | - | - | - | - | 36,647,305.35 |
| China Shipping Gang Lan Co., Ltd. | 90,000,000.00 | 91,900,080.58 | - | - | - | -12,968,679.50 | - | - | - | - | - | 78,961,401.08 |
| Dalian New Silk Road International Logistics Co., Ltd. | 2,000,000.00 | 1,767,020.51 | - | - | -1,781,681.97 | 14,661.46 | - | - | - | - | - | 62,175,870.02 |
| Yingkou Container Terminals Company Limited | 16,458,680.85 | 73,732,915.13 | - | - | - | 20,379,754.69 | - | 1,113,594.47 | -33,050,394.27 | - | - | 233,716,453.69 |
| Shengran Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運有限公司) | 192,118,114.68 | 231,600,142.85 | - | - | - | 2,116,310.94 | - | - | - | - | - | - |
| Sub-total | 1,895,899,740.11 | 2,046,764,573.85 | - | - | -3,113,242.82 | 84,409,790.54 | - | 3,920,818.78 | -112,409,024.46 | - | - | 2,019,571,915.89 |
| | | | | | | | | | | | | 8,468,465.03 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

31 December 2022 (Restated) (continued)

| Investee | Movements for the year | | | | | | | | | | Balance of provision for impairment at the end of the year | |
|--|------------------------|--------------------------------------|--|------------------------|------------------------|---|--|-------------------------|------------------------------------|--------------------------|--|--------------------------------|
| | Investment costs | Balance at the beginning of the year | Impact of change in scope of combination | Increase in investment | Decrease in investment | Investment gains or losses recognised under equity method | Adjustment of other comprehensive income | Other changes in equity | Declare cash dividends and profits | Provision for impairment | | Balance at the end of the year |
| Associates | | | | | | | | | | | | |
| Dalian PetroChina International Warehousing and Transportation Co., Ltd. | 20,286,520.00 | 46,828,027.11 | - | - | - | 22,314,719.43 | - | - | -9,720,684.95 | - | 59,422,161.59 | - |
| Dalian Wafeng Port Engineering Testing Co., Ltd. | 2,000,000.00 | 3,139,560.96 | - | - | - | 29,673.32 | - | - | - | - | 3,169,254.28 | - |
| Dalian Puji Storage Facility Co., Ltd. | 239,636,434.98 | 98,639,093.54 | - | - | - | -1,981,514.34 | - | - | - | - | 96,657,584.20 | - |
| Taicang Xinggang Tug Co., Ltd. | 6,233,613.00 | 11,300,772.42 | - | - | - | 3,290,991.16 | - | 50,401.14 | -6,130,105.40 | - | 8,512,059.32 | - |
| National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司) | 520,000,000.00 | 698,113,647.84 | - | - | - | 35,414,388.42 | - | 742,679.95 | -101,645,136.17 | - | 632,625,580.04 | - |
| Dalian North Oil Petroleum Logistics Co., Ltd. | 60,000,000.00 | 75,251,880.21 | - | - | - | 3,441,910.68 | - | -20,209.21 | -9,600,000.00 | - | 69,083,581.68 | - |
| Sino Rail-Bohai Train Ferry Co., Ltd. | 274,500,286.56 | 232,488,559.17 | - | - | - | -14,321,494.03 | - | - | - | - | 218,167,105.14 | - |
| CDC International Logistics Co., Ltd. | 90,000,000.00 | 124,583,359.86 | - | - | - | 1,549,820.33 | - | - | - | - | 126,112,180.19 | - |
| Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd. | 5,600,000.00 | 5,963,569.22 | - | - | -5,652,442.02 | -251,127.20 | - | - | -60,000.00 | - | - | - |
| Dalian Automobile Terminal Co., Ltd. | 152,503,640.00 | 180,379,539.87 | - | - | - | 14,341,214.57 | - | 78,447.22 | -11,200,000.00 | - | 183,599,201.66 | - |
| Dalian Singamas International Container Co., Ltd. | 43,729,517.84 | 43,456,007.93 | - | - | - | 222,548.45 | - | -26,750.71 | - | - | 43,651,805.67 | - |
| China Merchants International Technology Company Limited (招商局國際科技有限公司) | 66,576,800.00 | 88,888,932.80 | - | - | - | 22,469,408.53 | - | - | - | - | 111,358,341.33 | - |
| Angang Yingkou Port Co., Ltd. | 213,224,500.00 | 203,954,250.73 | - | - | - | 11,641,050.98 | - | - | -8,232,506.50 | - | 207,342,795.21 | - |
| Sub-total | 1,694,293,312.38 | 1,813,177,256.66 | - | -5,652,442.02 | - | 98,160,600.30 | - | 824,588.39 | -146,608,333.02 | - | 1,759,901,650.31 | - |
| Total | 3,590,193,052.49 | 3,859,941,830.51 | - | - | -8,765,684.84 | 182,559,390.84 | - | 4,745,387.17 | -259,017,357.48 | - | 3,779,473,566.20 | 8,468,465.03 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(3) *Change in provision for impairment of long-term equity investment is as follows:*

| Item | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|--|-----------------|----------------------|----------------------|-----------------|
| Dalian Shunde Jifa Supply Chain Management Co., Ltd. | 8,468,465.03 | - | - | 8,468,465.03 |

Due to the economic performance of the assets being lower than expected or the assets have been or to be discontinued, impairment tests have been conducted on long-term equity investments in Dalian Jilong Logistics Co., Ltd., Dalian Changxing Island Port Co., Ltd., Dalian Changxing Island Port Investment and Development Co., Ltd., and China Shipping Gang Lian Co., Ltd.

The recoverable amount is determined by net value of fair value less costs of disposal:

| Item | Carrying amount | Recoverable amount | Impairment amounts | Determination of fair value and costs of disposal | key parameters | Determination basis of key parameters |
|-----------------------------------|-----------------|--------------------|--------------------|--|-----------------------|---|
| Dalian Jilong Logistics Co., Ltd. | 7,529,353.34 | 7,692,252.51 | - | The fair value adopts the market method and the costs of disposal are the costs related to the disposal of the asset | Evaluation unit price | Refer to recent trading prices or average quotes of assets in the market that are similar to the appraised assets and make adjustment and amendment for differences |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(3) Change in provision for impairment of long-term equity investment is as follows: (continued)

The recoverable amount is determined based on the present value of expected future cash flows:

| Item | Carrying amount | Recoverable amount | Impairment amounts | Terms of the predictive period | Key parameters of the predictive period | Key parameters for the stabilization period | The basis of determining the key parameters for the stabilization period |
|---|-----------------|--------------------|--------------------|--------------------------------|---|---|--|
| Dalian Changxing Island Port Co., Ltd. | 96,912,816.77 | 201,786,781.81 | - | 5 years | Future business volume, budgetary gross margins and discount rate | Perpetual growth rate and discount rate | The perpetual growth rates are determined with reference to the expected growth rate of the industry and do not exceed the average growth rate of the industry for a long term; the discount rates are before-tax discount rates which reflect the specific risk related to the relevant asset group |
| Dalian Changxing Island Port Investment and Development Co., Ltd. | 304,448,198.08 | 499,486,643.41 | - | 5 years | Future business volume, budgetary gross margins and discount rate | Perpetual growth rate and discount rate | The perpetual growth rates are determined with reference to the expected growth rate of the industry and do not exceed the average growth rate of the industry for a long term; the discount rates are before-tax discount rates which reflect the specific risk related to the relevant asset group |
| China Shipping Gang Lian Co., Ltd. | 75,835,624.05 | 170,602,566.69 | - | 5 years | Future business volume, budgetary gross margins and discount rate | Perpetual growth rate and discount rate | The perpetual growth rates are determined with reference to the expected growth rate of the industry and do not exceed the average growth rate of the industry for a long term; the discount rates are before-tax discount rates which reflect the specific risk related to the relevant asset group |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(4) Investment in joint ventures

| Name of investee | Place of registration | Type of legal entity | Business nature | Registered capital (RMB'0,000) | Shareholding percentage (%) | | Voting right percentage (%) | Accounting treatment |
|---|-----------------------|---------------------------|--|--------------------------------|-----------------------------|----------|-----------------------------|----------------------|
| | | | | | Direct | Indirect | | |
| VTTI Terminals Dalian Co., Ltd. | Dalian | Limited liability company | Construction and operation of storage tank harbor | USD 28,000,000 | 50 | - | 50 | Equity method |
| Dalian Port PetroChina International Terminal Co., Ltd. | Dalian | Limited liability company | Oil product dock, loading and discharging, advisory services | 25,000 | 50 | - | 50 | Equity method |
| Dalian United International Shipping Agency Co., Ltd. | Dalian | Limited liability company | Shipping agency, shipment technical advisory services | 500 | - | 50 | 50 | Equity method |
| Dalian Vanguard International Logistics Co., Ltd. | Dalian | Limited liability company | Storage of international containers | 7,400 | - | 50 | 50 | Equity method |
| Dalian Port Yidu Cold Chain Co., Ltd. (Note 1) | Dalian | Limited liability company | Agency of trade warehousing and freight | 52,100 | - | 46.64 | 50 | Equity method |
| China United Tally (Dalian) Co., Ltd. | Dalian | Limited liability company | Ship tally and others | 280 | 50 | - | 50 | Equity method |
| China Oil Dock Management (Dalian) Co., Ltd. | Dalian | Limited liability company | Oil product dock services | 1,000 | 49 | - | 49 | Equity method |
| Dalian Dagang Container Terminal Co., Ltd. (Note 2) | Dalian | Limited liability company | Container dock services | 1,000 | - | 57 | 57 | Equity method |
| Dalian Jilong Logistics Co., Ltd. | Dalian | Limited liability company | Logistics storage | 7,000 | - | 30 | 30 | Equity method |
| China United International Rail Containers (Dalian) Co., Ltd. | Dalian | Limited liability company | International container services | 53,500 | - | 40 | 40 | Equity method |
| Odfjell Changxing Terminals (Dalian) Co., Ltd. | Dalian | Limited liability company | Development and construction of dock and harbor warehousing facilities | 5,000 | 40 | - | 40 | Equity method |
| Dalian Changxing Island Port Co., Ltd. | Dalian | Limited liability company | Port services | 62,000 | 40 | - | 40 | Equity method |
| Dalian Port Bulk Cargo Logistics Center Co., Ltd. | Dalian | Limited liability company | Bulk cargo logistics | 1,000 | 40 | - | 40 | Equity method |
| Dalian Changxing Island Port Investment and Development Co., Ltd. | Dalian | Limited liability company | Development and construction of dock facilities | 95,000 | 46.58 | - | 46.58 | Equity method |
| China Shipping Gang Lian Co., Ltd. | Dalian | Limited liability company | Shipping services for Hong Kong | 30,000 | 30 | - | 30 | Equity method |
| Dalian Shunde Jifa Supply Chain Management Co., Ltd. | Dalian | Limited liability company | Import and export of goods & technology | 5,000 | - | 20 | 20 | Equity method |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(4) Investment in joint ventures (Continued)

| Name of investee | Place of registration | Type of legal entity | Business nature | Registered capital (RMB'0,000) | Shareholding percentage (%) | | Voting right percentage (%) | Accounting treatment |
|--|-----------------------|-----------------------------|---|--------------------------------|-----------------------------|----------|-----------------------------|----------------------|
| | | | | | Direct | Indirect | | |
| Ha'ou International Logistics Co., Ltd. | Harbin | Joint-stock limited company | International freight agency | 10,000 | - | 23 | 23 | Equity method |
| Dalian Port Xiangyu Grain Logistics Co., Ltd. (Note 2) | Dalian | Limited liability company | Freight agency | 9,800 | 51 | - | 51 | Equity method |
| Weifang Weida Container Service Co., Ltd. | Weifang | Limited liability company | Loading and discharging and storage | 500 | - | 50 | 50 | Equity method |
| Yingkou Container Terminals Company Limited | Yingkou | Limited liability company | Loading and discharging of containers | 800 | - | 50 | 50 | Equity method |
| Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運有限責任公司) | Yingkou | Limited liability company | Grain and oil storage and processing | 39,315.24 | - | 48.3 | 48.3 | Equity method |
| Liaoning Electronic Port Co., Ltd. | Dalian | Limited liability company | Computer system services, data processing, etc. | 1,200 | - | 50 | 50 | Equity method |

Note 1: Under the investment contract, the shareholder, China Development Fund Co., Ltd. ("China Development Fund"), obtains fixed income each year and does not participate in the Company's decision-making, and thus Jifa Logistics recognises the investment income at 50% of the net profit of Dalian Port Yidu Cold Chain Co., Ltd., net of the income of China Development Fund.

Note 2: In accordance with the Company's Articles of Association, all significant events are jointly decided by investors, and thus it is a joint venture under common control of the Group and other investors.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(5) Key financial information of important joint ventures

31 December 2023

| Item | Dalian Changxing | China United | Dalian Port | Dalian Port | VTTI Terminals | Dalian | Sinograin Yingkou |
|--|---|--|------------------------------|---|------------------|------------------------------------|---|
| | Island Port Investment and Development Co., Ltd. | International Rail Containers (Dalian) Co., Ltd. | Yidu Cold Chain Co., Ltd. | PetroChina International Terminal Co., Ltd. | Dalian Co., Ltd. | Changxing Island Port Co., Ltd. | Storage and Transportation Co., Ltd. (中儲糧營口儲運 有限責任公司) |
| Current assets | 166,468,754.30 | 127,209,592.71 | 438,565,389.47 | 40,900,647.29 | 59,314,660.65 | 65,562,118.64 | 376,722,522.24 |
| Including: Cash and cash equivalents | 101,473,590.85 | 95,688,793.53 | 3,282,585.94 | 40,827,635.11 | 35,541,427.66 | 5,557,498.76 | 2,856,910.50 |
| Non-current assets | 4,205,431,761.51 | 337,450,606.14 | 697,010,901.73 | 395,531,709.16 | 375,117,840.22 | 1,776,306,316.05 | 1,836,926,473.37 |
| Total assets | 4,371,900,515.81 | 464,660,198.85 | 1,135,576,291.20 | 436,432,356.45 | 434,432,500.87 | 1,841,868,434.69 | 2,213,648,995.61 |
| Current liabilities | 2,630,757,477.52 | 21,301,223.50 | 247,128,521.69 | 4,859,953.53 | 53,593,472.81 | 341,899,852.36 | 172,552,380.27 |
| Non-current liabilities | 1,087,540,208.58 | - | 81,984,085.55 | - | 63,915,528.84 | 1,257,686,540.40 | 1,602,010,602.01 |
| Total liabilities | 3,718,297,686.10 | 21,301,223.50 | 329,112,607.24 | 4,859,953.53 | 117,509,001.65 | 1,599,586,392.76 | 1,774,562,982.28 |
| Net assets | 653,602,829.71 | 443,358,975.35 | 806,463,683.96 | 431,572,402.92 | 316,923,499.22 | 242,282,041.93 | 439,086,013.33 |
| Share of net assets based on shareholding percentage | 304,448,198.08 | 177,343,590.14 | 403,231,841.98 | 215,786,201.46 | 158,461,749.61 | 96,912,816.77 | 212,078,544.44 |
| Carrying amount of investment in joint ventures | 304,448,198.08 | 177,343,590.14 | 403,231,841.98 | 215,786,201.46 | 158,461,749.61 | 96,912,816.77 | 212,078,544.44 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(5) Key financial information of important joint ventures (continued)

2023

| Item | Dalian Changxing Island Port Investment and Development Co., Ltd. | China United International Rail Containers (Dalian) Co., Ltd. | Dalian Port Yidu Cold Chain Co., Ltd. | Dalian Port PetroChina International Terminal Co., Ltd. | VTTI Terminals Dalian Co., Ltd. | Dalian Changxing Island Port Co., Ltd. | Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運 有限責任公司) |
|---|--|---|---|--|------------------------------------|--|---|
| Revenue | 425,700,406.20 | 87,947,015.11 | 232,980,405.04 | 86,904,761.89 | 71,988,420.81 | 150,718,044.38 | 59,126,971.94 |
| Financial expenses | 222,596,082.50 | -1,759,047.73 | 4,698,282.60 | -748,632.30 | -426,886.07 | 92,036,869.48 | 8,039,548.46 |
| Income tax expenses | - | - | 910,843.99 | 16,698,315.23 | 3,382,823.73 | - | 89,203.24 |
| Net profit (net loss represented by "-") | -88,396,970.87 | 5,122,194.20 | -289,373.08 | 50,059,729.62 | 13,422,469.42 | -52,980,573.98 | -44,798,983.95 |
| Other comprehensive income | - | - | - | - | - | - | - |
| Total comprehensive income | -88,396,970.87 | 5,122,194.20 | -289,373.08 | 50,059,729.62 | 13,422,469.42 | -52,980,573.98 | -44,798,983.95 |
| Dividends received from joint ventures in the year | - | - | - | 35,000,000.00 | 25,000,000.00 | - | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(5) Key financial information of important joint ventures (continued)

31 December 2022 (Restated)

| Item | Dalian Changxing Island Port Investment and Development Co., Ltd. | China United International Rail Containers (Dalian) Co., Ltd. | Dalian Port Yidu Cold Chain Co., Ltd. | Dalian Port PetroChina International Terminal Co., Ltd. | VTTI Terminals Dalian Co., Ltd. | Dalian Changxing Island Port Co., Ltd. | Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運 有限責任公司) |
|---|---|--|---|--|------------------------------------|--|--|
| | Current assets | 79,861,541.30 | 113,045,553.52 | 428,919,008.82 | 50,682,907.40 | 113,939,146.96 | 64,393,302.65 |
| Including: Cash and cash equivalents | 20,572,667.44 | 77,130,003.58 | 11,802,867.86 | 50,609,895.19 | 89,809,980.35 | 3,955,784.67 | 4,257,143.37 |
| Non-current assets | 4,387,875,890.66 | 348,779,027.09 | 731,023,965.01 | 406,084,432.68 | 385,312,548.58 | 1,828,707,786.24 | 1,857,920,792.99 |
| Total assets | 4,467,737,431.96 | 461,824,580.61 | 1,159,942,973.83 | 456,767,340.08 | 499,251,695.54 | 1,893,101,088.89 | 2,274,549,813.91 |
| Current liabilities | 2,166,469,863.39 | 23,587,799.46 | 263,206,890.82 | 5,254,666.78 | 50,488,080.13 | 670,277,681.10 | 185,036,882.09 |
| Non-current liabilities | 1,562,410,248.71 | - | 93,454,423.43 | - | 65,262,605.63 | 928,249,205.21 | 1,605,627,934.53 |
| Total liabilities | 3,728,880,112.10 | 23,587,799.46 | 356,661,314.25 | 5,254,666.78 | 115,750,685.76 | 1,598,526,886.31 | 1,790,664,816.62 |
| Net assets | 738,857,319.86 | 438,236,781.15 | 803,281,659.58 | 451,512,673.30 | 383,501,009.78 | 294,574,202.58 | 483,884,997.29 |
| Share of net assets based on shareholding percentage | 344,159,739.59 | 175,294,712.46 | 401,640,829.79 | 225,756,336.65 | 191,750,504.89 | 117,829,681.03 | 233,716,453.69 |
| Carrying amount of investment in joint ventures | 344,159,739.59 | 175,294,712.46 | 401,640,829.79 | 225,756,336.65 | 191,750,504.89 | 117,829,681.03 | 233,716,453.69 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(5) Key financial information of important joint ventures (continued)

2022 (Restated)

| Item | Dalian Changxing | China United | Dalian Port | Dalian Port | VTTI Terminals | Dalian Changxing | Sinograin Yingkou |
|---|---|--|---|---|------------------|--------------------------|---|
| | Island Port Investment and Development Co., Ltd. | International Rail Containers (Dalian) Co., Ltd. | Dalian Port Yidu Cold Chain Co., Ltd. | PetroChina International Terminal Co., Ltd. | Dalian Co., Ltd. | Island Port Co., Ltd. | Storage and Transportation Co., Ltd. (中儲糧營口儲運 有限責任公司) |
| Revenue | 466,642,372.32 | 98,830,668.59 | 409,011,873.09 | 86,904,761.89 | 105,493,172.40 | 175,410,031.92 | 82,228,669.44 |
| Financial expenses | 221,244,639.40 | -1,221,883.98 | 5,424,101.79 | -821,617.05 | -878,297.50 | 101,587,090.02 | 8,607,989.14 |
| Income tax expenses | - | - | 12,610,240.54 | 16,325,956.09 | 11,111,156.18 | - | - |
| Net profit (net loss represented by "-") | -33,088,468.66 | 8,840,619.23 | 77,580,000.00 | 48,957,397.10 | 35,114,058.04 | -45,711,441.18 | 4,381,595.94 |
| Other comprehensive income | - | - | - | - | - | - | - |
| Total comprehensive income | -33,088,468.66 | 8,840,619.23 | 77,580,000.00 | 48,957,397.10 | 35,114,058.04 | -45,711,441.18 | 4,381,595.94 |
| Dividends received from joint ventures in the year | - | - | 15,572,028.00 | 35,000,000.00 | 10,000,000.00 | - | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(6) Investment in associates

| Name of investee | Place of registration | Type of legal entity | Business nature | Registered capital (RMB'0,000) | Shareholding percentage (%) | | Voting right Percentage (%) | Accounting treatment |
|--|-----------------------|---------------------------|--|--------------------------------|-----------------------------|----------|-----------------------------|----------------------|
| | | | | | Direct | Indirect | | |
| | | | | | | | | |
| Dalian Puji Storage Facility Co., Ltd. | Dalian | limited liability company | Other storage services | USD 80,000,000 | - | 40 | 40 | Equity method |
| Dalian PetroChina International Warehousing and Transportation Co., Ltd. | Dalian | limited liability company | Crude oil tank leasing services | 10,000 | 20 | - | 20 | Equity method |
| Taicang Xinggang Tug Co., Ltd. | Suzhou | limited liability company | Vessel tugging services | 1,349.50 | 42.86 | - | 42.86 | Equity method |
| National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司) | Dalian | limited liability company | LNG related services | 260,000 | 20 | - | 20 | Equity method |
| Dalian North Oil Petroleum Logistics Co., Ltd. | Dalian | limited liability company | Oil product storage and transportation related services | 30,000 | 20 | - | 20 | Equity method |
| Dalian Wanpeng Port Engineering Testing Co., Ltd. | Dalian | limited liability company | Engineering testing | 500 | - | 40 | 40 | Equity method |
| Sino Rail Bohai Train Ferry Co., Ltd. | Yantai | limited liability company | Ferry transportation | 120,000 | 17.5 | - | 17.5 | Equity method |
| CDC International Logistics Co., Ltd. | Wuhu | limited liability company | International freight agency | 30,000 | 30 | - | 30 | Equity method |
| Dalian Automobile Terminal Co., Ltd. | Dalian | limited liability company | Domestic and international import and export, loading and discharging and storage services | 40,000 | 32 | - | 32 | Equity method |
| Dalian Singamas International Container Co., Ltd. | Dalian | limited liability company | Container services | USD 13,250,000 | - | 43.63 | 43.63 | Equity method |
| China Merchants International Technology Company Limited (招商局國際科技有限公司) (Note) | Dalian | limited liability company | Computer system services, data processing, etc. | 8,784.80 | - | 35.64 | 35.64 | Equity method |
| Angang Yingkou Port Co., Ltd. | Yingkou | limited liability company | Port engineering construction, loading, unloading and handling | 80,154.58 | - | 20 | 20 | Equity method |

Note: In October 2023, Dalian Port Container Development Co., Ltd. and Jifa Logistics, subsidiaries of the Group, transferred its 22.38% and 13.26% equity interests in China Merchants International Technology Company Limited (招商局國際科技有限公司) to China Merchants Port Group Co., Ltd. at the consideration of the assessed value, respectively. Upon completion of the transaction, the Group no longer holds any interest in China Merchants International Technology Company Limited (招商局國際科技有限公司).

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(7) Key financial information of important associates

31 December 2023

| Item | National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家 管網集團大連液化 天然氣有限公司) | CDC International Logistics Co., Ltd. | Sino Rail Bohai Train Ferry Co., Ltd. | Dalian Puji Storage Facility Co., Ltd. | Dalian Automobile Terminal Co., Ltd. | Angang Yingkou Port Co., Ltd. |
|--|--|---|---|--|---|----------------------------------|
| Current assets | 1,449,728,801.16 | 788,643,057.12 | 160,665,890.20 | 6,792,605.64 | 142,703,765.32 | 617,373,003.44 |
| Non-current assets | 1,739,906,496.38 | 623,983,243.72 | 1,306,866,914.62 | 357,979,929.09 | 557,530,347.54 | 384,384,401.11 |
| Total assets | 3,189,635,297.54 | 1,412,626,300.84 | 1,467,532,804.82 | 364,772,534.73 | 700,234,112.86 | 1,001,757,404.55 |
| Current liabilities | 108,621,789.70 | 760,538,114.16 | 85,403,824.62 | 18,565,661.48 | 132,672,149.36 | 50,582,588.05 |
| Non-current liabilities | - | 110,722,838.72 | 152,045,638.94 | 47,000,000.00 | - | - |
| Total liabilities | 108,621,789.70 | 871,260,952.88 | 237,449,463.56 | 65,565,661.48 | 132,672,149.36 | 50,582,588.05 |
| Minority interests | - | 91,564,426.29 | - | - | - | - |
| Equity attributable to shareholders of the parent company | 3,081,013,507.84 | 449,800,921.67 | 1,230,083,341.26 | 299,206,873.25 | 567,561,963.50 | 951,174,816.50 |
| Share of net assets based on shareholding percentage | 616,202,701.57 | 134,940,276.50 | 215,264,584.72 | 119,682,749.30 | 181,619,828.32 | 190,234,963.30 |
| Adjustments | - | - | - | -21,625,400.70 | 2,453,618.25 | - |
| Carrying amount of investment in associates | 616,202,701.57 | 134,940,276.50 | 215,264,584.72 | 98,057,348.60 | 184,073,446.57 | 190,234,963.30 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(7) Key financial information of important associates (continued)

2023

| Item | National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連 液化天然氣有限公司) | CDC International Logistics Co., Ltd. | Sino Rail Bohai Train Ferry Co., Ltd. | Dalian Puji Storage Facility Co., Ltd. | Dalian Automobile Terminal Co., Ltd. | Angang Yingkou Port Co., Ltd. |
|---|--|--|---|--|---|----------------------------------|
| | Revenue | 422,046,864.89 | 1,430,789,063.72 | 493,789,672.63 | 46,051,478.54 | 197,532,079.94 |
| Financial expenses | 78,621.37 | 15,652,272.73 | 7,969,570.13 | 3,329,116.06 | -999,324.29 | -17,489,137.06 |
| Income tax expenses | 29,899,864.57 | 9,804,408.24 | 350,775.29 | - | 17,822,128.46 | 21,333,111.07 |
| Net profit (net loss represented by "-") | 78,211,579.00 | 29,426,987.70 | -16,585,830.97 | 2,999,411.00 | 51,755,337.72 | 69,427,870.00 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | 78,211,579.00 | 29,426,987.70 | -16,585,830.97 | 2,999,411.00 | 51,755,337.72 | 69,427,870.00 |
| Dividends received from associates in the year | 31,642,716.53 | - | - | - | 11,200,000.00 | 30,993,405.91 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(7) Key financial information of important associates (continued)

31 December 2022 (Restated)

| Item | National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家 管網集團大連液化 天然氣有限公司) | CDC International Logistics Co., Ltd. | Sino Rail Bohai Train Ferry Co., Ltd. | Dalian Puji Storage Facility Co., Ltd. | Dalian Automobile Terminal Co., Ltd. | Angang Yingkou Port Co., Ltd. |
|--|--|---|---|--|--|-------------------------------------|
| Current assets | 1,344,967,157.16 | 792,451,352.80 | 195,179,970.50 | 14,080,873.12 | 153,398,256.54 | 683,493,438.15 |
| Non-current assets | 1,919,625,264.11 | 552,341,188.77 | 1,415,738,567.41 | 387,267,425.20 | 546,472,781.21 | 413,479,438.92 |
| Total assets | 3,264,592,421.27 | 1,344,792,541.57 | 1,610,918,537.91 | 401,348,298.32 | 699,871,037.75 | 1,096,972,877.07 |
| Current liabilities | 100,221,946.01 | 642,521,483.80 | 62,270,532.34 | 7,991,831.43 | 133,791,089.59 | 60,258,901.02 |
| Non-current liabilities | 1,242,575.07 | 196,831,041.89 | 301,978,833.34 | 96,000,000.00 | - | - |
| Total liabilities | 101,464,521.08 | 839,352,525.69 | 364,249,365.68 | 103,991,831.43 | 133,791,089.59 | 60,258,901.02 |
| Minority interests | - | 85,066,081.91 | - | - | - | - |
| Equity attributable to shareholders of the parent company | 3,163,127,900.19 | 420,373,933.97 | 1,246,669,172.23 | 297,356,466.89 | 566,079,948.16 | 1,036,713,976.05 |
| Share of net assets based on shareholding percentage | 632,625,580.04 | 126,112,180.19 | 218,167,105.14 | 118,942,586.76 | 181,145,583.41 | 207,342,795.21 |
| Adjustments | - | - | - | -22,085,002.56 | 2,453,618.25 | - |
| Carrying amount of investment in associates | 632,625,580.04 | 126,112,180.19 | 218,167,105.14 | 96,857,584.20 | 183,599,201.66 | 207,342,795.21 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(7) Key financial information of important associates (continued)

2022 (Restated)

| Item | National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家 管網集團大連液化 天然氣有限公司) | CDC International Logistics Co., Ltd. | Sino Rail Bohai Train Ferry Co., Ltd. | Dalian Puji Storage Facility Co., Ltd. | Dalian Automobile Terminal Co., Ltd. | Angang Yingkou Port Co., Ltd. |
|---|--|---|---|--|---|----------------------------------|
| Revenue | 571,119,060.81 | 1,365,679,529.87 | 491,486,997.87 | 45,526,392.57 | 193,838,322.20 | 339,123,068.90 |
| Financial expenses | 81,013.91 | 24,078,535.99 | 10,703,360.85 | 6,064,877.99 | -1,299,330.54 | -15,918,655.11 |
| Income tax expenses | 62,207,957.07 | 3,028,846.92 | 4,290,563.26 | - | 15,573,282.48 | 21,009,706.66 |
| Net profit (net loss represented by "-") | 177,071,942.10 | 5,162,734.43 | -81,837,051.60 | -4,953,785.85 | 44,816,295.53 | 58,205,254.90 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | 177,071,942.10 | 5,162,734.43 | -81,837,051.60 | -4,953,785.85 | 44,816,295.53 | 58,205,254.90 |
| Dividends received from associates in the year | 101,645,136.17 | - | - | - | 11,200,000.00 | 8,252,506.50 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(8) Summary information of other unimportant joint ventures and associates

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|---|-----------------------|--------------------------------|
| Joint ventures: | | |
| Aggregate carrying amount of investments | 334,380,923.49 | 329,423,657.79 |
| Aggregate amount of the following items calculated in the Group's equity proportion | | |
| Net profit | 42,909,858.89 | 31,627,689.61 |
| Other comprehensive income | - | - |
| Total comprehensive income | 42,909,858.89 | 31,627,689.61 |
| Associates: | | |
| Aggregate carrying amount of investments | 188,998,523.70 | 295,197,203.87 |
| Aggregate amount of the following items calculated in the Group's equity proportion | | |
| Net profit | 33,573,517.63 | 51,518,124.37 |
| Other comprehensive income | - | - |
| Total comprehensive income | 33,573,517.63 | 51,518,124.37 |

11. Investments in other equity instruments

| Item | Changes in fair value accumulated in other comprehensive income | 31 December 2023 | 31 December 2022 (Restated) | Dividend income | Reason for being designated as investments in other equity instruments |
|--|---|-----------------------|--------------------------------|-----------------|--|
| Jinzhou New Age Container Terminal Co., Ltd. | 49,703,644.58 | 102,547,278.58 | 88,664,785.91 | 7,729,770.10 | Non-trading equity instrument and will not be sold in foreseeable future |
| Qinhuangdao Port Xingangwan Container Terminal Co., Ltd. | -15,580,537.52 | 44,419,462.48 | 44,692,471.65 | - | |
| Dalian Port Design and Research Institute Co., Ltd. | 4,926,351.44 | 5,560,951.44 | 6,763,566.58 | 533,600.00 | |
| Da-In Ferry Co., Ltd. | 9,232,944.43 | 11,133,001.93 | 6,304,107.79 | - | |
| Dalian Xin Beiliang Co., Ltd. | -8,517,194.71 | 7,667,205.29 | 10,444,714.67 | 726,378.46 | |
| Total | 39,765,208.22 | 171,327,899.72 | 156,869,646.60 | 8,989,748.56 | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

12. Investment properties

Investment properties measured at cost

2023

| Item | Buildings | Land use rights | Terminal facilities | Total |
|--|----------------|-----------------|---------------------|----------------|
| I. Original value | | | | |
| Opening | 188,277,878.60 | 49,020,298.36 | 100,893,640.92 | 338,191,817.88 |
| Transfer from construction in progress | - | 34,642,969.37 | - | 34,642,969.37 |
| Transfer from fixed assets | 2,249,831.60 | - | - | 2,249,831.60 |
| Closing | 190,527,710.20 | 83,663,267.73 | 100,893,640.92 | 375,084,618.85 |
| II. Accumulated depreciation and accumulated amortisation | | | | |
| Opening | 92,703,631.63 | 15,531,070.62 | 61,481,217.52 | 169,715,919.77 |
| Provision for the year | 5,015,348.62 | 1,087,685.97 | 5,882,047.55 | 11,985,082.14 |
| Transfer from fixed assets | 1,916,671.47 | - | - | 1,916,671.47 |
| Closing | 99,635,651.72 | 16,618,756.59 | 67,363,265.07 | 183,617,673.38 |
| III. Provision for impairment | | | | |
| Opening | - | - | - | - |
| Closing | - | - | - | - |
| IV. Net amount | | | | |
| Opening | 95,574,246.97 | 33,489,227.74 | 39,412,423.40 | 168,475,898.11 |
| Closing | 90,892,058.48 | 67,044,511.14 | 33,530,375.85 | 191,466,945.47 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

12. Investment properties (continued)

Investment properties measured at cost (continued)

2022 (Restated)

| Item | Buildings | Land use rights | Terminal facilities | Total |
|--|----------------|-----------------|---------------------|----------------|
| I. Original value | | | | |
| Opening | 182,714,220.80 | 49,038,994.53 | 100,893,640.92 | 332,646,856.25 |
| Transfer from fixed assets | 5,563,657.80 | - | - | 5,563,657.80 |
| Transfer to intangible assets | - | 18,696.17 | - | 18,696.17 |
| Closing | 188,277,878.60 | 49,020,298.36 | 100,893,640.92 | 338,191,817.88 |
| II. Accumulated depreciation and accumulated amortisation | | | | |
| Opening | 80,169,181.19 | 14,446,696.55 | 53,594,785.17 | 148,210,662.91 |
| Provision for the year | 7,270,379.44 | 1,090,750.72 | 7,886,432.35 | 16,247,562.51 |
| Transfer from fixed assets | 5,264,071.00 | - | - | 5,264,071.00 |
| Transfer to intangible assets | - | 6,376.65 | - | 6,376.65 |
| Closing | 92,703,631.63 | 15,531,070.62 | 61,481,217.52 | 169,715,919.77 |
| III. Provision for impairment | | | | |
| Opening | - | - | - | - |
| Closing | - | - | - | - |
| IV. Net amount | | | | |
| Opening | 102,545,039.61 | 34,592,297.98 | 47,298,855.75 | 184,436,193.34 |
| Closing | 95,574,246.97 | 33,489,227.74 | 39,412,423.40 | 168,475,898.11 |

13. Fixed assets

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|--------------------------|--------------------------|--------------------------------|
| Fixed assets | 29,746,365,019.89 | 30,703,529,135.24 |
| Disposal of fixed assets | 7,864,596.68 | 6,447,501.72 |
| Total | 29,754,229,616.57 | 30,709,976,636.96 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets

1) Breakdown of fixed assets

2023

| Item | Buildings | Port and terminal facilities | Automobiles and ships | Machinery and equipment, furniture, appliances and other equipment | Total |
|--|------------------|------------------------------|-----------------------|--|-------------------|
| I. Original book value | | | | | |
| Opening balance | 3,507,638,882.58 | 34,183,326,050.90 | 4,148,990,336.00 | 11,904,548,035.79 | 53,744,503,305.27 |
| Purchase | 4,208,662.33 | 46,444,132.07 | 7,519,051.49 | 157,952,717.83 | 216,124,563.72 |
| Transfer from construction in progress | 7,956,958.21 | 92,750,572.36 | 2,669,820.36 | 564,512,350.86 | 667,889,701.79 |
| Disposal or obsolescence | 8,617,563.40 | 3,577,470.07 | 16,330,881.89 | 30,413,488.69 | 58,939,404.05 |
| Transfer to investment properties | 2,249,831.60 | - | - | - | 2,249,831.60 |
| Other decreases | 716,264.99 | 2,228,374.29 | 335,462.97 | 2,402,008.03 | 5,682,110.28 |
| Closing balance | 3,508,220,843.13 | 34,316,714,910.97 | 4,142,512,862.99 | 12,594,197,607.76 | 54,561,646,224.85 |
| II. Accumulated depreciation | | | | | |
| Opening balance | 1,244,288,533.72 | 11,417,493,251.88 | 2,310,089,915.22 | 8,024,109,855.69 | 22,995,981,556.51 |
| Provision | 154,617,633.89 | 926,872,341.02 | 177,964,980.42 | 569,918,391.87 | 1,829,373,347.20 |
| Disposal or obsolescence | 3,385,438.20 | 2,403,001.01 | 15,338,854.37 | 28,986,276.29 | 50,113,569.87 |
| Transfer to investment properties | 1,916,671.47 | - | - | - | 1,916,671.47 |
| Other decreases | 205,289.12 | 688,778.62 | 318,689.82 | 1,823,313.37 | 3,036,070.93 |
| Closing balance | 1,393,398,768.82 | 12,341,273,813.27 | 2,472,397,351.45 | 8,563,218,657.90 | 24,770,288,591.44 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

1) Breakdown of fixed assets (continued)

2023 (continued)

| Item | Buildings | Port and terminal facilities | Automobiles and ships | Machinery and equipment, furniture, appliances and other equipment | Total |
|---------------------------------------|------------------|------------------------------|-----------------------|--|-------------------|
| III. Provision for impairment | | | | | |
| Opening balance | - | 44,992,613.52 | - | - | 44,992,613.52 |
| Closing balance | - | 44,992,613.52 | - | - | 44,992,613.52 |
| IV. Carrying amount | | | | | |
| Opening | 2,263,350,348.86 | 22,720,840,185.50 | 1,838,900,420.78 | 3,880,438,180.10 | 30,703,529,135.24 |
| Closing | 2,114,822,074.31 | 21,930,448,484.18 | 1,670,115,511.54 | 4,030,978,949.86 | 29,746,365,019.89 |
| Pledged net assets at the end of year | - | - | - | - | - |

Note: Some of the assets of DCT Logistics, a subsidiary of the Company, were seized, frozen and detained by the major warehousing client due to its involvement in lawsuits. As at 31 December 2023, its fixed assets with a carrying amount of RMB57,127,873.05 were seized (31 December 2022: RMB60,935,935.77). Please refer to Note IX.22 and Note XV.1.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

1) Breakdown of fixed assets (continued)

2022 (Restated)

| Item | Buildings | Port and terminal facilities | Automobiles and ships | Machinery and equipment, furniture, appliances and other equipment | Total |
|--|------------------|------------------------------|-----------------------|--|-------------------|
| I. Original book value | | | | | |
| Opening balance | 3,491,836,775.43 | 33,754,667,964.63 | 4,232,332,069.62 | 11,488,962,306.72 | 52,967,799,116.40 |
| Purchase | 2,160,036.92 | 5,267,371.27 | 9,682,479.49 | 100,772,482.90 | 117,882,370.58 |
| Transfer from construction in progress | 19,205,728.03 | 423,774,963.75 | 14,918,440.95 | 363,305,004.59 | 821,204,137.32 |
| Disposal or obsolescence | - | 384,248.75 | 107,942,654.06 | 48,491,758.42 | 156,818,661.23 |
| Transfer to investment properties | 5,563,657.80 | - | - | - | 5,563,657.80 |
| Closing balance | 3,507,638,882.58 | 34,183,326,050.90 | 4,148,990,336.00 | 11,904,548,035.79 | 53,744,503,305.27 |
| II. Accumulated depreciation | | | | | |
| Opening balance | 1,087,440,166.02 | 10,478,220,966.72 | 2,228,260,443.22 | 7,507,967,255.52 | 21,301,888,831.48 |
| Provision | 162,112,438.70 | 939,318,612.94 | 183,891,060.02 | 562,234,661.38 | 1,847,556,773.04 |
| Disposal or obsolescence | - | 46,327.78 | 102,061,588.02 | 46,092,061.21 | 148,199,977.01 |
| Transfer to investment properties | 5,264,071.00 | - | - | - | 5,264,071.00 |
| Closing balance | 1,244,288,533.72 | 11,417,493,251.88 | 2,310,089,915.22 | 8,024,109,855.69 | 22,995,981,556.51 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

1) Breakdown of fixed assets (continued)

2022 (Restated) (continued)

| Item | Buildings | Port and terminal facilities | Automobiles and ships | Machinery and equipment, furniture, appliances and other equipment | Total |
|---------------------------------------|------------------|------------------------------|-----------------------|--|-------------------|
| III. Provision for impairment | | | | | |
| Opening balance | - | 44,992,613.52 | - | - | 44,992,613.52 |
| Closing balance | - | 44,992,613.52 | - | - | 44,992,613.52 |
| IV. Carrying amount | | | | | |
| Opening | 2,404,396,609.41 | 23,231,454,384.39 | 2,004,071,626.40 | 3,980,995,051.20 | 31,620,917,671.40 |
| Closing | 2,263,350,348.86 | 22,720,840,185.50 | 1,838,900,420.78 | 3,880,438,180.10 | 30,703,529,135.24 |
| Pledged net assets at the end of year | - | - | - | - | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

2) Fixed assets leased out under operating leases

2023

| Item | Buildings | Port and terminal facilities | Automobiles and ships | Machinery and equipment, furniture, appliances and other equipment | Total |
|-------------------------------------|---------------|------------------------------|-----------------------|--|------------------|
| I. Original book value | | | | | |
| Opening balance | 10,223,543.48 | 1,416,776,934.28 | 1,098,991,377.52 | 548,416,345.10 | 3,074,408,200.38 |
| Increase in the year | 468,805.97 | 877,131.75 | 12,929,528.24 | 20,594,944.23 | 34,870,410.19 |
| Decrease in the year | 390,313.26 | 14,668,284.03 | 37,507,154.02 | 1,872,498.35 | 54,438,249.66 |
| Closing balance | 10,302,036.19 | 1,402,985,782.00 | 1,074,413,751.74 | 567,138,790.98 | 3,054,840,360.91 |
| II. Accumulated depreciation | | | | | |
| Opening balance | 4,440,771.14 | 721,381,984.98 | 519,502,176.84 | 418,846,502.04 | 1,664,171,435.00 |
| Increase in the year | 681,773.75 | 28,737,746.87 | 63,809,029.05 | 23,722,290.00 | 116,950,839.67 |
| Decrease in the year | 126,561.52 | 3,961,536.12 | 35,195,585.22 | 1,644,567.82 | 40,928,250.68 |
| Closing balance | 4,995,983.37 | 746,158,195.73 | 548,115,620.67 | 440,924,224.22 | 1,740,194,023.99 |
| III. Carrying amount | | | | | |
| Opening | 5,782,772.34 | 695,394,949.30 | 579,489,200.68 | 129,569,843.06 | 1,410,236,765.38 |
| Closing | 5,306,052.82 | 656,827,586.27 | 526,298,131.07 | 126,214,566.76 | 1,314,646,336.92 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

2) Fixed assets leased out under operating leases (continued)

2022 (Restated)

| Item | Buildings | Port and terminal facilities | Automobiles and ships | Machinery and equipment, furniture, appliances and other equipment | Total |
|-------------------------------------|---------------|------------------------------|-----------------------|--|------------------|
| I. Original book value | | | | | |
| Opening balance | 10,474,788.54 | 1,419,329,338.57 | 1,069,857,795.91 | 513,762,717.52 | 3,013,424,640.54 |
| Increase in the year | 1,340,053.51 | 2,234,756.22 | 55,778,913.82 | 54,697,877.45 | 114,051,601.00 |
| Decrease in the year | 1,591,298.57 | 4,787,160.51 | 26,645,332.21 | 20,044,249.87 | 53,068,041.16 |
| Closing balance | 10,223,543.48 | 1,416,776,934.28 | 1,098,991,377.52 | 548,416,345.10 | 3,074,408,200.38 |
| II. Accumulated depreciation | | | | | |
| Opening balance | 4,228,457.36 | 693,933,797.68 | 456,874,197.73 | 382,309,456.02 | 1,537,345,908.79 |
| Increase in the year | 911,040.92 | 29,223,064.08 | 85,863,226.78 | 54,256,305.92 | 170,253,637.70 |
| Decrease in the year | 698,727.14 | 1,774,876.78 | 23,235,247.67 | 17,719,259.90 | 43,428,111.49 |
| Closing balance | 4,440,771.14 | 721,381,984.98 | 519,502,176.84 | 418,846,502.04 | 1,664,171,435.00 |
| III. Carrying amount | | | | | |
| Opening | 6,246,331.18 | 725,395,540.89 | 612,983,598.18 | 131,453,261.50 | 1,476,078,731.75 |
| Closing | 5,782,772.34 | 695,394,949.30 | 579,489,200.68 | 129,569,843.06 | 1,410,236,765.38 |

3) Fixed assets pending certificates of ownership

| Item | 31 December 2023 Carrying amount | 31 December 2022 (Restated) Carrying amount |
|-----------|-------------------------------------|---|
| Buildings | 810,938,011.62 | 867,187,834.70 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

4) Others

| Item | Amount |
|---|------------------|
| 1. Original value of fixed assets fully depreciated but still in use at the end of the year | 6,038,459,526.00 |
| 2. Original value of fixed assets not in use at the end of the year | – |
| 3. Disposal and retirement of fixed assets in the year | |
| (1) Original value of fixed assets disposed and retired in the year | 58,939,404.05 |
| (2) Net value of fixed assets disposed and retired in the year | 8,825,834.18 |
| (3) Gains and losses from disposal and retirement of fixed assets in the year | 6,316,338.61 |

5) The result of the testing on fixed assets impairment

Due to the fact that the economic performance of the assets has been lower than expected or the assets have been or will be terminated, the long-term assets of Dalian Jifa Bohai Rim Container Lines Co., Ltd., Heilongjiang Suimu Dalian Port Logistics Co., Ltd., Dalian Port Bulk Grain Terminals Company, Dalian Jifa Shipping Management Co., Ltd., and Dalian Haijia Automobile Terminal Co., Ltd., have been tested for impairment.

The recoverable amount is determined by net value of fair value less costs of disposal:

| Item | Carrying amount | Recoverable amount | Impairment amounts | Determination of fair value and costs of disposal | Key parameters | Determination basis of key parameters |
|---|-----------------|--------------------|--------------------|---|-----------------------|---|
| Dalian Jifa Bohai Rim Container Lines Co., Ltd. (Note 1) | 66,641,691.39 | 77,009,100.00 | – | The fair value adopts the market approach; and the costs of disposal are the costs related to the disposal of the asset | Evaluation unit price | Refer to recent trading prices or average quotes of assets in the market that are similar to the appraised assets and make adjustment and amendment for differences |
| Heilongjiang Suimu Dalian Port Logistics Co., Ltd. (Note 2) | 73,827,064.45 | 74,214,493.80 | 44,992,613.52 | The fair value adopts the market approach; and the costs of disposal are the costs related to the disposal of the asset | Evaluation unit price | Refer to recent trading prices or average quotes of assets in the market that are similar to the appraised assets and make adjustment and amendment for differences |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

5) The result of the testing on fixed assets impairment (continued)

The recoverable amount is determined by net value of fair value less costs of disposal: (continued)

Note 1: The carrying value of Dalian Jifa Bohai Rim Container Lines Co., Ltd., a subsidiary of the Group, consists of the carrying value of fixed assets of RMB31,041,589.52 and the carrying value of right-of-use assets of RMB35,600,101.87.

Note 2: The carrying value of Heilongjiang Suimu Dalian Port Logistics Co., Ltd., a subsidiary of the Group, consists of the carrying value of fixed assets of RMB61,073,546.94 and the carrying value of intangible assets of RMB12,753,517.51.

The recoverable amount is determined based on the present value of expected future cash flows:

| Item | Carrying amount | Recoverable amount | Impairment amounts | Terms of the predictive period | Key parameters of the predictive period | Key parameters for the stabilization period | The basis of determining the key parameters for the stabilization period |
|--|-----------------|--------------------|--------------------|--------------------------------|--|---|--|
| Dalian Port Bulk Grain Terminal Company (Note 1) | 866,369,115.90 | 951,157,800.45 | - | 5 years | Future business volume, budgetary gross margins, discount rate | Perpetual growth rate, discount rate | The perpetual growth rates are determined with reference to the expected growth rate of the industry and do not exceed the average growth rate of the industry for a long term; the discount rates are before-tax discount rates which reflect the specific risk related to the relevant asset group |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

5) The result of the testing on fixed assets impairment (continued)

The recoverable amount is determined based on the present value of expected future cash flows:
(continued)

| Item | Carrying amount | Recoverable amount | Impairment amounts | Terms of the predictive period | Key parameters of the predictive period | Key parameters for the stabilization period | The basis of determining the key parameters for the stabilization period |
|--|-----------------|--------------------|--------------------|--------------------------------|--|---|--|
| Dalian Jifa Shipping Management Co., Ltd. (Note 2) | 362,593,089.64 | 408,566,326.05 | - | 5 years | Future business volume, budgetary gross margins, discount rate | Perpetual growth rate, discount rate | The perpetual growth rates are determined with reference to the expected growth rate of the industry and do not exceed the average growth rate of the industry for a long term; the discount rates are before-tax discount rates which reflect the specific risk related to the relevant asset group |
| Dalian Haijia Automobile Terminal Co., Ltd. (Note 3) | 296,200,314.49 | 332,769,850.18 | - | 5 years | Future business volume, budgetary gross margins, discount rate | Perpetual growth rate, discount rate | The perpetual growth rates are determined with reference to the expected growth rate of the industry and do not exceed the average growth rate of the industry for a long term; the discount rates are before-tax discount rates which reflect the specific risk related to the relevant asset group |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

5) The result of the testing on fixed assets impairment (continued)

Recoverable amounts are determined at the present value of estimated future cash flows: (continued)

Note 1: The carrying value of Dalian Port Bulk Grain Terminal Company, a subsidiary of the Company, consists of the carrying value of fixed assets of RMB767,342,380.06, the carrying value of construction in progress of RMB22,035,133.60, the carrying value of right-of-use assets of RMB66,253,630.33, the carrying value of intangible assets of RMB707,687.82 and the carrying value of long-term prepaid expenses of RMB10,030,284.09.

Note 2: The carrying value of Dalian Jifa Shipping Management Co., Ltd., a subsidiary of the Group, consists of the carrying value of fixed assets of RMB362,450,063.95 and the carrying value of intangible assets of RMB143,025.69.

Note 3: The carrying value of Dalian Haijia Automobile Terminal Co., Ltd., a subsidiary of the Company, consists of the carrying value of fixed assets of RMB220,000,673.68 and the carrying value of intangible assets of RMB76,199,640.81.

(2) Disposal of fixed assets

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|---|---------------------|--------------------------------|
| Buildings | 5,226,283.32 | – |
| Port and terminal facilities | 272,802.06 | 163,986.76 |
| Automobiles and ships | 48,237.04 | 1,130,866.83 |
| Machinery and equipment, furniture, appliances and other equipment | 2,317,274.26 | 5,152,648.13 |
| Total | 7,864,596.68 | 6,447,501.72 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

14. Construction in progress

(1) Construction in progress

| Item | 31 December 2023 | | | 31 December 2022 (Restated) | | |
|---|-------------------------|--------------------------|-------------------------|-----------------------------|--------------------------|------------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| Dayao Bay No. 13-16 Berths in Phase II | 722,465,600.62 | - | 722,465,600.62 | 722,465,600.62 | - | 722,465,600.62 |
| No.19-21 Berths Construction in Progress | 519,858,654.93 | 96,566,868.62 | 423,291,786.31 | 519,858,654.93 | - | 519,858,654.93 |
| Xingang No. 18-21 Berths | 351,516,342.18 | - | 351,516,342.18 | 351,516,342.18 | - | 351,516,342.18 |
| Dayao Bay North Shore Automotive Logistics Centre | 114,255,622.76 | - | 114,255,622.76 | 148,898,592.13 | - | 148,898,592.13 |
| Others | 199,846,633.96 | - | 199,846,633.96 | 508,893,510.18 | 8,942,675.89 | 499,950,834.29 |
| Total | 1,907,942,854.45 | 96,566,868.62 | 1,811,375,985.83 | 2,251,632,700.04 | 8,942,675.89 | 2,242,690,024.15 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

14. Construction in progress (continued)

(2) Book balance and changes of construction in progress at the end of the period

2023

| Item | Budget | Opening balance | Increase in the year | Transferred to fixed assets, intangible assets, investment properties and long-term prepaid expenses | Other decreases | Provision for impairment | Closing balance | % of investment to budget | Progress of construction (%) | Accumulative amount of capitalized interests | Including: Interests capitalized in current year | Capitalisation Source rate (%) of funds |
|--|-------------------------|-------------------------|-----------------------|--|-------------------|--------------------------|-------------------------|---------------------------|------------------------------|--|--|---|
| Dayao Bay No. 13-16 Berths in Phase II | 3,783,000,000.00 | 722,465,600.62 | - | - | - | - | 722,465,600.62 | 93.00 | 93.00 | 237,311,095.64 | - | - Self-owned funds, loans from financial institutions and other sources |
| No.19-21 Berths Construction in Progress | 2,515,823,200.00 | 519,858,654.93 | - | - | - | 96,566,868.62 | 423,291,786.31 | 21.00 | 21.00 | 70,396,661.32 | - | - Self-owned funds and loans from financial institutions |
| Xingang No. 18-21 Berths | 413,770,000.00 | 351,516,342.18 | - | - | - | - | 351,516,342.18 | 86.00 | 86.00 | 83,522,029.54 | - | - Loans from financial institutions and other sources |
| Dayao Bay North Shore Automotive Logistics Centre Others | 450,000,000.00 | 148,898,592.13 | - | 34,642,969.37 | - | - | 114,255,622.76 | 33.00 | 33.00 | 8,054,440.28 | - | - Self-owned funds and loans from financial institutions |
| | 2,653,505,435.64 | 499,950,834.29 | 377,813,317.37 | 677,625,638.26 | 291,879.44 | - | 199,846,633.96 | - | - | 3,000,987.14 | - | - |
| Total | 9,816,088,635.64 | 2,242,690,024.15 | 377,813,317.37 | 712,268,607.63 | 291,879.44 | 96,566,868.62 | 1,811,375,985.83 | - | - | 402,285,213.92 | - | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

14. Construction in progress (continued)

(2) Book balance and changes of construction in progress at the end of the period (continued)

2022 (Restated)

| Item | Budget | Opening balance | Increase in the year | Transferred to fixed assets, intangible assets, investment properties and long-term prepaid expenses | Impact of change in scope of combination | Provisions for impairment | Closing balance | % of investment to budget (%) | Progress of construction (%) | Accumulative amount of capitalized interests | Including: Interests capitalized in current year | Capitalisation rate (%) | Source of funds |
|---|-------------------------|-------------------------|-----------------------|--|--|---------------------------|-------------------------|-------------------------------|------------------------------|--|--|-------------------------|---|
| Dayao Bay No. 13-16 Berths in Phase II | 3,783,000,000.00 | 722,465,600.62 | - | - | - | - | 722,465,600.62 | 93.00 | 93.00 | 237,311,095.64 | - | - | Self-owned funds, loans from financial institutions and other sources |
| No.19-21 Berths Construction in Progress | 2,515,823,200.00 | 520,158,654.93 | 590,000.00 | 890,000.00 | - | - | 519,658,654.93 | 21.00 | 21.00 | 70,396,661.32 | - | - | Self-owned funds and loans from financial institutions |
| Xingang No. 18-21 Berths | 413,770,000.00 | 351,516,342.18 | - | - | - | - | 351,516,342.18 | 86.00 | 86.00 | 83,622,029.54 | - | - | Loans from financial institutions and other sources |
| Dayao Bay North Shore Automotive Logistics Centre | 450,000,000.00 | 148,898,592.13 | - | - | - | - | 148,898,592.13 | 33.00 | 33.00 | 8,054,440.28 | - | - | Self-owned funds and loans from financial institutions |
| Renovation of No. 59-60 Berths | 1,201,126,300.00 | 559,801,166.70 | 124,630,745.67 | 684,431,904.37 | - | - | - | 100.00 | 100.00 | - | - | - | Self-owned funds |
| Others | 1,225,769,810.65 | 392,487,582.19 | 276,961,411.39 | 160,555,483.40 | - | 8,942,676.89 | 499,950,834.29 | - | - | 6,090,166.98 | - | - | - |
| Total | 9,589,489,310.65 | 2,686,327,930.75 | 402,182,157.06 | 846,877,387.77 | - | 8,942,676.89 | 2,242,690,024.15 | - | - | 405,374,386.76 | - | - | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

14. Construction in progress (continued)

(3) Impairment test of construction in progress

As there was no substantive progress on construction in progress for many years, the Group conducted impairment tests on Dayao Bay No. 13-16 Berths in Phase II, No. 19-21 Berths Construction in Progress and Xingang No. 18-21 Berths during the year.

The recoverable amount is determined by net value of fair value less costs of disposal:

| | Carrying amount | Recoverable amount | Impairment amounts | Determination of fair value and costs of disposal | Key parameters | The basis of determining the key parameters |
|---|-----------------|--------------------|--------------------|--|-----------------------|---|
| Dayao Bay No. 13-16 Berths in Phase II | 722,465,600.62 | 758,474,614.16 | – | The fair value adopts the market method and the costs of disposal are the costs related to the disposal of the asset | Evaluation unit price | Refer to recent trading prices or average quotes of assets in the market that are similar to the appraised assets and make adjustment and amendment for differences |
| No.19-21 Berths Construction in Progress (Note) | 423,291,786.31 | 469,691,481.35 | 96,566,868.62 | The fair value adopts the market method and the costs of disposal are the costs related to the disposal of the asset | Evaluation unit price | Refer to recent trading prices or average quotes of assets in the market that are similar to the appraised assets and make adjustment and amendment for differences |
| Xingang No. 18-21 Berths | 351,516,342.18 | 602,173,934.85 | – | The fair value adopts the market method and the costs of disposal are the costs related to the disposal of the asset | Evaluation unit price | Refer to recent trading prices or average quotes of assets in the market that are similar to the appraised assets and make adjustment and amendment for differences |

Note: Dalian Container Terminal Co., Ltd., a subsidiary of the Group, evaluated the project of No. 19-21 Berths Construction in Progress and decided to suspend the construction of part of the project in 2023, and provided for impairment of construction in progress of RMB96,566,868.62 (31 December 2022: Nil) based on the estimated recoverable amount of its assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

15. Right-of-use assets

(1) Details of right-of-use assets

2023

| Item | Buildings | Port and terminal facilities | Automobiles and ships | Machinery, furniture, appliances and other equipment | Others | Total |
|--------------------------------------|----------------|------------------------------|-----------------------|--|------------------|------------------|
| I. Original value | | | | | | |
| Opening balance | 147,458,348.37 | 3,858,349,659.84 | 3,767,170.10 | 2,120,525.96 | 1,646,573,596.25 | 5,658,269,300.52 |
| Increase in the year | 26,013,632.57 | - | - | - | - | 26,013,632.57 |
| Decrease in the year | 1,112,046.08 | 12,948,822.25 | 2,918,343.22 | - | - | 16,979,211.55 |
| Closing balance | 172,359,934.86 | 3,845,400,837.59 | 848,826.88 | 2,120,525.96 | 1,646,573,596.25 | 5,667,303,721.54 |
| II. Accumulated depreciation | | | | | | |
| Opening balance | 49,772,470.88 | 406,696,337.20 | 834,455.11 | 462,423.72 | 224,489,127.16 | 682,254,814.07 |
| Increase in the year | 18,716,176.25 | 165,292,772.59 | 490,719.92 | 462,423.84 | 57,730,170.60 | 242,692,263.20 |
| Decrease in the year | 629,910.76 | - | 759,290.32 | - | - | 1,389,201.08 |
| Closing balance | 67,858,736.37 | 571,989,109.79 | 565,884.71 | 924,847.56 | 282,219,297.76 | 923,557,876.19 |
| III. Provision for impairment | | | | | | |
| Opening balance | - | - | - | - | - | - |
| Closing balance | - | - | - | - | - | - |
| IV. Net amount | | | | | | |
| Opening balance | 97,685,877.49 | 3,451,653,322.64 | 2,932,714.99 | 1,658,102.24 | 1,422,084,469.09 | 4,976,014,486.45 |
| Closing balance | 104,501,198.49 | 3,273,411,727.80 | 282,942.17 | 1,195,678.40 | 1,364,354,298.49 | 4,743,745,845.35 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

15. Right-of-use assets (continued)

(1) Details of right-of-use assets (continued)

2022 (Restated)

| Item | Buildings | Port and terminal facilities | Automobiles and ships | Machinery, furniture, appliances and other equipment | Others | Total |
|--------------------------------------|----------------|------------------------------|-----------------------|--|------------------|------------------|
| I. Original value | | | | | | |
| Opening balance | 143,499,511.61 | 3,376,922,803.94 | 4,536,482.08 | - | 1,384,685,719.38 | 4,909,644,517.01 |
| Increase in the year | 13,979,631.70 | 1,031,802,091.61 | 848,826.89 | 2,120,525.96 | 271,050,993.77 | 1,319,802,069.93 |
| Decrease in the year | 10,020,794.94 | 550,375,235.71 | 1,618,138.87 | - | 9,163,116.90 | 571,177,286.42 |
| Closing balance | 147,458,348.37 | 3,858,349,659.84 | 3,767,170.10 | 2,120,525.96 | 1,646,573,596.25 | 5,658,269,300.52 |
| II. Accumulated depreciation | | | | | | |
| Opening balance | 34,453,586.23 | 291,772,006.11 | 1,328,239.77 | - | 167,429,049.03 | 494,982,881.14 |
| Provision for the year | 18,264,643.42 | 166,290,017.65 | 661,438.06 | 462,423.72 | 59,702,573.69 | 245,381,096.54 |
| Decrease in the year | 2,945,758.77 | 51,365,686.56 | 1,155,222.72 | - | 2,642,495.56 | 58,109,163.61 |
| Closing balance | 49,772,470.88 | 406,696,337.20 | 834,455.11 | 462,423.72 | 224,489,127.16 | 682,254,814.07 |
| III. Provision for impairment | | | | | | |
| Opening balance | - | - | - | - | - | - |
| Closing balance | - | - | - | - | - | - |
| IV. Net amount | | | | | | |
| Opening balance | 109,045,925.38 | 3,085,150,797.83 | 3,208,242.31 | - | 1,217,256,670.35 | 4,414,661,635.87 |
| Closing balance | 97,685,877.49 | 3,451,653,322.64 | 2,932,714.99 | 1,658,102.24 | 1,422,084,469.09 | 4,976,014,486.45 |

(2) Impairment testing of right-of-use assets

As the economic performance of the assets has been lower than the expected, the impairment testing for the right-of-use assets of Dalian Jifa Bohai Rim Container Lines Co., Ltd. and Dalian Port Bulk Grain Terminal Company were performed. Please refer to Note IX.13.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

16. Intangible assets

(1) Intangible assets

2023

| Item | Land use rights | Software | Port facility use rights | Others | Total |
|---|------------------|----------------|-----------------------------|---------------|------------------|
| I. Original book value | | | | | |
| 1. Opening balance | 6,054,637,275.03 | 362,634,636.57 | 407,216,152.62 | 66,086,080.90 | 6,890,574,145.12 |
| 2. Increase in the year | | | | | |
| (1) Additions | - | 10,281,041.77 | - | - | 10,281,041.77 |
| (2) Transfer from construction in progress | - | 6,624,665.96 | - | - | 6,624,665.96 |
| (3) Transfer from investment properties | - | - | - | - | - |
| (4) Transfer from development expenditure | - | 23,704,501.57 | - | - | 23,704,501.57 |
| 3. Decrease in the year | | | | | |
| (1) Disposal | - | 9,024,665.60 | - | - | 9,024,665.60 |
| (2) Decrease in change of scope of combination | - | - | - | - | - |
| (3) Transfer to investment properties | - | - | - | - | - |
| (4) Other decreases | - | 26,371.35 | - | - | 26,371.35 |
| 4. Closing balance | 6,054,637,275.03 | 394,193,808.92 | 407,216,152.62 | 66,086,080.90 | 6,922,133,317.47 |
| II. Accumulated amortisation | | | | | |
| 1. Opening balance | 940,848,632.96 | 240,043,219.53 | 151,851,759.38 | 66,086,080.90 | 1,398,829,692.77 |
| 2. Increase in the year | | | | | |
| (1) Provision | 149,508,034.18 | 23,432,825.25 | 9,320,368.80 | - | 182,261,228.23 |
| (2) Increase in change of scope of combination | - | - | - | - | - |
| (3) Transfer from investment properties | - | - | - | - | - |
| 3. Decrease in the year | | | | | |
| (1) Disposal | - | 9,024,665.60 | - | - | 9,024,665.60 |
| (2) Decrease in change of scope of combination | - | - | - | - | - |
| (3) Transfer to investment properties | - | - | - | - | - |
| (4) Other decreases | - | 23,768.41 | - | - | 23,768.41 |
| 4. Closing balance | 1,090,356,667.14 | 254,427,610.77 | 161,172,128.18 | 66,086,080.90 | 1,572,042,486.99 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

16. Intangible assets (continued)

(1) Intangible assets (continued)

2023 (continued)

| Item | Land use rights | Software | Port facility use rights | Others | Total |
|--|------------------|----------------|-----------------------------|--------|------------------|
| III. Provision for impairment | | | | | |
| 1. Opening balance | - | - | - | - | - |
| 2. Increase in the year | - | - | - | - | - |
| 3. Decrease in the year | - | - | - | - | - |
| 4. Closing balance | - | - | - | - | - |
| IV. Carrying amount | | | | | |
| 1. Closing balance | 4,964,280,607.89 | 139,766,198.15 | 246,044,024.44 | - | 5,350,090,830.48 |
| 2. Opening balance | 5,113,788,642.07 | 122,591,417.04 | 255,364,393.24 | - | 5,491,744,452.35 |
| Pledged net assets at the end of the year | - | - | - | - | - |

Note: Some of the assets of DCT Logistics, a subsidiary of the Company, were seized, frozen and detained by the major warehousing client due to its involvement in lawsuits. As at 31 December 2023, its intangible assets with a carrying amount of RMB21,028,407.44 were seized (31 December 2022: RMB21,675,825.44). Please refer to Note IX.22 and Note XV.1.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

16. Intangible assets (continued)

(1) Intangible assets (continued)

2022 (Restated)

| Item | Land use rights | Software | Port facility use rights | Others | Total |
|---|------------------|----------------|-----------------------------|---------------|------------------|
| I. Original book value | | | | | |
| 1. Opening balance | 6,056,618,578.86 | 318,259,604.46 | 407,216,152.62 | 66,086,080.90 | 6,848,180,416.84 |
| 2. Increase in the year | | | | | |
| (1) Additions | - | 4,921,781.66 | - | - | 4,921,781.66 |
| (2) Transfer from construction in progress | - | 24,673,250.45 | - | - | 24,673,250.45 |
| (3) Transfer from investment properties | 18,696.17 | - | - | - | 18,696.17 |
| (4) Transfer from development expenditure | - | 14,780,000.00 | - | - | 14,780,000.00 |
| 3. Decrease in the year | | | | | |
| (1) Disposal | - | - | - | - | - |
| (2) Decrease in change of scope of combination | - | - | - | - | - |
| (3) Transfer to investment properties | - | - | - | - | - |
| (4) Other decreases | 2,000,000.00 | - | - | - | 2,000,000.00 |
| 4. Closing balance | 6,054,637,275.03 | 362,634,636.57 | 407,216,152.62 | 66,086,080.90 | 6,890,574,145.12 |
| II. Accumulated amortisation | | | | | |
| 1. Opening balance | 790,854,401.08 | 220,311,074.60 | 142,258,277.30 | 64,901,066.15 | 1,218,324,819.13 |
| 2. Increase in the year | | | | | |
| (1) Provision | 149,987,855.23 | 19,732,144.93 | 9,593,482.08 | 1,185,014.75 | 180,498,496.99 |
| (2) Increase in change of scope of combination | - | - | - | - | - |
| (3) Transfer from investment properties | 6,376.65 | - | - | - | 6,376.65 |
| 3. Decrease in the year | | | | | |
| (1) Disposal | - | - | - | - | - |
| (2) Decrease in change of scope of combination | - | - | - | - | - |
| (3) Transfer to investment properties | - | - | - | - | - |
| 4. Closing balance | 940,848,632.96 | 240,043,219.53 | 151,851,759.38 | 66,086,080.90 | 1,398,829,692.77 |
| III. Provision for impairment | | | | | |
| 1. Opening balance | - | - | - | - | - |
| 2. Increase in the year | - | - | - | - | - |
| 3. Decrease in the year | - | - | - | - | - |
| 4. Closing balance | - | - | - | - | - |
| IV. Carrying amount | | | | | |
| 1. Closing balance | 5,113,788,642.07 | 122,591,417.04 | 255,364,393.24 | - | 5,491,744,452.35 |
| 2. Opening balance | 5,265,764,177.78 | 97,948,529.86 | 264,957,875.32 | 1,185,014.75 | 5,629,855,597.71 |
| Pledged net assets at the end of the year | - | - | - | - | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

16. Intangible assets (continued)

(2) Land use rights for which the certificate of title had not been obtained

As at 31 December 2023, the intangible assets for which the certificate of title had not been obtained are as follows:

| Item | 31 December 2023 Carrying amount | 31 December 2022 (Restated) Carrying amount |
|-----------------|-------------------------------------|---|
| Land use rights | - | 3,407,469.74 |

(3) Impairment test on intangible assets

Given that the economic performance of the assets has been lower than expected or the use of assets have been terminated, the Company has conducted impairment tests on intangible assets of companies, including Dalian Zhuanghe Gangxing Investment Co., Ltd., Heilongjiang Suimu Dalian Port Logistics Co., Ltd., Dalian Port Bulk Grain Terminal Company (大連港散糧碼頭公司), Dalian Jifa Shipping Management Co., Ltd. and Dalian Haijia Automobile Terminal Co., Ltd.

The recoverable amount is determined by net value of fair value less costs of disposal:

| Item | Carrying amount | Recoverable amount | Impairment amount | Determination of fair value and costs of disposal | Key parameters | Determination basis of key parameters |
|---|-----------------|--------------------|-------------------|--|-----------------------|---|
| Dalian Zhuanghe Gangxing Investment Co., Ltd. | 66,697,569.83 | 84,668,691.45 | - | the fair value adopts the market method and the costs of disposal are the costs related to the disposal of the asset | evaluation unit price | refer to recent trading prices or average quotes of assets in the market that are similar to the appraised assets and make adjustment and amendment for differences |

Note: For the impairment tests on intangible assets of Heilongjiang Suimu Dalian Port Logistics Co., Ltd., Dalian Port Bulk Grain Terminal Company (大連港散糧碼頭公司), Dalian Jifa Shipping Management Co., Ltd. and Dalian Haijia Automobile Terminal Co., Ltd., please refer to Note IX. 13.

17. Development expenditure

Refer to Note X.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

18. Goodwill

(1) *The breakdown of goodwill is as follows:*

2023

| Investee | Source | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|---|-----------------------|-----------------------|----------------------|----------------------|-----------------------|
| Liaoning Con-Rail International logistics Co., Ltd. | Corporate combination | 4,398,401.85 | - | - | 4,398,401.85 |
| Dalian Jiyi Logistics Co., Ltd. | Corporate combination | 2,397,589.82 | - | - | 2,397,589.82 |
| DCT Logistics | Corporate combination | 6,218,460.29 | - | - | 6,218,460.29 |
| Yingkou Ltd. | Corporate combination | 219,133,513.00 | - | - | 219,133,513.00 |
| Coal business, barge business and hydropower business in Yingkou Port Group | Business combination | 97,144,359.35 | - | - | 97,144,359.35 |
| Total | | 329,292,324.31 | - | - | 329,292,324.31 |
| Provision for impairment of goodwill | | 103,362,819.64 | - | - | 103,362,819.64 |
| Total net goodwill | | 225,929,504.67 | - | - | 225,929,504.67 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

18. Goodwill (continued)

(1) The breakdown of goodwill is as follows: (continued)

2022 (Restated)

| Investee | Source | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|---|-----------------------|-----------------------|----------------------|----------------------|-----------------------|
| Liaoning Con-Rail International logistics Co., Ltd. | Corporate combination | 4,398,401.85 | - | - | 4,398,401.85 |
| Dalian Jiye Logistics Co., Ltd. | Corporate combination | 2,397,589.82 | - | - | 2,397,589.82 |
| DCT Logistics | Corporate combination | 6,218,460.29 | - | - | 6,218,460.29 |
| Yingkou Ltd. | Corporate combination | 219,133,513.00 | - | - | 219,133,513.00 |
| Coal business, barge business and hydropower business in Yingkou Port Group | Business combination | 97,144,359.35 | - | - | 97,144,359.35 |
| Total | | 329,292,324.31 | - | - | 329,292,324.31 |
| Provision for impairment of goodwill | | 103,362,819.64 | - | - | 103,362,819.64 |
| Total net goodwill | | 225,929,504.67 | - | - | 225,929,504.67 |

(2) Details of provision for impairment of goodwill are as follows:

2023

| Item | Opening balance | Provision for the year | Decrease for the year | Closing balance |
|---|-----------------------|------------------------|-----------------------|-----------------------|
| DCT Logistics | 6,218,460.29 | - | - | 6,218,460.29 |
| Coal business, barge business and hydropower business in Yingkou Port Group | 97,144,359.35 | - | - | 97,144,359.35 |
| Total | 103,362,819.64 | - | - | 103,362,819.64 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

18. Goodwill (continued)

(2) Details of provision for impairment of goodwill are as follows: (continued)

2022 (Restated)

| Item | Opening balance | Provision for the year | Decrease for the year | Closing balance |
|---|-----------------------|------------------------|-----------------------|-----------------------|
| DCT Logistics | 6,218,460.29 | – | – | 6,218,460.29 |
| Coal business, barge business and hydropower business in Yingkou Port Group | 97,144,359.35 | – | – | 97,144,359.35 |
| Total | 103,362,819.64 | – | – | 103,362,819.64 |

(3) Information about the asset group or portfolio of asset groups

| Item | Basis for the composition of the asset group or portfolio of asset groups | Operating segments and basis | Whether it is consistent with previous years |
|---|---|---|--|
| Liaoning Con-Rail International Logistics Co., Ltd. | It is mainly composed of Liaoning Con-Rail International Logistics Co., Ltd., and the cash inflow generated is basically independent of the cash inflow generated by other assets or asset groups | For internal management purposes, the portfolio of asset group is attributable to container terminals and related logistics services according to the type of products and services | Yes |
| Dalian Jiyi Logistics Co., Ltd. | It is mainly composed of Dalian Jiyi Logistics Co., Ltd., and the cash inflow generated is basically independent of the cash inflow generated by other assets or asset groups | For internal management purposes, the portfolio of asset group is attributable to container terminals and related logistics services according to the type of products and services | Yes |
| Yingkou Ltd. | It is mainly composed of Yingkou Ltd., and the cash inflow generated is basically independent of the cash inflow generated by other assets or asset groups | For internal management purposes, the portfolio of asset group is attributable to 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 and port value-added and ancillary services according to the type of products and services | Yes |

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

18. Goodwill (continued)

(4) Specific confirmation method of recoverable amount

The recoverable amount is determined based on the present value of expected future cash flows:

| Item | Carrying amount | Recoverable amount | Impairment amount | Terms of the predictive period | Key parameters of the predictive period | Key parameters for the stabilization period | The basis of determining the key parameters for the stabilization period |
|---|-------------------|--------------------|-------------------|--------------------------------|--|---|--|
| Liaoning Con-Rail International Logistics Co., Ltd. | 25,967,340.09 | 70,036,652.31 | - | 5 years | Future business volume, budgetary gross margins, discount rate | Growth rate, discount rate | see Note for details |
| Dalian Jiye Logistics Co., Ltd. | 116,044,141.45 | 153,510,683.68 | - | 5 years | Future business volume, budgetary gross margins, discount rate | Growth rate, discount rate | see Note for details |
| Yingkou Ltd. | 23,258,066,170.26 | 26,432,325,010.28 | - | 5 years | Future business volume, budgetary gross margins, discount rate | Growth rate, discount rate | see Note for details |

Note: The recoverable amount of the asset group (Liaoning Con-Rail International Logistics Co., Ltd., Dalian Jiye Logistics Co., Ltd. and Yingkou Ltd.) was determined according to the present value of expected future cash flows of the asset group. The expected future cash flows were based on financial budgets covering a five-year period approved by management. Cash flows beyond the five-year period are estimated on the basis of fixed growth rate (as described in the table below), and calculated using cash flows expectation method. The main assumptions for the recoverable amount for such asset groups are as follows:

| | Liaoning Con-Rail International Logistics Co., Ltd. | Dalian Jiye Logistics Co., Ltd. | Yingkou Ltd. |
|---------------|---|---------------------------------|--------------|
| Discount rate | 11% | 15% | 9% |
| Growth rate | 3% | 3% | 3% |

The discount rates adopted above are before-tax discount rates which reflect the specific risk related to the relevant asset group. The growth rates are determined with reference to the expected growth rate of the industry and do not exceed the average growth rate of the industry for a long term. The key assumptions made in determining cash flow projections also include budgetary gross margins, which are determined based on past experience and forecast on market developments by the management.

After testing, the management of the Group believes that any reasonable change in the above assumptions will not result in the book value of each asset group that generates goodwill to be higher than its recoverable amount, so there is no need to make provision for impairment of goodwill.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

19. Long-term prepaid expenses

The long-term prepaid expenses are listed as follows by item:

2023

| Item | Opening balance | Increase in the year | Amortisation in the year | Other decrease | Closing balance |
|---------------------------------------|----------------------|----------------------|--------------------------|-------------------|----------------------|
| Public facilities in a bonded port | 3,631,467.15 | – | 726,293.76 | – | 2,905,173.39 |
| Decoration | 2,602,571.81 | 10,527,590.94 | 1,613,996.90 | – | 11,516,165.85 |
| Site development expenses | 4,725,890.03 | – | 1,620,305.04 | – | 3,105,584.99 |
| Environmental reconstruction expenses | 15,894,254.06 | – | 1,197,833.40 | – | 14,696,420.66 |
| Berth dredging costs | 8,009,270.15 | 11,742,000.00 | 2,568,607.29 | 14,204.59 | 17,168,458.27 |
| Asset maintenance costs | 17,860,827.25 | 6,486,563.35 | 1,831,956.26 | 40,883.88 | 22,474,550.46 |
| Others | 3,838,027.79 | – | 1,522,155.18 | 86,605.70 | 2,229,266.91 |
| Total | 56,562,308.24 | 28,756,154.29 | 11,081,147.83 | 141,694.17 | 74,095,620.53 |

2022 (Restated)

| Item | Opening balance | Increase in the year | Amortisation in the year | Other decrease | Closing balance |
|---------------------------------------|----------------------|----------------------|--------------------------|------------------|----------------------|
| Public facilities in a bonded port | 4,357,760.91 | – | 726,293.76 | – | 3,631,467.15 |
| Decoration | 2,458,876.29 | 1,405,544.55 | 1,227,983.54 | 33,865.49 | 2,602,571.81 |
| Site development expenses | 6,346,195.07 | – | 1,620,305.04 | – | 4,725,890.03 |
| Environmental reconstruction expenses | 17,092,087.46 | – | 1,197,833.40 | – | 15,894,254.06 |
| Reconstruction of No. 6 bridge | 3,435,154.78 | – | 3,435,154.78 | – | – |
| Berth dredging costs | 9,759,778.73 | 819,676.99 | 2,570,185.57 | – | 8,009,270.15 |
| Asset maintenance costs | 43,465.13 | 19,463,133.54 | 1,645,771.42 | – | 17,860,827.25 |
| Others | 4,728,757.90 | 7,538.59 | 898,268.70 | – | 3,838,027.79 |
| Total | 48,222,076.27 | 21,695,893.67 | 13,321,796.21 | 33,865.49 | 56,562,308.24 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

20. Deferred income tax

(1) Deferred income tax assets before offsetting

| Item | 31 December 2023 | | 31 December 2022 (Restated) | |
|--|----------------------------|--|-----------------------------|--|
| | Deferred income tax assets | Deductible temporary differences and deductible losses | Deferred income tax assets | Deductible temporary differences and deductible losses |
| Lease liabilities | 1,280,637,103.36 | 5,122,548,413.44 | 1,320,642,950.27 | 5,282,571,801.10 |
| Depreciation of fixed assets | 362,285,107.96 | 1,449,140,431.84 | 372,781,303.59 | 1,491,125,214.36 |
| Provision for asset impairments | 218,766,999.24 | 875,067,996.96 | 140,995,345.61 | 563,981,382.44 |
| Unrealised profit of intra-group transaction | 156,558,583.42 | 626,234,333.68 | 167,197,948.90 | 668,791,795.60 |
| Corporate combination/ business combination | 78,683,997.90 | 314,735,991.60 | 82,144,049.12 | 328,576,196.48 |
| Deferred income | 30,105,332.05 | 120,421,328.20 | 34,879,991.78 | 139,519,967.12 |
| Deductible losses | 4,411,373.47 | 17,645,493.88 | – | – |
| Changes in fair value of investments in other equity instruments | 2,129,298.69 | 8,517,194.76 | 1,434,921.33 | 5,739,685.32 |
| Others | 7,751,159.43 | 31,004,637.72 | – | – |
| Total | 2,141,328,955.52 | 8,565,315,822.08 | 2,120,076,510.60 | 8,480,306,042.42 |

1) Deductible temporary differences and deductible losses that are not recognised as deferred income tax assets

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|----------------------------------|-----------------------|-----------------------------|
| Deductible losses | 584,995,683.90 | 518,978,092.09 |
| Deductible temporary differences | 288,652,875.77 | 298,780,684.50 |
| Total | 873,648,559.67 | 817,758,776.59 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

20. Deferred income tax (continued)

(1) Deferred income tax assets before offsetting (continued)

2) Deductible losses that are not recognised as deferred income tax assets will expire in the following years

| Year | 31 December 2023 | 31 December 2022 (Restated) |
|--------------|-----------------------|--------------------------------|
| 2023 | – | 87,692,813.88 |
| 2024 | 99,110,307.14 | 103,323,341.42 |
| 2025 | 89,261,314.43 | 89,261,314.43 |
| 2026 | 67,822,768.74 | 67,822,768.74 |
| 2027 | 169,097,051.64 | 170,877,853.62 |
| 2028 | 159,704,241.95 | – |
| Total | 584,995,683.90 | 518,978,092.09 |

(2) Deferred income tax liabilities before offsetting

| Item | 31 December 2023 | | 31 December 2022 (Restated) | |
|--|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| | Deferred income tax liabilities | Taxable temporary differences | Deferred income tax liabilities | Taxable temporary differences |
| Right-of-use assets | 1,185,858,385.31 | 4,743,433,541.24 | 1,243,901,673.09 | 4,975,606,692.36 |
| Corporate combination/ business combination | 654,008,679.83 | 2,616,034,719.32 | 694,719,927.60 | 2,778,879,710.40 |
| Depreciation of fixed assets | 68,170,213.94 | 272,680,855.76 | 72,915,151.64 | 291,660,606.56 |
| Realisation of business combination in stages | 37,891,003.77 | 151,564,015.08 | 37,891,003.77 | 151,564,015.08 |
| Changes in fair value of investments in other equity instruments | 12,070,600.74 | 48,282,402.98 | 7,761,660.10 | 31,046,640.42 |
| Others | 6,456,376.35 | 25,825,505.40 | 8,023,168.28 | 32,092,673.12 |
| Total | 1,964,455,259.94 | 7,857,821,039.78 | 2,065,212,584.48 | 8,260,850,337.94 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

20. Deferred income tax (continued)

(3) Deferred income tax assets or liabilities presented at net amount after offsetting

| Item | 31 December 2023 | | 31 December 2022 (Restated) | |
|---------------------------------|--|---|--|---|
| | Offset amount of deferred income tax assets and liabilities at the end of the year | Remaining deferred income tax assets or liabilities after offset at the end of the year | Offset amount of deferred income tax assets and liabilities at the beginning of the year | Remaining deferred income tax assets or liabilities after offset at the beginning of the year |
| Deferred income tax assets | -1,807,314,449.30 | 334,014,506.22 | -1,805,644,173.94 | 314,432,336.66 |
| Deferred income tax liabilities | -1,807,314,449.30 | 157,140,810.64 | -1,805,644,173.94 | 259,568,410.54 |

21. Other non-current assets

| Item | 31 December 2023 | | | 31 December 2022 (Restated) | | |
|------------------------------------|----------------------|---------------------------|----------------------|-----------------------------|---------------------------|----------------------|
| | Book balance | Provisions for impairment | Carrying amount | Book balance | Provisions for impairment | Carrying amount |
| Guarantee payment for land bidding | 1,860,000.00 | - | 1,860,000.00 | 1,860,000.00 | - | 1,860,000.00 |
| Input VAT to be deducted | 2,084,715.03 | - | 2,084,715.03 | 1,903,411.65 | - | 1,903,411.65 |
| Construction prepayments | 45,718,397.73 | - | 45,718,397.73 | 8,788,368.73 | - | 8,788,368.73 |
| Total | 49,663,112.76 | - | 49,663,112.76 | 12,551,780.38 | - | 12,551,780.38 |

22. Assets with restricted ownership or use right

2023

| Item | Book balance | Carrying amount | Restricted type | Restricted situation |
|--------------------------|-----------------------|-----------------------|-----------------|----------------------|
| Cash at bank and on hand | 25,450,153.48 | 25,450,153.48 | Frozen | Note (1) |
| Notes receivable | 1,400,000.00 | 1,400,000.00 | Endorsed | Note (2) |
| Fixed assets | 124,629,580.23 | 57,127,873.05 | Frozen | Note (3) |
| Intangible assets | 46,589,535.20 | 21,028,407.44 | Frozen | Note (4) |
| Other current assets | 1,331,303.21 | 322,900.00 | Frozen | Note (5) |
| Total | 199,400,572.12 | 105,329,333.97 | — | — |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

22. Assets with restricted ownership or use right (continued)

2022 (Restated)

| Item | Book balance | Carrying amount | Restricted type | Restricted situation |
|--------------------------|-----------------------|-----------------------|-----------------|----------------------|
| Cash at bank and on hand | 21,895,674.97 | 21,895,674.97 | Frozen | Note (1) |
| Fixed assets | 124,629,580.23 | 60,935,935.77 | Frozen | Note (3) |
| Intangible assets | 46,589,535.20 | 21,675,825.44 | Frozen | Note (4) |
| Total | 193,114,790.40 | 104,507,436.18 | — | — |

Note 1: As at 31 December 2023, bank deposits of RMB5,550,025.53 (31 December 2022: RMB2,853,716.05) was pledged as the Group's project performance guarantee.

As at 31 December 2023, bank deposits of RMB339,102.00 (31 December 2022: RMB755,102.00) was pledged as the Group's project quality guarantee.

As at 31 December 2023, bank deposits of RMB50,000.00 (31 December 2022: Nil) was pledged as the Group's wage guarantee for migrant workers.

As at 31 December 2023, bank deposits of Dalian Gangrun Gas Co., Ltd., a subsidiary of the Group, with carrying amount of RMB28.02 (31 December 2022: Nil) were frozen by the court due to the first-instance judgment ((2023) Liao 0291 Minchu No. 2688) issued by the People's Court of Dalian Economic and Technological Development Zone.

As at 31 December 2023, bank deposits of DCT Logistics, a subsidiary of the Company, with carrying amount of RMB19,510,997.93 (31 December 2022: RMB18,286,856.92) were frozen by the court due to litigation. See note XV.1 for details.

Note 2: As at 31 December 2023, the Group's notes receivable with carrying amount of RMB1,400,000.00 (31 December 2022: Nil) were endorsed for transfer but not derecognized.

Note 3: As at 31 December 2023, fixed assets of DCT Logistics, a subsidiary of the Company, with carrying amount of RMB57,127,873.05 (31 December 2022: RMB60,935,935.77) were compulsorily preserved by the court due to litigation. See note XV. 1 for details.

Note 4: As at 31 December 2023, intangible assets of DCT Logistics, a subsidiary of the Company, with carrying amount of RMB21,028,407.44 (31 December 2022: RMB21,675,825.44) were compulsorily preserved by the court due to litigation. See note XV. 1 for details.

Note 5: As at 31 December 2023, other current assets of Dalian Gangrun Gas Co., Ltd., a subsidiary of the Group, with carrying amount of RMB322,900.00 (31 December 2022: Nil) were compulsorily preserved by the court due to the first-instance judgment ((2023) Liao 0291 Minchu No. 2688) issued by People's Court of Dalian Economic and Technological Development Zone.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

23. Provision for asset impairments and provision for credit loss

31 December 2023

| Item | Opening balance | Provision in the year | Reversal in the year | Write-off during the year | Transferred out during the year | Other changes | Closing balance |
|---|-----------------------|-----------------------|----------------------|---------------------------|---------------------------------|---------------|-------------------------|
| Provision for bad debts | 578,801,252.88 | 214,048,743.73 | -3,010,600.73 | -266,366.87 | - | - | 789,573,029.01 |
| Provision for decline in value of inventories | 4,158,589.72 | 706,230.32 | - | - | - | - | 4,864,820.04 |
| Provision for impairment of long-term equity investment | 8,468,465.03 | - | - | - | - | - | 8,468,465.03 |
| Provision for impairment of fixed assets | 44,992,613.52 | - | - | - | - | - | 44,992,613.52 |
| Provision for impairment of construction in progress | 8,942,675.89 | 96,566,868.62 | - | - | - | -8,942,675.89 | 96,566,868.62 |
| Provision for impairment of goodwill | 103,362,819.64 | - | - | - | - | - | 103,362,819.64 |
| Provision for impairment of other current assets | - | 2,667,080.02 | - | - | - | 8,942,675.89 | 11,609,755.91 |
| Total | 748,726,416.68 | 313,988,922.69 | -3,010,600.73 | -266,366.87 | - | - | 1,059,438,371.77 |

31 December 2022 (Restated)

| Item | Opening balance | Provision in the year | Reversal in the year | Write-off during the year | Transferred out during the year | Closing balance |
|---|-----------------------|-----------------------|-----------------------|---------------------------|---------------------------------|-----------------------|
| Provision for bad debts | 422,709,156.56 | 192,660,312.71 | -35,338,248.28 | -1,229,968.11 | - | 578,801,252.88 |
| Provision for decline in value of inventories | 9,246,496.78 | 2,715,887.74 | - | - | -7,803,794.80 | 4,158,589.72 |
| Provision for impairment of long-term equity investment | 8,468,465.03 | - | - | - | - | 8,468,465.03 |
| Provision for impairment of fixed assets | 44,992,613.52 | - | - | - | - | 44,992,613.52 |
| Provision for impairment of construction in progress | - | 8,942,675.89 | - | - | - | 8,942,675.89 |
| Provision for impairment of goodwill | 103,362,819.64 | - | - | - | - | 103,362,819.64 |
| Total | 588,779,551.53 | 204,318,876.34 | -35,338,248.28 | -1,229,968.11 | -7,803,794.80 | 748,726,416.68 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

24. Short-term borrowings

| Type of borrowings | 31 December 2023 | 31 December 2022 (Restated) |
|--------------------------|-------------------------|-----------------------------|
| Credit borrowings (Note) | 1,000,000,000.00 | — |
| Interest payable | 718,055.55 | — |
| Total | 1,000,718,055.55 | — |

Note: As at 31 December 2023, the principle of Credit borrowings was RMB1,000,000,000.00 with annual interest rate of 2.35%-3.45%.

25. Accounts payable

(1) Breakdown of accounts payable

| Aging | 31 December 2023 | | 31 December 2022 (Restated) | |
|----------------------------------|-----------------------|----------------|-----------------------------|----------------|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Within 1 year (including 1 year) | 286,724,364.82 | 88.90 | 312,175,559.12 | 90.76 |
| 1 to 2 years (including 2 years) | 9,403,164.90 | 2.92 | 7,190,677.04 | 2.09 |
| 2 to 3 years (including 3 years) | 1,841,768.28 | 0.57 | 3,600,844.03 | 1.05 |
| Over 3 years | 24,543,479.37 | 7.61 | 20,974,775.61 | 6.10 |
| Total | 322,512,777.37 | 100.00 | 343,941,855.80 | 100.00 |

(2) Significant accounts payable aged over one year

| Name of entity | Amount owed | Aging | Reason for unsettlement |
|--|----------------------|---------------|--|
| Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司) | 8,000,000.00 | Above 3 years | Payment conditions have not been met yet |
| Yingkou Lianfeng Logistics Co., Ltd. (營口聯豐物流有限公司) | 6,822,092.44 | Above 3 years | Payment conditions have not been met yet |
| Total | 14,822,092.44 | — | — |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

25. Accounts payable (continued)

(3) Amount by nature

| Nature | 31 December 2023 | 31 December 2022 (Restated) |
|---|-----------------------|--------------------------------|
| Vessel rental and shipping freight | 140,217,548.71 | 176,567,794.11 |
| Payment for purchase of goods | 9,314,591.54 | 8,797,650.35 |
| Payment for purchase of supplementary materials | 172,980,637.12 | 158,576,411.34 |
| Total | 322,512,777.37 | 343,941,855.80 |

26. Advances from customers

(1) Breakdown of aging of advances from customers

| Aging | 31 December 2023 | | 31 December 2022 (Restated) | |
|-------------------------------------|---------------------|----------------|-----------------------------|----------------|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Within 1 year (including 1 year) | 3,340,244.41 | 100.00 | 4,508,721.75 | 100.00 |
| Total | 3,340,244.41 | 100.00 | 4,508,721.75 | 100.00 |

As at 31 December 2023, the Group had no significant advances from customers aged over one year.

(2) Nature of advances from customers

| Nature | 31 December 2023 | 31 December 2022 (Restated) |
|-------------|---------------------|--------------------------------|
| Rental fees | 3,340,244.41 | 4,508,721.75 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

27. Contract liabilities

(1) Contract liabilities

| Nature | 31 December 2023 | 31 December 2022 (Restated) |
|------------------------|-----------------------|--------------------------------|
| Miscellaneous expenses | 192,412,972.66 | 259,761,974.35 |
| Freight | 2,831,972.40 | 23,741,208.71 |
| Others | 24,433,958.90 | 22,692,596.99 |
| Total | 219,678,903.96 | 306,195,780.05 |

(2) Revenue recognised in the current year and included in the opening carrying amount of contract liabilities

Revenue recognised in the current year and included in the opening carrying amount of contract liabilities amounted to RMB287,598,013.79, including RMB244,837,177.40 from miscellaneous expenses, RMB23,577,151.68 from freight and RMB19,183,684.71 generated from other contracts.

(3) Qualitative and quantitative analysis on relevant contract liabilities

Contract liabilities mainly represent payments received by the Group for providing port operations services to customers. The payment shall be collected in accordance with the payment time agreed in the contract. The Group recognises contract revenue based on the progress of contract performance, and contract liabilities will be recognised as revenue after the Group has fulfilled its performance obligations. The decrease in contract liabilities at the end of the year of RMB86,516,876.09 was mainly due to the decrease in advances from customers arising from the decrease in business volumes of bulk and general cargo terminal and relevant logistics services segment, container terminal and relevant logistics services at the end of the year.

(4) As at 31 December 2023, the Group had no significant contract liabilities aged over one year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

28. Employee benefits payable

(1) Classification of employee benefits payable

| Item | 31 December 2022 (Restated) | Increase in the year | Decrease in the year | 31 December 2023 |
|---|--------------------------------|-------------------------|-------------------------|-----------------------|
| I. Short-term benefits | 347,091,949.91 | 2,473,084,853.05 | 2,456,694,463.18 | 363,482,339.78 |
| II. Post-employment benefits – defined contribution plan | 3,591,956.93 | 364,142,760.08 | 365,739,469.24 | 1,995,247.77 |
| III. Termination benefits | 20,000.00 | 5,448,538.08 | 5,468,538.08 | – |
| Total | 350,703,906.84 | 2,842,676,151.21 | 2,827,902,470.50 | 365,477,587.55 |

(2) Short-term employee benefits

| Item | 31 December 2022 (Restated) | Increase in the year | Decrease in the year | 31 December 2023 |
|---|--------------------------------|-------------------------|-------------------------|-----------------------|
| I. Wages and salaries, bonus, allowances and subsidies | 301,117,334.75 | 1,924,919,889.27 | 1,901,416,835.73 | 324,620,388.29 |
| II. Staff welfare | – | 108,603,473.84 | 108,603,473.84 | – |
| III. Social insurance contributions Including: Medical insurance and | 9,720,600.30 | 181,079,771.86 | 181,223,117.65 | 9,577,254.51 |
| Maternity insurance | 9,689,148.71 | 159,451,436.35 | 159,593,470.53 | 9,547,114.53 |
| Work injury insurance | 31,451.59 | 17,054,534.16 | 17,055,845.77 | 30,139.98 |
| Others | – | 4,573,801.35 | 4,573,801.35 | – |
| IV. Housing funds | 608,446.00 | 182,644,819.06 | 183,250,261.06 | 3,004.00 |
| V. Labour union funds and employee education funds | 4,272,689.44 | 33,319,377.72 | 33,061,359.80 | 4,530,707.36 |
| VI. Other short-term employee benefits | 31,372,879.42 | 42,517,521.30 | 49,139,415.10 | 24,750,985.62 |
| Total | 347,091,949.91 | 2,473,084,853.05 | 2,456,694,463.18 | 363,482,339.78 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

28. Employee benefits payable (continued)

(3) Defined contribution plans

| Item | 31 December 2022 (Restated) | Increase in the year | Decrease in the year | 31 December 2023 |
|----------------------------|--------------------------------|-------------------------|-------------------------|---------------------|
| I. Basic pensions | 627,006.56 | 318,522,507.99 | 318,548,480.55 | 601,034.00 |
| II. Unemployment insurance | 32,745.25 | 10,041,782.98 | 10,042,818.06 | 31,710.17 |
| III. Payment of annuity | 2,932,205.12 | 35,578,469.11 | 37,148,170.63 | 1,362,503.60 |
| Total | 3,591,956.93 | 364,142,760.08 | 365,739,469.24 | 1,995,247.77 |

29. Taxes payable

| Item | 31 December 2022 (Restated) | Provision in the year | Tax paid in the year | 31 December 2023 |
|--|--------------------------------|--------------------------|-------------------------|-----------------------|
| VAT | 12,992,588.70 | 277,801,727.03 | 275,474,327.63 | 15,319,988.10 |
| Corporate income tax | 105,126,215.64 | 653,365,841.68 | 631,062,989.99 | 127,429,067.33 |
| City maintenance and construction tax | 351,466.10 | 18,948,226.42 | 18,682,519.06 | 617,173.46 |
| Individual income tax | 3,961,404.44 | 27,239,683.69 | 28,717,693.03 | 2,483,395.10 |
| Educational surcharge | 291,414.67 | 13,541,809.30 | 13,333,363.88 | 499,860.09 |
| Other tax payable | 17,435,810.70 | 120,398,991.33 | 120,400,766.80 | 17,434,035.23 |
| Total | 140,158,900.25 | 1,111,296,279.45 | 1,087,671,660.39 | 163,783,519.31 |

30. Other payables

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|-------------------|-----------------------|--------------------------------|
| Interest payable | – | – |
| Dividends payable | 187,078,249.46 | 133,169,817.19 |
| Other payables | 528,173,193.38 | 812,877,540.91 |
| Total | 715,251,442.84 | 946,047,358.10 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

30. Other payables (continued)

(1) Dividends payable

| Item | Name of entity | 31 December 2023 | 31 December 2022 (Restated) |
|------------------------------|--|-----------------------|--------------------------------|
| Dividends of ordinary shares | Singapore Dalian Port Investment Pte. Ltd. | 55,669,254.71 | 54,436,724.71 |
| | China Merchants International Technology Company Limited | 54,486,470.51 | — |
| | China Shipping Terminal Development Co., Ltd. | 23,530,965.74 | 23,009,984.79 |
| | Nippon Yusen Kabushiki Kaisha | 14,666,707.48 | 14,341,983.23 |
| | Dalian City Construction Investment Group Co., Ltd. | 11,648,655.69 | 3,527,787.23 |
| | COSCO SHIPPING Ports (Dalian) Limited | 9,313,894.54 | 9,107,682.79 |
| | COSCO SHIPPING Ports Development Co., Ltd. | 7,836,518.16 | 7,663,015.86 |
| | Dalian Bonded Zhengtong Co., Ltd. | 5,779,554.22 | 5,779,554.22 |
| | United States Sankyo Holdings Limited | 2,036,793.56 | 2,704,681.98 |
| | NYK Bulk & Projects Carriers Ltd. | 1,629,434.85 | 2,163,745.59 |
| | China Ocean Shipping Tally Co. Ltd. | 480,000.00 | — |
| | Anshan Iron & Steel Co. Ltd. | — | 10,434,656.79 |
| Total | — | 187,078,249.46 | 133,169,817.19 |

As at 31 December 2023, the balance of dividends payable aged over 1 year amounted to RMB9,307,341.45 (31 December 2022: RMB5,779,554.22), which are dividends payable to be paid.

(2) Other payables

1) Other payables presented by nature

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|--|-----------------------|--------------------------------|
| Project expenses and guarantee deposit | 256,274,609.09 | 290,045,158.47 |
| Land compensation | 7,500,000.00 | 7,500,000.00 |
| Deposit and security deposit | 113,318,513.93 | 113,734,661.00 |
| Freight | 5,777,909.38 | 6,072,329.18 |
| Late fee | — | 4,979,198.95 |
| Last payment for assets acquisition | — | 139,144,304.85 |
| Others | 145,302,160.98 | 251,401,888.46 |
| Total | 528,173,193.38 | 812,877,540.91 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

30. Other payables (continued)

(2) Other payables (continued)

2) Aging analysis of other payables

| Aging | 31 December 2023 | | 31 December 2022 (Restated) | |
|-------------------------------------|-----------------------|----------------|-----------------------------|----------------|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Within 1 year (including 1 year) | 336,914,057.75 | 63.79 | 375,193,000.05 | 46.16 |
| 1 to 2 years (including 2 years) | 41,266,020.85 | 7.81 | 268,552,949.33 | 33.03 |
| 2 to 3 years (including 3 years) | 22,677,402.16 | 4.29 | 22,341,502.52 | 2.75 |
| Over 3 years | 127,315,712.62 | 24.11 | 146,790,089.01 | 18.06 |
| Total | 528,173,193.38 | 100.00 | 812,877,540.91 | 100.00 |

3) Important other payables aged over one year

| Name of entity | Amount owed | Aging | Reasons for non-repayment |
|---|----------------------|------------------------------------|--|
| Ocean Harvest Container Co., Ltd. | 49,853,842.62 | Over 3 years | The condition for payment is unsatisfied |
| Muling Economic Development District Infrastructure Construction and Investment Co., Ltd. | 14,006,954.00 | Over 3 years | The condition for payment is unsatisfied |
| Dalian Beiliang Enterprise Group Co., Ltd. | 7,500,000.00 | Over 3 years | The condition for payment is unsatisfied |
| Dalian Port Rixing Boiler Installation Co., Ltd. | 6,471,854.30 | 1-2 years, 2-3 years, over 3 years | The condition for payment is unsatisfied |
| China Railway Port and Channel Engineering Group Co., Ltd. | 5,950,535.00 | Over 3 years | The condition for payment is unsatisfied |
| Total | 83,783,185.92 | — | — |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

31. Non-current liabilities due within one year

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|--|-------------------------|--------------------------------|
| Long-term borrowings due within one year | 150,656,333.33 | 205,891,700.00 |
| Including: Credit borrowings | 150,656,333.33 | 205,891,700.00 |
| Lease liabilities due within one year | 160,897,859.91 | 156,335,553.91 |
| Bonds payable due within one year | 2,066,830,130.50 | 4,115,876,242.30 |
| Total | 2,378,384,323.74 | 4,478,103,496.21 |

32. Other current liabilities

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|-----------------------|----------------------|--------------------------------|
| Output VAT on pending | 12,042,348.71 | 14,329,926.71 |
| Total | 12,042,348.71 | 14,329,926.71 |

33. Long-term borrowings

| Type of borrowings | 31 December 2023 | 31 December 2022 (Restated) |
|--|-----------------------|--------------------------------|
| Credit borrowings | 716,656,333.33 | 921,891,700.00 |
| Less: Long-term borrowings due within one year (Note IX. 31) | 150,656,333.33 | 205,891,700.00 |
| Long-term borrowings due after one year | 566,000,000.00 | 716,000,000.00 |

As at 31 December 2023, the annual interest rate of the above borrowings was 2.6% – 3.2% (31 December 2022: 2.85% – 3.2%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

33. Long-term borrowings (continued)

The top five long-term borrowings by amount at the end of the year:

| Lender | Commence date of borrowing | Termination date of borrowing | Currency | Interest rate (%) | Closing balance | | Opening balance (Restated) | |
|--|-------------------------------|----------------------------------|----------|-------------------|---------------------|-----------------------|----------------------------|-----------------------|
| | | | | | Foreign currency | Statutory currency | Foreign currency | Statutory currency |
| China Merchants Group Finance Co., Ltd. | 3 November 2022 | 2 November 2028 | RMB | 5-year LPR-1.20% | - | 473,000,000.00 | - | 593,000,000.00 |
| China Merchants Group Finance Co., Ltd. | 19 September 2022 | 18 September 2028 | RMB | 5-year LPR-1.20% | - | 93,000,000.00 | - | 123,000,000.00 |

The maturity date of long-term borrowings is analysed as follows:

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|---|-----------------------|--------------------------------|
| Expired within 1 year (including 1 year) | 150,656,333.33 | 205,891,700.00 |
| Expired within 2 years (including 2 years) | 175,000,000.00 | 150,000,000.00 |
| Expired within 3 to 5 years (including 3 years and 5 years) | 391,000,000.00 | 510,000,000.00 |
| Over 5 years | - | 56,000,000.00 |
| Total | 716,656,333.33 | 921,891,700.00 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

34. Bonds payable

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|-----------------|-------------------------|--------------------------------|
| Corporate bonds | 1,997,206,461.11 | 2,495,906,235.36 |

(1) Change in bonds payable

| Name of bonds | Par value | Date of issuance | Duration | Issue size | 31 December 2022 (Restated) | Issuance in the year | Accrued interests at par value | Amortisation of premium/ discount | Repayment in the year | 31 December 2023 |
|---|-----------|---------------------|-----------|------------------|--------------------------------|-------------------------|--------------------------------------|---|--------------------------|-------------------------|
| Medium-term notes (Note 1) | 100.00 | 3 August 2018 | 5 years | 2,500,000,000.00 | 2,544,988,128.67 | - | 71,018,676.72 | 6,243,194.61 | 2,622,250,000.00 | - |
| Corporate bonds (Note 2) | 100.00 | 20 April 2022 | 1+1 years | 1,500,000,000.00 | 1,526,942,223.23 | - | 12,115,068.47 | 1,142,708.30 | 1,540,200,000.00 | - |
| Corporate bonds (Note 2) | 100.00 | 20 April 2022 | 3 years | 500,000,000.00 | 509,959,960.73 | - | 15,750,000.00 | 449,543.72 | 15,750,000.00 | 510,409,504.45 |
| Corporate bonds (Note 2) | 100.00 | 25 May 2022 | 2 years | 2,000,000,000.00 | 2,029,892,165.03 | - | 53,999,999.98 | 2,176,184.68 | 54,000,000.00 | 2,032,068,349.69 |
| Corporate bonds (Note 2) | 100.00 | 19 June 2023 | 2 years | 1,500,000,000.00 | - | 1,497,000,000.00 | 23,758,356.16 | 800,381.31 | - | 1,521,558,737.47 |
| Total | | | | 8,000,000,000.00 | 6,611,782,477.66 | 1,497,000,000.00 | 176,642,101.33 | 10,812,012.62 | 4,232,200,000.00 | 4,064,036,591.61 |
| Less: Bonds payable due within one year | | | | | 4,115,876,242.30 | | | | | 2,066,830,130.50 |
| Bonds payable due after one year | | | | | 2,495,906,235.36 | | | | | 1,997,206,461.11 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

34. Bonds payable (continued)

(1) Change in bonds payable (continued)

Note 1: According to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2018] MTN360) issued by National Association of Financial Market Institutional Investors on 25 June 2018, the Company issued medium-term notes on 3 August 2018. The interest of such bonds is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 4.89%, which is payable every year. The relevant issuance expense amounted to RMB38,056,000.00. The Company has repaid the above-mentioned medium-term notes on 31 July 2023.

Note 2: 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 20 April 2022, the Company issued the first tranche of corporate bonds of RMB2 billion in aggregate, of which: the corporate bonds with par value of RMB1.5 billion is issued for a term of two years, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the first anniversary, and the interest is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 2.68%, which is payable every year. The relevant issuance expense amounted to RMB3,791,713.85, the Company has repaid the above-mentioned bonds on 20 April 2023; while the corporate bonds with a par value of RMB500 million is issued for a term of 3 years, and the interest is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 3.15%, which is payable every year. The relevant issuance expense amounted to RMB1,347,237.95. The Company issued the second tranche of corporate bonds at par value of RMB2 billion for a term of 2 years on 25 May 2022, and the interest is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 2.70%, which is payable every year. The relevant issuance expense amounted to RMB4,340,000.00. The Company issued the first tranche of corporate bonds for 2023 at par value of RMB1.5 billion for a term of 2 years on 19 June 2023, and the interest is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 2.98%, which is payable every year. The relevant issuance expense amounted to RMB3,000,000.00.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

35. Lease liabilities

(1) Lease liabilities

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|---|-------------------------|--------------------------------|
| Lease payment | 9,413,361,208.30 | 9,811,868,909.37 |
| Unrecognised finance costs | 4,285,728,191.89 | 4,538,346,048.27 |
| Less: Lease liabilities due within one year (Note IX. 31) | 160,897,859.91 | 156,335,553.91 |
| Lease liabilities due after one year | 4,966,735,156.50 | 5,117,187,307.19 |

(2) Term of lease payment

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|---|-------------------------|--------------------------------|
| The first anniversary after the balance sheet date | 434,804,389.66 | 428,490,161.89 |
| The second anniversary after the balance sheet date | 405,749,992.17 | 406,497,208.58 |
| The third anniversary after the balance sheet date | 402,782,626.82 | 404,914,894.05 |
| Years thereafter | 8,170,024,199.65 | 8,571,966,644.85 |
| Total | 9,413,361,208.30 | 9,811,868,909.37 |

36. Long-term payables

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|--|----------------------|--------------------------------|
| Equity repurchase (Note) | 17,500,000.00 | 17,500,000.00 |
| Less: Long-term payables due within one year | - | - |
| Long-term payables due after one year | 17,500,000.00 | 17,500,000.00 |

Note: China Development Fund made capital contribution of RMB35,000,000.00 to Dalian Port Yidu Cold Chain Co., Ltd., a joint venture of Jifa Logistics, a subsidiary of the Group. After the capital increase, the shareholding ratio of Jifa Logistics decreased from 50% to 46.64%. According to the investment contract, Jifa Logistics has the obligation to unconditionally repurchase the shares held by the China Development Fund before the capital increase since 10 December 2030. The Group recognised the long-term payable according to the repurchase obligation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

36. Long-term payables (continued)

The maturity date of long-term payable is analysed as follows:

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|---|----------------------|--------------------------------|
| Due within 1 year (including 1 year) | – | – |
| Due within 2 years (including 2 years) | – | – |
| Due within 3 to 5 years (including 3 years and 5 years) | – | – |
| Over 5 years | 17,500,000.00 | 17,500,000.00 |
| Total | 17,500,000.00 | 17,500,000.00 |

37. Estimated liabilities

| Item | 31 December 2022 (Restated) | Increase in the year | Decrease in the year | 31 December 2023 |
|---------------------------|--------------------------------|-------------------------|-------------------------|------------------|
| Pending litigation (Note) | 170,708,538.56 | – | 10,350,000.00 | 160,358,538.56 |

Note: DCT Logistics, a subsidiary of the Group, provided for provisions of RMB179,547,885.91 for pending litigations as at 31 December 2021. Due to the enforcement of the frozen monetary funds by the court, the provision was reduced by RMB10,350,000.00 (2022: RMB8,839,347.35) during the year. See Note XV.1 for details.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

38. Deferred income

| Item | 31 December 2022 (Restated) | Increase in the year | Decrease in the year | 31 December 2023 |
|-------------------|--------------------------------|-------------------------|-------------------------|-----------------------|
| Government grants | 571,197,128.39 | – | 50,315,646.70 | 520,881,481.69 |

Items involved in government grants are as follows:

| Item | Opening balance | Increase in the year | Included in other income in the year | Included in non-operating income in the year | Closing balance | Related to assets/income |
|--|--------------------|-------------------------|--|---|-----------------------|-----------------------------|
| Relocation compensation | 285,367,758.08 | – | 25,211,946.56 | – | 260,155,811.52 | Related to assets |
| Production safety | 23,268,182.23 | – | 1,271,978.56 | – | 21,996,203.67 | Related to assets |
| Sea-rail combined transport subsidies | 5,912,931.60 | – | 1,364,522.76 | – | 4,548,408.84 | Related to assets |
| Transport junction passenger station project | 191,947,403.28 | – | 11,418,327.70 | – | 180,529,075.58 | Related to assets |
| Operation subsidies | 8,250,000.00 | – | – | – | 8,250,000.00 | Related to assets |
| Energy conservation and emission reduction special fund | 5,590,596.31 | – | 939,395.81 | 254,383.32 | 4,396,817.18 | Related to assets |
| Equipment reconstruction subsidies | 47,533,587.54 | – | 9,140,453.38 | – | 38,393,134.16 | Related to assets |
| Others | 3,326,669.35 | – | 714,638.61 | – | 2,612,030.74 | Related to assets |
| Total | 571,197,128.39 | – | 50,061,263.38 | 254,383.32 | 520,881,481.69 | |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

39. Other non-current liabilities

| Item | 31 December 2022 (Restated) | Increase in the year | Decrease in the year | 31 December 2023 |
|---|--------------------------------|-------------------------|-------------------------|----------------------|
| All-in charges for cargo handling | 54,476,945.81 | 2,705,644.39 | 445,154.00 | 56,737,436.20 |
| Less: All-in charges for cargo handling due within one year | 12,870,000.00 | | | - |
| Other non-current liabilities due after one year | 41,606,945.81 | | | 56,737,436.20 |

On 18 January 2013, the Company entered into a cooperation agreement with Chinatex Grains and Oils (Heilongjiang) Co., Ltd. Chinatex Grains and Oils (Heilongjiang) Co., Ltd. paid in advance the all-in charges for full service logistics including distribution services and port operations to the Company with an amount of RMB112 million. The first year to the seventh year represents the interest-bearing deduction period for the prepaid all-in charges for full-service logistics of the contract, the interest rate was with reference to the People's Bank of China Loan Rate and the eighth year to the tenth year represents the preferential period. On 1 June 2016, the Company signed a supplementary agreement with Chinatex Grains and Oils (Heilongjiang) Co., Ltd., and the cooperation period was extended for three years, that is, the first year to the seventh year represents the interest-bearing deduction period for the prepaid all-in charges for full-service logistics. The eighth year to the tenth year represents the noninterest-bearing deduction period, and the eleventh year to the thirteenth year represents the preferential period.

40. Share capital

| Item | 31 December 2022 (Restated) | | Increase in the year | Decrease in the year | 31 December 2023 | |
|---------------------------------------|-----------------------------|----------------|-------------------------|-------------------------|--------------------------|----------------|
| | Investment amount | Proportion (%) | | | Investment amount | Proportion (%) |
| RMB-denominated ordinary shares | 18,828,349,817.00 | 78.49 | - | - | 18,828,349,817.00 | 78.49 |
| Foreign shares listed overseas (Note) | 5,158,715,999.00 | 21.51 | - | - | 5,158,715,999.00 | 21.51 |
| Total | 23,987,065,816.00 | 100.00 | - | - | 23,987,065,816.00 | 100.00 |

Note: As at 31 December 2023, 722,166,000 shares of foreign shares overseas listed were held by PDA Group through HKSCC Nominees Limited (31 December 2022: 722,166,000 shares).

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

41. Capital surplus

| Item | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| 2023 | | | | |
| Capital premium | 8,827,459,539.57 | - | - | 8,827,459,539.57 |
| Including: Ordinary shares invested by shareholders | 8,827,459,539.57 | - | - | 8,827,459,539.57 |
| Other capital surplus | 264,935,012.92 | 3,578,248.77 | 83,027,500.00 | 185,485,761.69 |
| Including: Other changes in owners' equity after deducting net profit or loss, profit distribution, change in other comprehensive income of investees under equity method (Note 1) | 26,775,828.83 | 3,578,248.77 | - | 30,354,077.60 |
| Others (Note 2) | 238,159,184.09 | - | 83,027,500.00 | 155,131,684.09 |
| Total | 9,092,394,552.49 | 3,578,248.77 | 83,027,500.00 | 9,012,945,301.26 |
| 2022 (Restated) | | | | |
| Capital premium | 8,827,459,539.57 | - | - | 8,827,459,539.57 |
| Including: Ordinary shares invested by shareholders | 8,827,459,539.57 | - | - | 8,827,459,539.57 |
| Other capital surplus | 260,189,625.75 | 4,745,387.17 | - | 264,935,012.92 |
| Including: Other changes in owners' equity after deducting net profit or loss, profit distribution, change in other comprehensive income of investees under equity method | 22,030,441.66 | 4,745,387.17 | - | 26,775,828.83 |
| Others | 238,159,184.09 | - | - | 238,159,184.09 |
| Total | 9,087,649,165.32 | 4,745,387.17 | - | 9,092,394,552.49 |

Note 1: The joint ventures and associates invested by the Group made appropriation to special reserves this year, resulting in an increase in the Group's capital reserve of RMB3,578,248.77 (2022: RMB4,745,387.17).

Note 2: As discussed in Note VIII. 3, the Company merged and acquired Dalian Port Logistics Network Co., Ltd. and Yingkou Gangxin Technology Co., Ltd., which constituted a business combination under the same control, and adjusted the comparative financial statements retrospectively accordingly. The Company paid a total consideration of RMB83,027,500.00 to China Merchants International Technology Company Limited (招商局國際科技有限公司) for the relevant transactions, which reduced the capital reserve by RMB83,027,500.00 in total.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

42. Other comprehensive income

Cumulative balance of other comprehensive income attributable to the parent company in the consolidated balance sheet is as follows:

31 December 2023

| | Opening balance | Increase or decrease | Closing balance |
|---|----------------------|-------------------------|----------------------|
| Changes in fair value of investments in other equity | 17,493,164.28 | 11,069,180.18 | 28,562,344.46 |
| Differences on translation of foreign currency financial statements | 54,871,006.75 | 3,115,224.19 | 57,986,230.94 |
| Total | 72,364,171.03 | 14,184,404.37 | 86,548,575.40 |

31 December 2022 (Restated)

| | Opening balance | Increase or decrease | Closing balance |
|---|----------------------|-------------------------|----------------------|
| Changes in fair value of investments in other equity | 26,171,340.13 | -8,678,175.85 | 17,493,164.28 |
| Differences on translation of foreign currency financial statements | 32,922,622.38 | 21,948,384.37 | 54,871,006.75 |
| Total | 59,093,962.51 | 13,270,208.52 | 72,364,171.03 |

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

42. Other comprehensive income (continued)

The current amount of other comprehensive income in the consolidated income statement:

2023

| | Amount incurred before tax | Less: Previously included in other comprehensive income, transferred to current profit and loss | Less: Previously included in other comprehensive income, transferred to current retained earnings | Less: Income tax | Attributable to shareholders of the parent company | Attributable to minority shareholders |
|---|----------------------------|---|---|---------------------|--|---------------------------------------|
| Changes in fair value of other equity instrument investments | 14,458,253.12 | - | - | 3,614,563.28 | 11,069,180.18 | -225,490.34 |
| Differences on translation of foreign currency financial statements | 3,115,224.19 | - | - | - | 3,115,224.19 | - |
| Total | 17,573,477.31 | - | - | 3,614,563.28 | 14,184,404.37 | -225,490.34 |

2022 (Restated)

| | Amount incurred before tax | Less: Previously included in other comprehensive income, transferred to current profit and loss | Less: Previously included in other comprehensive income, transferred to current retained earnings | Less: Income tax | Attributable to shareholders of the parent company | Attributable to minority shareholders |
|---|----------------------------|---|---|----------------------|--|---------------------------------------|
| Changes in fair value of investments in other equity | -9,002,541.67 | - | 1,419,666.00 | -2,605,551.92 | -8,678,175.85 | 861,520.10 |
| Differences on translation of foreign currency financial statements | 21,948,384.37 | - | - | - | 21,948,384.37 | - |
| Total | 12,945,842.70 | - | 1,419,666.00 | -2,605,551.92 | 13,270,208.52 | 861,520.10 |

43. Special reserves

| Item | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|------------------------------------|-----------------|----------------------|----------------------|-----------------|
| 31 December 2023 | | | | |
| Safety production fee | 147,235,048.25 | 111,835,901.89 | 78,466,060.62 | 180,604,889.52 |
| 31 December 2022 (Restated) | | | | |
| Safety production fee | 92,693,542.25 | 141,974,044.17 | 87,432,538.17 | 147,235,048.25 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

44. Surplus reserve

| Item | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 2023 | | | | |
| Statutory surplus reserve | 1,471,729,266.97 | 127,048,721.37 | - | 1,598,777,988.34 |
| Reserve fund | 353,065.88 | - | - | 353,065.88 |
| Discretionary surplus reserve | 620,468.49 | - | - | 620,468.49 |
| Total | 1,472,702,801.34 | 127,048,721.37 | - | 1,599,751,522.71 |
| 2022 (Restated) | | | | |
| Statutory surplus reserve | 1,352,585,752.53 | 119,143,514.44 | - | 1,471,729,266.97 |
| Reserve fund | 353,065.88 | - | - | 353,065.88 |
| Discretionary surplus reserve | 620,468.49 | - | - | 620,468.49 |
| Total | 1,353,559,286.90 | 119,143,514.44 | - | 1,472,702,801.34 |

In accordance with the Company Law of the PRC and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital.

After the Company makes appropriation to the statutory surplus reserve, it can make appropriation to the discretionary surplus reserve. The discretionary surplus reserve can be used to make up for the loss in previous years or increase the paid-in capital after approval.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

45. Undistributed profits

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|--|-------------------------|--------------------------------|
| Closing balance in last year | 3,950,404,277.47 | 3,437,962,835.75 |
| Add: Amount of undistributed profit at the beginning of the year after adjustment (Note 1) | 69,646,021.15 | 35,443,321.01 |
| Among which: Changes of accounting policies | - | - |
| Opening balance | 4,020,050,298.62 | 3,473,406,156.76 |
| Increase in the year | 1,343,109,072.73 | 1,318,932,966.69 |
| Among which: Net profit attributable to the parent company in the year | 1,343,109,072.73 | 1,317,655,267.29 |
| Other comprehensive income carried over to retained earnings | - | 1,277,699.40 |
| Decrease in the year | 628,217,412.81 | 772,288,824.83 |
| Among which: Appropriation to statutory surplus reserve in the year | 127,048,721.37 | 119,001,547.84 |
| Distribution of profits (Note 2) | 495,742,629.47 | 647,650,777.03 |
| Appropriation to employees' bonus and welfare fund in subsidiaries | 5,426,061.97 | 5,636,499.96 |
| Closing balance in the year | 4,734,941,958.54 | 4,020,050,298.62 |

Note 1: As described in Note VIII.3, the Company merged the Dalian Port Logistics Network Co., Ltd. and Yingkou Gangxin Technology Co., Ltd. in the year, constituting a business combination under the common control. The retrospective adjustment of the related items in comparative financial statements found the total increase in undistributed profits on 1 January 2023 was RMB69,646,021.15 (1 January 2022: Increase in undistributed profits was RMB35,443,321.01).

Note 2: According to the resolution of the Board meeting of the Company held on 30 March 2023, the profit distribution for 2022 is calculated based on the 23,987,065,816 ordinary shares outstanding, and a cash dividend of RMB0.174 (including tax) distributed to all shareholders for every 10 shares. Cash dividends of RMB417,374,945.20 were distributed. The above dividend distribution plan was approved by the Company's shareholders meeting held on 15 June 2023.

According to the resolution of the general meetings of the Dalian Port Logistics Network Co., Ltd. and Yingkou Gangxin Technology Co., Ltd. held on 17 February 2023, Dalian Port Logistics Network Co., Ltd. and Yingkou Gangxin Technology Co., Ltd. distributed profits of RMB30,605,256.76 and RMB47,762,427.51 to China Merchants International Technology Company Limited (招商局國際科技有限公司) (their former parent company), respectively (2022: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

46. Revenue and cost

| Item | 2023 | | 2022(Restated) | |
|----------------------|--------------------------|-------------------------|-------------------|------------------|
| | Revenue | Cost | Revenue | Cost |
| Principal operations | 11,796,067,601.17 | 8,476,211,625.17 | 11,731,070,851.26 | 8,581,674,937.86 |
| Other operations | 423,811,213.62 | 353,571,960.52 | 436,400,797.12 | 408,194,955.25 |
| Total | 12,219,878,814.79 | 8,829,783,585.69 | 12,167,471,648.38 | 8,989,869,893.11 |

The composition of the revenue is as follows:

2023

| Major operating region | Commodity | Labour services or services | Others | Total |
|------------------------|-----------------------|--------------------------------|-----------------------|--------------------------|
| Within China | 159,983,224.20 | 11,658,113,262.96 | 401,782,327.63 | 12,219,878,814.79 |
| Total | 159,983,224.20 | 11,658,113,262.96 | 401,782,327.63 | 12,219,878,814.79 |

| Principal business segment | Commodity | Labour services or services | Others | Total |
|--|-----------------------|--------------------------------|-----------------------|--------------------------|
| 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 |
| Total | 159,983,224.20 | 11,658,113,262.96 | 401,782,327.63 | 12,219,878,814.79 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

46. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2023 (continued)

| Reporting segment | Labour services | | | Total |
|---|-----------------------|--------------------------|-----------------------|--------------------------|
| | Commodity | or services | Others | |
| Time of commodity transfer | | | | |
| Transfer at a certain point of time | | | | |
| Revenue from sales of goods | 159,983,224.20 | - | - | 159,983,224.20 |
| Transfer over a certain period | | | | |
| 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 |
| Others | | | | |
| Revenue from leasing services | - | - | 239,555,984.67 | 239,555,984.67 |
| Total | 159,983,224.20 | 11,658,113,262.96 | 401,782,327.63 | 12,219,878,814.79 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

46. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2022 (Restated)

| Major operating region | Commodity | Labour services or services | Others | Total |
|------------------------|----------------|--------------------------------|----------------|-------------------|
| Within China | 171,188,083.75 | 11,592,599,541.20 | 403,684,023.43 | 12,167,471,648.38 |
| Total | 171,188,083.75 | 11,592,599,541.20 | 403,684,023.43 | 12,167,471,648.38 |

| Principal business segment | Commodity | Labour services or services | Others | Total |
|--|----------------|--------------------------------|----------------|-------------------|
| Container terminal and related logistics services | 1,710,807.55 | 3,632,652,531.25 | 107,243,933.84 | 3,741,607,272.64 |
| Oil/liquefied chemicals terminal and related logistics services | 24,200,820.95 | 1,580,867,675.30 | 43,023,885.47 | 1,648,092,381.72 |
| Bulk and general cargo terminal and related logistics services | 1,977,775.95 | 4,392,500,517.10 | 11,030,617.33 | 4,405,508,910.38 |
| Bulk grain terminal and related logistics services | – | 654,594,596.09 | 18,645,060.00 | 673,239,656.09 |
| Passenger and roll-on/roll-off terminal and related logistics services | 1,338,729.73 | 137,885,007.51 | 10,528,935.79 | 149,752,673.03 |
| Port value-added and ancillary services | 141,959,949.57 | 1,094,102,307.06 | 106,887,431.02 | 1,342,949,687.65 |
| Automobile terminal and related logistics services | – | 54,747,653.22 | 5,872,496.59 | 60,620,149.81 |
| Others | – | 45,249,253.67 | 100,451,663.39 | 145,700,917.06 |
| Total | 171,188,083.75 | 11,592,599,541.20 | 403,684,023.43 | 12,167,471,648.38 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

46. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2022 (Restated) (continued)

| Reporting segment | Commodity | Labour services or services | Others | Total |
|--|-----------------------|--------------------------------|-----------------------|--------------------------|
| Time of commodity transfer | | | | |
| Transfer at a certain point of time | | | | |
| Revenue from sales of goods | 171,188,083.75 | – | – | 171,188,083.75 |
| Transfer over a certain period | | | | |
| Revenue from logistics services | – | 830,154,338.38 | – | 830,154,338.38 |
| Revenue from project construction and inspection services | – | 121,108,843.23 | – | 121,108,843.23 |
| Revenue from transportation | – | 1,196,296,131.75 | – | 1,196,296,131.75 |
| Revenue from port operation services | – | 8,884,942,679.30 | – | 8,884,942,679.30 |
| Revenue from port management services | – | 340,719,420.53 | – | 340,719,420.53 |
| Revenue from tallying services | – | 56,165,476.27 | – | 56,165,476.27 |
| Revenue from information services | – | 163,212,651.74 | – | 163,212,651.74 |
| Others | – | – | 185,810,062.74 | 185,810,062.74 |
| Others | | | | |
| Revenue from leasing services | – | – | 217,873,960.69 | 217,873,960.69 |
| Total | 171,188,083.75 | 11,592,599,541.20 | 403,684,023.43 | 12,167,471,648.38 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

46. Revenue and cost (continued)

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

| Item | Within 1 year | 1-2 years | 2-3 years | Over 3 years | Total |
|----------------|-----------------------|----------------------|----------------------|---------------------|-----------------------|
| 2023 | 323,905,993.95 | 53,328,940.42 | 21,399,375.47 | 2,185,613.22 | 400,819,923.06 |
| 2022(Restated) | 402,847,696.24 | 68,366,885.45 | 35,973,139.82 | 12,635,834.97 | 519,823,556.48 |

The composition of the cost is as follows:

2023

| Major operating region | Labour services or services | | | Total |
|------------------------|-----------------------------|-------------------------|-----------------------|-------------------------|
| | Commodity | | Others | |
| Within China | 86,747,678.09 | 8,336,878,135.05 | 406,157,772.55 | 8,829,783,585.69 |
| Total | 86,747,678.09 | 8,336,878,135.05 | 406,157,772.55 | 8,829,783,585.69 |

| Principal business segment | Labour services or services | | | Total |
|--|-----------------------------|-------------------------|-----------------------|-------------------------|
| | Commodity | | Others | |
| Container terminal and related logistics services | 2,197,918.52 | 2,637,703,312.89 | 41,135,403.97 | 2,681,036,635.38 |
| Oil/Liquefied chemicals terminal and related logistics services | 21,025,849.79 | 998,918,505.30 | 25,258,007.58 | 1,045,202,362.67 |
| Bulk and general cargo terminal and related logistics services | 98,725.78 | 2,967,571,285.16 | 12,452,500.88 | 2,980,122,511.82 |
| Bulk grain terminal and related logistics services | - | 505,770,971.27 | 16,724,830.77 | 522,495,802.04 |
| Passenger and roll-on/roll-off terminal and related logistics services | 3,639,966.35 | 157,630,945.09 | 12,580,267.60 | 173,851,179.04 |
| Port value-added and ancillary services | 59,775,949.30 | 894,625,211.87 | 49,323,860.96 | 1,003,725,022.13 |
| Automobile terminal and related logistics services | 9,268.35 | 45,568,998.55 | 2,658,243.45 | 48,236,510.35 |
| Others | - | 129,088,904.92 | 246,024,657.34 | 375,113,562.26 |
| Total | 86,747,678.09 | 8,336,878,135.05 | 406,157,772.55 | 8,829,783,585.69 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

46. Revenue and cost (continued)

The composition of the cost is as follows: (continued)

2023 (continued)

| Reporting segment | Labour services | | | Total |
|---|----------------------|-------------------------|-----------------------|-------------------------|
| | Commodity | or services | Others | |
| Time of commodity transfer | | | | |
| Transfer at a certain point of time | | | | |
| Revenue from sales of goods | 86,747,678.09 | - | - | 86,747,678.09 |
| Transfer over a certain period | | | | |
| Revenue from logistics services | - | 728,302,064.78 | - | 728,302,064.78 |
| Revenue from project construction and inspection services | - | 128,065,191.68 | - | 128,065,191.68 |
| Revenue from transportation | - | 1,269,666,718.06 | - | 1,269,666,718.06 |
| Revenue from port operation services | - | 5,726,518,553.96 | - | 5,726,518,553.96 |
| Revenue from port management services | - | 326,002,124.04 | - | 326,002,124.04 |
| Revenue from tallying services | - | 34,734,057.89 | - | 34,734,057.89 |
| Revenue from information services | - | 123,589,424.64 | - | 123,589,424.64 |
| Others | - | - | 310,862,093.33 | 310,862,093.33 |
| Others | | | | |
| Revenue from leasing services | - | - | 95,295,679.22 | 95,295,679.22 |
| Total | 86,747,678.09 | 8,336,878,135.05 | 406,157,772.55 | 8,829,783,585.69 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

46. Revenue and cost (continued)

The information on performance obligations of the Group is as follows:

| | | | Nature of the promised transfer of goods | Whether the person is the main responsible person | Undertake the amount expected to be refunded to the customer | Type of quality assurance provided and related obligations |
|---|---|--|---|--|--|--|
| | Time for fulfillment of performance obligations | Material payment terms | | | | |
| Sales of goods | Delivering goods to customers | Payment is usually made within 30 to 90 days of after delivery of the goods; for new customers, prepayment is usually required | Provide customers with goods of the quality agreed upon in the contract | Yes | N/A | N/A |
| Port operation services | Within the time frame of service provision | Payment is usually made after the completion of the operation and confirmation by the customer; for new customers, prepayment is usually required | N/A | Yes | N/A | N/A |
| Transportation services | Within the time frame of service provision | Payment is usually made after the completion of the transportation and confirmation by the customer; for new customers, prepayment is usually required | N/A | Yes | N/A | N/A |
| Logistics services | Within the time frame of service provision | Payment is usually made after the completion of the logistics service and confirmation by the customer; for new customers, prepayment is usually required | N/A | A main responsible person who can lead a third party to provide logistics services to customers on behalf of the Group, provided that the Group assumes the primary responsibility and has the right to set its own prices, otherwise an agent | N/A | N/A |
| Engineering construction and supervision services | Within the time frame of service provision | Payment is usually made within 30 days after settlement of each project closeout; the customer usually retains a percentage of the warranty, which is usually paid at the end of the warranty period | N/A | Yes | N/A | Usually bear the maintenance costs and other related damages caused by quality reasons for the customer during the warranty period |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

47. Taxes and surcharges

| Item | 2023 | 2022 (Restated) |
|---------------------------------------|-----------------------|-----------------|
| Land use tax | 65,434,053.28 | 64,653,713.87 |
| Property tax | 25,326,319.14 | 25,112,796.87 |
| City maintenance and construction tax | 18,948,226.42 | 12,450,758.34 |
| Educational surcharge | 13,541,809.30 | 8,898,295.13 |
| Stamp duty | 11,285,363.73 | 4,424,368.17 |
| Vehicle and vessel use tax | 3,102,065.28 | 2,870,286.95 |
| Environmental protection tax | 8,944,371.44 | 9,512,519.99 |
| Others | 2,232.31 | 4,143.23 |
| Total | 146,584,440.90 | 127,926,882.55 |

48. Administrative expenses

| Item | 2023 | 2022 (Restated) |
|--|-----------------------|-----------------|
| Payroll | 532,430,059.48 | 612,530,576.80 |
| Labour cost | 26,513,773.54 | 26,513,273.36 |
| Depreciation and amortisation | 34,142,840.65 | 41,116,849.01 |
| Business entertainment expense | 16,908,447.41 | 14,364,188.38 |
| Office charges | 8,110,048.36 | 8,575,418.75 |
| Agency engagement expenses | 20,963,268.73 | 22,750,033.98 |
| Including: Audit fee | 6,183,663.37 | 5,667,683.48 |
| Property insurance premium | 6,046,137.41 | 6,050,073.23 |
| Water, power and other energy consumption cost | 2,153,336.63 | 2,751,253.11 |
| Telephone charges and internet access charges | 4,944,120.57 | 4,126,351.89 |
| Vehicle expenses | 15,110,203.80 | 14,841,952.67 |
| Others | 68,414,659.53 | 61,053,340.67 |
| Total | 735,736,896.11 | 814,673,311.85 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

49. Research and development expenses

| Item | 2023 | 2022 (Restated) |
|-------------------------------|----------------------|-----------------|
| Payroll | 36,129,462.38 | 46,439,968.10 |
| Depreciation and amortisation | 2,576,332.08 | 1,732,596.05 |
| Others | 588,876.20 | 4,953,817.29 |
| Total | 39,294,670.66 | 53,126,381.44 |

50. Financial expenses

| Item | 2023 | 2022 (Restated) |
|---|-----------------------|-----------------|
| Interest expenses | 501,452,869.60 | 542,913,822.50 |
| Including: Bank and other borrowings | 48,563,035.70 | 46,467,064.59 |
| Interest of bonds | 187,454,113.95 | 222,797,024.83 |
| Interest expenses of lease liabilities | 265,435,719.95 | 273,649,733.08 |
| Less: Capitalized interest expense | - | - |
| Less: Interest income | 75,403,616.14 | 95,849,133.75 |
| Net exchange loss (net gain represented by "-") | 4,993,183.05 | 17,654,965.66 |
| Others | 1,122,175.10 | 919,536.13 |
| Total | 432,164,611.61 | 465,639,190.54 |

51. Other income

| Item | 2023 | 2022 (Restated) |
|---|-----------------------|-----------------|
| Government subsidies related to daily activities | 161,292,456.16 | 108,723,264.84 |
| Refund of commission for paying individual income tax | 966,814.95 | 873,780.56 |
| Additional deduction of VAT | 22,267,745.84 | 51,093,806.90 |
| Total | 184,527,016.95 | 160,690,852.30 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

51. Other income (continued)

Government subsidies related to daily activities are as follows:

| Item | 2023 | 2022 (Restated) | Related to assets/income |
|---|-----------------------|-----------------|--------------------------|
| Relocation compensation | 25,211,946.56 | 25,330,148.46 | Related to assets |
| Production safety | 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 |
| Equipment reconstruction subsidies | 9,140,453.38 | 8,800,884.64 | Related to assets |
| Sea-rail combined transport subsidies | 1,364,522.76 | 1,364,522.76 | Related to assets |
| Transport junction passenger station project | 11,418,327.70 | 5,884,100.72 | Related to assets |
| Others related to assets | 714,638.61 | 931,491.66 | Related to assets |
| Operation subsidies | 106,229,231.42 | 58,413,841.13 | 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 |
| Others related to income | 54,201.32 | 1,483,315.70 | Related to income |
| Total | 161,292,456.16 | 108,723,264.84 | — |

52. Investment income

| Item | 2023 | 2022 (Restated) |
|--|----------------------|-----------------|
| Investment income from long-term equity investments under the equity method | 79,338,157.47 | 182,569,390.84 |
| Investment income from disposal of long-term equity investments | 6,360,918.83 | 64,191.66 |
| Investment income earned during the holding period on other equity instruments | 8,989,748.56 | 11,569,087.67 |
| Others | 2,390,332.98 | 2,494,310.28 |
| Total | 97,079,157.84 | 196,696,980.45 |

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

53. Credit impairment losses

| Item | 2023 | 2022 (Restated) |
|--|------------------------|-----------------|
| Impairment losses on accounts receivable | -165,101,081.34 | -125,080,526.61 |
| Impairment losses on other receivables | -45,987,061.66 | -19,787,478.57 |
| Impairment losses on long-term receivables | 50,000.00 | -12,454,059.25 |
| Total | -211,038,143.00 | -157,322,064.43 |

54. Impairment losses on assets

| Item | 2023 | 2022 (Restated) |
|---|-----------------------|-----------------|
| Impairment losses on inventories and contract performance costs | -706,230.32 | -2,715,887.74 |
| Impairment losses on construction in progress | -96,566,868.62 | -8,942,675.89 |
| Impairment losses on other current assets | -2,667,080.02 | - |
| Total | -99,940,178.96 | -11,658,563.63 |

55. Gain on disposal of assets

| Item | 2023 | 2022 (Restated) | Amount recognized as non-recurring profit or loss |
|---|-------------------|-----------------|---|
| Gain on disposal of non-current assets | 194,692.55 | 5,051,232.80 | 194,692.55 |
| Including: Gain on disposal of fixed assets | -12,217.81 | 3,287,591.03 | -12,217.81 |
| Profit or loss on disposal of right-of-use assets | 206,910.36 | 1,763,641.77 | 206,910.36 |
| Total | 194,692.55 | 5,051,232.80 | 194,692.55 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

56. Non-operating income

| Item | 2023 | 2022 (Restated) | Amount recognized as non-recurring profit or loss |
|---|----------------------|-----------------|---|
| Government grants | 980,864.27 | 258,299.14 | 980,864.27 |
| Insurance claims | 20,475,635.03 | 137,145.44 | 20,475,635.03 |
| Forfeiture and penalty income | 2,925,974.82 | 1,241,597.67 | 2,925,974.82 |
| Amount requiring no payment | 296,641.71 | 5,443,025.92 | 296,641.71 |
| Revenues from disposal of waste and old materials | 8,549,917.25 | 3,654,074.67 | 8,549,917.25 |
| Reversal of estimated liabilities | – | 32,760,218.42 | – |
| Others | 2,258,885.72 | 1,951,576.01 | 2,258,885.72 |
| Total | 35,487,918.80 | 45,445,937.27 | 35,487,918.80 |

Details of government grants not related to daily activities are as follows:

| Item | 2023 | 2022 (Restated) |
|---|-------------------|-----------------|
| Energy conservation and emission reduction special fund | 254,383.32 | 258,299.14 |
| Support funds for Key Enterprises with Foreign Investment | 726,480.95 | – |
| Total | 980,864.27 | 258,299.14 |

57. Non-operating expenses

| Item | 2023 | 2022 (Restated) | Amount recognized as non-recurring profit or loss |
|--|---------------------|-----------------|---|
| Losses on obsolescence of fixed assets | 2,221,360.83 | 5,316,686.67 | 2,221,360.83 |
| Late fee | 2,223,063.80 | 9,291,943.52 | 2,223,063.80 |
| Others | 1,400,672.93 | 744,680.48 | 1,400,672.93 |
| Total | 5,845,097.56 | 15,353,310.67 | 5,845,097.56 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

58. Income tax expenses

(1) Income tax expenses

| Item | 2023 | 2022 (Restated) |
|-----------------------------|------------------------|-----------------|
| Current income tax expense | 653,365,841.68 | 568,335,542.12 |
| Deferred income tax expense | -125,624,332.74 | -101,167,624.10 |
| Total | 527,741,508.94 | 467,167,918.02 |

(2) The reconciliation of the accounting profit to the income tax expenses

| Item | 2023 | 2022 (Restated) |
|---|-------------------------|------------------|
| Total profit | 2,034,992,700.03 | 1,939,787,052.98 |
| Income tax expense at the rate of 25% (2022: 25%) | 508,748,175.01 | 484,946,763.25 |
| Impact of not deductible costs, expenses and losses | 15,979,023.16 | 18,359,248.51 |
| Impact of non-taxable income | -28,414,513.62 | -54,867,156.74 |
| Impact of unrecognised deductible temporary differences or deductible losses on deferred tax assets in the current year | 39,759,548.47 | 42,708,236.57 |
| Impact of utilisation of unrecognised deductible losses on deferred tax assets in previous period | -3,080,994.67 | -15,467,894.77 |
| Impact of different tax rates applicable to subsidiaries | -4,095,416.56 | -10,354,625.71 |
| Supplement (refund) tax charges of the former year | 787,921.25 | 2,630,507.85 |
| Others | -1,942,234.10 | -787,160.94 |
| Income tax expenses | 527,741,508.94 | 467,167,918.02 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

59. Lease

(1) Lessor of operating leases

| Item | 2023 | 2022 (Restated) |
|---|-----------------------|-----------------|
| I. Income | | |
| Leasing income | 239,555,984.67 | 217,873,960.69 |
| II. Undiscounted lease receipts that will be received each year of five consecutive fiscal years after the balance sheet date | | |
| The first year | 71,770,319.30 | 131,428,659.23 |
| The second year | 49,518,037.08 | 55,365,312.90 |
| The third year | 43,287,802.55 | 43,968,533.89 |
| The fourth year | 21,692,400.00 | 35,941,579.14 |
| The fifth year – | 21,690,000.00 | 21,692,400.00 |

- 1) The Group leases part of buildings for a lease term of 0.5-30 years, forming an operating lease. According to the lease contract, the rental is required to be adjusted every year according to the market rental situation. The Group also leases part of vessels, storage facilities, machinery and equipment, land use rights, etc., for a lease term of 1-30 years, forming an operating lease.
- 2) The Group is of the view that there was no improper use of lease assets, and the unguaranteed balance of such asset will not expose significant risks to the Group.
- 3) Income for the year relating to operating leases amounted to RMB239,555,984.67 (2022: RMB217,873,960.69); there was no income related to variable lease payments that were not included in the lease receipts.

(2) Lessee of leases

| Item | 2023 | 2022 (Restated) |
|--|-----------------------|-----------------|
| Interest expenses of lease liabilities | 265,435,719.95 | 273,649,733.08 |
| Short-term lease expenses included in current profit or loss | 184,724,006.07 | 151,319,837.97 |
| Low-value asset lease expenses | 4,884.96 | 4,884.96 |
| Total cash outflows related to lease | 562,861,745.29 | 540,982,554.78 |

Fixed assets under operating lease include buildings and land use rights, warehouse, vehicles, port and terminal facilities and other equipment leased from related parties and third parties by the Group. The Group has the option to renew and terminate the lease. The lease term includes the period covered by an option to renew the lease.

Please refer to Note IX. 15 for details of right-of-use assets; refer to Note IV. 27 for details of short-term leases and low-value asset leases using simplified treatment; and refer to Note IX. 35 for details of lease liabilities.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

60. 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.

The calculation of the basic EPS is as follows:

| Item | 2023 | 2022 (Restated) |
|---|--------------------------|-------------------|
| Earnings | | |
| Net profit for the period attributable to ordinary shareholders of the parent company | | |
| Continuing operation | 1,343,109,072.73 | 1,317,655,267.29 |
| Shares | | |
| Weighted average number of ordinary shares in issue of the Company | 23,987,065,816.00 | 23,987,065,816.00 |
| Basic earnings per share | 0.06 | 0.05 |

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

61. Items of the consolidated statement of cash flows

(1) Other cash received/paid relating to operating/investing/financing activities

| Item | 2023 | 2022 (Restated) |
|--|-----------------------|------------------|
| Other cash received relating to operating activities | | |
| Bank deposit interest income received | 89,862,997.88 | 85,145,289.40 |
| Advances received | 119,014,441.58 | – |
| Government grants received | 27,005,953.55 | 126,992,129.65 |
| Cash received from restricted cash with financial institutions | – | 218,107,800.40 |
| Deposits and margins received | 74,140,803.00 | 82,326,054.12 |
| Others | 33,167,301.53 | 22,160,707.85 |
| Total | 343,191,497.54 | 534,731,981.42 |
| Other cash paid relating to operating activities | | |
| Payment of operating cost, administrative expenses and other daily expenses | 157,052,318.20 | 183,882,595.36 |
| Advances paid | 119,014,441.58 | – |
| Payment of deposits and margins | 83,798,350.30 | 54,199,046.84 |
| Payment of restricted cash with financial institutions | 1,478,193.60 | 8,895,409.55 |
| Others | 89,585,117.64 | 61,610,052.93 |
| Total | 450,928,421.32 | 308,587,104.68 |
| Other cash received relating to investing activities | | |
| Cash received from restricted cash with financial institutions | 2,182,000.00 | 1,616,036.35 |
| Borrowings from related parties | 100,000.00 | 4,700,000.00 |
| Returned land premium received | – | 2,000,000.00 |
| Others | – | 7,228.39 |
| Total | 2,282,000.00 | 8,323,264.74 |
| Other cash paid relating to investing activities | | |
| Payment of restricted cash with financial institutions | 4,512,309.48 | 1,164,778.05 |
| Total | 4,512,309.48 | 1,164,778.05 |
| Other cash paid relating to financing activities | | |
| Consideration of corporate combination/business combination under common control | 96,578,634.35 | 1,126,368,259.38 |
| Lease payment paid | 378,132,854.26 | 389,657,831.85 |
| Bonds issuance expense paid | – | 8,828,951.80 |
| Total | 474,711,488.61 | 1,524,855,043.03 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

61. Items of the consolidated statement of cash flows (continued)

(2) Changes in each liabilities arising from financing activities:

| | 31 December 2022 | Increase in the year | | Decrease in the year | | 31 December 2023 |
|---|------------------|----------------------|------------------|----------------------|------------------|-------------------------|
| | (Restated) | Cash changes | Non-cash changes | Cash changes | Non-cash changes | |
| Short-term borrowings | - | 1,000,000,000.00 | 10,569,444.44 | 9,851,388.89 | - | 1,000,718,055.55 |
| Dividends payable | 133,169,817.19 | - | 620,333,208.31 | 566,424,776.04 | - | 187,078,249.46 |
| Non-current liabilities due within one year | 4,478,103,496.21 | - | 2,338,372,527.53 | 4,438,091,700.00 | - | 2,378,384,323.74 |
| Bonds payable | 2,495,906,235.36 | 1,497,000,000.00 | 187,454,113.95 | - | 2,183,153,888.20 | 1,997,206,461.11 |
| Long-term borrowings | 716,000,000.00 | - | 24,405,213.89 | 23,748,880.56 | 150,656,333.33 | 566,000,000.00 |
| Other payables – last payment for acquisition | 13,551,134.35 | - | - | 13,551,134.35 | - | - |
| Lease liabilities | 5,117,187,307.19 | - | 300,575,790.35 | 378,132,854.26 | 72,895,086.78 | 4,966,735,156.50 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

61. Items of the consolidated statement of cash flows (continued)

(3) Supplementary information to the statement of cash flows

| Item | 2023 | 2022 (Restated) |
|---|-------------------------|------------------|
| 1. Reconciliation of net profit to cash flows from operating activities | | |
| Net profit | 1,507,251,191.09 | 1,472,619,134.96 |
| Add: Credit impairment losses | 211,038,143.00 | 157,322,064.43 |
| Asset impairment losses | 99,940,178.96 | 11,658,563.63 |
| Depreciation of fixed assets | 1,829,373,347.20 | 1,847,556,773.04 |
| Depreciation of investment properties | 11,985,082.14 | 16,247,562.51 |
| Amortisation of intangible assets | 182,261,228.23 | 180,498,496.99 |
| Provision for depreciation of right-of-use assets | 242,692,263.20 | 245,381,096.54 |
| Amortisation of long-term prepaid expenses | 11,081,147.83 | 13,321,796.21 |
| Amortisation of deferred income | -50,315,646.70 | -44,680,892.58 |
| Losses from disposal of fixed assets, intangible assets and other long-term assets (“-” for gain) | -194,692.55 | -5,051,232.80 |
| Losses on obsolescence of fixed assets (“-” for gain) | 2,221,360.83 | 5,316,686.67 |
| Financial expenses (“-” for gain) | 510,318,101.23 | 554,467,493.37 |
| Losses on investment (“-” for gain) | -97,079,157.84 | -196,696,980.45 |
| Decrease in deferred income tax assets (“-” for increase) | -29,523,471.61 | -74,223,116.70 |
| Increase in deferred income tax liabilities (“-” for decrease) | -96,100,861.13 | -26,944,507.40 |
| Decrease in inventories (“-” for increase) | 1,578,182.62 | -21,337,194.89 |
| Increase in special reserve (“-” for decrease) | 34,240,122.58 | 54,794,412.94 |
| Decrease in operating receivables (“-” for increase) | -908,123,395.36 | -812,185,262.02 |
| Increase in operating payables (“-” for decrease) | -123,465,355.70 | 66,428,605.69 |
| Net cash flows from operating activities | 3,339,177,768.02 | 3,444,493,500.14 |
| 2. Major non-cash transactions of investing activities and financing activities: | | |
| Acquisition of assets and businesses paid by bills | 89,817,940.77 | 190,000,000.00 |
| Acquisition of assets paid by bills | 76,703,899.74 | 207,711,776.38 |
| Lease liabilities repaid by bills | 61,749,453.95 | 40,381,952.09 |
| 3. Net changes in cash and cash equivalents: | | |
| Cash at the end of the year | 5,199,599,767.48 | 5,246,086,432.65 |
| Less: Cash at the beginning of the year | 5,246,086,432.65 | 4,587,280,741.34 |
| Net increase in cash and cash equivalents | -46,486,665.17 | 658,805,691.31 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

62. Cash and cash equivalents

| Item | 2023 | 2022 (Restated) |
|---|-------------------------|------------------|
| Cash and cash equivalents | 5,199,599,767.48 | 5,246,086,432.65 |
| Including: Cash on hand | 10,574.34 | 30,138.17 |
| Bank deposits that can be readily drawn on demand | 5,199,589,193.14 | 5,246,056,294.48 |
| Other cash balances that can be readily drawn on demand | - | - |

Cash at bank and on hand that are not cash and cash equivalents

| Item | 2023 | 2022 (Restated) | Reasons for not being cash and cash equivalents |
|--------------------------|----------------------|-----------------|---|
| Cash at bank and on hand | 25,450,153.48 | 21,895,674.97 | See Note IX.22 for details |
| Interest receivable | 3,365,528.32 | 17,824,910.06 | Bank deposit interest provided but not paid |

63. Monetary items denominated in foreign currencies

| Item | Balance of foreign currency at the end of the year | Exchange rate | Equivalent RMB balance at the end of the year |
|--------------------------|--|---------------|---|
| Cash at bank and on hand | | | |
| Including: USD | 10,667,028.25 | 7.0827 | 75,551,360.99 |
| JPY | 137,500.00 | 0.0502 | 6,903.88 |
| HKD | 855,640.82 | 0.9062 | 775,398.82 |
| Accounts receivable | | | |
| Including: USD | 1,561,213.11 | 7.0827 | 11,057,604.09 |
| JPY | 17,201,434.00 | 0.0502 | 863,684.00 |
| KRW | 109,220,000.00 | 0.0055 | 601,802.20 |
| Other receivables | | | |
| Including: USD | 350,961.99 | 7.0827 | 2,485,758.49 |
| Accounts payable | | | |
| Including: USD | 3,776,570.67 | 7.0827 | 26,748,317.08 |
| Other payables | | | |
| Including: USD | 7,113,885.28 | 7.0827 | 50,385,515.27 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

64. Segment information

Operating segments

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

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

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

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

Inter-segment revenue is eliminated on consolidation. Inter-segment sales and purchases are conducted in accordance with the terms mutually agreed between the parties.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

IX. Notes to items of the consolidated financial statements (continued)

64. Segment information (continued)

Reportable segment information

2023

| Item | Oil/liquefied | Container | Bulk and | Bulk grain | Passenger | Automobile | Others | Elimination | Total | |
|---|---|---|---|---|--|---|----------------|-------------------|-------------------|---|
| | chemicals terminal and related logistics services | terminal and related logistics services | general cargo terminal and related logistics services | terminal and related logistics services | and roll-on/roll-off terminal and related logistics services | Port value-added and ancillary services | | | | terminal and related logistics services |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| Revenue | | | | | | | | | | |
| 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 | - |
| Total revenue of segment | 1,679,689 | 4,048,761 | 4,251,019 | 678,364 | 229,832 | 1,500,610 | 63,759 | 275,551 | -507,706 | 12,219,879 |
| 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 |
| Sales 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 |
| Research and development expenses | - | 3,657 | - | - | - | 35,600 | - | 38 | - | 39,295 |
| Financial expenses | 75,281 | 18,492 | 99,930 | 1,974 | -865 | 7,738 | -2,409 | 232,024 | - | 432,165 |
| Asset impairment losses | -3,373 | -96,567 | - | - | - | - | - | - | - | -99,940 |
| Credit impairment losses | -158,100 | -8,897 | -126 | - | 194 | -4,663 | -6,227 | -33,219 | - | -211,038 |
| Investment income | 43,748 | 47,155 | -14,056 | -20,117 | -6,028 | 19,554 | 25,390 | 1,433 | - | 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 |
| Gains on disposals of assets | -7 | 172 | - | 21 | - | 14 | - | -5 | - | 195 |
| Other income | 29,448 | 104,908 | 3,284 | 531 | 12,479 | 4,005 | 787 | 29,085 | - | 184,527 |
| Operating profit | 370,987 | 1,027,279 | 990,101 | 92,873 | 30,027 | 143,624 | 20,747 | -670,288 | - | 2,005,350 |
| Non-operating income | 19,467 | 2,649 | 7,607 | 1,144 | 206 | 2,383 | 2 | 2,030 | - | 35,488 |
| Non-operating expenses | 354 | 1,235 | 3,764 | 20 | 38 | 403 | 53 | -22 | - | 5,845 |
| Total profit | 390,100 | 1,028,693 | 993,944 | 93,997 | 30,195 | 145,604 | 20,696 | -668,236 | - | 2,034,993 |
| Income tax | 90,933 | 288,085 | 273,265 | 28,942 | 8,611 | 24,907 | 1,453 | -188,454 | - | 527,742 |
| Net profit | 299,167 | 740,608 | 720,679 | 65,055 | 21,584 | 120,697 | 19,243 | -479,782 | - | 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 |
| 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 |

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

64. Segment information (continued)

Reportable segment information (continued)

2023 (continued)

| Item | Oil/liquefied | Container | Bulk and | | Passenger | | Automobile | | | |
|---|---|---|---|--|--|---|---|---------|-------------|-----------|
| | chemicals terminal and related logistics services | terminal and related logistics services | general cargo terminal and related logistics services | Bulk grain terminal and related logistics services | and roll-on/roll-off terminal and related logistics services | Port value-added and ancillary services | terminal and related logistics services | Others | Elimination | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Supplementary information | | | | | | | | | | |
| Depreciation and amortization expenses | 352,071 | 486,848 | 705,994 | 141,083 | 52,122 | 267,227 | 13,393 | 258,655 | - | 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 |
| Capital expenditures (i) | 56,709 | 132,665 | 83,352 | 61,089 | 28,517 | 37,512 | 3,995 | 226,025 | - | 629,864 |

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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IX. Notes to items of the consolidated financial statements (continued)

64. Segment information (continued)

Reportable segment information (continued)

2022 (Restated)

| Item | Oil/liquefied | | Bulk and | Passenger | | Automobile | | Others | Elimination | Total |
|---|---|---|---|--|--|---|---|-------------------|-------------------|-------------------|
| | chemicals terminal and related logistics services | Container terminal and related logistics services | general cargo terminal and related logistics services | Bulk grain terminal and related logistics services | and roll-on/roll-off terminal and related logistics services | Port value-added and ancillary services | terminal and related logistics services | | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue | | | | | | | | | | |
| Revenue from external customers | 1,648,092 | 3,741,607 | 4,405,509 | 673,240 | 149,753 | 1,342,950 | 60,620 | 145,701 | - | 12,167,472 |
| Inter-segment revenue | 474 | 122,918 | 165,836 | 2,709 | 2,213 | 885,874 | -706 | 274,113 | -1,453,431 | - |
| Total revenue of segment | 1,648,566 | 3,864,525 | 4,571,345 | 675,949 | 151,966 | 2,228,824 | 59,914 | 419,814 | -1,453,431 | 12,167,472 |
| Cost of sales | 1,097,772 | 2,686,939 | 3,165,117 | 537,787 | 161,669 | 1,136,950 | 50,305 | 153,331 | - | 8,989,870 |
| Taxes and surcharges | 21,337 | 21,334 | 46,331 | 3,001 | 3,275 | 6,737 | 2,556 | 23,356 | - | 127,927 |
| Administrative expenses | 45,695 | 173,030 | 93,549 | 36,816 | 30,321 | 169,397 | 14,268 | 251,597 | - | 814,673 |
| Research and development expenses | - | 3,371 | - | - | - | 49,731 | - | 24 | - | 53,126 |
| Financial expenses | 89,863 | 34,682 | 113,863 | 2,223 | -480 | 9,017 | -2,848 | 219,319 | - | 465,639 |
| Asset impairment losses | - | - | - | - | - | - | -11,659 | - | - | -11,659 |
| Credit impairment losses | -168,481 | -22,060 | 37,973 | 660 | -303 | -2,072 | -7 | -3,032 | - | -157,322 |
| Investment income | 97,682 | 102,212 | -14,507 | 7,111 | -27,290 | 15,717 | 15,890 | -118 | - | 196,697 |
| Including: Investment income from associates and joint ventures | 96,248 | 91,594 | -14,507 | 4,917 | -27,290 | 15,717 | 15,890 | - | - | 182,569 |
| Gains on disposals of assets | - | 3,642 | 152 | - | - | 35 | - | 1,222 | - | 5,051 |
| Other income | 31,258 | 70,565 | 4,680 | 964 | 7,517 | 5,488 | 1,657 | 38,562 | - | 160,691 |
| Operating profit | 353,884 | 976,610 | 1,014,947 | 102,148 | -65,108 | -9,714 | 2,220 | -465,292 | - | 1,909,695 |
| Non-operating income | 37 | 946 | 6,705 | 371 | 359 | 3,017 | - | 34,011 | - | 45,446 |
| Non-operating expenses | 8 | 697 | 9,571 | 17 | 8 | 1,247 | 16 | 3,789 | - | 15,353 |
| Total profit | 353,913 | 976,859 | 1,012,081 | 102,502 | -64,757 | -7,944 | 2,204 | -435,070 | - | 1,939,788 |
| Income tax | 65,359 | 223,120 | 297,037 | 20,431 | -5,049 | 6,155 | 293 | -140,178 | - | 467,168 |
| Net profit | 288,554 | 753,739 | 715,044 | 82,071 | -59,708 | -14,099 | 1,911 | -294,892 | - | 1,472,620 |
| Total assets | 10,368,154 | 12,208,750 | 18,904,397 | 2,718,379 | 1,445,405 | 3,737,805 | 863,510 | 11,063,644 | -3,433,995 | 57,876,049 |
| Total liabilities | 1,759,219 | 3,764,975 | 2,179,651 | 278,949 | 245,915 | 559,426 | 11,560 | 10,607,965 | -3,433,995 | 15,973,665 |

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

64. Segment information (continued)

Reportable segment information (continued)

2022 (Restated) (continued)

| Item | Oil/liquefied | Container | Bulk and | | Passenger | | Automobile | | | |
|---|---|---|---|--|--|---|---|---------|-------------|-----------|
| | chemicals terminal and related logistics services | terminal and related logistics services | general cargo terminal and related logistics services | Bulk grain terminal and related logistics services | and roll-on/roll-off terminal and related logistics services | Port value-added and ancillary services | terminal and related logistics services | Others | Elimination | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Supplementary information | | | | | | | | | | |
| Depreciation and amortization expenses | 352,638 | 518,795 | 754,972 | 140,980 | 52,777 | 280,335 | 13,728 | 188,781 | - | 2,303,006 |
| Long-term equity investments in associates and joint ventures | 1,551,768 | 995,018 | 127,777 | 270,364 | 297,129 | 227,707 | 309,711 | - | - | 3,779,474 |
| Capital expenditures (i) | 72,292 | 300,866 | 36,606 | 39,937 | 6,506 | 20,365 | 1,059 | 69,051 | - | 546,682 |

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

X. Development expenditure

| | 2023 | 2022 (Restated) |
|--------------------------------------|----------------------|-----------------|
| Payroll | 36,129,462.38 | 46,439,968.10 |
| Outsourced research and development | 11,019,810.57 | 13,768,711.00 |
| Depreciation and amortisation | 2,576,332.08 | 1,732,596.05 |
| Others | 588,876.20 | 4,953,817.29 |
| Total | 50,314,481.23 | 66,895,092.44 |
| Including: Expensed R&D expenditures | 39,294,670.66 | 53,126,381.44 |
| Capitalized R&D expenditures | 11,019,810.57 | 13,768,711.00 |

Notes to the Financial Statements (continued)

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X. Development expenditure (continued)

Development expenditure on research and development projects that can be capitalized is as follows:

| Item | Opening balance | Impact of change in scope of combination | Increase in the year | | | Decrease in the year | | | Affected amount of translation of foreign currency financial statements | Closing balance |
|--|----------------------|--|----------------------------------|----------------------|-------------------------------|------------------------------------|----------|----------|---|-----------------|
| | | | Internal development expenditure | Others | Transfer to intangible assets | Included in current profit or loss | Others | | | |
| Research and development of smart terminal | 12,684,691.00 | - | - | 11,019,810.57 | 23,704,501.57 | - | - | - | - | |
| Research and development of public information platform of the ports | - | - | 16,345,138.06 | - | - | 16,345,138.06 | - | - | - | |
| Research and development of IoT and door application software system | - | - | 12,017,062.49 | - | - | 12,017,062.49 | - | - | - | |
| Others | - | - | 10,410,749.48 | 521,720.63 | - | 10,932,470.11 | - | - | - | |
| Total | 12,684,691.00 | - | 38,772,950.03 | 11,541,531.20 | 23,704,501.57 | 39,294,670.66 | - | - | - | |

The proportion of development expenditure in current year to the total research and development expenditure of the year was 20.32% (2022: 20.58%). The total intangible assets generated from the Company's internal research and development of the year were RMB23,704,501.57 (2022: RMB14,780,000.00).

Notes to the Financial Statements (continued)

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XI. Interests in other entities

1. Interests in subsidiaries are discussed in Note VIII. 1.
2. Interests in joint ventures and associates are discussed in Note IX. 10.

XII. Relationships and transactions with related parties

1. Related parties with controlling relationship

| Name of related parties | Relationships with related parties |
|-------------------------|------------------------------------|
| China Merchants Group | Ultimate controlling party |
| Liaoning Port Group | Indirect controlling shareholder |
| PDA Group | Indirect controlling shareholder |
| Yingkou Port Group | Parent company |

2. For related information of subsidiaries, please refer to Note VIII. 1.

3. For related information of joint ventures and associates, please refer to Note IX. 10.

4. Main related parties that transacted with the Group but without controlling relationship:

| Name of related parties | Relationships with related parties |
|---|------------------------------------|
| Faku Yinggang Logistics Co., Ltd. (法庫營港物流有限公司) | Subsidiary of the parent |
| Liaoning Ganghang Modern Supply Chain Co., Ltd. (遼寧港航現代供應鏈有限公司) (Note 1) | Subsidiary of the parent |
| Liaoning Harbour Engineering Technology Co., Ltd. (遼寧港灣船務工程技術有限公司) | Subsidiary of the parent |
| Liaoning Gangwan Industry Finance Investment Group Co., Ltd. (遼寧港灣產融投資集團有限公司) (Note 2) | Subsidiary of the parent |
| Liaoning Huiyuan Photovoltaic Co., Ltd. (遼寧薈源光伏有限公司) | Subsidiary of the parent |
| Panjin Port Group Co., Ltd. (盤錦港集團有限公司) | Subsidiary of the parent |
| Suizhong Port Group Co., Ltd. (綏中港集團有限公司) | Subsidiary of the parent |
| Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限責任公司) | Subsidiary of the parent |
| Yingkou Port Foreign Economic Cooperation Development Co., Ltd. (營口港對外經濟合作發展有限公司) | Subsidiary of the parent |
| Yingkou Port Real Estate Development Co., Ltd. (營口港房地產開發有限責任公司) | Subsidiary of the parent |
| Yingkou Gangfeng Hotel Co., Ltd. (營口港豐大酒店有限公司) (Note 1) | Subsidiary of the parent |
| Yingkou Port Engineering Supervision Consulting Co., Ltd. | Subsidiary of the parent |

Notes to the Financial Statements (continued)

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XII. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without controlling relationship: (continued)

| Name of related parties | Relationships with related parties |
|--|------------------------------------|
| Yingkou Port Engineering Design and Research Institute Co., Ltd. (Note 1) | Subsidiary of the parent |
| Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司) | Subsidiary of the parent |
| Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd. (營口港務集團保稅貨物儲運有限公司) | Subsidiary of the parent |
| Yingkou Port Fairy Island Pier Co., Ltd. (營口港仙人島碼頭有限公司) | Subsidiary of the parent |
| Yingkou Ocean Shipping Tally Co., Ltd. (營口中理外輪理貨有限責任公司) | Subsidiary of the parent |
| Yingkou Hongyun Port Container Development Co., Ltd. (營口紅運港口集裝箱發展有限公司) | Subsidiary of the parent |
| Panjin Port Logistics Development Co., Ltd. (盤錦港物流發展有限公司) | Subsidiary of the parent |
| Shenyang Yingkou Port Logistics Co., Ltd. (瀋陽營口港物流有限公司) | Subsidiary of the parent |
| Liaoning Gangfeng Logistics Co., Ltd. (遼寧港豐物流有限公司) (Note 1) | Subsidiary of the parent |
| Yingkou Port Group Construction and Installation Engineering Co., Ltd. (營口港務集團建築安裝工程有限公司) (Note 1) | Subsidiary of the parent |
| Shenyang Yinggang Lugang Service Co., Ltd. (瀋陽營港陸港服務有限公司) | Subsidiary of the parent |
| China Merchants Gangrong Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司) | Subsidiary of the parent |
| Yingkou Port Tank Cleaning Co., Ltd. (營口港清洗艙有限公司) | Joint venture of the parent |
| Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司) | Joint venture of the parent |
| Yingkou Port Gaizhou Logistics Co., Ltd. | Joint venture of the parent |
| Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司) (Note 3) | Joint venture of the parent |
| Yingkou Gangyue Sugar Storage Co., Ltd. (營口港悅食糖儲備有限公司) | Joint venture of the parent |
| Yingkou Duty Free Foreign Supply Port Service Company Limited (營口中免對外供應港口服務有限責任公司) | Joint venture of the parent |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XII. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without controlling relationship: (continued)

| Name of related parties | Relationships with related parties |
|--|---------------------------------------|
| Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司) | Joint venture of the parent |
| Yingkou Ocean Shipping Agency Co., Ltd. | Joint venture of the parent |
| Jilin Inland Port Logistics Co., Ltd. (Note 5) | Joint venture of the parent |
| Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧瀋哈紅運物流有限公司) | Associate of the parent |
| Panjin Port Runbang International Logistics Co., Ltd. (盤錦港潤邦國際物流有限公司) | Associate of the parent |
| Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司) | Associate of the parent |
| Yingkou Gangjun Logistics Co., Ltd. (營口港駿物流有限公司) | Associate of the parent |
| Yingkou Oceanfavor Shipping Agency Co., Ltd. (Note 5) | Associate of the parent |
| Yingkou Huifeng Logistics Co., Ltd. (營口滙豐物流有限公司) | Associate of the parent |
| Yingkou Xintonghe Logistics Co., Ltd. (營口新通合物流有限公司) | Associate of the parent |
| Yingkou Yinlong Port Co., Ltd. (營口銀龍港務股份有限公司) | Associate of the parent |
| Yingkou Zhonglian Tally Co., Ltd. (營口中聯理貨有限公司) | Associate of the parent |
| Yingkou Wanying Logistics Co., Ltd. (營口萬贏物流有限公司) | Associate of the parent |
| Korea Fanying Ferry Co., Ltd. (韓國泛營輪渡株式會社) | Associate of the parent |
| CSC Cargo Co., Ltd. | Controlled by the same ultimate party |
| Dalian FTZ Yongdixin Real Estate Development Co., Ltd. | Controlled by the same ultimate party |
| Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd. | Controlled by the same ultimate party |
| Dalian Port Security Services Co., Ltd. | Controlled by the same ultimate party |
| Dalian Port North Shore Container Terminal Co., Ltd. | Controlled by the same ultimate party |
| Dalian Port North Shore Automobile Terminal Co., Ltd. | Controlled by the same ultimate party |
| Dalian Port North Shore Investment and Development Co., Ltd. | Controlled by the same ultimate party |
| Dalian Port City Comprehensive Development Co., Ltd. (大連港城綜合開發有限公司) | Controlled by the same ultimate party |
| Dalian Port Real Estate Group Co., Ltd. | Controlled by the same ultimate party |
| PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd. | Controlled by the same ultimate party |
| Dalian Port Petroleum & Chemical Co., Ltd. | Controlled by the same ultimate party |
| Dalian Port Investment and Financing Holding Group Co., Ltd. | Controlled by the same ultimate party |
| Dalian Port Wantong Logistics Co., Ltd. | Controlled by the same ultimate party |
| Dalian Port Real Estate Co., Ltd. | Controlled by the same ultimate party |
| Dalian International Shipping Center Building Co., Ltd. (大連國際航運中心大廈有限公司) | Controlled by the same ultimate party |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XII. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without controlling relationship: (continued)

| Name of related parties | Relationships with related parties |
|--|---------------------------------------|
| Dalian Harbour Building Co., Ltd. | Controlled by the same ultimate party |
| Dalian Hongyu Building Co., Ltd. | Controlled by the same ultimate party |
| Dalian United King Port Auto Trade Co., Ltd. | Controlled by the same ultimate party |
| Dalian Taiping Bay Port Company Limited | Controlled by the same ultimate party |
| Dalian Taiping Bay Investment & Development Co., Ltd. | Controlled by the same ultimate party |
| Dalian Taiping Bay Sunshine Real Estate Co., Ltd. | Controlled by the same ultimate party |
| Dalian Taiping Bay New Energy Industrial Park Construction & Development Co., Ltd. (大連太平洋灣新能源產業園建設開發有限公司) | Controlled by the same ultimate party |
| Dalian Wantong Ronghai Shipping Co., Ltd. (Note 5) | Controlled by the same ultimate party |
| Dalian Yongde Property Management Co., Ltd. | Controlled by the same ultimate party |
| Dalian Yongdeyi Housing Development Co., Ltd. (大連永德義房屋開發有限公司) | Controlled by the same ultimate party |
| DALIAN SINOTRANS UNITED INTERNATIONAL LOGISTICS CO., LTD | Controlled by the same ultimate party |
| Dalian Sinotrans Logistics Co., Ltd. | Controlled by the same ultimate party |
| Dandong Port Group Co., Ltd. | Controlled by the same ultimate party |
| Hoi Tung (Shanghai) Company Limited | Controlled by the same ultimate party |
| Jinzhou Dagang Real Estate Co., Ltd. (錦州大港地產有限公司) | Controlled by the same ultimate party |
| Jinzhou Liaoxi PDA Properties Co., Ltd. | Controlled by the same ultimate party |
| Dalian Wanfeng Properties Co., Ltd. | Controlled by the same ultimate party |
| China Marine Shipping Agency Liaoning Co., Ltd. | Controlled by the same ultimate party |
| Ocean Harvest Container Co., Ltd. | Controlled by the same ultimate party |
| Shantou China Merchants Port Group Co., Ltd. | Controlled by the same ultimate party |
| Shenzhen Haiqin Engineering Supervision & Management Company Limited | Controlled by the same ultimate party |
| Shenzhen China Merchants Daojiahui Technology Co., Ltd. | Controlled by the same ultimate party |
| Shenzhen Merchants Ro-Ro Transportation Co., Ltd. | Controlled by the same ultimate party |
| Shenyang Sinotrans & CSC Logistics Development Co., Ltd. | Controlled by the same ultimate party |
| Yingkou Sinotrans Logistics Co., Ltd. | Controlled by the same ultimate party |
| China Merchants Group Finance Co., Ltd. | Controlled by the same ultimate party |
| China Merchants Food (China) Co., Limited | Controlled by the same ultimate party |
| China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平洋灣開發投資有限公司) | Controlled by the same ultimate party |
| China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司) | Controlled by the same ultimate party |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without controlling relationship: (continued)

| Name of related parties | Relationships with related parties |
|--|---------------------------------------|
| China Merchants Logistics Group (Tianjin) Co., Ltd. (招商局物流集團(天津)有限公司) | Controlled by the same ultimate party |
| China Merchants Property Management Co., Ltd. | Controlled by the same ultimate party |
| China Merchants Chongqing Highway Engineering Testing Center Co., Ltd. | Controlled by the same ultimate party |
| AVIC Property Management Co., Ltd. (中航物業管理有限公司) | Controlled by the same ultimate party |
| China Communications Import & Export Co., Ltd. | Controlled by the same ultimate party |
| Sinotrans Northeastern Co., Ltd. | Controlled by the same ultimate party |
| Sinotrans Liaoning Company Limited (中國外運遼寧有限公司) | Controlled by the same ultimate party |
| Sinotrans Changjiang Co., Ltd. (中國外運長江有限公司) | Controlled by the same ultimate party |
| Sinotrans Container Lines Co., Ltd. | Controlled by the same ultimate party |
| Sinotrans (Tangshan) Logistics Co., Ltd. (中外運(唐山)物流有限公司) | Controlled by the same ultimate party |
| Chongqing Sinotrans Logistics Co., Ltd. | Controlled by the same ultimate party |
| China Merchants International Technology Company Limited (招商局國際科技有限公司) | Controlled by the same ultimate party |
| China Yangtze Shipping Group Co., Ltd. | Controlled by the same ultimate party |
| Sinotrans North China Co., Ltd. | Controlled by the same ultimate party |
| Sinotrans Central China Co., Ltd. | Controlled by the same ultimate party |
| Guangdong Yide Port Co., Limited | Controlled by the same ultimate party |
| China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司) | Controlled by the same ultimate party |
| Sinoagent Lianyungang Co., Ltd. | Controlled by the same ultimate party |
| China Merchants Zhongyu Engineering Consulting (Chongqing) Co., Ltd. (招商中宇工程諮詢(重慶)有限公司) | Controlled by the same ultimate party |
| Panjin Port Marine Fuel Supply Co., Ltd. (盤錦港船舶燃料供應有限責任公司) | Controlled by the same ultimate party |
| China Marine Shipping Agency Shangdong Co., Ltd. (山東中外運船務代理有限公司) | Controlled by the same ultimate party |
| Suizhong Port Shipping Agency Co., Ltd. | Controlled by the same ultimate party |
| China Ocean Shipping Tally Panjin Co., Ltd (盤錦中理外輪理貨有限公司) | Controlled by the same ultimate party |
| Xia Men Bay China Merchants Terminals Co., Ltd. | Controlled by the same ultimate party |
| Dalian Gangtai Insurance Brokers Co., Ltd. | Controlled by the same ultimate party |
| Shenyang Sinotrans Logistics Co., Ltd. | Controlled by the same ultimate party |
| Sinotrans & Csc Holdings Co., Ltd. (中國外運長航集團有限公司) | Controlled by the same ultimate party |
| Zhangzhou China Merchants Port Co., Ltd. (漳州招商局碼頭 有限公司) | Controlled by the same ultimate party |
| Dalian Taiping Bay Construction Engineering Co., Ltd. | Controlled by the same ultimate party |

Notes to the Financial Statements (continued)

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XII. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without controlling relationship: (continued)

| Name of related parties | Relationships with related parties |
|---|--|
| Dalian Taiping Bay Investment & Holding Co., Ltd. | Controlled by the same ultimate party |
| Dalian Taiping Bay Modern Agricultural Science and Technology Development Co., Ltd. | Controlled by the same ultimate party |
| Haitong Haihui (Shanghai) Technology Co., Ltd. | Controlled by the same ultimate party |
| China Merchants Food (Beijing) Co., Ltd. | Controlled by the same ultimate party |
| Shenzhen China Merchants Property Management Co., Ltd. | Controlled by the same ultimate party |
| Chongqing Fire Safety Technology Research Service Co., Ltd. (重慶消防安全技術研究服務有限責任公司) | Controlled by the same ultimate party |
| Qingdao Zhaoshang Logistics Co., Ltd. | Controlled by the same ultimate party |
| Dalian Taiping Bay New Energy Investment & Development Co., Ltd. | Joint venture of the company controlled by the same ultimate party |
| Dalian Creative Industry Project Development Co., Ltd. | Joint venture of the company controlled by the same ultimate party |
| Dalian Port Machinery Co., Ltd. | Joint venture of the company controlled by the same ultimate party |
| Dalian Jingda International Freight Forwarding Co., Ltd. | Joint venture of the company controlled by the same ultimate party |
| Sinopec Harbour Oil Sales (Dalian) Co., Ltd. | Joint venture of the company controlled by the same ultimate party |
| Qingdao Port Dongjiakou Ore Terminal Co., Ltd. | Joint venture of the company controlled by the same ultimate party |
| Quanzhou Ansheng Shipping Co., Ltd. (泉州安盛船務有限公司) | Joint venture of the company controlled by the same ultimate party |
| Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司) | Joint venture of the company controlled by the same ultimate party |
| Panjin Ocean Shipping Agency Co., Ltd. | Joint venture of the company controlled by the same ultimate party |
| Yingkou Port Hospital (Note 4) | Associate of the company controlled by the same ultimate party |
| Dalian Port Hospital (Note 4) | Associate of the company controlled by the same ultimate party |
| Liaoning Shenha Hongyun Logistics (Panjin) Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Dalian Yuhang International Forwarding Co., Ltd. | Associate of the company controlled by the same ultimate party |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XII. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without controlling relationship: (continued)

| <u>Name of related parties</u> | <u>Relationships with related parties</u> |
|---|--|
| Zhanjiang Port (Group) Co., Ltd. (湛江港(集團)股份有限公司) | Associate of the company controlled by the same ultimate party |
| Daton Securities Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Dalian Gangrong International Trade Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Dalian Yuxiang Engineering Ship Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Geneq Logistics (Dalian) Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Shenzhen Skywalk Information Technology Co., Ltd. (深圳中科天巡信息技術有限公司) | Associate of the company controlled by the same ultimate party |
| Dalian Beiyin Auto Logistics Information Consulting Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Dalian Port Machinery and Electric Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Dalian Port Design and Research Institute Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Dalian Gangming Port Automobile Inspection Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Dalian Port Rixing Boiler Installation Co., Ltd. (Note 5) | Associate of the company controlled by the same ultimate party |
| Dalian Port Landscape Engineering Co., Ltd. (Note 5) | Associate of the company controlled by the same ultimate party |
| Dalian Port Industrial Co., Ltd. (Note 5) | Associate of the company controlled by the same ultimate party |
| Dalian Port Industrial Co., Ltd. (Xingang Gas Station) (Note 5) | Associate of the company controlled by the same ultimate party |
| Dalian Port Tongda Media Co., Ltd. (Note 5) | Associate of the company controlled by the same ultimate party |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XII. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without controlling relationship: (continued)

| <u>Name of related parties</u> | <u>Relationships with related parties</u> |
|--|--|
| Dalian Harbour Engineering Co., Ltd. (Note 5) | Associate of the company controlled by the same ultimate party |
| Dalian Port Property Management Co., Ltd. (Note 5) | Associate of the company controlled by the same ultimate party |
| Dalian Gangxin Construction Engineering Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Dalian Port Xingang Construction Engineering Co., Ltd. (Note 5) | Associate of the company controlled by the same ultimate party |
| Dalian Wanpeng Foundation Engineering Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Dalian Zhonghai Harbour Investment Co., Ltd. (Note 6) | Associate of the company controlled by the same ultimate party |
| Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Dalian Equipment Finance Lease Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Ganghe (Shanghai) Economic and Trade Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Jinzhou Port Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Liaoning Sinotrans Constant Transportation Service Co., Ltd. | Associate of the company controlled by the same ultimate party |
| Xingyun Digital Clustering (Beijing) Technology Co., Ltd. | Associate of the company controlled by the same ultimate party |
| China Merchants Bank Co., Ltd. | Associate of the company controlled by the same ultimate party |
| COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd. | Associate of the company controlled by the same ultimate party |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XII. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without controlling relationship: (continued)

Note 1: Liaoning Ganghang Modern Supply Chain Co., Ltd., Yingkou Gangfeng Hotel Co., Ltd., Liaoning Gangfeng Logistics Co., Ltd. and Yingkou Port Group Construction and Installation Engineering Co., Ltd. completed the deregistration procedures in 2022; and Yingkou Port Engineering Design and Research Institute Co., Ltd. completed the deregistration procedures in 2023.

Note 2: In January 2023, Liaoning Gangwan Financial Holding Group Co., Ltd. (遼寧港灣金融控股集團有限公司) was renamed as Liaoning Harbor Industry and Finance Investment Group Co., Ltd. (遼寧港灣產融投資集團有限公司).

Note 3: In January 2023, Yingkou Port Group transferred its entire equity interest in Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司) to a third party. As of 31 December 2023, Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司) was not affiliated with the Group.

Note 4: PDA Group and Yingkou Port Group transferred their 70% equity interest in Liaoning Port Medical Management (Liaoning) Co., Ltd. to a third party in July 2023. As of 31 December 2023, the relationship between Liaoning Port Medical Management (Liaoning) Co., Ltd. and its subsidiaries (Yingkou Port Hospital and Dalian Port Hospital) and the related parties of the Group was changed to an associate of a company controlled by the same ultimate party.

Note 5: In 2022, Yingkou Port Group transferred its equity interests in Jilin Inland Port Logistics Co., Ltd. and Yingkou Oceanfavor Shipping Agency Co., Ltd. to a third party; PDA Group transferred its equity interests in Dalian Port Industrial Co., Ltd. and Dalian Harbour Engineering Co., Ltd. to a third party in 2022; PDA Group transferred its equity interests in Dalian Wantong Ronghai Shipping Co., Ltd. to a third party in 2023. As of 31 December 2023, Dalian Port Industrial Co., Ltd. and its subsidiaries (Dalian Port Rixing Boiler Installation Co., Ltd., Dalian Port Landscape Engineering Co., Ltd., Dalian Port Industrial Co., Ltd. (Xingang Gas Station), Dalian Port Tongda Media Co., Ltd., Dalian Port Property Management Co., Ltd. and Dalian Port Xingang Construction Engineering Co., Ltd.), Dalian Harbour Engineering Co., Ltd., Jilin Inland Port Logistics Co., Ltd., Yingkou Oceanfavor Shipping Agency Co., Ltd. and Dalian Wantong Ronghai Shipping Co., Ltd. were not affiliated with the Group.

Note 6: In May 2023, Dalian CITIC Harbour Investment Co., Ltd. was renamed as Dalian Zhonghai Harbour Investment Co., Ltd. (大連中海海港投資有限公司).

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows:

(1) Revenue and Expenses

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|--|----------------------------------|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| Yingkou Port Group | Parent company | Revenue | Comprehensive services | Agreement | 18,591,306.03 | 20,501,403.86 |
| Liaoning Port Group | Indirect controlling shareholder | Revenue | Comprehensive services | Agreement | 28,328,677.35 | 23,739,538.61 |
| PDA Group | Indirect controlling shareholder | Revenue | Comprehensive services | Agreement | 22,716,938.78 | 17,262,964.50 |
| Yingkou Port Fairy Island Pier Co., Ltd. (營口港仙人島碼頭有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 24,060,514.95 | 24,131,560.43 |
| Panjin Port Group Co., Ltd. (盤錦港集團有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 11,032,302.19 | 15,608,514.19 |
| Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 3,569,676.31 | 2,550,048.22 |
| Yingkou Ocean Shipping Tally Co., Ltd. | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 2,202,582.17 | 2,644,298.15 |
| Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 2,178,717.10 | 4,199,038.23 |
| Panjin Port Logistics Development Co., Ltd. (盤錦港物流發展有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 2,028,817.98 | 1,214,544.00 |
| Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd. (營口港務集團保稅貨物儲運有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 1,326,817.92 | 2,913,387.53 |
| Suizhong Port Group Co., Ltd. (綏中港集團有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 1,132,436.02 | 4,814,305.10 |
| China Merchants Gangrong | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 707,364.32 | 974,788.48 |
| Yingkou Port Foreign Economic Cooperation Development Co., Ltd. (營口港對外經濟合作發展有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 697,683.53 | 673,935.61 |
| Liaoning Gangwan Industry Finance Investment Group Co., Ltd. (遼寧港灣產融投資集團有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 631,467.55 | 567,101.60 |
| Yingkou Port Real Estate Development Co., Ltd. (營口港房地產開發有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 533,860.57 | 845,209.10 |

Notes to the Financial Statements (continued)

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XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|--|--------------------------|-------------------------------|---------------------------------|--|---------------------------------------|---|
| Yingkou Port Engineering Supervision Consulting Co., Ltd | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 411,996.31 | 444,402.67 |
| Yingkou Hongyun Port Container Development Co., Ltd. (營口紅運港口集裝箱發展有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 83,842.68 | 148,747.23 |
| Liaoning Harbour Engineering Technology Co., Ltd. (遼寧港灣船務工程技術有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 59,737.83 | 324,061.52 |
| Liaoning Huiyuan Photovoltaic Co., Ltd. (遼寧會源光伏有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | 19,295.28 | 14,139.12 |
| Yingkou Port Engineering Design and Research Institute Co., Ltd. | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | - | 822,552.39 |
| Yingkou Gangfeng Hotel Co., Ltd. (營口港豐大酒店有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | - | 406,091.15 |
| Shenyang Yingkou Port Logistics Co., Ltd. (瀋陽營口港物流有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | - | 14,150.94 |
| Liaoning Gangfeng Logistics Co., Ltd. (遼寧港豐物流有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | - | 9,424.53 |
| Yingkou Port Group Construction and Installation Engineering Co., Ltd. (營口港務集團建築安裝工程有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | - | 7,461.17 |
| Shenyang Yinggang Lugang Service Co., Ltd. (瀋陽營港陸港服務有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | - | 247.79 |
| Liaoning Ganghang Modern Supply Chain Co., Ltd. (遼寧港航現代供應鏈有限公司) | Subsidiary of the parent | Revenue | Comprehensive services | Agreement | - | 90.57 |
| Dalian Port Yidu Cold Chain Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 43,070,012.51 | 36,148,268.42 |
| China Oil Dock Management (Dalian) Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 37,663,039.67 | 48,144,817.20 |
| Dalian United International Shipping Agency Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 28,915,775.75 | 26,240,959.68 |
| Dalian Changxing Island Port Investment and Development Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 16,310,277.17 | 16,414,352.48 |
| Yingkou Container Terminals Company Limited | Joint venture | Revenue | Comprehensive services | Agreement | 9,610,997.27 | 6,532,855.41 |
| VTTI Terminals Dalian Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 8,085,852.68 | 10,499,803.64 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|--|---------------|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| Dalian Changxing Island Port Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 7,932,941.19 | 7,274,788.64 |
| Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運有限責任公司) | Joint venture | Revenue | Comprehensive services | Agreement | 3,672,419.17 | 3,798,458.58 |
| China United International Rail Containers (Dalian) Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 3,009,081.12 | 2,921,204.19 |
| Dalian Dagang Container Terminal Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 2,551,631.38 | 3,751,427.80 |
| Dalian Vanguard International Logistics Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 1,939,524.63 | 1,805,315.66 |
| China Shipping Gang Lian Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 1,569,931.55 | 1,139,351.22 |
| Dalian Port PetroChina International Terminal Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 1,429,782.92 | 675,854.02 |
| China United Tally (Dalian) Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 1,215,645.08 | 1,252,159.16 |
| Weifang Weida Container Service Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 783,540.31 | 969,300.50 |
| Liaoning Electronic Port Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 613,207.55 | 613,207.55 |
| Ha'ou International Logistics Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 571,341.47 | 471,698.11 |
| Dalian Port Bulk Cargo Logistics Center Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 520,956.31 | 406,448.76 |
| Dalian Port Xiangyu Grain Logistics Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | 8,977.83 | 7,983.35 |
| Dalian Jilong Logistics Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | - | 101,330.83 |
| Dalian Port Tongli Shipping Agency Co., Ltd. | Joint venture | Revenue | Comprehensive services | Agreement | - | 47,338.61 |
| Dalian Automobile Terminal Co., Ltd. | Associate | Revenue | Comprehensive services | Agreement | 83,643,102.95 | 104,204,481.83 |
| Angang Yingkou Port Co., Ltd. | Associate | Revenue | Comprehensive services | Agreement | 13,972,267.54 | 8,820,000.00 |
| Taicang Xinggang Tug Co., Ltd. | Associate | Revenue | Comprehensive services | Agreement | 3,811,415.09 | 10,378,969.85 |
| Dalian PetroChina International Warehousing and Transportation Co., Ltd. | Associate | Revenue | Comprehensive services | Agreement | 3,755,092.81 | 9,363,119.64 |
| Dalian North Oil Petroleum Logistics Co., Ltd. | Associate | Revenue | Comprehensive services | Agreement | 2,037,061.46 | 2,015,871.27 |
| Dalian Puji Storage Facility Co., Ltd. | Associate | Revenue | Comprehensive services | Agreement | 1,804,841.82 | 1,732,652.47 |
| Dalian Singamas International Container Co., Ltd. | Associate | Revenue | Comprehensive services | Agreement | 1,787,987.32 | 1,614,107.74 |
| National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司) | Associate | Revenue | Comprehensive services | Agreement | 629,649.85 | 632,005.69 |
| Dalian Wanpeng Port Engineering Testing Co., Ltd. | Associate | Revenue | Comprehensive services | Agreement | 31,791.02 | 31,796.48 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|--|---------------------------------------|-------------------------------|---------------------------------|--|---------------------------------------|---|
| Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd. | Associate | Revenue | Comprehensive services | Agreement | - | 183,983.49 |
| Beidahuang Logistics Co., Ltd. | Joint venture of the parent | Revenue | Comprehensive services | Agreement | 6,801,280.51 | 10,519,735.00 |
| Yingkou Ocean Shipping Agency Co., Ltd. | Joint venture of the parent | Revenue | Comprehensive services | Agreement | 309,112.53 | 196,093.76 |
| Yingkou Port Tank Cleaning Co., Ltd. | Joint venture of the parent | Revenue | Comprehensive services | Agreement | 256,875.91 | 75,002.51 |
| Yingkou Gangyue Sugar Storage Co., Ltd. | Joint venture of the parent | Revenue | Comprehensive services | Agreement | 250,755.55 | 110,618.79 |
| Yingkou COSCO Shipping Agency Co., Ltd. | Joint venture of the parent | Revenue | Comprehensive services | Agreement | 65,651.67 | 39,120.25 |
| Huaneng Yingkou Port Co., Ltd. | Joint venture of the parent | Revenue | Comprehensive services | Agreement | 43,487.71 | 10,139.31 |
| Yingkou Duty Free Foreign Supply Port Service Company Limited | Joint venture of the parent | Revenue | Comprehensive services | Agreement | 24,162.87 | 1,912.31 |
| Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司) | Joint venture of the parent | Revenue | Comprehensive services | Agreement | 249.56 | 9,153.78 |
| Jilin Inland Port Logistics Co., Ltd. | Joint venture of the parent | Revenue | Comprehensive services | Agreement | - | 254,726.51 |
| Yingkou Port Gaizhou Logistics Co., Ltd. | Joint venture of the parent | Revenue | Comprehensive services | Agreement | - | 20,000.00 |
| Liaoning Shenha Hongyun Logistics Co., Ltd. | Associate of the parent | Revenue | Comprehensive services | Agreement | 1,955,239.75 | 779,029.07 |
| Yingkou Port Vessel Fuel Supply Co., Ltd. | Associate of the parent | Revenue | Comprehensive services | Agreement | 526,896.98 | 375,558.75 |
| Yingkou Wanying Logistics Co., Ltd. | Associate of the parent | Revenue | Comprehensive services | Agreement | 278,277.25 | 173,886.17 |
| Yingkou Huifeng Logistics Co., Ltd. (營口匯豐物流有限公司) | Associate of the parent | Revenue | Comprehensive services | Agreement | 144,618.42 | 139,074.23 |
| Yingkou Zhonglian Tally Co., Ltd. | Associate of the parent | Revenue | Comprehensive services | Agreement | 108,728.63 | 15,708.91 |
| Yingkou Yinlong Port Co., Ltd. | Associate of the parent | Revenue | Comprehensive services | Agreement | 25,879.57 | - |
| Korea Fanying Ferry Co., Ltd. | Associate of the parent | Revenue | Comprehensive services | Agreement | 2,593.38 | - |
| Yingkou Oceanfavor Shipping Agency Co., Ltd. (營口海德船務代理有限公司) | Associate of the parent | Revenue | Comprehensive services | Agreement | - | 273,239.08 |
| China Marine Shipping Agency Liaoning Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 54,763,833.39 | 48,147,613.58 |
| Chongqing Sinotrans Logistics Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 47,470,115.16 | - |
| China Merchants International Technology Company Limited (招商局國際科技有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 38,454,255.73 | 53,268,664.67 |
| Dalian Port Wantong Logistics Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 37,761,946.64 | 32,350,097.11 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|---|---------------------------------------|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| Sinotrans Container Lines Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 36,053,682.78 | 36,808,114.64 |
| Dandong Port Group Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 33,616,095.89 | 20,114,929.30 |
| China Merchants Logistics Group (Tianjin) Co., Ltd. (招商局物流集團(天津)有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 8,711,752.29 | 7,272,096.34 |
| China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 4,150,000.00 | – |
| Dalian Port Petroleum & Chemical Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 3,076,015.61 | 2,042,736.02 |
| China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平洋開發投資有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 2,541,799.48 | 2,526,833.72 |
| Dalian Sinotrans Logistics Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 2,178,156.89 | 1,246,976.40 |
| CSC Cargo Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 1,980,913.52 | – |
| Dalian Hongyu Building Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 1,970,504.43 | 2,007,743.87 |
| Shenzhen Merchants Ro-Ro Transportation Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 1,857,913.88 | 2,545,718.86 |
| China Yangtze Shipping Group Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 1,298,113.21 | 557,547.17 |
| Dalian Wanfeng Properties Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 1,135,567.14 | 802,329.36 |
| Dalian Taiping Bay Sunshine Real Estate Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 1,075,273.57 | 106,323.58 |
| Shantou China Merchants Port Group Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 866,688.68 | 1,178,773.59 |
| Dalian Harbour Building Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 817,017.62 | 760,308.69 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|--|---------------------------------------|-------------------------------|---------------------------------|--|---------------------------------------|---|
| Dalian Taiping Bay New Energy Industrial Park Construction & Development Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 741,388.27 | - |
| Sinotrans North China Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 728,563.15 | - |
| Dalian Port City Comprehensive Development Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 666,720.85 | 667,829.50 |
| Sinotrans Central China Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 615,090.20 | - |
| Guangdong Yide Port Limited | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 547,169.81 | - |
| Sinotrans Changjiang Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 528,135.04 | - |
| China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 507,169.81 | 892,153.10 |
| Sinoagent Lianyungang Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 351,511.92 | - |
| China Merchants Zhongyu Engineering Consulting (Chongqing) Co., Ltd. (招商中宇工程諮詢(重慶)有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 259,345.92 | - |
| Dalian Port North Shore Investment and Development Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 244,875.03 | 989,847.05 |
| Panjin Port Vessel Fuel Supply Co., Ltd. (盤錦港船舶燃料供應有限責任公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 226,775.43 | 225,331.34 |
| China Marine Shipping Agency Shangdong Co., Ltd. (山東中外運船務代理有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 217,871.58 | - |
| Dalian Taiping Bay Port Company Limited | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 201,376.50 | 499,056.60 |
| China Communications Import & Export Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 133,187.63 | 131,841.66 |
| Suizhong Port Shipping Agency Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 84,905.66 | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|---|---------------------------------------|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| China Ocean Shipping Tally Panjin Co., Ltd. (盤錦中理外輪理貨有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 74,086.31 | 74,143.20 |
| Xia Men Bay China Merchants Terminals Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 66,406.03 | 138,095.58 |
| Dalian International Shipping Center Building Co., Ltd. (大連國際航運中心大廈有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 47,570.70 | 22,366.50 |
| Dalian Port Investment and Financing Holding Group Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 45,550.86 | 40,504.80 |
| Dalian Port Real Estate Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 44,002.19 | 52,447.07 |
| Dalian Port North Shore Container Terminal Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 42,594.35 | 43,867.94 |
| Dalian Yongde Property Management Co., Ltd. (大連永德物業管理有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 41,586.80 | - |
| Dalian Port Security Services Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 41,229.64 | 53,977.61 |
| Dalian United King Port Auto Trade Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 34,157.37 | 9,547.16 |
| Sinotrans Northeastern Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 32,452.85 | - |
| Dalian Port North Shore Automobile Terminal Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 28,396.20 | 159,994.42 |
| China Merchants Group Finance Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 25,631.21 | 28,155.04 |
| Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 23,259.25 | 21,755.32 |
| PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 22,370.09 | 22,883.83 |
| Dalian Wantong Ronghai Shipping Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 21,544.35 | 25,277.45 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|--|---------------------------------------|-------------------------------|---------------------------------|--|---------------------------------------|---|
| Jinzhou Dagang Real Estate Co., Ltd. (錦州大港地產有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 21,201.89 | - |
| Dalian Gangtai Insurance Brokers Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 20,484.01 | 10,566.04 |
| Dalian Port Real Estate Group Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 20,192.45 | 2,264.15 |
| Dalian Yongdeyi Housing Development Co., Ltd. (大連永德義房屋開發有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 15,094.34 | - |
| Dalian Taiping Bay Investment & Development Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 10,684.07 | 199,640.40 |
| DALIAN SINOTRANS UNITED INTERNATIONAL LOGISTICS CO., LTD | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 4,737.74 | - |
| Shenyang Sinotrans Logistics Co., Ltd. (瀋陽中外運物流有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 4,134.90 | 4,460.39 |
| Dalian FTZ Yongdixin Real Estate Development Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 1,064.18 | 1,917.23 |
| Sinotrans & Csc Holdings Co., Ltd. (中國外運長航集團有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 2,971,698.12 |
| Jinzhou Liaoxi PDA Properties Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 1,200,500.00 |
| Zhangzhou China Merchants Port Co., Ltd. (漳州招商局碼頭有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 703,539.82 |
| Yingkou Sinotrans Logistics Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 2,495.63 |
| China Merchants Chongqing Highway Engineering Testing Center Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 1,879.00 |
| Sinotrans (Tangshan) Logistics Co., Ltd. (中外運(唐山)物流有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 1,733.54 |
| Dalian Taiping Bay Construction Engineering Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 566.04 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|---|--|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| Dalian Taiping Bay Investment & Holding Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 566.04 |
| Dalian Taiping Bay Modern Agricultural Science and Technology Development Co., Ltd. | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 566.04 |
| Sinotrans Liaoning Company Limited (中國外運遼寧有限公司) | Controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 79.24 |
| Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司) | Joint venture of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 168,145,729.55 | 130,514,194.14 |
| Dalian Port Machinery Co., Ltd. | Joint venture of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 337,187.25 | 833,661.46 |
| Sinopec Harbour Oil Sales (Dalian) Co., Ltd. | Joint venture of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 194,035.69 | 158,224.45 |
| Panjin Ocean Shipping Agency Co., Ltd. (盤錦外輪代理有限公司) | Joint venture of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 34,235.75 | - |
| Dalian Jingda International Freight Forwarding Co., Ltd. | Joint venture of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 17,329.46 | 5,660.37 |
| Quanzhou Ansheng Shipping Co., Ltd. (泉州安盛船務有限公司) | Joint venture of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 13,349.52 | 2,912.62 |
| Dalian Taiping Bay New Energy Investment & Development Co., Ltd. (大連太平洋新能源投資發展有限公司) | Joint venture of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 2,306.42 | - |
| Dalian Port Design and Research Institute Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 18,616,447.13 | 6,736,890.21 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|--|--|-------------------------------|---------------------------------|--|---------------------------------------|---|
| Dalian Port Hospital | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 1,093,961.10 | 2,543,464.58 |
| Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 442,160.10 | 500,799.40 |
| China Merchants Bank Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 89,289.38 | – |
| Yingkou Port Hospital | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 83,667.77 | 145,058.66 |
| Dalian Port Machinery and Electric Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 30,615.09 | 64,754.73 |
| Liaoning Sinotrans Constant Transportation Service Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 25,838.68 | 16,655.65 |
| Liaoning Shenha Hongyun logistics (Panjin) Co., Ltd. (遼寧瀋哈紅運物流盤錦有限公司) | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 14,716.98 | – |
| Dalian Yuhang International Forwarding Co., Ltd. (大連宇航國際運輸代理有限責任公司) | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 4,433.98 | 65,811.33 |
| Dalian Gangming Port Automobile Inspection Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 4,099.97 | 4,128.41 |
| Dalian Gangxin Construction Engineering Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 3,486.64 | 42,945.65 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|--|--|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| Dalian Beiyin Qiche Logistics Information Consulting Co., Ltd. (大連北銀汽車物流信息諮詢有限公司) | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | 463.26 | 595.41 |
| Dalian Port Industrial Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 1,388,635.29 |
| Zhanjiang Port (Group) Co., Ltd. (湛江港(集團)股份有限公司) | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 1,028,301.89 |
| COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 861,819.56 |
| Daton Securities Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 752,654.88 |
| Jinzhou Port Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 303,000.00 |
| Dalian Harbour Engineering Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 289,447.32 |
| Dalian Port Property Management Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 81,338.69 |
| Dalian Port Rixing Boiler Installation Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 33,720.16 |
| Dalian Port Landscape Engineering Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 26,396.02 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|--|--|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| Dalian Port Xingang Construction Engineering Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 22,387.45 |
| Dalian Equipment Finance Leasing Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 3,396.23 |
| Dalian Port Industrial Co., Ltd. (Xingang Gas Station) | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 833.94 |
| Dalian Port Tongda Media Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 816.50 |
| Ganghe (Shanghai) Economic and Trade Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 566.04 |
| Dalian Gangrong International Trade Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 566.04 |
| Dalian Yuxiang Marine Engineering Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 566.04 |
| Geneq Logistics (Dalian) Co., Ltd. | Associate of the company controlled by the same ultimate party | Revenue | Comprehensive services | Agreement | - | 50.94 |
| Total | | | | | 887,731,508.79 | 813,387,525.20 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|---|----------------------------------|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| Yingkou Port Group | Parent company | Expenses | Comprehensive services | Agreement | 102,024,119.05 | 95,685,786.81 |
| PDA Group | Indirect controlling shareholder | Expenses | Comprehensive services | Agreement | 43,397,725.69 | 36,016,911.06 |
| Liaoning Port Group | Indirect controlling shareholder | Expenses | Comprehensive services | Agreement | 69,132.07 | 73,509.43 |
| Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司) | Subsidiary of the parent | Expenses | Comprehensive services | Agreement | 15,544,654.84 | 14,920,228.71 |
| Yingkou Hongyun Port Container Development Co., Ltd. (營口紅運港口集裝箱發展有限公司) | Subsidiary of the parent | Expenses | Comprehensive services | Agreement | 9,763,675.20 | 8,251,299.80 |
| Liaoning Huiyuan Photovoltaic Co., Ltd. (遼寧蒼源光伏有限公司) | Subsidiary of the parent | Expenses | Comprehensive services | Agreement | 6,093,127.44 | 6,394,818.13 |
| Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限公司) | Subsidiary of the parent | Expenses | Comprehensive services | Agreement | 4,896,992.44 | 4,859,460.41 |
| Yingkou Port Engineering Supervision Consulting Co., Ltd. | Subsidiary of the parent | Expenses | Comprehensive services | Agreement | 2,700,516.39 | 562,212.25 |
| Panjin Port Group Co., Ltd. (盤錦港集團有限公司) | Subsidiary of the parent | Expenses | Comprehensive services | Agreement | 1,320,225.43 | 1,236,048.75 |
| Yingkou Ocean Shipping Tally Co., Ltd. | Subsidiary of the parent | Expenses | Comprehensive services | Agreement | 621,698.12 | - |
| Faku Yinggang Logistics Co., Ltd. (法庫營港物流有限公司) | Subsidiary of the parent | Expenses | Comprehensive services | Agreement | 375,950.96 | 696,226.40 |
| China Merchants Gangrong | Subsidiary of the parent | Expenses | Comprehensive services | Agreement | 60,000.00 | - |
| Liaoning Harbour Engineering Technology Co., Ltd. (遼寧港灣船務工程技術有限公司) | Subsidiary of the parent | Expenses | Comprehensive services | Agreement | - | 1,931,734.49 |
| Yingkou Port Engineering Design and Research Institute Co., Ltd. | Subsidiary of the parent | Expenses | Comprehensive services | Agreement | - | 1,289,411.78 |
| Dalian Changxing Island Port Investment and Development Co., Ltd. | Joint venture | Expenses | Comprehensive services | Agreement | 191,108,490.30 | 191,108,489.69 |
| China United International Rail Containers (Dalian) Co., Ltd. | Joint venture | Expenses | Comprehensive services | Agreement | 30,842,181.36 | 25,304,166.22 |
| Sinograin Yingkou Storage and Transportation Co., Ltd. | Joint venture | Expenses | Comprehensive services | Agreement | 17,899,087.55 | 15,230,857.55 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|--|---------------------------------------|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| Weifang Weida Container Service Co., Ltd. | Joint venture | Expenses | Comprehensive services | Agreement | 6,350,397.71 | 6,958,064.08 |
| China United Tally (Dalian) Co., Ltd. | Joint venture | Expenses | Comprehensive services | Agreement | 2,258,499.31 | 2,934,485.84 |
| Dalian Vanguard International Logistics Co., Ltd. | Joint venture | Expenses | Comprehensive services | Agreement | 652,950.01 | – |
| Dalian United International Shipping Agency Co., Ltd. | Joint venture | Expenses | Comprehensive services | Agreement | 148,883.07 | 21,600.00 |
| Dalian Changxing Island Port Co., Ltd. | Joint venture | Expenses | Comprehensive services | Agreement | 61,970.76 | 153,258.48 |
| Dalian Port Yidu Cold Chain Co., Ltd. | Joint venture | Expenses | Comprehensive services | Agreement | 41,449.30 | – |
| China Oil Dock Management (Dalian) Co., Ltd. | Joint venture | Expenses | Comprehensive services | Agreement | – | 7,302,074.25 |
| Dalian Port Tongli Shipping Agency Co., Ltd. | Joint venture | Expenses | Comprehensive services | Agreement | – | 213,237.25 |
| Yingkou Container Terminals Company Limited | Joint venture | Expenses | Comprehensive services | Agreement | – | 3,922.47 |
| Dalian Singamas International Container Co., Ltd. | Associate | Expenses | Comprehensive services | Agreement | 1,394,381.85 | 200,917.43 |
| Dalian Automobile Terminal Co., Ltd. | Associate | Expenses | Comprehensive services | Agreement | 1,127,419.80 | 907,686.78 |
| Dalian Wanpeng Port Engineering Testing Co., Ltd. | Associate | Expenses | Comprehensive services | Agreement | 596,269.79 | 260,900.07 |
| Yingkou Ocean Shipping Agency Co., Ltd. | Joint venture of the parent | Expenses | Comprehensive services | Agreement | 1,156,407.07 | 878,365.81 |
| Yingkou Port Tank Cleaning Co., Ltd. | Joint venture of the parent | Expenses | Comprehensive services | Agreement | 1,154,877.61 | – |
| Yingkou Port Gaizhou Logistics Co., Ltd. | Joint venture of the parent | Expenses | Comprehensive services | Agreement | 1,059,566.06 | 633,007.75 |
| Yingkou Gangyue Sugar Storage Co., Ltd. | Joint venture of the parent | Expenses | Comprehensive services | Agreement | 196,693.51 | 2,221,448.42 |
| Beidahuang Logistics Co., Ltd. | Joint venture of the parent | Expenses | Comprehensive services | Agreement | 48,722.25 | 404,615.09 |
| Yingkou Port Jixing Logistics Co., Ltd. (营口港吉星物流有限公司) | Joint venture of the parent | Expenses | Comprehensive services | Agreement | 6,916.75 | 6,729,624.59 |
| Yingkou Port Vessel Fuel Supply Co., Ltd. | Associate of the parent | Expenses | Comprehensive services | Agreement | 103,359,823.36 | 114,042,707.16 |
| Yingkou Hui Feng Logistics Co., Ltd. (营口匯豐物流有限公司) | Associate of the parent | Expenses | Comprehensive services | Agreement | 32,645,481.40 | 53,471,450.46 |
| Liaoning Shenha Hongyun Logistics Co., Ltd. | Associate of the parent | Expenses | Comprehensive services | Agreement | 30,453,188.32 | 29,901,304.73 |
| Yingkou Wanying Logistics Co., Ltd. | Associate of the parent | Expenses | Comprehensive services | Agreement | 4,150.95 | – |
| Yingkou Yinlong Port Co., Ltd. | Associate of the parent | Expenses | Comprehensive services | Agreement | – | 97,647.79 |
| Shenzhen China Merchants Daojiahui Technology Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 20,247,666.95 | 23,257,631.15 |
| Dalian Port Security Services Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 8,435,808.28 | 9,567,881.01 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|--|---------------------------------------|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| Dalian Hongyu Building Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 5,942,209.22 | 5,617,431.08 |
| China Merchants Property Management Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 3,693,984.11 | – |
| Dandong Port Group Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 2,005,458.44 | 1,276,228.25 |
| Dalian Harbour Building Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 1,913,445.23 | 1,909,525.29 |
| China Merchants Food (China) Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 1,632,007.26 | 690,590.00 |
| Dalian Sinotrans Logistics Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 1,157,963.22 | 327,782.06 |
| Shenzhen Haiqin Engineering Supervision & Management Company Limited | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 1,099,097.77 | 1,023,586.60 |
| AVIC Property Management Co., Ltd. (中航物業管理有限公司) | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 498,939.19 | 1,509,433.96 |
| Dalian FTZ Yongdixin Real Estate Development Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 345,968.33 | – |
| China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司) | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 325,157.82 | 438,947.71 |
| Haitong Haihui (Shanghai) Technology Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 294,760.72 | – |
| Hoi Tung (Shanghai) Company Limited | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 233,870.80 | 884,221.26 |
| China Communications Import & Export Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 213,181.92 | 11,998.36 |
| Sinotrans Container Lines Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 192,571.59 | 551,414.19 |
| China Marine Shipping Agency Liaoning Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 148,527.00 | 50,559.55 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|---|--|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| DALIAN SINOTRANS UNITED INTERNATIONAL LOGISTICS CO., LTD | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 80,578.88 | – |
| China Merchants Food (Beijing) Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 49,539.20 | – |
| Dalian Port North Shore Investment and Development Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 11,320.75 | 11,009.17 |
| Dalian Port City Comprehensive Development Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 1,376.13 | 1,651.36 |
| Shenzhen China Merchants Property Management Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | – | 1,477,945.65 |
| Chongqing Fire Safety Technology Research Service Co., Ltd. (重慶消防安全技術研究服務有限責任公司) | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | – | 141,700.00 |
| China Merchants Group Finance Co., Ltd. | Controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | – | 1,476.42 |
| Sinopec Harbour Oil Sales (Dalian) Co., Ltd. | Joint venture of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 77,072,236.35 | 83,383,589.98 |
| Dalian Port Machinery Co., Ltd. | Joint venture of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 10,664,966.46 | 13,609,602.32 |
| Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司) | Joint venture of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 8,018,078.21 | 11,255,183.36 |
| Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd. | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 43,239,542.65 | 44,240,603.07 |
| Dalian Port Design and Research Institute Co., Ltd. | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 15,077,057.21 | 296,375.51 |
| Dalian Port Machinery and Electric Co., Ltd. | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 6,766,174.10 | 11,591,012.32 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

| Name of related parties | Relation | Types of related party transactions | Content of related transactions | Pricing method and decision-making procedure of related transactions | Cumulative amount in the current year | Cumulative amount in the previous year (Restated) |
|---|--|-------------------------------------|---------------------------------|--|---------------------------------------|---|
| Dalian Port Hospital | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 1,043,230.13 | 7,105,680.16 |
| Yingkou Port Hospital | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 999,936.00 | 4,649,299.00 |
| Jinzhou Port Co., Ltd. | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 404,150.94 | 229,811.32 |
| Xingyun Digital Clustering (Beijing) Technology Co., Ltd. | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | 211,111.99 | 16,473.62 |
| Dalian Port Industrial Co., Ltd. | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | - | 31,802,512.63 |
| Dalian Port Rixing Boiler Installation Co., Ltd. | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | - | 11,667,625.71 |
| Dalian Port Xingang Construction Engineering Co., Ltd. | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | - | 6,119,156.80 |
| Dalian Port Landscape Engineering Co., Ltd. | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | - | 2,037,917.93 |
| Dalian Port Property Management Co., Ltd. | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | - | 1,417,202.37 |
| Dalian Harbour Engineering Co., Ltd. | Associate of the company controlled by the same ultimate party | Expenses | Comprehensive services | Agreement | - | 32,833.29 |
| Total | | | | | 821,455,542.57 | 909,103,372.39 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Note 1: Comprehensive services include loading and discharging, storage, agency, tallying, information, containers ancillary services, equipment and technology maintenance, water and electricity supply and other services.

Note 2: On 28 April 2021, the Group convened the third meeting of the sixth session of the Board in 2021, at which the Proposal on Consideration of the Caps for the Ordinary Continuing Related Transactions for 2021-2023 and Signing of the Framework Agreements on Continuing Related Transactions was considered and passed, and the Group was approved to enter into various framework agreements on continuing related transactions and set the annual caps for the related transactions under each of the framework agreements with Liaoning Port Group (including China Merchants Group and related subsidiaries) and other related parties. The approved caps for related transactions on purchase of goods and receipt of services, and caps for related transactions on provision of construction supervision and supervision services between the Group and Liaoning Port Group (including China Merchants Group and related subsidiaries) during the year were RMB1,340,000,000.00 and RMB24,000,000.00 (2022: RMB1,320,000,000.00 and RMB26,000,000.00) respectively, and none of the related transactions between the Group and such companies exceeded the caps for the related transactions during the year.

(2) Balances of major claims and debts

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|--------------------------|--|-------------------------|--------------------------------|
| Cash at bank and on hand | China Merchants Group Finance Co., Ltd. | 2,102,193,440.96 | 2,390,798,429.03 |
| Cash at bank and on hand | China Merchants Bank Co., Ltd. | 489,976,637.62 | 466,969,380.60 |
| Total | | 2,592,170,078.58 | 2,857,767,809.63 |
| Accounts receivable | Dalian Automobile Terminal Co., Ltd. | 38,246,747.80 | 46,199,004.44 |
| Accounts receivable | China Merchants International Technology Company Limited | 32,185,749.42 | 15,337,235.70 |
| Accounts receivable | Huaneng Yingkou Port Co., Ltd. | 29,603,522.63 | 31,501,089.83 |
| Accounts receivable | Dalian Changxing Island Port Co., Ltd. | 19,301,586.31 | 14,276,673.27 |
| Accounts receivable | Quanzhou Antong Logistics Co., Ltd. | 15,377,284.56 | 15,931,524.64 |
| Accounts receivable | Dandong Port Group Co., Ltd. | 12,871,912.21 | 549,912.02 |
| Accounts receivable | Dalian Port Yidu Cold Chain Co., Ltd. | 12,148,835.42 | 25,647,248.38 |
| Accounts receivable | Dalian Port Bulk Cargo Logistics Center Co., Ltd. | 8,348,056.50 | 19,217,391.50 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|---------------------|--|---------------------|--------------------------------|
| Accounts receivable | Dalian Port Design and Research Institute Co., Ltd. | 5,851,929.05 | 6,589,219.57 |
| Accounts receivable | Dalian Creative Industry Project Development Co., Ltd. | 5,336,904.90 | 5,336,904.90 |
| Accounts receivable | Dalian Vanguard International Logistics Co., Ltd. | 3,360,000.00 | 2,240,000.00 |
| Accounts receivable | China Merchants Gangrong | 2,915,150.60 | 1,642,906.90 |
| Accounts receivable | China Oil Dock Management (Dalian) Co., Ltd. | 2,866,685.00 | 1,719,016.00 |
| Accounts receivable | Sinotrans Northeastern Co., Ltd. | 2,537,548.82 | 808,829.16 |
| Accounts receivable | Sinotrans Container Lines Co., Ltd. | 2,489,969.00 | 1,537,442.00 |
| Accounts receivable | Yingkou Port Group | 1,838,469.70 | 3,756,470.31 |
| Accounts receivable | China Marine Shipping Agency Liaoning Co., Ltd. | 1,821,264.00 | 2,765,997.95 |
| Accounts receivable | China Merchants Taiping Bay Development Investment Co., Ltd. | 1,461,316.67 | – |
| Accounts receivable | Dalian Shunde Jifa Supply Chain Management Co., Ltd. | 1,398,145.77 | 2,138,812.21 |
| Accounts receivable | Jinzhou Liaoxi PDA Properties Co., Ltd. | 1,272,530.00 | – |
| Accounts receivable | Yingkou Container Terminals Company Limited | 1,198,284.99 | 721,291.62 |
| Accounts receivable | Angang Yingkou Port Co., Ltd. | 1,170,000.00 | – |
| Accounts receivable | Liaoning Port Group | 1,166,750.79 | 1,821,581.00 |
| Accounts receivable | Dalian Changxing Island Port Investment and Development Co., Ltd. | 752,433.00 | 70,000.00 |
| Accounts receivable | Suizhong Port Group Co., Ltd. | 722,100.00 | – |
| Accounts receivable | Dalian United International Shipping Agency Co., Ltd. | 516,291.32 | 770,030.20 |
| Accounts receivable | Panjin Port Logistics Development Co., Ltd. | 430,000.00 | – |
| Accounts receivable | Yingkou Port Engineering Supervision Consulting Co., Ltd. | 428,145.82 | 465,586.76 |
| Accounts receivable | Dalian PetroChina International Warehousing and Transportation Co., Ltd. | 343,200.00 | 137,100.00 |
| Accounts receivable | Yingkou Port Fairy Island Pier Co., Ltd. | 320,629.00 | 1,634,218.61 |
| Accounts receivable | China Merchants Investment Development Co., Ltd. | 280,000.00 | – |
| Accounts receivable | Dalian Jilong Logistics Co., Ltd. | 272,115.23 | 272,127.61 |
| Accounts receivable | PDA Group | 248,129.08 | 1,145,210.66 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|---------------------|---|-------------------|--------------------------------|
| Accounts receivable | China Merchants Logistics Group (Tianjin) Co., Ltd. | 246,146.79 | – |
| Accounts receivable | China Yangtze Shipping Group Co., Ltd. | 194,000.00 | – |
| Accounts receivable | Dalian Wanfeng Properties Co., Ltd. | 183,963.39 | – |
| Accounts receivable | China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司) | 174,626.50 | 678,693.00 |
| Accounts receivable | China United Tally (Dalian) Co., Ltd. | 135,000.00 | 227,933.84 |
| Accounts receivable | Shantou China Merchants Port Group Co., Ltd. | 102,475.00 | 681,603.50 |
| Accounts receivable | Suizhong Port Shipping Agency Co., Ltd. | 90,000.00 | – |
| Accounts receivable | Dalian Port Machinery and Electric Co., Ltd. | 55,250.00 | 36,500.00 |
| Accounts receivable | Sinotrans North China Co., Ltd. | 40,000.00 | – |
| Accounts receivable | Shenzhen Merchants Ro-Ro Transportation Co., Ltd. | 30,736.79 | 195,285.00 |
| Accounts receivable | Guangdong Yide Port Co., Ltd. | 29,000.00 | – |
| Accounts receivable | Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運有限責任公司) | 20,916.00 | – |
| Accounts receivable | Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司) | 20,000.00 | – |
| Accounts receivable | China United International Rail Containers (Dalian) Co., Ltd. | 17,500.00 | 122,631.50 |
| Accounts receivable | Yingkou Port Shipping Agency Co., Ltd. | 13,080.00 | 12,731.33 |
| Accounts receivable | Dalian Port Wantong Logistics Co., Ltd. | 12,131.00 | 825,617.00 |
| Accounts receivable | VTTI Terminals Dalian Co., Ltd. | 9,644.00 | 580,684.72 |
| Accounts receivable | Weifang Weida Container Service Co., Ltd. | 8,118.00 | 5,250.00 |
| Accounts receivable | Dalian Singamas International Container Co., Ltd. | 6,005.00 | 120,702.20 |
| Accounts receivable | Yingkou Huifeng Logistics Co., Ltd. (營口滙豐物流有限公司) | 5,900.00 | 14,378.45 |
| Accounts receivable | Dalian Port North Shore Investment and Development Co., Ltd. | 4,289.85 | 4,289.85 |
| Accounts receivable | Yingkou Gangtong E-Commerce Co., Ltd. | 3,924.00 | 481,092.32 |
| Accounts receivable | Yingkou Port Real Estate Development Co., Ltd. | 3,910.01 | 3,532.36 |
| Accounts receivable | Yingkou Zhonglian Tally Co., Ltd. | 3,379.00 | – |
| Accounts receivable | Yingkou Port Foreign Economic Cooperation Development Co., Ltd. | 3,161.00 | 5,476.98 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|---------------------|--|-----------------------|--------------------------------|
| Accounts receivable | Dalian Taiping Bay Sunshine Real Estate Co., Ltd. | 2,728.00 | – |
| Accounts receivable | Panjin Port Group Co., Ltd. | 2,725.00 | 1,503,580.91 |
| Accounts receivable | Yingkou Ocean Shipping Tally Co., Ltd. | 2,616.00 | 7,939.29 |
| Accounts receivable | Liaoning Gangwan Industry Finance Investment Group Co., Ltd. | 1,090.00 | 545.00 |
| Accounts receivable | Dalian Yuhang International Forwarding Co., Ltd. | 1,030.00 | – |
| Accounts receivable | Yingkou Port Vessel Fuel Supply Co., Ltd. | 1,000.00 | 39,100.65 |
| Accounts receivable | Panjin Port Marine Fuel Supply Co., Ltd. (盤錦港船舶燃料供應有限責任公司) | 872.00 | 436.00 |
| Accounts receivable | Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd. | 872.00 | 19,259.04 |
| Accounts receivable | China Ocean Shipping Tally Panjin Co., Ltd. | 545.00 | 327.00 |
| Accounts receivable | Yingkou Ocean Shipping Agency Co., Ltd. | 455.44 | 261,459.03 |
| Accounts receivable | Yingkou Hongyun Port Container Development Co., Ltd. | 327.00 | 218.00 |
| Accounts receivable | Liaoning Huiyuan Photovoltaic Co., Ltd. | 218.00 | 109.00 |
| Accounts receivable | Yingkou Yinlong Port Co., Ltd. | 218.00 | – |
| Accounts receivable | Yingkou Gangjun Logistics Co., Ltd. (營口港駿物流有限公司) | – | 2,800,000.00 |
| Accounts receivable | Liaoning Harbour Engineering Technology Co., Ltd. | – | 452,480.94 |
| Accounts receivable | Sinotrans & Csc Holdings Co., Ltd. (中國外運長航集團有限公司) | – | 450,000.00 |
| Accounts receivable | Xia Men Bay China Merchants Terminals Co., Ltd. | – | 156,048.00 |
| Accounts receivable | Dalian Dagang Container Terminal Co., Ltd. | – | 70,230.44 |
| Accounts receivable | Dalian Port City Comprehensive Development Co., Ltd. | – | 66,086.79 |
| Accounts receivable | Zhangzhou China Merchants Port Co., Ltd. (漳州招商局碼頭有限公司) | – | 37,287.61 |
| Accounts receivable | Beidahuang Logistics Co., Ltd. | – | 28,837.62 |
| Accounts receivable | Dalian Gangxin Construction Engineering Co., Ltd. | – | 9,617.92 |
| Accounts receivable | Yingkou Port Hospital | – | 3,846.12 |
| Accounts receivable | Yingkou Port Tank Cleaning Co., Ltd. | – | 3,373.69 |
| Accounts receivable | Liaoning Shenha Hongyun Logistics Co., Ltd. | – | 670.01 |
| Total | | 210,509,540.36 | 214,140,680.35 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|----------------------|---|---------------------|--------------------------------|
| Prepayments | Sinopec Harbour Oil Sales (Dalian) Co., Ltd. | 1,086,000.00 | 1,316,000.00 |
| Prepayments | Dalian Port Design and Research Institute Co., Ltd. | 588,203.66 | – |
| Prepayments | Qingdao Zhaoshang Logistics Co., Ltd. | 100,000.00 | – |
| Prepayments | China Marine Shipping Agency Liaoning Co., Ltd. | 10,224.00 | 70,469.00 |
| Prepayments | Dalian Taiping Bay Sunshine Real Estate Co., Ltd. | 8,400.00 | 8,100.00 |
| Prepayments | Dalian Vanguard International Logistics Co., Ltd. | 5,107.23 | – |
| Prepayments | China United International Rail Containers (Dalian) Co., Ltd. | – | 278,819.93 |
| Prepayments | Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司) | – | 75,150.93 |
| Prepayments | Dalian Port Machinery Co., Ltd. | – | 36,669.00 |
| Prepayments | China Communications Import & Export Co., Ltd. | – | 1,078.18 |
| Prepayments | Ha'ou International Logistics Co., Ltd. | – | 670.00 |
| Total | | 1,797,934.89 | 1,786,957.04 |
| Interest receivable | Dalian Changxing Island Port Co., Ltd. | 4,812,059.44 | 3,292,702.31 |
| Interest receivable | Dalian Vanguard International Logistics Co., Ltd. | 30,570.91 | 30,570.88 |
| Total | | 4,842,630.35 | 3,323,273.19 |
| Dividends receivable | Dalian Port Yidu Cold Chain Co., Ltd. | 72,617,796.35 | 72,617,796.35 |
| Dividends receivable | China Merchants International Technology Co., Ltd. | 25,735,801.03 | – |
| Dividends receivable | Dalian Jilong Logistics Co., Ltd. | 22,507,539.23 | 22,507,539.23 |
| Dividends receivable | Dalian Automobile Terminal Co., Ltd. | 16,000,000.00 | 11,200,000.00 |
| Dividends receivable | VTTI Terminals Dalian Co., Ltd. | 15,000,000.00 | – |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|----------------------|---|-----------------------|--------------------------------|
| Dividends receivable | Dalian Singamas International Container Co., Ltd. | 3,479,188.75 | 5,467,472.88 |
| Dividends receivable | Dalian Dagang Container Terminal Co., Ltd. | 1,112,481.65 | 943,125.50 |
| Dividends receivable | China United Tally (Dalian) Co., Ltd. | – | 1,112,267.52 |
| Total | | 156,452,807.01 | 113,848,201.48 |
| Other receivables | Dalian Changxing Island Port Investment and Development Co., Ltd. | 85,316,315.12 | 82,537,392.27 |
| Other receivables | Dalian Vanguard International Logistics Co., Ltd. | 23,000,000.00 | 23,000,000.00 |
| Other receivables | China Merchants Gangrong | 21,235,658.22 | 25,639,033.71 |
| Other receivables | Dalian Changxing Island Port Co., Ltd. | 18,975,476.57 | 16,888,469.49 |
| Other receivables | Liaoning Port Group | 8,016,801.70 | 4,013,021.20 |
| Other receivables | Dalian Port Yidu Cold Chain Co., Ltd. | 3,648,785.63 | 1,135,688.58 |
| Other receivables | Dalian Port Machinery Co., Ltd. | 1,569,677.85 | 1,908,542.85 |
| Other receivables | China Marine Shipping Agency Liaoning Co., Ltd. | 1,478,918.00 | 1,331,711.40 |
| Other receivables | Dalian Port Machinery and Electric Co., Ltd. | 779,086.75 | 801,586.75 |
| Other receivables | Dalian Port Design and Research Institute Co., Ltd. | 698,727.35 | 2,202,885.69 |
| Other receivables | PDA Group | 605,642.51 | 4,649,201.03 |
| Other receivables | Dandong Port Group Co., Ltd. | 487,003.35 | 783,738.54 |
| Other receivables | Dalian United International Shipping Agency Co., Ltd. | 348,152.00 | 492,767.20 |
| Other receivables | Dalian Port Bulk Cargo Logistics Center Co., Ltd. | 320,000.00 | 320,000.00 |
| Other receivables | Sinopec Harbour Oil Sales (Dalian) Co., Ltd. | 310,000.00 | 233,201.68 |
| Other receivables | Dalian Taiping Bay Sunshine Real Estate Co., Ltd. | 253,897.51 | 16,187.00 |
| Other receivables | Yingkou Port Group | 184,825.33 | 151,301.38 |
| Other receivables | Yingkou Ocean Shipping Tally Co., Ltd. | 155,028.80 | – |
| Other receivables | Yingkou Gangtong E-Commerce Co., Ltd. | 133,772.73 | – |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|-------------------|--|------------------|--------------------------------|
| Other receivables | Yingkou Port Gaizhou Logistics Co., Ltd. | 111,720.00 | – |
| Other receivables | Dalian Sinotrans Logistics Co., Ltd. | 80,000.00 | 80,000.00 |
| Other receivables | Panjin Port Group Co., Ltd. | 68,338.03 | – |
| Other receivables | DALIAN SINOTRANS UNITED INTERNATIONAL LOGISTICS CO., LTD | 50,000.00 | – |
| Other receivables | Yingkou Port Fairy Island Pier Co., Ltd. | 49,657.10 | – |
| Other receivables | Dalian Automobile Terminal Co., Ltd. | 44,868.15 | 951,378.99 |
| Other receivables | Dalian Port North Shore Investment and Development Co., Ltd. | 39,863.55 | 39,863.55 |
| Other receivables | Sinotrans Container Lines Co., Ltd. | 35,655.00 | 46,235.40 |
| Other receivables | Dalian Port PetroChina International Terminal Co., Ltd. | 24,345.68 | 8,236.08 |
| Other receivables | Dalian Jilong Logistics Co., Ltd. | 20,000.00 | 20,000.00 |
| Other receivables | Dalian Taiping Bay Port Company Limited | 8,783.65 | 8,783.65 |
| Other receivables | Dalian Port Petroleum & Chemical Co., Ltd. | 6,518.90 | 22,421.00 |
| Other receivables | Suizhong Port Group Co., Ltd. | 5,900.00 | – |
| Other receivables | Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司) | 5,844.70 | 489,421.20 |
| Other receivables | Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運有限責任公司) | 5,229.00 | – |
| Other receivables | VTTI Terminals Dalian Co., Ltd. | 5,000.00 | 283,852.61 |
| Other receivables | Dalian Port City Comprehensive Development Co., Ltd. | 3,642.10 | 14,997.57 |
| Other receivables | Jinzhou Liaoxi PDA Properties Co., Ltd. | – | 1,272,530.00 |
| Other receivables | Dalian Port Real Estate Co., Ltd. | – | 337,883.85 |
| Other receivables | China Communications Import & Export Co., Ltd. | – | 180,000.00 |
| Other receivables | Dalian Port North Shore Automobile Terminal Co., Ltd. | – | 165,563.00 |
| Other receivables | Dalian North Oil Petroleum Logistics Co., Ltd. | – | 28,800.00 |
| Other receivables | Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司) | – | 20,000.00 |
| Other receivables | Shantou China Merchants Port Group Co., Ltd. | – | 5,000.00 |
| Other receivables | Dalian Zhonghai Harbour Investment Co., Ltd. | – | 4,424.40 |
| Other receivables | Dalian Yongde Property Management Co., Ltd. (大連永德物業管理有限公司) | – | 4,146.69 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|--|--|-------------------------|--------------------------------|
| Other receivables | China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平灣開發投資有限公司) | – | 1,346.00 |
| Other receivables | Dalian Gangxin Construction Engineering Co., Ltd. | – | 340.95 |
| Total | | 168,083,135.28 | 170,089,953.71 |
| Other non-current assets due within one year | Dalian Changxing Island Port Co., Ltd. | 26,400,000.00 | 26,500,000.00 |
| Total | | 26,400,000.00 | 26,500,000.00 |
| Other non-current assets | Dalian Port Design and Research Institute Co., Ltd. | 7,914,000.00 | – |
| Other non-current assets | Dalian Port Machinery Co., Ltd. | 1,416,000.00 | – |
| Total | | 9,330,000.00 | – |
| Short-term borrowings | China Merchants Group Finance Co., Ltd. | 1,000,718,055.55 | – |
| Total | | 1,000,718,055.55 | – |
| Accounts payable | Dalian Port Design and Research Institute Co., Ltd. | 6,652,390.09 | – |
| Accounts payable | Dalian Port Machinery and Electric Co., Ltd. | 5,300,000.00 | – |
| Accounts payable | Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司) | 3,347,040.24 | 6,488,145.77 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|------------------|---|---------------------|--------------------------------|
| Accounts payable | Sinopec Harbour Oil Sales (Dalian) Co., Ltd. | 2,227,363.10 | 449,191.26 |
| Accounts payable | Yingkou Huifeng Logistics Co., Ltd. (營口滙豐物流有限公司) | 1,812,719.24 | 9,173,148.21 |
| Accounts payable | Dalian Port Wantong Logistics Co., Ltd. | 1,636,000.00 | 833,000.00 |
| Accounts payable | China United International Rail Containers (Dalian) Co., Ltd. | 1,465,693.88 | – |
| Accounts payable | Yingkou Port Engineering Supervision Consulting Co., Ltd. | 1,186,609.64 | – |
| Accounts payable | Weifang Weida Container Service Co., Ltd. | 1,076,747.60 | 1,386,375.88 |
| Accounts payable | Shenzhen Skywalk Information Technology Co., Ltd. (深圳中科天巡信息技術有限公司) | 986,349.94 | – |
| Accounts payable | Yingkou Port Tank Cleaning Co., Ltd. | 982,667.00 | 7,650.00 |
| Accounts payable | Liaoning Shenha Hongyun Logistics Co., Ltd. | 800,000.00 | – |
| Accounts payable | Dalian Singamas International Container Co., Ltd. | 424,759.36 | 292,000.00 |
| Accounts payable | Yingkou Port Vessel Fuel Supply Co., Ltd. | 386,000.00 | 190,030.00 |
| Accounts payable | Dalian Port Machinery Co., Ltd. | 333,000.00 | 990,470.00 |
| Accounts payable | Liaoning Huiyuan Photovoltaic Co., Ltd. | 286,516.00 | 330,000.00 |
| Accounts payable | Dandong Port Group Co., Ltd. | 260,116.20 | 48,419.12 |
| Accounts payable | Yingkou Port Group | 221,515.08 | – |
| Accounts payable | Dalian Automobile Terminal Co., Ltd. | 204,919.00 | – |
| Accounts payable | Yingkou Port Gaizhou Logistics Co., Ltd. | 184,795.00 | 516,436.91 |
| Accounts payable | Yingkou Ocean Shipping Agency Co., Ltd. | 159,938.11 | 112,287.75 |
| Accounts payable | China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司) | 142,976.35 | 43,284.59 |
| Accounts payable | PDA Group | 117,133.79 | 117,133.79 |
| Accounts payable | China United Tally (Dalian) Co., Ltd. | 76,728.55 | 529,128.55 |
| Accounts payable | Jinzhou Port Co., Ltd. | 58,800.00 | 4,200.00 |
| Accounts payable | Panjin Port Group Co., Ltd. | 48,437.76 | 15,401.32 |
| Accounts payable | Xingyun Digital Clustering (Beijing) Technology Co., Ltd. | 27,591.31 | 16,838.82 |
| Accounts payable | Shenzhen China Merchants Daojiahui Technology Co., Ltd. | 13,294.00 | – |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|-------------------------|---|----------------------|--------------------------------|
| Accounts payable | Dalian Changxing Island Port Co., Ltd. | 8,400.00 | – |
| Accounts payable | Dalian Jilong Logistics Co., Ltd. | 7,375.47 | 7,375.47 |
| Accounts payable | China Marine Shipping Agency Liaoning Co., Ltd. | 3,560.00 | – |
| Accounts payable | Dalian Port Yidu Cold Chain Co., Ltd. | 1,000.00 | – |
| Accounts payable | Liaoning Harbour Engineering Technology Co., Ltd. | – | 570,809.70 |
| Accounts payable | Shenyang Sinotrans & CSC Logistics Development Co., Ltd. | – | 287,555.98 |
| Accounts payable | China Oil Dock Management (Dalian) Co., Ltd. | – | 160,801.34 |
| Accounts payable | Beidahuang Logistics Co., Ltd. | – | 11,880.00 |
| Accounts payable | Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司) | – | 8,948.73 |
| Total | | 30,440,436.71 | 22,590,513.19 |
| Advances from customers | China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司) | – | 1,093,615.75 |
| Total | | – | 1,093,615.75 |
| Contract liabilities | Sinotrans Northeastern Co., Ltd. | 9,572,997.47 | 1,060,190.71 |
| Contract liabilities | Dandong Port Group Co., Ltd. | 6,384,351.16 | 3,842,709.07 |
| Contract liabilities | Yingkou Huifeng Logistics Co., Ltd. (營口滙豐物流有限公司) | 4,572,254.45 | 1,575,387.29 |
| Contract liabilities | Yingkou Port Shipping Agency Co., Ltd. | 2,496,749.73 | 1,306,597.03 |
| Contract liabilities | Yingkou Ocean Shipping Agency Co., Ltd. | 2,291,571.01 | 2,908,129.79 |
| Contract liabilities | Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司) | 1,596,248.20 | – |
| Contract liabilities | Liaoning Shenha Hongyun Logistics Co., Ltd. | 791,178.23 | 1,677,564.08 |
| Contract liabilities | PDA Group | 368,943.60 | 190,550.46 |
| Contract liabilities | Dalian Port Bulk Cargo Logistics Center Co., Ltd. | 349,399.54 | – |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|----------------------|---|-------------------|--------------------------------|
| Contract liabilities | National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司) | 331,978.77 | 357,904.49 |
| Contract liabilities | Sinotrans Liaoning Company Limited (中國外運遼寧有限公司) | 208,906.00 | 318.00 |
| Contract liabilities | Dalian United International Shipping Agency Co., Ltd. | 179,028.29 | 109,089.10 |
| Contract liabilities | Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司) | 154,292.45 | 469,152.04 |
| Contract liabilities | Dalian Sinotrans Logistics Co., Ltd. | 144,908.41 | 131,939.61 |
| Contract liabilities | Dalian Port North Shore Investment and Development Co., Ltd. | 51,657.49 | – |
| Contract liabilities | China United International Rail Containers (Dalian) Co., Ltd. | 51,547.17 | 51,547.17 |
| Contract liabilities | Dalian Singamas International Container Co., Ltd. | 50,868.24 | 61,921.74 |
| Contract liabilities | Ha'ou International Logistics Co., Ltd. | 39,339.62 | – |
| Contract liabilities | Ganghe (Shanghai) Economic and Trade Co., Ltd. | 25,178.30 | 25,178.30 |
| Contract liabilities | Dalian Port Wantong Logistics Co., Ltd. | 20,000.00 | 58,546.36 |
| Contract liabilities | Dalian Wanpeng Port Engineering Testing Co., Ltd. | 19,611.36 | 19,611.36 |
| Contract liabilities | Dalian Vanguard International Logistics Co., Ltd. | 9,962.00 | – |
| Contract liabilities | Dalian Puji Storage Facility Co., Ltd. | 4,611.50 | 5,417.17 |
| Contract liabilities | Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd. | 4,061.76 | – |
| Contract liabilities | VTTI Terminals Dalian Co., Ltd. | 2,809.91 | 2,809.91 |
| Contract liabilities | Sinopec Harbour Oil Sales (Dalian) Co., Ltd. | 2,161.47 | 2,161.47 |
| Contract liabilities | DALIAN SINOTRANS UNITED INTERNATIONAL LOGISTICS CO., LTD | 1,608.00 | – |
| Contract liabilities | Yingkou Xintonghe Logistics Co., Ltd. | 1,519.36 | 1,519.36 |
| Contract liabilities | Liaoning Sinotrans Constant Transportation Service Co., Ltd. | 1,470.00 | 5,695.00 |
| Contract liabilities | Shenyang Sinotrans Logistics Co., Ltd. | 880.00 | 2,296.00 |
| Contract liabilities | Yingkou Zhonglian Tally Co., Ltd. | 852.44 | 2,000.00 |
| Contract liabilities | Dalian Jingda International Freight Forwarding Co., Ltd. | 445.00 | 694.00 |
| Contract liabilities | Geneq Logistics (Dalian) Co., Ltd. | 165.00 | 165.00 |
| Contract liabilities | Beidahuang Logistics Co., Ltd. | 2.70 | 2.70 |
| Contract liabilities | COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd. | 0.01 | 0.01 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|----------------------|--|----------------------|--------------------------------|
| Contract liabilities | China Merchants International Technology Company Limited (招商局國際科技有限公司) | - | 4,855,606.29 |
| Contract liabilities | Panjin Port Logistics Development Co., Ltd. | - | 832,300.93 |
| Contract liabilities | Yingkou Port Fairy Island Pier Co., Ltd. | - | 455,966.96 |
| Contract liabilities | Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd. | - | 447,238.67 |
| Contract liabilities | Yingkou Port Group | - | 92,683.20 |
| Contract liabilities | Panjin Port Runbang International Logistics Co., Ltd. | - | 66,461.32 |
| Contract liabilities | China Marine Shipping Agency Liaoning Co., Ltd. | - | 50,000.00 |
| Contract liabilities | Dalian Port Yidu Cold Chain Co., Ltd. | - | 45,015.00 |
| Total | | 29,731,558.64 | 20,714,369.59 |
| Dividends payable | China Merchants International Technology Company Limited (招商局國際科技有限公司) | 54,486,470.51 | - |
| Total | | 54,486,470.51 | - |
| Other payables | Ocean Harvest Container Co., Ltd. | 49,853,842.62 | 49,022,558.11 |
| Other payables | PDA Group | 36,780,894.50 | 1,043,494.50 |
| Other payables | Dalian Port Machinery and Electric Co., Ltd. | 7,823,398.81 | 19,092,666.29 |
| Other payables | Dalian Port Machinery Co., Ltd. | 4,458,733.58 | 4,269,665.81 |
| Other payables | Dalian Port Design and Research Institute Co., Ltd. | 3,571,867.86 | 107,178.40 |
| Other payables | Yingkou Hui Feng Logistics Co., Ltd. (營口匯豐物流有限公司) | 2,601,200.00 | 2,151,200.00 |
| Other payables | Hoi Tung (Shanghai) Company Limited | 2,161,500.00 | 1,162,300.00 |
| Other payables | China Merchants International Technology Company Limited (招商局國際科技有限公司) | 1,725,150.00 | 1,888,040.00 |
| Other payables | Dalian United International Shipping Agency Co., Ltd. | 1,235,102.37 | 777,063.66 |
| Other payables | Dalian Port Yidu Cold Chain Co., Ltd. | 1,119,480.00 | 1,109,480.00 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|----------------|---|------------------|--------------------------------|
| Other payables | Yingkou Port Gaizhou Logistics Co., Ltd. | 1,000,000.00 | 20,000.00 |
| Other payables | Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司) | 800,000.00 | 800,000.00 |
| Other payables | Dandong Port Group Co., Ltd. | 498,583.00 | 431,603.80 |
| Other payables | Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司) | 440,000.00 | 20,000.00 |
| Other payables | China United International Rail Containers (Dalian) Co., Ltd. | 202,801.89 | 1,353,000.75 |
| Other payables | Dalian Sinotrans Logistics Co., Ltd. | 175,800.00 | 158,000.00 |
| Other payables | Yingkou Port Group | 146,048.68 | 210,209,771.31 |
| Other payables | Yingkou Ocean Shipping Agency Co., Ltd. | 120,410.00 | 10,000.00 |
| Other payables | Liaoning Shenha Hongyun Logistics Co., Ltd. | 115,000.00 | 100,000.00 |
| Other payables | Dalian Zhonghai Harbour Investment Co., Ltd. | 100,000.00 | 100,000.00 |
| Other payables | Yingkou Port Shipping Agency Co., Ltd. | 100,000.00 | – |
| Other payables | Sinopec Harbour Oil Sales (Dalian) Co., Ltd. | 71,732.74 | 21,200.00 |
| Other payables | Shenzhen China Merchants Daojiahui Technology Co., Ltd. | 61,018.00 | – |
| Other payables | Yingkou Port Vessel Fuel Supply Co., Ltd. | 54,000.00 | 3,000.00 |
| Other payables | Yingkou Port Engineering Supervision Consulting Co., Ltd. | 48,413.00 | – |
| Other payables | Xingyun Digital Clustering (Beijing) Technology Co., Ltd. | 47,062.54 | 36,315.05 |
| Other payables | Dalian Changxing Island Port Co., Ltd. | 35,000.00 | 35,000.00 |
| Other payables | Ganghe (Shanghai) Economic and Trade Co., Ltd. | 30,000.00 | – |
| Other payables | Yingkou Port Tank Cleaning Co., Ltd. | 29,000.00 | 20,000.00 |
| Other payables | China Marine Shipping Agency Liaoning Co., Ltd. | 28,000.00 | 37,000.00 |
| Other payables | Dalian Singamas International Container Co., Ltd. | 10,700.00 | 53,157.92 |
| Other payables | Yingkou Gangyue Sugar Storage Co., Ltd. | 10,000.00 | 10,000.00 |
| Other payables | China United Tally (Dalian) Co., Ltd. | 6,400.00 | 207,172.64 |
| Other payables | Dalian Jingda International Freight Forwarding Co., Ltd. | 5,000.00 | 5,000.00 |
| Other payables | Dalian Creative Industry Project Development Co., Ltd. | 5,000.00 | 5,000.00 |
| Other payables | Sinotrans Liaoning Company Limited (中國外運遼寧有限公司) | 5,000.00 | – |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|--|--|-----------------------|--------------------------------|
| Other payables | China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司) | 2,541.95 | – |
| Other payables | Yingkou Duty Free Foreign Supply Port Service Company Limited | 1,000.00 | 1,000.00 |
| Other payables | Huaneng Yingkou Port Co., Ltd. | 1,000.00 | 1,000.00 |
| Other payables | Dalian North Oil Petroleum Logistics Co., Ltd. | 1,000.00 | – |
| Other payables | Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd. | 1,000.00 | – |
| Other payables | China Merchants Bank Co., Ltd. | 20.00 | 20.00 |
| Other payables | Shenzhen Haiqin Engineering Supervision & Management Company Limited | – | 600,000.00 |
| Other payables | Liaoning Sinotrans Constant Transportation Service Co., Ltd. | – | 281,481.00 |
| Other payables | Yingkou Port Engineering Design and Research Institute Co., Ltd. | – | 142,648.68 |
| Other payables | Liaoning Harbour Engineering Technology Co., Ltd. | – | 115,319.70 |
| Other payables | Dalian Wanpeng Foundation Engineering Co., Ltd. | – | 30,000.03 |
| Other payables | Sinotrans Northeastern Co., Ltd. | – | 20,000.00 |
| Other payables | Yingkou Yinlong Port Co., Ltd. | – | 17,400.01 |
| Other payables | Dalian Taiping Bay Sunshine Real Estate Co., Ltd. | – | 16,200.00 |
| Other payables | Dalian Port Hospital | – | 810.00 |
| Total | | 115,482,701.54 | 295,484,747.66 |
| Long-term borrowings due within one year | China Merchants Group Finance Co., Ltd. | 150,656,333.33 | 85,787,200.00 |
| Total | | 150,656,333.33 | 85,787,200.00 |
| Lease liabilities due within one year | Yingkou Port Group | 98,523,826.95 | 95,058,001.63 |
| Lease liabilities due within one year | PDA Group | 21,749,087.19 | 21,107,010.19 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

| Items | Name of related parties | 31 December 2023 | 31 December 2022 (Restated) |
|---------------------------------------|---|-------------------------|--------------------------------|
| Lease liabilities due within one year | Dalian Port PetroChina International Terminal Co., Ltd. | 15,630,086.68 | 14,806,968.19 |
| Lease liabilities due within one year | Yingkou Port Shipping Agency Co., Ltd. | 1,699,702.61 | – |
| Lease liabilities due within one year | Dalian Harbour Building Co., Ltd. | 995,973.48 | 948,724.75 |
| Lease liabilities due within one year | Dalian FTZ Yongdixin Real Estate Development Co., Ltd. | 787,678.59 | 1,767,246.81 |
| Lease liabilities due within one year | Dalian Automobile Terminal Co., Ltd. | 19,913.35 | 19,119.91 |
| Lease liabilities due within one year | Dalian Changxing Island Port Co., Ltd. | – | 22,911.67 |
| Total | | 139,406,268.85 | 133,729,983.15 |
| Long-term borrowings | China Merchants Group Finance Co., Ltd. | 566,000,000.00 | 716,000,000.00 |
| Total | | 566,000,000.00 | 716,000,000.00 |
| Lease liabilities | Yingkou Port Group | 2,301,840,408.36 | 2,412,284,624.45 |
| Lease liabilities | Dalian Port PetroChina International Terminal Co., Ltd. | 1,383,375,433.43 | 1,399,005,520.11 |
| Lease liabilities | PDA Group | 1,172,405,584.19 | 1,194,341,093.22 |
| Lease liabilities | Dalian FTZ Yongdixin Real Estate Development Co., Ltd. | 50,683,466.92 | 33,153,770.73 |
| Lease liabilities | Dalian Harbour Building Co., Ltd. | 16,943,785.79 | 17,951,267.51 |
| Lease liabilities | Yingkou Port Shipping Agency Co., Ltd. | 3,575,302.34 | – |
| Lease liabilities | Dalian Automobile Terminal Co., Ltd. | 841,681.79 | 861,595.12 |
| Total | | 4,929,665,662.82 | 5,057,597,871.14 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Except for short-term borrowings, non-current liabilities due within one year, long-term borrowings, lease liabilities, cash at bank and on hand, other non-current assets due within one year, long-term receivables and borrowings from related parties in other receivables, other amounts due to and due from related parties were interest free, unsecured and with no fixed maturity date.

(3) Leasing with related parties

The Group as the lessor

| Name of lessee | Type of the leased assets | Pricing method and decision-making procedure of related transactions | Leasing income recognised in the current year | Leasing income recognised in the previous year (Restated) |
|---|---|--|---|---|
| Yingkou Container Terminals Company Limited | Berth and stock yard/ Buildings/Machinery and equipment | Agreement | 86,727,347.56 | 75,939,842.73 |
| China Oil Dock Management (Dalian) Co., Ltd. | Berth and stock yard | Agreement | 14,260,000.00 | 14,260,000.00 |
| China United International Rail Containers (Dalian) Co., Ltd. | Warehouse/Machinery and equipment | Agreement | 4,786,479.87 | 4,569,337.06 |
| Dalian Port Petroleum & Chemical Co., Ltd. | Berth/Storage | Agreement | 4,289,915.96 | 4,289,915.96 |
| Dalian Port Yidu Cold Chain Co., Ltd. | Yard cranes/Stock yard | Agreement | 3,839,843.86 | 3,952,501.15 |
| Panjin Port Group Co., Ltd. | Port and terminal facilities | Agreement | 3,243,094.02 | – |
| Dalian Sinotrans Logistics Co., Ltd. | Stock yard/Buildings | Agreement | 1,904,761.90 | 1,809,523.82 |
| Dalian Dagang Container Terminal Co., Ltd. | Machinery and equipment | Agreement | 1,863,009.76 | 1,398,147.38 |
| Yingkou Port Group | Machinery and equipment/Buildings | Agreement | 1,516,188.76 | 1,551,191.60 |
| Liaoning Shenha Hongyun Logistics Co., Ltd. | Machinery and equipment | Agreement | 895,915.42 | 895,915.42 |
| Yingkou Huifeng Logistics Co., Ltd. (營口滙豐物流有限公司) | Buildings | Agreement | 650,436.19 | 898,223.80 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(3) Leasing with related parties (continued)

The Group as the lessor (continued)

| Name of lessee | Type of the leased assets | Pricing method and decision-making procedure of related transactions | Leasing income recognised in the current year | Leasing income recognised in the previous year (Restated) |
|--|------------------------------|--|---|---|
| Yingkou Port Vessel Fuel Supply Co., Ltd. | Port and terminal facilities | Agreement | 602,400.00 | 602,400.00 |
| Liaoning Harbour Engineering Technology Co., Ltd. | Vessels | Agreement | 429,047.62 | 357,539.69 |
| Yingkou Hongyun Port Container Development Co., Ltd. | Port and terminal facilities | Agreement | 358,637.27 | – |
| China United Tally (Dalian) Co., Ltd. | Buildings/Automobile | Agreement | 252,880.48 | 203,886.83 |
| Dalian North Oil Petroleum Logistics Co., Ltd. | Oil pipe and tank | Agreement | 211,904.76 | 211,904.76 |
| Dalian Port Wantong Logistics Co., Ltd. | Stock yard | Agreement | 143,314.29 | 143,314.29 |
| Dalian Wantong Ronghai Shipping Co., Ltd. | Buildings | Agreement | 63,302.75 | 65,714.29 |
| Dalian United King Port Auto Trade Co., Ltd. | Buildings | Agreement | 23,507.34 | – |
| PDA Group | Buildings | Agreement | 5,714.29 | 5,714.29 |
| Dalian Port Industrial Co., Ltd. | Buildings/Automobile | Agreement | – | 670,027.17 |
| China Marine Shipping Agency Liaoning Co., Ltd. | Shipping | Agreement | – | 4,976.19 |
| Total | | | 126,067,702.10 | 111,830,076.43 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(3) Leasing with related parties (continued)

The Group as the lessee

2023

| Name of lessor | Type of the leased assets | Rental charges for short-term leases and low-value asset leases processed on a simplified basis | Variable lease payments excluded in the measurement of lease liabilities | Rentals paid | Assume interest expenses on lease liabilities | Increased right-of-use assets |
|--|--|---|--|-----------------------|---|-------------------------------|
| Dalian Port Wantong Logistics Co., Ltd. | Vessels | 8,686,725.72 | - | 8,686,725.72 | - | - |
| Huaneng Yingkou Port Co., Ltd. | Equipment | 5,619,469.02 | - | 5,619,469.02 | - | - |
| Shenyang Sinotrans & CSC Logistics Development Co., Ltd. | Buildings | 5,191,538.40 | - | 5,191,538.40 | - | - |
| Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司) | Terminal facilities | 1,906,654.87 | - | 1,906,654.87 | - | - |
| Yingkou Port Group | Stock yard/ Automobile/Land/ Terminal facilities | 914,824.71 | - | 219,666,335.66 | 124,721,942.44 | - |
| PDA Group | Buildings/Land/Berth | 770,831.19 | - | 85,153,195.72 | 61,644,094.74 | - |
| Dalian Hongyu Building Co., Ltd. | Buildings | 701,233.97 | - | 701,233.97 | - | - |
| Dalian FTZ Yongdexin Real Estate Development Co., Ltd. | Buildings/Parking lot | 97,223.52 | - | 3,780,983.75 | 2,402,767.11 | 18,705,931.03 |
| Dalian Harbour Building Co., Ltd. | Buildings | 45,551.04 | - | 2,032,285.56 | 956,918.93 | - |
| Dalian Taiping Bay Sunshine Real Estate Co., Ltd. | Buildings | 31,128.57 | - | 31,128.57 | - | - |
| Dalian Vanguard International Logistics Co., Ltd. | Buildings | 17,024.03 | - | 17,024.03 | - | - |
| Dalian Changxing Island Port Co., Ltd. | Buildings | 8,000.00 | - | 32,000.00 | 1,088.33 | - |
| Panjin Port Group Co., Ltd. | Automobile | 7,705.31 | - | 7,705.31 | - | - |
| Dalian Port PetroChina International Terminal Co., Ltd. | Terminal facilities | - | - | 86,904,761.89 | 72,097,793.70 | - |
| Dalian Automobile Terminal Co., Ltd. | Buildings | - | - | 60,237.12 | 41,117.23 | - |
| Yingkou Port Shipping Agency Co., Ltd. | Storage | - | - | 52,532.27 | 7,304.26 | 5,320,232.96 |
| Total | | 23,997,910.35 | - | 419,843,811.86 | 261,873,026.74 | 24,026,163.99 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(3) Leasing with related parties (continued)

The Group as the lessee (continued)

2022 (Restated)

| Name of lessor | Type of the leased assets | Rental charges for short-term leases and low-value asset leases processed on a simplified basis | Variable lease payments excluded in the measurement of lease liabilities | Rentals paid | Assume interest expenses on lease liabilities | Increased right-of-use assets |
|--|--|---|--|----------------|---|-------------------------------|
| Dalian Port Wantong Logistics Co., Ltd. | Vessels | 8,846,017.68 | - | 8,846,017.68 | - | - |
| Huaneng Yingkou Port Co., Ltd. | Equipment | 5,619,469.02 | - | 5,619,469.02 | - | - |
| Shenyang Sinotrans & CSC Logistics Development Co., Ltd. | Buildings | 4,585,078.20 | - | 4,585,078.20 | - | - |
| Dalian Port Industrial Co., Ltd. | Automobile | 4,272,508.76 | - | 4,272,508.76 | - | - |
| Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司) | Terminal facilities | 3,379,491.32 | - | 3,379,491.32 | - | - |
| Yingkou Port Group | Stock yard/ Automobile/Land/ Terminal facilities | 750,256.62 | - | 221,162,709.74 | 129,920,777.31 | 1,051,851,226.21 |
| PDA Group | Buildings/Land/Berth | 682,651.66 | - | 83,543,987.99 | 62,678,789.07 | - |
| Yingkou Gangtong E-Commerce Co., Ltd. | Stock yard | 642,200.23 | - | 642,200.23 | - | - |
| Dalian Hongyu Building Co., Ltd. | Buildings | 306,043.88 | - | 306,043.88 | - | - |
| Dalian Harbour Building Co., Ltd. | Buildings | 45,551.04 | - | 1,962,702.95 | 1,004,328.02 | - |
| Dalian Taiping Bay Sunshine Real Estate Co., Ltd. | Buildings | 30,857.14 | - | 30,857.14 | - | - |
| Dalian FTZ Yongdexin Real Estate Development Co., Ltd. | Buildings/Parking lot | 24,017.01 | - | 3,732,081.53 | 2,183,936.50 | - |
| Dalian Port PetroChina International Terminal Co., Ltd. | Terminal facilities | - | - | 86,904,761.89 | 72,837,719.95 | - |
| Dalian Equipment Finance Lease Co., Ltd. | Storage racks | - | - | 1,041,902.64 | 14,076.32 | - |
| Dalian Automobile Terminal Co., Ltd. | Buildings | - | - | 60,237.12 | 41,984.24 | 178,176.13 |
| Dalian Changxing Island Port Co., Ltd. | Buildings | - | - | 24,000.00 | 2,127.26 | - |
| Total | | 29,184,142.56 | - | 426,114,050.09 | 268,683,738.67 | 1,052,029,402.34 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(4) Borrowings with lending from/to related parties

Borrowings from related parties

2023

| Related party | Borrowing amount | Commencement date | Maturity date |
|---|------------------|-------------------|---------------|
| China Merchants Group Finance Co., Ltd. | 1,000,000,000.00 | 27/7/2023 | 26/7/2024 |

2022 (Restated)

| Related party | Borrowing amount | Commencement date | Maturity date |
|---|------------------|-------------------|---------------|
| China Merchants Group Finance Co., Ltd. | 142,000,000.00 | 19/9/2022 | 18/9/2028 |
| China Merchants Group Finance Co., Ltd. | 664,000,000.00 | 3/11/2022 | 2/11/2028 |

Repayment of borrowings from related parties

| Item | 2023 | 2022 (Restated) |
|---|----------------------|---------------------|
| China Merchants Group Finance Co., Ltd. | 85,000,000.00 | 5,000,000.00 |
| Total | 85,000,000.00 | 5,000,000.00 |

Interest expenses on borrowings from related parties

| Item | 2023 | 2022 (Restated) |
|---|----------------------|---------------------|
| China Merchants Group Finance Co., Ltd. | 33,891,658.32 | 4,794,133.33 |
| Total | 33,891,658.32 | 4,794,133.33 |

The borrowings from above related parties bear interest rates mutually agreed between the parties by reference to the interest rates of the same type of bank loans as stipulated by the People's Bank of China.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(4) Borrowings with lending from/to related parties (continued)

Borrowings to related parties

2023

The Group did not have any borrowings to related parties for this year.

2022 (Restated)

The Group did not have any borrowings to related parties for this year.

Repayment on borrowings to related parties

| Item | 2023 | 2022 (Restated) |
|--|-------------------|-----------------|
| Dalian Changxing Island Port Co., Ltd. | 100,000.00 | – |
| Dalian Puji Storage Facility Co., Ltd. | – | 4,700,000.00 |
| Total | 100,000.00 | 4,700,000.00 |

Interest income on borrowings to related parties

| Related parties | 2023 | 2022 (Restated) |
|---|---------------------|-----------------|
| Dalian Changxing Island Port Co., Ltd. | 1,433,355.75 | 1,433,385.39 |
| Dalian Vanguard International Logistics Co., Ltd. | 956,977.23 | 956,977.23 |
| Dalian Puji Storage Facility Co., Ltd. | – | 107,471.23 |
| Total | 2,390,332.98 | 2,497,833.85 |

The borrowings to related parties bear interest rates mutually agreed between the parties by reference to the interest rates of the same type of bank loans as stipulated by the People's Bank of China.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(5) Transfer of assets of related parties

Acquisition of assets

| Related parties | Content of transactions | 2023 | 2022 (Restated) |
|--|--|-----------------------|-----------------------|
| Dalian Port Machinery and Electric Co., Ltd. | Purchase of equipment/ Engineering construction | 41,998,828.88 | 30,015,416.79 |
| Dalian Port Design and Research Institute Co., Ltd. | Purchase of equipment/ Engineering construction | 26,915,380.25 | 9,764,450.35 |
| Hoi Tung (Shanghai) Company Limited | Purchase of equipment | 13,580,530.94 | 9,859,292.05 |
| China Merchants International Technology Company Limited (招商局國際科技有限公司) | R&D of intangible assets | 11,019,810.57 | 13,768,711.00 |
| China Merchants International Technology Company Limited (招商局國際科技有限公司) | Engineering construction | 5,741,230.96 | 54,904,016.00 |
| Dalian Port Machinery Co., Ltd. | Purchase of equipment/ Engineering construction | 1,936,221.24 | 849,401.62 |
| Yingkou Port Engineering Supervision Consulting Co., Ltd. | Purchase of equipment/ Engineering construction | 1,259,603.54 | 298,192.13 |
| Shenzhen China Merchants Daojiahui Technology Co., Ltd. | Engineering construction | 1,227,966.37 | 714,699.99 |
| Dalian United King Port Auto Trade Co., Ltd. | Purchase of equipment | 302,566.37 | – |
| Dalian Wanpeng Port Engineering Testing Co., Ltd. | Engineering construction | 83,927.26 | – |
| Yingkou Port Group Construction and Installation Engineering Co., Ltd. | Engineering construction | – | 643,428.40 |
| Total | | 104,066,066.38 | 120,817,608.33 |

(6) Remuneration of key management

| Item | 2023 | 2022 (Restated) |
|--------------------------------|--------------|-----------------|
| Remuneration of key management | 8,102,288.60 | 8,219,250.61 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(7) Commitment between the Group and related parties

Leases

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|---|----------------------|-----------------------------------|
| As lessee | | |
| Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司) | 5,619,469.02 | 5,619,469.00 |
| Shenyang Sinotrans & CSC Logistics Development Co., Ltd. | 5,191,538.40 | 4,490,806.05 |
| Yingkou Port Group | 1,367,350.80 | 2,734,699.17 |
| Dalian Taiping Bay Sunshine Real Estate Co., Ltd. | 8,400.00 | 8,100.00 |
| PDA Group | - | 211,704.90 |
| Total | 12,186,758.22 | 13,064,779.12 |
| As lessor | | |
| Panjin Port Group Co., Ltd. | 3,091,902.47 | - |
| Dalian Port Yidu Cold Chain Co., Ltd. | 3,012,418.50 | 1,003,104.58 |
| Yingkou Huifeng Logistics Co., Ltd. (營口滙豐物流有限公司) | - | 247,787.61 |
| Total | 6,104,320.97 | 1,250,892.19 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(7) Commitment between the Group and related parties (continued)

Capital commitments

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|--|----------------------|-----------------------------------|
| Acquisition of assets | | |
| Dalian Harbour Engineering Co., Ltd. | 10,496,529.00 | – |
| China Merchants International Technology Company Limited (招商局國際科技有限公司) | – | 42,688,588.85 |
| Total | 10,496,529.00 | 42,688,588.85 |

(8) Centralised fund management

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|---|-------------------------|-----------------------------------|
| China Merchants Bank Co., Ltd. | 489,976,637.62 | 466,969,380.60 |
| China Merchants Group Finance Co., Ltd. | 2,102,193,440.96 | 2,390,798,429.03 |
| Total | 2,592,170,078.58 | 2,857,767,809.63 |

The annual interest rate for the above deposits in 2023 was 0.20%-1.95% (2022: 0.25%-2.85%). The Group obtained deposit interest income of RMB49,681,989.23 (2022: RMB47,044,844.10) from the related parties.

As at 31 December 2023, the cash on hand and at bank deposited by the Group with the related parties included accrued interest of RMB2,870,048.89 (31 December 2022: RMB17,234,033.35).

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(9) Related party trusteeship

The Company's trusteeship is analysed as follows:

| Name of entrusting | Name of entrusted party | Type of entrustment | Commencement date of the trusteeship | Termination date of the trusteeship | Pricing basis for the income from trusteeship | Income from trusteeship recognised in the current year |
|---|-------------------------|--------------------------|--------------------------------------|-------------------------------------|---|--|
| Liaoning Port Group, PDA Group and Yingkou Port Group | Liaoning Port | Other assets entrustment | 1 July 2022 | 31 December 2025 | Fixed entrustment fee | 7,547,169.81 |

Note: As reviewed and approved at the Board meeting held on 2 June 2022 by the Company, the Company has entered into the custodial service agreements with Liaoning Port Group, PDA Group and Yingkou Port Group, respectively. According to such agreements, Liaoning Port Group, PDA Group and Yingkou Port Group entrusted the operation management rights of some of their subsidiaries to the Company for a term commencing from the effective date of the respective agreement to 31 December 2025. Liaoning Port Group shall pay to the Company a fixed entrustment fee of RMB8,000,000.00 per annum (tax inclusive) in aggregate for all of the entrusted management services under the custodial service agreement, which includes all fees and corresponding taxes required by the Company to complete custodial matters under the custodial service agreements each year.

(10) Equity transactions

For details of equity transactions between the Group and related parties during the year, please refer to Note VIII and Note IX. 10.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XII. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(11) Other related transactions

Some related parties of the Group are engaged in port freight forwarding business, that is, the related parties are entrusted by the third-party freight companies to arrange cargo handling in the port area, including signing port operation contracts with the Group and settlement of port handling charges, etc. Such related parties are the agents of the third-party freight companies, so the Group didn't recognise the income arising from port handling in such businesses as the related transactions income with the related parties. Set out below are the amounts settled between related agencies (on behalf of non-related third parties) and the Group:

| Related parties | 2023 | 2022 (Restated) |
|--|-------------------------|-----------------|
| China Merchants Gangrong | 491,107,790.82 | 589,042,414.73 |
| Yingkou Port Shipping Agency Co., Ltd. | 227,190,550.14 | – |
| Yingkou Ocean Shipping Agency Co., Ltd. | 103,627,167.57 | 45,958,377.79 |
| Dalian Port Bulk Cargo Logistics Center Co., Ltd. | 102,399,148.79 | 119,908,828.78 |
| Liaoning Shenha Hongyun Logistics Co., Ltd. | 65,033,843.11 | 54,891,991.77 |
| Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司) | 60,487,376.51 | 50,549,941.32 |
| Sinotrans Northeastern Co., Ltd. | 57,213,603.51 | 13,822,392.52 |
| Yingkou Huifeng Logistics Co., Ltd. (營口滙豐物流有限公司) | 30,860,311.71 | 31,601,415.45 |
| Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司) | 21,200,228.59 | 41,047,483.65 |
| Sinotrans Liaoning Company Limited (中國外運遼寧有限公司) | 8,437,503.73 | 7,519,754.87 |
| Yingkou Oceanfavor Shipping Agency Co., Ltd. (營口海德船務代理有限公司) | – | 664,677.31 |
| Total | 1,167,557,524.48 | 955,007,278.19 |

Save for the above port freight forwarding business, the Group received business receivables through e-commerce platform for port and shipping industry of China Merchants Gangrong. The Group received business receivables totaling RMB1,378,793,356.01 through China Merchants Gangrong in 2023 (2022: RMB1,239,730,918.65).

Notes to the Financial Statements (continued)

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XIII. Government grants

As at 31 December 2023, the balance of government grants receivable included in other receivables was RMB225,369,954.70.

As at 31 December 2023, liabilities relating to government grants are set out in Note IX. 38.

Government grants charged to profit or loss for the current period are as follows:

| | 2023 | 2022 (Restated) |
|-------------------------------------|-----------------------|-----------------|
| Government grants related to assets | | |
| Included in other income | 50,061,263.38 | 44,522,593.44 |
| Included in non-operating income | 254,383.32 | 258,299.14 |
| Government grants related to income | | |
| Included in other income | 134,465,753.57 | 116,168,258.86 |
| Included in non-operating income | 726,480.95 | – |
| Total | 185,507,881.22 | 160,949,151.44 |

XIV. Financial instruments and risk management

The major financial instruments of the Group primarily include cash at bank and on hand, notes receivable, accounts receivable, receivables financing, other receivables, non-current assets due within one year, long-term receivables, investments in other equity instruments, short-term borrowings, accounts payable, other payables, non-current liabilities due within one year, bonds payable, lease liabilities, long-term borrowings, long-term payables, etc. For detailed descriptions of various financial instruments, please refer to the notes to the above mentioned items. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are summarised as follows. The management of the Group manages and monitors these risk exposures to ensure that the above risks are controlled within a limited scope.

1. Classification of financial instruments

On 31 December 2023, the financial asset measured at fair value through other comprehensive income totalling RMB415,709,697.24 (31 December 2022: RMB311,083,626.83), mainly presented as receivables financing and investments in other equity instruments; The financial asset measured at amortised cost totalling RMB9,326,728,900.32 (31 December 2022: RMB9,020,271,007.37), mainly presented as cash at bank and on hand, notes receivable, accounts receivable, other receivables and non-current assets due within one year; The financial liabilities measured at amortised cost totaling RMB11,964,308,217.11 (31 December 2022: RMB14,114,686,252.66), mainly presented as short-term borrowings, accounts payable, other payables, non-current liabilities due within one year, long-term borrowings, bonds payable, lease liabilities and long-term payables.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIV. Financial instruments and risk management (continued)

2. Transfer of financial assets

| Methods of transfer | Nature of Financial assets transferred | Amount of Financial assets transferred | Derecognition | The judgment basis of Derecognition |
|---------------------|--|--|------------------------|--|
| Notes endorsement | Notes receivable | 1,400,000.00 | Not derecognised | Retains substantially all the risks and rewards, including default risk related to it |
| Notes endorsement | Notes receivable | 23,592,685.15 | Continuous Involvement | Neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset |
| Notes endorsement | Receivables financing | 44,579,136.38 | Continuous Involvement | Neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset |

Financial assets transferred but not fully derecognized

On 31 December 2023, the Group endorsed suppliers a bank acceptance for settlement of accounts payable with carrying amount of RMB1,400,000.00 (31 December 2022: RMB500,000.00). The Group is of the opinion that the Group retains substantially all the risks and rewards, including default risk related to it. Therefore, such other payables and related payables settled will continuously be recognized in full. Subsequent to the endorsement, the Group will no longer retain use right, including the rights for selling, transferring or pledging such assets to other third parties. As at 31 December 2023, carrying amount of accounts payable settled by the Group totaled at RMB1,400,000.00 (31 December 2022: RMB500,000.00).

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIV. Financial instruments and risk management (continued)

2. Transfer of financial assets (continued)

Financial assets transferred and derecognised fully but with continuous involvement

On 31 December 2023, carrying value of the bank acceptance endorsed to suppliers for settlement of accounts payable amounted to RMB68,171,821.53 (31 December 2022: RMB183,732,182.67). On 31 December 2023, the bank acceptance is due within 1 to 12 months. If acceptance banks dishonored the notes, endorsees shall have the right to turn to the Group for recourse (“Continuous Involvement”) according to the Law of Bill. The Group considered that substantially all the risks and rewards of the notes have been transferred. Therefore, the Group has fully derecognised of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuous Involvement and repurchase are equal to the carrying amounts of the notes. The Group believes that the fair value of Continuous Involvement is insignificant.

In 2023, the Group did not recognise gains or losses on the date of its transfer. The Group had no current or accumulated income or expense related to Continuous Involvement of financial assets which had been derecognised. Endorsement is recorded evenly during the year.

3. Objectives and policies of risk management

The Group is exposed to risks from various financial instruments in day-to-day operation, mainly including market risk (including foreign exchange risk, interest rate risk and price risk of investment in equity instruments), credit risk and liquidity risk. The major financial instruments of the Group include cash at bank and on hand, equity investments, debt investments, borrowings, notes receivable, accounts receivable, and accounts payable. Risks in connection with such financial instruments, and the risk management strategies adopted by the Group to mitigate such risks are summarised as follows.

The Board of Directors is responsible for planning and establishing the risk management structure for the Group, and developing risk management policies and the related guidelines across the Group, and supervising the performance of risk management measures. The Group has developed risk management policies to identify and analyse risks affecting the Group. These risk management policies have clear regulations over specific risks, covering various aspects of market risk, credit risk and liquidity risk. The Group will evaluate the market environment and changes of the Group’s operating activities on a regular basis to decide whether it is needed to update the risk management policies and systems. Risk management of the Group is carried out by the Risk Control Department based on the policies as approved by the Board of Directors. The Risk Management Committee identifies, evaluates and mitigates related risks by working closely with other business divisions of the Group. The Internal Audit Department of the Group will review the risk management control and process regularly, and submit the review results to the Audit Committee of the Group.

The Group diversifies risks of financial instruments through appropriate diversified investment and business portfolio, and mitigates concentration risk in any single sector, specific region or certain counterparties by formulating corresponding risk management policies.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIV. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(1) Market risk

1) Foreign exchange risk

The Group is exposed to trading exchange risk. Such risk arises from operating units carrying out sales or purchases with currency other than their functional currency. Approximately 1% of sales of the Group (2022: 4%) are denominated in currency other than the functional currency of operating units, while around 4% (2022: 4%) of cost is denominated in currency other than the functional currency of operating units.

The table below is a sensitivity analysis of exchange rate risk. It reflects the impact on net profit or loss and other comprehensive income net of tax when a reasonably possible change in exchange rate of foreign currency occurs, with all other variables held constant.

| Item | Change in exchange rate | 2023 | | 2022 (Restated) | |
|------|-------------------------------|-------------------|--------------------------------|------------------|--------------------------------|
| | | Impact on profit | Impact on shareholders' equity | Impact on profit | Impact on shareholders' equity |
| RMB | Strengthens by 1% against USD | -89,706.68 | -89,706.68 | -498,309.68 | -498,309.68 |
| RMB | Weakens by 1% against USD | 89,706.68 | 89,706.68 | 498,309.68 | 498,309.68 |
| RMB | Strengthens by 1% against JPY | -6,529.80 | -6,529.80 | -103.15 | -103.15 |
| RMB | Weakens by 1% against JPY | 6,529.80 | 6,529.80 | 103.15 | 103.15 |
| RMB | Strengthens by 1% against KRW | -4,516.71 | -4,516.71 | -1,750.01 | -1,750.01 |
| RMB | Weakens by 1% against KRW | 4,516.71 | 4,516.71 | 1,750.01 | 1,750.01 |

2) Risk of change in exchange rate

Risk of changes in market interest rate exposed to the Group is primarily related to liabilities at variable interest rate.

In terms of management of interest rate exposures, the Group's policy is to manage its interest cost using a mix of fixed and variable rate debts to avoid interest rate risks.

The table below is a sensitivity analysis of interest rate risk. It reflects the impact on net profit or loss (through the impact on floating rate borrowings) and shareholders' equity when a reasonably possible change in interest rates occurs, with all other variables held constant.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIV. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(1) Market risk (continued)

2) Risk of change in exchange rate (continued)

| Item | Increase of basis points | 2023 | | 2022 (Restated) | |
|------|--------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| | | Increase in net profit or loss | Increase in shareholders' equity | Increase in net profit or loss | Increase in shareholders' equity |
| RMB | 50 | -6,435,000.00 | -6,435,000.00 | -3,453,750.00 | -3,453,750.00 |
| RMB | -50 | 6,435,000.00 | 6,435,000.00 | 3,453,750.00 | 3,453,750.00 |

3) Price risk of investment in equity instruments

Price risk of investment in equity instruments is the risk that fair value of equity securities is reduced due to change of stock index and value of individual stock. On 31 December 2023, the Group is exposed to price risk of investment in equity instruments arising from individual equity instrument investment classified as equity instrument investment at fair value through current profit or loss and equity instrument investment at fair value through other comprehensive income.

The following table demonstrates the sensitivity of net profit or loss and other comprehensive income net of tax to every 1% increase in the fair values (based on the carrying amount on the balance sheet date) of the equity instrument investments of the Group, with all other variables held constant.

| | Carrying amount of equity instrument investments | Increase in net profit or loss | Increase in other comprehensive income net of tax | Total increase in shareholders' equity |
|--|--|--------------------------------|---|--|
| 31 December 2023 | | | | |
| Investments in equity instruments | | | | |
| Unlisted equity instrument investments at fair value – equity instrument investment at fair value through other comprehensive income | 171,327,899.72 | - | 1,284,959.25 | 1,284,959.25 |
| 31 December 2022 (Restated) | | | | |
| Investments in equity instruments | | | | |
| Unlisted equity instrument investments at fair value – equity instrument investment at fair value through other comprehensive income | 156,869,646.60 | - | 1,176,522.35 | 1,176,522.35 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIV. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(1) Market risk (continued)

4) Capital management

The Group's capital management mainly aims to ensure the Group's ability of operating as a going concern, and maintain healthy capital ratio to support business development and maximise shareholders' value.

The Group changes and adjusts the capital management structure based on changes of economic situation and risk characteristics of related assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements. In the year of 2023 and the year of 2022, the objective, policies or process of capital management are not changed.

The Group manages its capital using the leverage ratio, which is calculated by dividing net liabilities by the sum of adjusted capital and net liabilities. Net liabilities include short-term borrowings, non-current liabilities due within one year, long-term borrowings, bonds payable, long-term payables, lease liabilities and other non-current liabilities less cash at bank and on hand. The Group's leverage ratio on the balance sheet date is as follows:

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|---|--------------------------|--------------------------------|
| Short-term borrowings | 1,000,718,055.55 | — |
| Non-current liabilities due within one year | 2,378,384,323.74 | 4,478,103,496.21 |
| Long-term borrowings | 566,000,000.00 | 716,000,000.00 |
| Bonds payable | 1,997,206,461.11 | 2,495,906,235.36 |
| Long-term payables | 17,500,000.00 | 17,500,000.00 |
| Lease liabilities | 4,966,735,156.50 | 5,117,187,307.19 |
| Other non-current liabilities | 56,737,436.20 | 41,606,945.81 |
| Less: Cash at bank and on hand | 5,228,415,449.28 | 5,285,807,017.68 |
| Net liabilities | 5,754,865,983.82 | 7,580,496,966.89 |
| Shareholders' equity | 42,729,190,640.70 | 41,902,384,922.19 |
| Capital and net liabilities | 48,484,056,624.52 | 49,482,881,889.08 |
| Leverage ratio | 11.87% | 15.32% |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XIV. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk

The Group only has trade with recognised third party with good credit standing. Based on the Group's policies, customers who conduct credit transaction will be subject to credit review. In addition, the Group will continuously monitor balance of accounts receivable to ensure that the Group will not be exposed to significant risk of bad debts. In respect of the transactions not settled in the functional currency of related operating units, the Group will not offer credit transaction conditions unless otherwise approved by the credit control department of the Group.

Since counterparties of cash at bank and on hand and bank acceptance notes receivables are banks and the related parties with good reputation and high credit ratings, credit risk arising from these financial instruments is insignificant.

Other financial assets of the Group comprise of accounts receivable, receivables financing, other receivables, non-current assets due within one year and long-term receivables. Credit risk from such financial assets is from default of counterparties, and its maximum risk exposure is equivalent to the carrying amount of such instruments.

The Group's maximum credit risk exposure at each balance sheet date is the total amount charged to customers less the amount of impairment allowances.

Since the Group only trades with recognised third parties with good credit standing, no guarantee is required. Credit risk concentration is managed based on customers. As at 31 December 2023, the Group is exposed to certain credit risk concentration, as 82% (31 December 2022: 77%) and 86% (31 December 2022: 82%) of accounts receivables are respectively from the customer with the largest balance of account receivable and top five customers. Save as the amount of RMB3,233,185,734.00 (31 December 2022: RMB2,623,568,742.00) due from Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司), the Group does not hold any security or other credit increment over balance of other receivables.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIV. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk (continued)

Criteria for determining significant increase in credit risk

The Group will evaluate whether credit risk in connection with financial instruments is increased significantly from initial recognition on each balance sheet date. When determining whether credit risk is increased significantly after initial recognition, the Group will consider obtaining reasonable information with supporting basis without paying extra cost or efforts, including qualitative and quantitative analysis over the historical data of the Group, external credit risk ratings and forward-looking information. Based on a single financial instrument or group of financial instruments with similar credit risk characteristics, the Group will determine estimated changes in default risks of financial instruments during the period of existence, by comparing the default risk of financial instruments on the balance sheet date and that upon initial recognition.

When one or more of the following quantitative and qualitative standards is triggered, credit risk in connection with financial instrument is increased significantly:

- (1) For quantitative standards, the probability of default in the remaining existence period after the reporting date is increased to a certain proportion as compared with that upon initial recognition;
- (2) For qualitative standards, there are significant adverse changes in operation or financial position of debtors and early-warning customer list.

Definition of assets with credit impairment

To determine whether there is credit impairment, the defining standards adopted by the Group are consistent with the objective of internal credit risk management for related financial instruments, by reference to the quantitative and qualitative indicators. When debtors are evaluated for credit impairment, the following factors will be taken into account:

- (1) significant financial difficulty of issuers or debtors;
- (2) breach of contract by debtors, such as default or overdue payment in interest or principal repayment;
- (3) a concession granted by the creditor to the debtor due to economic or contractual considerations related to the debtor's financial difficulty, which will not be granted under any other circumstances;
- (4) possible bankruptcy or other financial reorganisation of the debtors;
- (5) disappearance of an active market for the financial asset due to financial difficulty of the issuer or the debtor;
- (6) purchase or creation of a financial asset at significant discount reflecting the fact of credit loss.

Credit impairment of financial assets may be a joint result of multiple events, and may not be necessarily caused by a single identifiable event.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XIV. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk (continued)

Credit risk exposure

Risk exposure of accounts receivable classified based on internal rating of credit risk:

31 December 2023

| | Unsecured | | | Secured | | |
|---------------------|----------------|-----------------------|-----------------|------------------|-----------------------|------------------|
| | Book balance | Credit loss provision | Carrying amount | Book balance | Credit loss provision | Carrying amount |
| Accounts receivable | 702,857,308.09 | 94,670,417.94 | 608,186,890.15 | 3,233,185,734.00 | 537,193,970.84 | 2,695,991,763.16 |
| Including: A | 514,267,001.51 | 55,938.88 | 514,211,062.63 | - | - | - |
| B | 85,291,671.90 | 91,322.93 | 85,200,348.97 | - | - | - |
| C | 8,711,582.32 | 2,385,230.50 | 6,326,351.82 | 3,233,185,734.00 | 537,193,970.84 | 2,695,991,763.16 |
| D | 94,587,052.36 | 92,137,925.63 | 2,449,126.73 | - | - | - |
| Other receivables | 615,427,975.43 | 144,508,640.23 | 470,919,335.20 | - | - | - |
| Including: A | 330,651,051.02 | 435,655.87 | 330,215,395.15 | - | - | - |
| B | 122,277,028.78 | 11,304,105.32 | 110,972,923.46 | - | - | - |
| C | 51,093,692.01 | 22,179,175.42 | 28,914,516.59 | - | - | - |
| D | 111,406,203.62 | 110,589,703.62 | 816,500.00 | - | - | - |

31 December 2022 (Restated)

| | Unsecured | | | Secured | | |
|---------------------|----------------|-----------------------|-----------------|------------------|-----------------------|------------------|
| | Book balance | Credit loss provision | Carrying amount | Book balance | Credit loss provision | Carrying amount |
| Accounts receivable | 770,263,691.94 | 77,827,574.02 | 692,436,117.92 | 2,623,568,742.00 | 381,052,467.02 | 2,242,516,274.98 |
| Including: A | 633,820,700.34 | 329,231.44 | 633,491,468.90 | - | - | - |
| B | 40,210,981.82 | 83,547.77 | 40,127,434.05 | - | - | - |
| C | 17,148,413.14 | 1,926,376.65 | 15,222,036.49 | 2,623,568,742.00 | 381,052,467.02 | 2,242,516,274.98 |
| D | 79,083,596.64 | 75,488,418.16 | 3,595,178.48 | - | - | - |
| Other receivables | 523,092,238.57 | 106,671,211.84 | 416,421,026.73 | - | - | - |
| Including: A | 253,969,160.83 | 716,100.60 | 253,253,060.23 | - | - | - |
| B | 119,555,448.25 | 7,723,149.56 | 111,832,298.69 | - | - | - |
| C | 93,845,530.81 | 44,421,471.65 | 49,424,059.16 | - | - | - |
| D | 55,722,098.68 | 53,810,490.03 | 1,911,608.65 | - | - | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIV. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk (continued)

Credit risk exposure (continued)

Note: As at 31 December 2023, the book balance of the Group's secured accounts receivable amounted to RMB3,233,185,734.00 (31 December 2022: RMB2,623,568,742.00), which mainly represented the Group's warehousing costs due from Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司). According to the relevant agreement entered into by the Group and Dalian Enesky International Trade Co., Ltd., this company is prohibited from transferring its goods stored in the warehouses of the Group with the equivalent value of such accounts receivable until the outstanding amount is settled.

(3) Liquidity risk

When managing the liquidity risks, the management of the Group believes that sufficient cash and cash equivalents should be maintained and monitored to meet the operating needs of the Group and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank loans and ensures compliance with loan agreements.

The maturity analysis of the Group's financial liabilities at undiscounted contractual cash flows is as follows:

31 December 2023

| Item | Carrying amount | Within 1 year | 1 to 5 years | Over 5 years | Total |
|--|--------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Non-derivative financial assets and liabilities | | | | | |
| Short-term borrowings | 1,000,718,055.55 | 1,014,805,555.55 | - | - | 1,014,805,555.55 |
| Accounts payable | 322,512,777.37 | 322,512,777.37 | - | - | 322,512,777.37 |
| Other payables | 715,251,442.84 | 715,251,442.84 | - | - | 715,251,442.84 |
| Non-current liabilities due within one year | 2,378,384,323.74 | 2,677,282,074.95 | - | - | 2,677,282,074.95 |
| Long-term borrowings | 566,000,000.00 | 17,864,783.33 | 600,124,541.67 | - | 617,989,325.00 |
| Lease liabilities | 4,966,735,156.50 | - | 1,600,162,058.64 | 7,378,394,760.00 | 8,978,556,818.64 |
| Bonds payable | 1,997,206,461.11 | 29,976,575.34 | 2,052,387,808.22 | - | 2,082,364,383.56 |
| Long-term payables | 17,500,000.00 | - | - | 17,500,000.00 | 17,500,000.00 |
| Total | 11,964,308,217.11 | 4,777,693,209.38 | 4,252,674,408.53 | 7,395,894,760.00 | 16,426,262,377.91 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XIV. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(3) Liquidity risk (continued)

31 December 2022 (Restated)

| Item | Carrying amount | Within 1 year | 1 to 5 years | Over 5 years | Total |
|--|--------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Non-derivative financial assets and liabilities | | | | | |
| Accounts payable | 343,941,855.80 | 343,941,855.80 | - | - | 343,941,855.80 |
| Other payables | 946,047,358.10 | 946,047,358.10 | - | - | 946,047,358.10 |
| Non-current liabilities due within one year | 4,478,103,496.21 | 4,814,295,385.78 | - | - | 4,814,295,385.78 |
| Long-term borrowings | 716,000,000.00 | 23,253,866.67 | 716,112,444.44 | 57,209,600.00 | 796,575,911.11 |
| Lease liabilities | 5,117,187,307.19 | - | 1,613,953,577.02 | 7,769,425,170.46 | 9,383,378,747.48 |
| Bonds payable | 2,495,906,235.36 | 34,588,356.16 | 2,550,338,356.17 | - | 2,584,926,712.33 |
| Long-term payables | 17,500,000.00 | - | - | 17,500,000.00 | 17,500,000.00 |
| Total | 14,114,686,252.66 | 6,162,126,822.51 | 4,880,404,377.63 | 7,844,134,770.46 | 18,886,665,970.60 |

4. Fair value

(1) Assets and liabilities measured at fair value

31 December 2023

| Item | Input used in fair value measurement | | | Total |
|--|---|---|---|-----------------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Continuous fair value measurement | | | | |
| Receivables financing | - | - | 244,381,797.52 | 244,381,797.52 |
| Investments in other equity instruments | - | - | 171,327,899.72 | 171,327,899.72 |
| Total | - | - | 415,709,697.24 | 415,709,697.24 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIV. Financial instruments and risk management (continued)

4. Fair value (continued)

(1) Assets and liabilities measured at fair value (continued)

31 December 2022 (Restated)

| Item | Input used in fair value measurement | | | Total |
|--|---|---|---|----------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Continuous fair value measurement | | | | |
| Receivables financing | – | – | 154,213,980.23 | 154,213,980.23 |
| Investments in other equity instruments | – | – | 156,869,646.60 | 156,869,646.60 |
| Total | – | – | 311,083,626.83 | 311,083,626.83 |

(2) level 3 fair value measurement

Management has assessed the cash at bank and on hand, notes receivable, accounts receivable, other receivables, short-term borrowings, accounts payable, together with non-current liabilities due within one year, etc. Their fair values approximate to their carrying amounts as the residual maturities of these instruments are not long.

The financial department of the Group is led by the financial manager and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial director and the Audit Committee. At each balance sheet date, the financial department analyses the movements in the fair value of the financial instrument and determines the major input applicable to the valuation. The valuation must be reviewed and approved by the financial manager. For the purposes of preparing interim and annual financial statements, the financial department discusses the valuation process and results with the Audit Committee twice a year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XIV. Financial instruments and risk management (continued)

4. Fair value (continued)

(2) *level 3 fair value measurement (continued)*

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale. The following methods and assumptions were used in the estimate of fair value.

The fair value of long-term borrowings, is calculated by discounting the future cash flows using the market yield currently available for other financial instruments with similar contract terms, credit risk and residual term as the discount rate. As at 31 December 2023 and 31 December 2022, the Group's exposure to non – performance risk associated with the long-term borrowings is assessed as insignificant.

The fair value of unlisted equity instrument investments is estimated using the market approach based on unobservable market prices or interest rate assumptions. The Group is required to identify comparable listed companies based on industry, size, leverage and strategy, and calculate the appropriate market multiplier for each comparable listed company identified. Adjustments are made based on specific facts and circumstances, taking into account factors such as liquidity and size differences from comparable listed companies. The Group believes that the fair value estimated using valuation techniques and its change are reasonable, and is the most applicable value on the balance sheet date.

For the fair value of the unlisted equity instrument investments, the Group estimated the potential impact of adopting other reasonable and possible assumptions as input in the valuation model.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XIV. Financial instruments and risk management (continued)

4. Fair value (continued)

(2) level 3 fair value measurement (continued)

The following table summarises significant unobservable inputs for level 3 fair value measurement:

| Item | Fair value at the end of the year | Valuation techniques | Unobservable inputs | Range (weighted average mean) |
|-------------------------------|-----------------------------------|----------------------------------|---------------------|-------------------------------|
| Receivables financing | 31 December 2023: 244,381,797.52 | Cash flows discount method | Prepayment rate | 31 December 2023: 0% |
| | | Cash flows discount method | Default probability | 31 December 2023: 0% |
| | | Cash flows discount method | Default loss rate | 31 December 2023: 0% |
| | 31 December 2022: 154,213,980.23 | Cash flows discount method | Prepayment rate | 31 December 2022: 0% |
| | | Cash flows discount method | Default probability | 31 December 2022: 0% |
| | | Cash flows discount method | Default loss rate | 31 December 2022: 0% |
| Equity instrument investments | 31 December 2023: 171,327,899.72 | Listed company comparison method | Liquidity discount | 31 December 2023: 17-28% |
| | 31 December 2022: 156,869,646.60 | Listed company comparison method | Liquidity discount | 31 December 2022: 17-30% |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIV. Financial instruments and risk management (continued)

4. Fair value (continued)

(3) Fair value of financial instruments

The reconciliation of continuous fair value measurements categorised within Level 3 of the fair value hierarchy is as follows:

| | Total gain or loss for the year | | | | | | Assets held at the end of year | | | | |
|-------------------------------|--------------------------------------|-----------------------|-------------------------|----------------------------|--|----------------|--------------------------------|----------------|------|----------------|--------------------------------|
| | Balance at the beginning of the year | Transfer into Level 3 | Transfer out of Level 3 | Included in profit or loss | Included in other comprehensive income | Purchase | | Issue | Sale | Settlement | Balance at the end of the year |
| 31 December 2023 | | | | | | | | | | | |
| Receivables financing | 154,213,980.23 | - | - | - | - | 655,442,340.57 | - | 565,274,523.28 | - | 244,381,797.52 | - |
| Equity instrument investments | 156,869,646.60 | - | - | - | 14,458,253.12 | - | - | - | - | 171,327,899.72 | - |
| 31 December 2022 | | | | | | | | | | | |
| Receivables financing | 40,454,782.00 | - | - | - | - | 678,248,348.90 | - | 564,489,150.67 | - | 154,213,980.23 | - |
| Equity instrument investments | 179,291,854.27 | - | - | - | -9,002,541.67 | - | - | 13,419,666.00 | - | 156,869,646.60 | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XV. Contingencies

1. As of 31 December 2023, the status of the Group's pending lawsuits and arbitrations

The status of pending lawsuits and arbitrations of DCT Logistics, a subsidiary of the Group

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XV. Contingencies (continued)

1. As of 31 December 2023, the status of the Group's pending lawsuits and arbitrations (continued)

The status of pending lawsuits and arbitrations of DCT Logistics, a subsidiary of the Group (continued)

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

Notes to the Financial Statements (continued)

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XV. Contingencies (continued)

1. As of 31 December 2023, the status of the Group's pending lawsuits and arbitrations (continued)

The status of pending lawsuits and arbitrations of DCT Logistics, a subsidiary of the Group (continued)

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XV. Contingencies (continued)

1. As of 31 December 2023, the status of the Group's pending lawsuits and arbitrations (continued)

The status of pending lawsuits and arbitrations of DCT Logistics, a subsidiary of the Group (continued)

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

In respect of the lawsuits mentioned above, having considered the evidence that the Group has already obtained and the professional opinions of legal advisors, the management of the Group believes that the Warehousing Clients are Shunde's import business agents, and since the goods involved in the case are actually owned by Shunde, the release by DCT Logistics of the goods to Shunde, the owner of the goods, did not infringe the rights of the Warehousing Clients. Shunde's failure of repayment of advances provided by the Warehousing Clients to Shunde is irrelevant to the release of goods by DCT Logistics. For the first instance judgement issued by some courts, DCT Logistics had filed corresponding appeals. As at the approval date of these financial statements, no second instance judgment 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 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.

Notes to the Financial Statements (continued)

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XVI. Non-adjustment events after the balance sheet date

1. 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 actual issue size 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 actual issue size 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%.

2. Profit distribution after the balance sheet date

In accordance with the resolution 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. Total amount of dividend to be distributed will be RMB458,152,957.09. The resolution is pending for approval at the general meeting of the Company.

XVII. Capital commitments

| Item | 31 December 2023 | 31 December 2022 (Restated) |
|--|----------------------|--------------------------------|
| Capital expenditures contracted but not yet recognised in the financial statements | | |
| – Acquisition of assets | 25,607,924.86 | 83,838,435.36 |
| – Intangible assets | – | 42,688,588.85 |
| Approved by the Board but uncontracted | | |
| – Acquisition of assets | 3,960,000.00 | 32,399,054.94 |
| – Intangible assets | 2,600,000.00 | 500,000.00 |
| Total | 32,167,924.86 | 159,426,079.15 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XVIII. Emoluments of directors, supervisors and senior management

| Item | 2023 | 2022 |
|---------------------------|----------------------|----------------------|
| Director's fee | 625,000.00 | 650,000.00 |
| Other emoluments: | | |
| Salaries and allowances | 9,024,642.93 | 9,213,628.79 |
| Pension plan contribution | 378,507.36 | 393,294.24 |
| Total | 10,028,150.29 | 10,256,923.03 |

1. Independent non-executive directors

The fees paid to independent non-executive directors are as follows:

| | 2023 | 2022 |
|------------------|-------------------|-------------------|
| Liu Chunyan | 200,000.00 | 200,000.00 |
| Cheng Chaoying** | 175,000.00 | – |
| Law Man Tat* | 125,000.00 | 250,000.00 |
| Chan Wai Hei** | 125,000.00 | – |
| Li Zhiwei* | – | 200,000.00 |
| Total | 625,000.00 | 650,000.00 |

* Li Zhiwei retired as an independent non-executive director of the Company in December 2022. Law Man Tat retired as an independent non-executive director of the Company in June 2023.

** Cheng Chaoying has been an independent non-executive director of the Company since December 2022. Chan Wai Hei has been an independent non-executive director of the Company since July 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XVIII. Emoluments of directors, supervisors and senior management (continued)

2. Executive directors, non-executive directors and supervisors

| | 2023 | 2022 |
|---------------------------------|---------------------|--------------|
| Salaries and allowances: | | |
| Executive directors: | | |
| Wei Minghui | 1,010,193.13 | 1,105,773.88 |
| Wang Zhixian* | - | - |
| Zhang Yi** | - | - |
| Non-executive directors: | | |
| Si Zheng** | - | - |
| Zhou Qinghong** | - | - |
| Xu Song** | - | - |
| Yang Bing | - | - |
| Xu Xin* | - | - |
| Li Guofeng* | - | - |
| Li Yubin* | - | - |
| Supervisors: | | |
| Li Shichen** | - | - |
| Yuan Yi** | - | - |
| Wang Zhifeng** | - | 91,666.63 |
| Zhang Hong | 600,265.13 | 558,273.88 |
| Ma Yingzi** | - | 482,059.89 |
| Gao Shicheng* | 573,531.60 | 179,076.02 |
| Ding Kai* | 50,000.00 | - |
| Cui Beiqiang* | - | - |
| Kuang Zhiguo* | - | - |
| Total | 2,233,989.86 | 2,416,850.30 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XVIII. Emoluments of directors, supervisors and senior management (continued)

2. Executive directors, non-executive directors and supervisors (continued)

| | 2023 | 2022 |
|-----------------------------------|-------------------|------------|
| Pension plan contribution: | | |
| Executive directors: | | |
| Wei Minghui | 37,649.28 | 36,766.08 |
| Wang Zhixian* | - | - |
| Zhang Yi** | - | - |
| Non-executive directors: | | |
| Si Zheng** | - | - |
| Zhou Qinghong** | - | - |
| Xu Xin* | - | - |
| Li Guofeng* | - | - |
| Li Yubin* | - | - |
| Xu Song** | - | - |
| Yang Bing | - | - |
| Supervisors: | | |
| Li Shichen** | - | - |
| Yuan Yi** | - | - |
| Wang Zhifeng** | - | - |
| Zhang Hong | 37,649.28 | 36,766.08 |
| Ma Yingzi** | - | 18,383.04 |
| Gao Shicheng* | 39,415.68 | 21,446.88 |
| Ding Kai* | - | - |
| Cui Beiqiang* | - | - |
| Kuang Zhiguo* | - | - |
| Total | 114,714.24 | 113,362.08 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XVIII. Emoluments of directors, supervisors and senior management (continued)

2. Executive directors, non-executive directors and supervisors (continued)

* Wang Zhixian has been serving as the chairman, an executive director of the Company since March 2022; Xu Xin has been a non-executive director of the Company since June 2023; LI Guofeng and Li Yubin have served as non-executive directors of the Company since December 2023; Gao Shicheng has been an employee representative supervisor of the Company since June 2022; Ding Kai has served as an independent supervisor of the Company since June 2023; Cui Beiqiang and Kuang Zhiguo have served as supervisors of the Company since December 2023.

** Zhang Yi retired as the chairman and an executive director of the Company in February 2022; Si Zheng retired as a non-executive director of the Company in January 2023; Zhou Qinghong retired as a non-executive director of the Company in August 2023; Xu Song retired as a non-executive director of the Company in September 2023; Li Shichen retired as the chairman of the supervisory committee of the Company in September 2023; Yuan Yi retired as a supervisor of the Company in August 2023; Wang Zhifeng retired as an independent supervisor of the Company in November 2022; and Ma Yingzi retired as a supervisor representing employees of the Company in June 2022.

3. Senior management

| | 2023 | 2022 |
|---------------------------------|---------------------|--------------|
| Salaries and allowances: | | |
| Wei Minghui | 1,010,193.13 | 1,105,773.88 |
| Wang Ping** | 770,593.13 | 622,273.88 |
| Wang Huiying | 690,705.13 | 558,273.88 |
| Lee, Kin Yu Arthur | 1,340,742.00 | 1,324,859.40 |
| Tai Jingang | 768,833.13 | 733,273.88 |
| Yin Kaiyang | 770,873.13 | 733,273.88 |
| Luo Dongxi | 765,035.13 | 733,273.88 |
| Zhang Tie** | – | 616,708.84 |
| Cao Yingfeng** | 771,050.67 | 1,015,293.75 |
| Guan Lihui* | 820,195.72 | 233,159.80 |
| Chen Liqing*** | 92,625.03 | 226,387.30 |
| Total | 7,800,846.20 | 7,902,552.37 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XVIII. Emoluments of directors, supervisors and senior management (continued)

3. Senior management (continued)

| | 2023 | 2022 |
|-----------------------------------|-------------------|------------|
| Pension plan contribution: | | |
| Wei Minghui | 37,649.28 | 36,766.08 |
| Wang Ping** | 37,649.28 | 36,766.08 |
| Wang Huiying | 37,649.28 | 36,766.08 |
| Lee, Kin Yu Arthur | – | – |
| Tai Jingang | 37,649.28 | 36,766.08 |
| Yin Kaiyang | 37,649.28 | 36,766.08 |
| Luo Dongxi | 37,649.28 | 36,766.08 |
| Zhang Tie** | – | 16,441.92 |
| Cao Yingfeng** | 26,277.12 | 36,766.08 |
| Guan Lihui* | 39,415.68 | 21,446.88 |
| Chen Liqing*** | 9,853.92 | 21,446.88 |
| Total | 301,442.40 | 316,698.24 |

During the year, there was no agreement for a director, supervisor or senior management to waive or agree to waive the emoluments for the year (2022: Nil).

The resigned number of directors, supervisors and senior management during the year represent 40.91% of the total number of directors, supervisors and senior management at the beginning of the year (2022: 22.73%).

* Guan Lihui has been the chief safety officer and the deputy general manager of the Company since June 2022.

** Zhang Tie resigned as the chief safety officer of the Company since June 2022; Cao Yingfeng resigned as the executive deputy general manager of the Company since September 2023; Wang Ping resigned as the chief financial officer of the Company since December 2023.

*** Chen Liqing has been the deputy general manager of the Company from June 2022 to April 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XVIII. Emoluments of directors, supervisors and senior management (continued)

4. The top five highest paid individuals

The top five highest paid individuals of the Group in 2023 include one director (the top five highest paid individuals of the Group in 2022 include 1 director). The aggregate emoluments are as follows:

| | 2023 | 2022 |
|-------------------------|---------------------|--------------|
| Salaries and allowances | 4,503,921.50 | 4,812,207.90 |
| Social security | 436,359.13 | 432,569.21 |
| Total | 4,940,280.63 | 5,244,777.11 |

Emolument bands

| | 2023 | 2022 |
|-----------------------------|------------------|-----------|
| RMB0 – RMB1,000,000 | 2 persons | 2 persons |
| RMB1,000,000 – RMB1,500,000 | 3 persons | 3 persons |

XIX. Notes to key items in the parent company's financial statements

1. Accounts receivable

(1) General information on accounts receivable

| Item | 31 December 2023 | 31 December 2022 |
|-----------------------------|-------------------------|------------------|
| Accounts receivable | 3,424,545,254.78 | 2,831,247,342.26 |
| Less: Credit loss provision | 572,090,840.08 | 405,318,731.77 |
| Total | 2,852,454,414.70 | 2,425,928,610.49 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIX. Notes to key items in the parent company's financial statements (continued)

1. Accounts receivable (continued)

(2) Overall aging of accounts receivable

| Item | 31 December 2023 | | | 31 December 2022 | | |
|-------------------------------------|-------------------------|----------------|-----------------------|------------------|----------------|-----------------------|
| | Book balance | Proportion (%) | Credit loss provision | Book balance | Proportion (%) | Credit loss provision |
| Within 1 year (including 1 year) | 766,908,449.13 | 22.40 | 103,714,030.15 | 791,555,266.93 | 27.96 | 96,269,703.21 |
| 1 to 2 years (including 2 years) | 618,583,241.86 | 18.06 | 113,267,657.41 | 592,821,384.81 | 20.94 | 86,194,757.20 |
| 2 to 3 years (including 3 years) | 592,586,064.37 | 17.30 | 101,090,067.63 | 635,527,575.67 | 22.45 | 92,538,366.40 |
| Over 3 years | 1,446,467,499.42 | 42.24 | 254,019,084.89 | 811,343,114.85 | 28.65 | 130,315,904.96 |
| Total | 3,424,545,254.78 | 100.00 | 572,090,840.08 | 2,831,247,342.26 | 100.00 | 405,318,731.77 |

(3) The movements in provision for bad debts of accounts receivable are as follows:

| | Balance as at the beginning of the year | Provision for the year | Recovery or reversal during the year | Write-off during the year | Other changes | Balance as at the end of the year |
|------|---|------------------------|--------------------------------------|---------------------------|---------------|-----------------------------------|
| 2023 | 405,318,731.77 | 166,772,108.31 | - | - | - | 572,090,840.08 |
| 2022 | 274,542,128.72 | 154,096,054.93 | -32,930,514.10 | -156,320.92 | 9,767,383.14 | 405,318,731.77 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIX. Notes to key items in the parent company's financial statements (continued)

1. Accounts receivable (continued)

(4) Details of accounts receivable of which provision for bad debts is made are as follows:

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

| Rating | Book balance | Provision for impairment | Provision percentage (%) |
|--------------|-------------------------|--------------------------|--------------------------|
| A | 142,172,078.39 | 14,217.17 | 0.00-0.10 |
| B | 11,919,378.74 | 11,919.38 | 0.10-0.30 |
| C | 3,233,185,734.00 | 537,193,970.84 | 0.30-50.00 |
| D | 37,268,063.65 | 34,870,732.69 | 50.00-100.00 |
| Total | 3,424,545,254.78 | 572,090,840.08 | — |

(5) Information on the top five entities by the amounts of accounts receivable

| Name of entity | Relationship with the Group | Amount | Aging | Provision for credit loss | Percentage of total accounts receivable (%) |
|--|-----------------------------|-------------------------|---|---------------------------|---|
| Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司) | Customer | 3,233,185,734.00 | Within 1 year, 1-2 years, 2-3 years, and over 3 years | 537,193,970.84 | 94.41 |
| Huaneng Power International, Inc. | Customer | 20,105,538.92 | Within 1 year | 2,010.55 | 0.59 |
| Beiliang Port Customs District P.R.China (中華人民共和國北良港海關) | Customer | 16,940,338.00 | Within 1 year | 1,694.03 | 0.49 |
| Vale International SA | Customer | 15,026,380.00 | Within 1 year | 1,502.64 | 0.44 |
| Dalian Changxing Island Port Co., Ltd. | Related party | 11,614,322.57 | Within 1 year, 1-2 years, 2-3 years, and over 3 years | 10,334,322.57 | 0.34 |
| Total | — | 3,296,872,313.49 | — | 547,533,500.63 | 96.27 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIX. Notes to key items in the parent company's financial statements (continued)

2. Other receivables

| Item | 31 December 2023 | 31 December 2022 |
|----------------------|-------------------------|-------------------------|
| Interest receivable | 3,469,589.14 | – |
| Dividends receivable | 2,822,882,692.06 | 3,019,042,396.43 |
| Other receivables | 48,352,495.43 | 73,219,051.37 |
| Total | 2,874,704,776.63 | 3,092,261,447.80 |

(1) Interest receivable

1) Classification of due interest receivable

| Type | 31 December 2023 | 31 December 2022 |
|---------------------------------|---------------------|------------------|
| Borrowings from related parties | 4,812,059.44 | – |
| Less: Credit loss provision | 1,342,470.30 | – |
| Book value | 3,469,589.14 | – |

As at 31 December 2023, no significant amount of overdue interest (31 December 2022: Nil).

2) Provision for credit loss of interest receivable

| Provision for credit loss | Stage I Expected credit loss over the next 12 months | Stage II | Stage III | Total |
|---------------------------|---|--|---|--------------|
| | | Expected credit loss for the entire duration (no credit impairment occurred) | Expected credit loss for the entire duration (credit impairment occurred) | |
| Opening balance | – | – | – | – |
| Provision for the year | – | 407,734.14 | – | 407,734.14 |
| Other changes | – | 934,736.16 | – | 934,736.16 |
| Closing balance | – | 1,342,470.30 | – | 1,342,470.30 |

In 2023, the provision for bad debts was RMB407,734.14, and no recovery or reversal of bad debt provision was recorded.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIX. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Dividends receivable

1) Presentation of dividends receivable

| Investee | 31 December 2023 | 31 December 2022 |
|---|-------------------------|------------------|
| Dalian Port Container Development Co., Ltd. | 1,316,701,929.91 | 1,245,837,217.79 |
| Yingkou Ltd. | 1,471,493,773.87 | 1,760,932,079.25 |
| Dalian Automobile Terminal Co., Ltd. | 16,000,000.00 | 11,200,000.00 |
| China United Tally (Dalian) Co., Ltd. | — | 1,112,267.52 |
| Dalian Port Haiheng Ship Management Co., Ltd. | 1,166,988.28 | — |
| VTTI Terminals Dalian Co., Ltd. | 15,000,000.00 | — |
| Dalian Ocean Shipping Tally Co., Ltd. | 2,520,000.00 | — |
| Total | 2,822,882,692.06 | 3,019,081,564.56 |
| Less: Provision for credit loss | — | 39,168.13 |
| Book value | 2,822,882,692.06 | 3,019,042,396.43 |

2) Material dividends receivable aged over 1 year

| Investee | Closing balance | Opening balance | Reasons for unrecovery | Closing balance of credit loss provision |
|---|------------------|------------------|------------------------|--|
| Dalian Port Container Development Co., Ltd. | 1,125,837,217.79 | 1,081,001,061.39 | Delay of payment | — |
| Yingkou Ltd. | 710,000,000.00 | 1,035,880,554.13 | Delay of payment | — |
| Total | 1,835,837,217.79 | 2,116,881,615.52 | — | — |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIX. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Dividends receivable (continued)

3) Movements in provision for credit losses on dividends receivable

| | Stage I Expected credit loss over the next 12 months | Stage II Expected credit loss for the entire duration (no credit impairment occurred) | Stage III Expected credit loss for the entire duration (credit impairment occurred) | Total |
|------------------------|---|---|---|------------|
| Opening balance | 39,168.13 | – | – | 39,168.13 |
| Provision for the year | – | – | – | – |
| Reversal in the year | -39,168.13 | – | – | -39,168.13 |
| Closing balance | – | – | – | – |

In 2023, there was no provision for bad debts, and the provision for bad debts reversed was RMB39,168.13.

(3) Other receivables

1) Analysis by nature

| Amount by nature | 31 December 2023 | 31 December 2022 |
|--|-----------------------|------------------|
| Receivables from income of entrusted management services | 93,249,985.77 | 86,437,627.26 |
| Others | 34,233,918.63 | 32,436,688.95 |
| Subtotal | 127,483,904.40 | 118,874,316.21 |
| Less: Credit loss provision | 79,131,408.97 | 45,655,264.84 |
| Total | 48,352,495.43 | 73,219,051.37 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIX. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(3) Other receivables (continued)

2) Analysis by aging

| Item | 31 December 2023 | | | 31 December 2022 | | |
|----------------------------------|-----------------------|----------------|-----------------------|------------------|----------------|-----------------------|
| | Book balance | Proportion (%) | Credit loss provision | Book balance | Proportion (%) | Credit loss provision |
| Within 1 year (including 1 year) | 25,405,081.88 | 19.93 | 2,052,819.69 | 33,873,028.28 | 28.49 | 2,266,453.49 |
| 1 to 2 years (including 2 years) | 25,556,231.05 | 20.05 | 3,140,802.70 | 11,075,568.66 | 9.32 | 2,060,668.46 |
| 2 to 3 years (including 3 years) | 2,935,737.20 | 2.30 | 2,479,206.21 | 3,877,699.80 | 3.26 | 1,571,649.92 |
| Over 3 years | 73,586,854.27 | 57.72 | 71,458,580.37 | 70,048,019.47 | 58.93 | 39,756,492.97 |
| Total | 127,483,904.40 | 100.00 | 79,131,408.97 | 118,874,316.21 | 100.00 | 45,655,264.84 |

3) Details of the Company's other receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

| Rating | Book balance | Provision for impairment | Provision percentage (%) |
|--------------|-----------------------|--------------------------|--------------------------|
| A | 21,452,086.31 | 3,354.48 | 0.00-0.10 |
| B | 25,172,985.77 | 38,657.98 | 0.10-0.30 |
| C | 1,569,677.85 | 604,242.04 | 0.30-50.00 |
| D | 79,289,154.47 | 78,485,154.47 | 50.00-100.00 |
| Total | 127,483,904.40 | 79,131,408.97 | — |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIX. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(3) Other receivables (continued)

- 4) Movements in the provision for bad debts of expected credit losses in relation to other receivables over the next 12 months and the entire duration are as follows:

| Credit loss provision | Stage I Expected credit loss over the next 12 months | Stage II Expected credit loss for the entire duration (no credit impairment occurred) | Stage III Expected credit loss for the entire duration (credit impairment occurred) | Total |
|--------------------------------------|--|---|---|---------------|
| Opening balance | 31,802.06 | 30,708,508.31 | 14,914,954.47 | 45,655,264.84 |
| Opening balance in the current year: | — | — | — | — |
| – Transfer into stage II | — | — | — | — |
| – Transfer into stage III | — | -30,628,508.31 | 30,628,508.31 | — |
| Provision in the year | 10,210.40 | 524,242.04 | 32,941,691.69 | 33,476,144.13 |
| Closing balance | 42,012.46 | 604,242.04 | 78,485,154.47 | 79,131,408.97 |

In 2023, the provision for bad debts was RMB33,476,144.13, no recovery or reversal of bad debt provision was recorded, and no provision for bad debts was written off.

- 5) Other receivables of the top five debtors by closing balances

| Name of entity | Relationship with the Group | Amount | Aging | Proportion to total other receivables (%) | Credit loss provision | Nature or content |
|---|-----------------------------|----------------|---|---|-----------------------|--|
| Dalian Changxing Island Port Investment and Development Co., Ltd. | Related party | 85,249,985.77 | Within 1 year, 1-2 years and over 3 years | 66.87 | 60,115,657.98 | Receivables from income of entrusted management services |
| Dalian Changxing Island Port Co., Ltd. | Related party | 18,960,000.00 | Within 1 year, 1-2 years and over 3 years | 14.87 | 18,156,000.00 | Receivables from income of appointment of executives |
| Dalian Port Pilotage Station | Third party | 10,100,888.22 | Within 1 year, 1-2 years | 7.92 | 1,827.16 | Public infrastructure maintenance expenses |
| Liaoning Port Group | Related party | 8,000,000.00 | Within 1 year | 6.28 | 800.00 | Receivables from deposit and security deposit |
| Dalian Commodity Exchange | Client | 1,900,000.00 | Over 3 years | 1.49 | 570.00 | Heating fees |
| Total | — | 124,210,873.99 | — | 97.43 | 78,274,855.14 | — |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIX. Notes to key items in the parent company's financial statements (continued)

3. Long-term receivables

(1) Overall long-term receivables

| Item | 31 December 2023 | | | 31 December 2022 | | |
|---|------------------|-----------------------|------------------|------------------|-----------------------|------------------|
| | Book value | Credit loss provision | Carrying amount | Book value | Credit loss provision | Carrying amount |
| Loans due from subsidiaries | 4,550,497,958.40 | 13,652,409.80 | 4,536,845,548.60 | 4,754,407,027.86 | 475,440.71 | 4,753,931,587.15 |
| Less: Long-term receivables due within one year | 2,118,184,750.15 | 13,409,178.48 | 2,104,775,571.67 | 1,641,629,833.26 | 164,162.99 | 1,641,465,670.27 |
| Long-term receivables due after one year | 2,432,313,208.25 | 243,231.32 | 2,432,069,976.93 | 3,112,777,194.60 | 311,277.72 | 3,112,465,916.88 |

(2) Changes in the provision for bad debts on long-term receivables are set out as follows:

| | Opening balance | Provision for the year | Other changes | Recovery or reversal during the year | Write-off during the year | Closing balance |
|------|-----------------|------------------------|---------------|--------------------------------------|---------------------------|-----------------|
| 2023 | 475,440.71 | - | 13,250,000.00 | -73,030.91 | - | 13,652,409.80 |
| 2022 | 179,191.77 | 296,248.94 | - | - | - | 475,440.71 |

4. Long-term equity investments

(1) Classification of long-term equity investments

| Item | Opening | Increase in the year | Decrease in the year | Other increase (decrease) | Impact of change in scope of combination | Closing |
|--|--------------------------|----------------------|------------------------|---------------------------|--|--------------------------|
| Investment in subsidiaries | 20,614,329,128.53 | 77,229,322.42 | -260,619,525.68 | - | - | 20,430,938,925.27 |
| Investment in joint ventures | 1,036,001,554.02 | - | - | -102,060,890.94 | - | 933,940,663.08 |
| Investment in associates | 1,298,191,269.09 | - | - | -5,730,794.10 | - | 1,292,460,474.99 |
| Less: Provision for impairment of long-term equity investments | 17,777,533.25 | 7,899,833.98 | - | - | - | 25,677,367.23 |
| Total | 22,930,744,418.39 | 69,329,488.44 | -260,619,525.68 | -107,791,685.04 | - | 22,631,662,696.11 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIX. Notes to key items in the parent company's financial statements (continued)

4. Long-term equity investments (continued) (2) Breakdown of long-term equity investments

31 December 2023

| Investee | Movements for the year | | | | | | | | | | Balance of provision for impairment at the end of the year | |
|---|--------------------------|--|------------------------|------------------------|---|--|--------------------------|------------------------------------|--------------------------|----------------------|--|---------------|
| | Opening | Impact of change in scope of combination | Increase in investment | Decrease in investment | Investment gains or losses recognised under equity method | Adjustment of other comprehensive income | Other changes in equity | Declare cash dividends and profits | Provision for impairment | Closing | | |
| Subsidiary | | | | | | | | | | | | |
| Yingkou Ltd. | 15,821,491,793.59 | - | - | - | - | - | - | - | - | - | 15,821,491,793.59 | - |
| Dalian Port Container Development Co., Ltd. | 3,201,948,822.38 | - | - | - | - | - | - | - | - | - | 3,201,948,822.38 | - |
| Asia Pacific Ports (Dalian) Co., Ltd. | 280,619,525.68 | - | - | -280,619,525.68 | - | - | - | - | - | - | - | - |
| Asia Pacific Ports Company Limited | 76,155,000.00 | - | - | - | - | - | - | - | - | - | 76,155,000.00 | - |
| Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd. | 6,629,301.65 | - | - | - | - | - | - | - | - | - | 6,629,301.65 | - |
| Dalian Jifa Shipping Management Co., Ltd. | 419,011,554.73 | - | - | - | - | - | - | - | - | - | 419,011,554.73 | - |
| Dalian Ocean Shipping Tally Co., Ltd. | 14,259,172.03 | - | - | - | - | - | - | - | - | - | 14,259,172.03 | - |
| Dalian Port Construction Supervision Consulting Co., Ltd. | 18,278,125.97 | - | - | - | - | - | - | - | - | - | 18,278,125.97 | - |
| Dalian Port Telecommunications Engineering Co., Ltd. | 6,137,212.61 | - | - | - | - | - | - | - | - | - | 6,137,212.61 | - |
| Dalian Golden Bay Grain Logistics Co., Ltd. | 53,156,426.75 | - | - | - | - | - | - | - | - | - | 53,156,426.75 | - |
| Dalian Port Lushun Harbour Service Co., Ltd. | 217,580,000.00 | - | - | - | - | - | - | - | - | - | 217,580,000.00 | - |
| Dalian Harbour ECL Logistics Co., Ltd. | 31,931,668.81 | - | - | - | - | - | - | - | - | - | 31,931,668.81 | - |
| Dalian Port Grain and Oil Trading Co., Ltd. | 25,000,000.00 | - | - | - | - | - | - | - | - | - | 25,000,000.00 | - |
| Dalian Gangrun Gas Co., Ltd. | 5,100,000.00 | - | - | - | - | - | - | - | 5,100,000.00 | - | - | 5,100,000.00 |
| Dalian Hailia Automobile Terminal Co., Ltd. | 200,000,000.00 | - | - | - | - | - | - | - | - | - | 200,000,000.00 | - |
| Dalian Dianshui Caravan Co., Ltd. | 33,222,466.75 | - | - | - | - | - | - | - | 2,799,833.98 | - | 30,422,632.77 | 20,577,367.23 |
| Dalian Zhuanghe Gangxing Investment Co., Ltd. | 80,000,000.00 | - | - | - | - | - | - | - | - | - | 80,000,000.00 | - |
| Dalian Port Haiheng Ship Management Co., Ltd. | 4,825,626.54 | - | - | - | - | - | - | - | - | - | 4,825,626.54 | - |
| Dalian Port Power Supply Co., Ltd. | 121,205,087.79 | - | - | - | - | - | - | - | - | - | 121,205,087.79 | - |
| Dalian International Container Services Co., Ltd. | - | - | 6,724,057.22 | - | - | - | - | - | - | - | 6,724,057.22 | - |
| Yingkou Gangrun Technology Co., Ltd. | - | - | 27,187,091.79 | - | - | - | - | - | - | - | 27,187,091.79 | - |
| Dalian Port Logistics Network Co., Ltd. | - | - | 43,318,173.41 | - | - | - | - | - | - | - | 43,318,173.41 | - |
| Sub-total | 20,596,551,595.28 | - | 77,229,322.42 | -260,619,525.68 | - | - | -1,074,306,463.01 | 7,899,833.98 | 20,405,261,538.04 | 25,677,367.23 | 25,677,367.23 | - |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
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XIX. Notes to key items in the parent company's financial statements (continued)

4. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

31 December 2023 (continued)

| Investee | Movements for the year | | | | | | | | | | Balance of provision for impairment at the end of the year | |
|--|------------------------|--|------------------------|------------------------|---|--|-------------------------|------------------------------------|--------------------------|---------|--|---------------|
| | Opening | Impact of change in scope of combination | Increase in investment | Decrease in investment | Investment gains or losses recognised under equity method | Adjustment of other comprehensive income | Other changes in equity | Declare cash dividends and profits | Provision for impairment | Closing | | |
| Joint ventures | | | | | | | | | | | | |
| VTTI Terminals Dalian Co., Ltd. | 191,750,504.89 | - | - | - | 6,711,234.71 | - | 10.01 | -40,000,000.00 | - | - | 159,461,749.61 | - |
| Dalian Port PetroChina International Terminal Co., Ltd. | 225,736,336.65 | - | - | - | 25,029,864.81 | - | - | -35,000,000.00 | - | - | 215,766,201.46 | - |
| China United Tally (Dalian) Co., Ltd. | 1,979,575.68 | - | - | - | 1,022,773.26 | - | 16,420.46 | - | - | - | 3,018,771.40 | - |
| China Oil Dock Management (Dalian) Co., Ltd. | 21,150,046.87 | - | - | - | 8,231,466.96 | - | - | -8,470,840.36 | - | - | 20,910,673.47 | - |
| Dalian Changyong Island Port Co., Ltd. | 117,829,861.03 | - | - | - | -21,192,229.59 | - | 275,365.33 | - | - | - | 96,912,816.77 | - |
| Dalian Port Bulk Cargo Logistics Center Co., Ltd. | 9,947,569.59 | - | - | - | 7,135,764.99 | - | 83,403.36 | -3,777,857.39 | - | - | 13,389,880.55 | - |
| Dalian Changyong Island Port Investment and Development Co., Ltd. | 344,159,739.59 | - | - | - | -41,175,309.03 | - | 1,463,767.32 | - | - | - | 304,448,198.08 | - |
| Outfall (Changyong Terminals (Dalian) Co., Ltd. | 7,819,993.29 | - | - | - | -83,005.81 | - | - | - | - | - | 7,736,987.48 | - |
| Dalian Port Xiangyu Grain Logistics Co., Ltd. | 36,647,305.35 | - | - | - | 794,054.86 | - | - | - | - | - | 37,441,360.21 | - |
| China Shipping Gang Lian Co., Ltd. | 78,961,401.08 | - | - | - | -3,125,777.03 | - | - | - | - | - | 75,835,624.05 | - |
| Sub-total | 1,036,001,554.02 | - | - | - | -16,851,159.87 | - | 1,839,966.88 | -87,246,697.75 | - | - | 933,940,663.08 | - |
| Associates | | | | | | | | | | | | |
| Dalian PetroChina International Warehousing and Transportation Co., Ltd. | 59,422,161.59 | - | - | - | 25,799,863.33 | - | - | -23,002,571.00 | - | - | 62,218,453.92 | - |
| Taicang Xingqiang Tug Co., Ltd. | 8,512,059.32 | - | - | - | 4,012,306.88 | - | 33,592.90 | -2,142,855.00 | - | - | 10,415,104.10 | - |
| National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司) | 632,625,630.04 | - | - | - | 15,642,315.60 | - | -422,477.74 | -31,642,716.53 | - | - | 616,202,701.57 | - |
| Dalian North Oil Petroleum Logistics Co., Ltd. | 69,083,861.68 | - | - | - | 3,993,050.54 | - | - | -4,000,000.00 | - | - | 68,676,632.22 | - |
| Sino Rail Bohai Train Ferry Co., Ltd. | 218,167,105.14 | - | - | - | -2,902,520.42 | - | - | - | - | - | 215,264,584.72 | - |
| CDC International Logistics Co., Ltd. | 126,112,180.19 | - | - | - | 8,828,096.31 | - | - | - | - | - | 134,940,276.50 | - |
| Dalian Automobile Terminal Co., Ltd. | 183,599,201.66 | - | - | - | 16,361,708.07 | - | -87,463.16 | -16,000,000.00 | - | - | 184,073,446.57 | - |
| Leorning Electronic Port Co., Ltd. | 669,939.47 | - | - | - | 4,463.87 | - | - | -4,589.95 | - | - | 669,275.39 | - |
| Sub-total | 1,298,191,269.09 | - | - | - | 71,539,286.38 | - | -475,348.00 | -76,792,732.48 | - | - | 1,292,460,474.99 | - |
| Total | 22,930,744,418.39 | - | 77,229,322.42 | -260,619,525.68 | 54,867,126.51 | - | 1,362,618.68 | -1,238,947,913.24 | 7,999,833.98 | - | 22,631,662,696.11 | 25,677,367.23 |

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIX. Notes to key items in the parent company's financial statements (continued)

5. Revenue

| Item | 2023 | | 2022 | |
|----------------------|-------------------------|-------------------------|------------------|------------------|
| | Revenue | Cost | Revenue | Cost |
| Principal operations | 3,125,871,994.48 | 2,294,885,500.37 | 3,299,574,498.42 | 2,413,565,867.55 |
| Other operations | 233,608,708.82 | 172,480,916.45 | 273,883,614.87 | 200,353,152.99 |
| Total | 3,359,480,703.30 | 2,467,366,416.82 | 3,573,458,113.29 | 2,613,919,020.54 |

6. Investment income

| Item | 2023 | 2022 |
|---|-------------------------|------------------|
| Investment income from long-term equity investments under the cost method | 1,074,306,483.01 | 908,309,277.14 |
| Investment income from long-term equity investments under the equity method | 54,887,126.51 | 76,967,572.04 |
| Investment income from disposal of long-term equity investments | — | -114,920.08 |
| Income from inter-company borrowings | 131,640,386.44 | 108,149,082.85 |
| Total | 1,260,833,995.96 | 1,093,311,011.95 |

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

XIX. Notes to key items in the parent company's financial statements (continued)

7. Supplementary information to the statement of cash flows of parent company

| Item | 2023 | 2022 |
|--|--------------------------|-------------------|
| 1. Reconciliation of net profit to cash flows from operating activities: | | |
| Net profit | 1,270,487,213.74 | 1,152,837,698.02 |
| Add: Assets impairment losses | 7,899,833.98 | 17,777,533.25 |
| Credit impairment losses | 200,543,787.54 | 124,397,309.17 |
| Depreciation of fixed assets | 623,937,193.34 | 608,020,704.42 |
| Depreciation of right-of-use assets | 80,012,892.92 | 79,220,543.08 |
| Amortisation of intangible assets | 21,263,135.04 | 21,237,289.15 |
| Amortisation of long-term prepaid expenses | 6,747,918.13 | 5,817,934.58 |
| Losses on obsolescence of fixed assets ("-" for gain) | -2,511,237.18 | -1,948,683.70 |
| Financial expenses ("-" for gain) | 335,892,460.39 | 357,675,252.76 |
| Losses on investment ("-" for gain) | -1,260,833,995.96 | -1,093,311,011.95 |
| Decrease in deferred income tax assets ("-" for increase) | -66,199,979.79 | -72,517,759.02 |
| Increase in deferred income tax liabilities ("-" for decrease) | - | -1,710,427.10 |
| Amortisation of deferred income | -41,744,957.38 | -35,985,647.93 |
| Decrease in inventories ("-" for increase) | 3,770,015.85 | -3,228,013.29 |
| Increase in special reserve ("-" for decrease) | 6,328,609.43 | -3,554,953.53 |
| Decrease in operating receivables ("-" for increase) | -595,906,401.18 | -524,389,586.39 |
| Increase in operating payables ("-" for decrease) | 3,165,031.52 | 108,058,483.63 |
| Net cash flows from operating activities | 592,851,520.39 | 738,396,665.15 |
| 2. Net changes in cash and cash equivalents: | | |
| Cash at the end of the year | 2,195,556,026.51 | 2,444,983,092.18 |
| Less: Cash at the beginning of the year | 2,444,983,092.18 | 2,081,788,417.72 |
| Net increase in cash and cash equivalents | -249,427,065.67 | 363,194,674.46 |

XX. OTHER SIGNIFICANT EVENTS

1. The comparative data

As stated in Note VIII.3, certain items in the financial statements are restated as a result of the business combination under the common control. Accordingly, certain prior year data have been adjusted and certain comparative data have been restated to conform to the presentation and accounting treatment requirements for business combinations under the same control for the current year.

XXI. Approval of financial statements

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

Supplementary Information to the Financial Statements

For the year ended 31 December 2023
In RMB

I. Statement of non-recurring profit or loss

The non-recurring profit or loss items were recognized in complies with the requirements of “Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public – Non-recurring Profit/Loss” (CSRC’ announcement [2023] No. 65), the non-recurring profit or loss for 2023 of the Group are set out as follows:

| Item | 2023 | 2022 | Explanation |
|---|----------------------|----------------|-------------|
| Profit or loss on disposal of non-current assets | 6,555,611.38 | 5,115,424.46 | |
| Government grants charged to profit or loss for the current period (other than government grants which are closely related to corporate business and granted according to the state policy, based on an established standard and had ongoing effect on the profit or loss) | 16,286,762.13 | 28,154,568.64 | |
| Except for the effective hedging activities related to the Company’s ordinary operation, profit or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and disposal of profit or loss arising from financial assets and financial liabilities | - | - | |
| Capital occupation fee charged to non-financial enterprises included in current profits and losses | 2,390,332.98 | 2,497,833.85 | |
| Custody fees of entrusted operation | 7,547,169.81 | - | |
| Non-operating income and expenses other than aforesaid items | 28,666,780.35 | 29,830,472.20 | |
| Current net profit and loss of subsidiaries from the beginning of the period to the combination date arising from business combinations involving entities under common control | -7,064,133.75 | 41,258,915.30 | |
| Other profit or loss item under the definition of non-recurring profit or loss | - | - | |
| Sub-total | 54,382,522.90 | 106,857,214.45 | |
| Effect of income tax | 14,733,628.20 | 14,387,089.75 | |
| Effect of minority interests (after tax) | -2,737,498.82 | 4,739,518.98 | |
| Total | 42,386,393.52 | 87,730,605.72 | |

Supplementary Information to the Financial Statements (continued)

For the year ended 31 December 2023
In RMB

II. Return on net assets and earnings per share

In accordance with the provisions of the Compilation Rules No. 9 for Information Disclosures by Companies Offering Securities to the Public – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (Revised in 2010) issued by the China Securities Regulatory Commission, the Weighted average return on net assets, Basic earnings per share, Diluted earnings per share for 2023 of the Group are set out as follows:

| | Weighted average return on net assets | Basic earnings per share |
|---|--|-------------------------------------|
| Net profit attributable to ordinary shareholders of the Company | 3.40% | 0.06 |
| Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss | 3.31% | 0.05 |

Financial Highlights for the Past Five Accounting Years

| RMB'000 | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-------------------|------------|------------|------------|------------|
| Revenue and Profit | | | | | |
| Revenue | 12,219,879 | 12,167,472 | 12,347,555 | 12,124,932 | 6,645,907 |
| Gross profit | 3,390,095 | 3,177,602 | 3,829,224 | 4,246,494 | 1,990,967 |
| Operating profit | 2,005,350 | 1,909,694 | 2,865,175 | 2,857,287 | 1,136,490 |
| Total profit | 2,034,993 | 1,939,787 | 2,654,437 | 2,836,145 | 1,162,173 |
| Net profit | 1,507,251 | 1,472,619 | 2,078,196 | 2,230,052 | 894,932 |
| Net profit attributable to shareholders of the parent company | 1,343,109 | 1,317,655 | 1,916,076 | 2,053,091 | 718,230 |
| Basic earnings per share (RMB) | 0.055993 | 0.054932 | 0.083852 | 0.090751 | 0.056 |
| Assets and Liabilities | | | | | |
| Bank balances and cash | 5,228,415 | 5,285,807 | 4,682,838 | 7,419,447 | 4,051,413 |
| Current assets | 10,116,584 | 9,728,644 | 8,683,979 | 11,305,543 | 6,890,986 |
| Non-current assets | 46,236,356 | 48,147,405 | 49,129,271 | 46,145,812 | 28,207,289 |
| Borrowings | 5,797,537 | 7,550,282 | 4,692,337 | 7,228,841 | 8,220,756 |
| Current liabilities | 5,181,189 | 6,583,990 | 7,689,659 | 4,634,988 | 2,377,417 |
| Non-current liabilities | 8,442,560 | 9,389,675 | 9,069,849 | 12,314,713 | 11,316,442 |
| Total assets | 56,352,940 | 57,876,049 | 57,813,250 | 57,451,355 | 35,098,275 |
| Net assets | 42,729,191 | 41,902,385 | 41,053,742 | 40,501,654 | 21,404,416 |
| Share Capital and Equity | | | | | |
| Share capital | 23,987,066 | 23,987,066 | 23,987,066 | 12,894,536 | 12,894,536 |
| Equity attributable to shareholders of the parent company | 39,601,858 | 38,791,813 | 37,946,034 | 37,234,475 | 18,769,790 |
| Minority interests | 3,127,333 | 3,110,572 | 3,107,707 | 3,267,179 | 2,634,626 |
| Shareholders' equity | 42,729,191 | 41,902,385 | 41,053,742 | 40,501,654 | 21,404,416 |
| Net assets per share (RMB) | 1.65 | 1.62 | 1.58 | 1.55 | 1.46 |

Environmental, Social and Governance Report

1 About This Report

This report aims to systematically elaborate on the Company's management and practices in environmental, social, and governance (ESG) aspects for the year 2023, and respond to the concerns of stakeholders regarding the Company's sustainable development.

1.1 Reporting Scope

Organizational scope: Unless otherwise specified, the scope of the report covers the domestic operations of Liaoning Port Co., Ltd. (hereinafter referred to as "Liaoning Port", "the Company" or "We") and its major subsidiaries.

Reporting period: January 1 to December 31, 2023 (some content exceeds the above time range)

Reporting cycle: This is an annual report.

1.2 Basis of the Report

Environmental, Social and Governance (ESG) Reporting Guide of The Stock Exchange of Hong Kong Limited (SEHK)

IFRS S2 Climate-related Disclosures of the International Sustainability Standards Board (ISSB)

1.3 Reporting Principles

This report follows the provisions of the ESG Reporting Guide of SEHK, "Comply or Explain", and is based on the four reporting principles of "Materiality", "Quantitative", "Balance" and "Consistency".

| Materiality | Quantitative | Balance | Consistency |
|---|--|--|---|
| This report identifies material ESG topics that impact the sustainable development of the Company and responds to them based on data analysis, internal and external interviews, and stakeholder surveys. | This report has disclosed quantifiable key performance indicators in the ESG Reporting Guide of SEHK, including relevant measurement standards, methods, assumptions, and calculation tools. | This report has disclosed the progress of ESG management and related adjustments to comprehensively present the Company's ESG performance. | This report adopts the preparation method consistent with the previous reports and provides detailed explanations on changes in data statistical methods or key performance indicators. |

Environmental, Social and Governance Report

1.4 Data Sources

The data and information included in this report are sourced from the relevant data collection and statistical systems within Liaoning Port, qualitative and quantitative information collection tools used in report preparation, as well as ESG cases submitted by major subsidiaries for domestic operations.

1.5 Report Format

This report is prepared in Simplified Chinese with Traditional Chinese text attached. If there are any differences, the Simplified Chinese version shall prevail. Please visit <http://www.hkexnews.hk> to download the electronic version of the report.

1.6 Contact Information

We attach great importance to the valuable opinions of stakeholders. If you have any questions or suggestions about the content of this report, please feel free to contact us through the following methods:

Address: 26/F Xingang Commercial Building Jingang Road, Dalian International Logistic Park Zone, Liaoning Province, PRC

Tel.: +86 0411-87598729

Email: ir@liaoganggf.cn

Environmental, Social and Governance Report

2 ESG Management

2.1 ESG Statement of the Board

The Board of Directors of Liaoning Port (the Board) makes the following statement According to the ESG Reporting Guide of SEHK.

The Board pledges that Liaoning Port and its Board shall abide by the regulatory requirements including the *Code of Corporate Governance for Listed Companies* by the China Securities Regulatory Commission (CSRC), the *Corporate Governance Code* and the *ESG Reporting Guide* by SEHK. The Board and the Company shall keep enhancing the ESG governance system and strengthen the Board's oversight and involvement in ESG actions. In addition, they shall work to integrate ESG considerations into the Company's development strategy, major decisions, and management practices.

ESG governance and oversight of the Board

The Board, the highest authority and decision-making body regarding the Company's ESG affairs, takes full responsibility for ESG initiatives. The Board's responsibility ranges from defining strategic objectives and key tasks, overseeing and evaluating the effectiveness of ESG plans, meeting regulatory ESG requirements, and regularly reviewing progress on ESG initiatives.

ESG management strategy and policy

The Company upholds its mission to "embrace a century's worth of progress and revitalize Northeast China". Its vision is to "build a world-class strong port", driven by the enterprise spirit of "innovation, responsibility, service, and dedication". Based on the core value of "creating value through practical work to build a better future," we seamlessly integrate ESG strategies with our development approaches and operational endeavors. With a scientific and transparent management system, we work to steer all departments and subsidiaries towards a deep and effective ESG management. Our aim is to translate ESG principles and our commitment to stakeholders into concrete actions.

We place great emphasis on communicating with all stakeholders and conduct the annual stakeholder survey to enhance the quality and effectiveness of the communication. We integrate ESG principles and requirements into our corporate development strategy, providing guidance for all departments and subsidiaries on how to collaboratively implement ESG initiatives.

Objective, indicator and progress review

The Company works to establish a mechanism for ESG goal management. When planning development and work priorities, we set performance targets concerning green port construction, smart port development, work safety, internal control compliance, as well as internal auditing. Furthermore, certain key indicators have been integrated into performance-based pay assessment of senior executives.

Environmental, Social and Governance Report

2.2 ESG Governance

The Board of Directors is the highest authority and decision-making body regarding the Company's ESG affairs. As the executing agency for ESG management and day-to-day operations, the Board Office oversees the implementation of ESG-related plans, establishes and refines the Company's ESG management framework, manages ESG issues, discloses pertinent ESG information, and pursues an institutionalized, regularized, and standardized ESG practices. Acting as the operational arm for ESG initiatives, each department and subsidiary is responsible for ESG activities within their respective domains as well as collaborating on ESG-related tasks such as gathering and organizing information, and statistically analyzing indicators and reporting data.

In 2023, the Company enhanced its commitment to ESG principles, strengthening standardized management practices and refining routine monitoring mechanisms. This involves addressing a range of topics including anti-corruption, environmental protection, climate change, digital transition, work safety, customer service, employee development, and charity.

2.3 Stakeholder Communication

The expectations and demands of stakeholders serve as a crucial driver for Liaoning Port to enhance its ESG management practices. Through concrete actions, the Company ensures regular and multi-channel communication with various stakeholders, including the government and regulators, shareholders and investors, customers, partners, employees, communities, and media, aiming to respond to the expectations and demands of all parties.

| Stakeholders | Expectations and demands | Communication channels and methods |
|---------------------------|---|---|
| Government and regulators | Implementation of national laws, regulations and policies Compliance operations Supporting economic development Assisting in rural vitalization Driving industry development Facilitating China's 30•60 Decarbonization Goal | Daily reporting, communication and assessment Inspection and instructions Working conference Annual report Document submitting Information disclosure Issue reporting |
| Shareholders & investors | Protecting shareholder rights and interests Improving corporate governance Enhancing profitability Strengthening risk control Disclosing business information | Shareholders' Meeting Regular and interim reports Stock exchange's interactive platform Investor hotline Performance briefings |
| Clients | Responsibility fulfillment Providing high-quality services Disclosing business information | Customer feedback Regular and interim reports |

Environmental, Social and Governance Report

| Stakeholders | Expectations and demands | Communication channels and methods |
|-----------------------|---|---|
| Suppliers & partners | Responsibility fulfillment Continuous and stable cooperation Supplier management Contributing to industry development Green procurement | Business cooperation and daily communication Supplier communication channels Forum and exchange cooperation Industry standard formulation |
| Employees | Protecting employee rights and interests Ensuring occupational health and safety Promoting employee development Improving employee well-being | Staff representative meetings Internal communication channels Employee cultural and sports activities Employee care and visits Employee training Complaint mailbox |
| Communities and Media | Improving the community environment Supporting economic development Assisting in rural vitalization Facilitating China's 30•60 Decarbonization Goal Disclosing business information | Charity activities Regular and interim reports Forum and exchange cooperation Social media promotion |

Environmental, Social and Governance Report

2.4 Materiality Assessment

Liaoning Port conducts materiality assessment based on the principle of “double materiality” to grasp the concern of stakeholders, respond to their expectations and demands, and enhance ESG management.

| Identification | Assessment | Review |
|--|---|---|
| <p>We conduct research and analysis on macroeconomic policies, industry development trends, and significant development plans of the Company. Drawing from ESG-related standards, guidelines, and third-party assessment systems, we identify 19 key topics across the environmental, social, and governance dimensions.</p> | <p>We develop a stakeholder communication plan that involves expert evaluations, on-site or online interviews, and other means to analyze and understand the concerns and priorities of key stakeholders, including our management team and employees.</p> <p>We analyze and assess from the perspectives of “significance to stakeholders” and “significance to Liaoning Port,” prioritizing the topics and establishing the initial materiality matrix.</p> | <p>The Board of Directors reviews and confirms the applicability and effectiveness of the outcomes, leading to the formulation of the final materiality matrix.</p> |



Materiality matrix of Liaoning Port

Environmental, Social and Governance Report

3 Business Ethics

Upholding high standards of business ethics, Liaoning Port commits to operating in accordance with laws and regulations. The Company strengthens internal integrity practices, and enhances whistleblower protection, safeguarding the Company's high-quality development through a high level of compliance.

3.1 Compliance Operation

Compliance management

The Company establishes and follows various regulatory requirements such as the *Compliance Management System of Liaoning Port Co., Ltd.*, *Risk Management and Internal Control Management System of Liaoning Port Co., Ltd.*, and *Internal Audit Management System of Liaoning Port Co., Ltd.*. These measures are aimed at enhancing our internal control and audit systems, and risk management mechanism.

We work to strengthen the compliance management system. In this regard, we rigorously adhere to the *Measures for the Compliance Management of Central State-owned Enterprises* by setting a compliance officer system. The system features a chief compliance officer (general legal counsel), deputy chief compliance officer, and dedicated compliance specialists for business operations. We also advance the specialized research into antitrust compliance, compiling and issuing 3 risk revelation letters regarding antitrust compliance. Furthermore, we conduct investigations into 13 key subsidiaries and launch 57 antitrust compliance reviews on cooperative projects and strategic agreements.

We pay attention to fostering a culture of compliance. We devise the theme of “top-down compliance, full participation in compliance, and value creation through compliance,” and initiate relevant internal campaigns, aiming to increase all staff's awareness of compliance. In 2023, all employees and subsidiaries signed the *Employee Letter of Commitment to Compliance*.

| Indicator | Unit | 2023 | 2022 |
|--|-------------|-------------|-------------|
| Major violations of laws and regulations | / | 0 | 0 |

Risk management

In accordance with the requirements of the *Company Law of the People's Republic of China* and other laws and regulations, the Company establishes a standardized and efficient internal control and risk management system to enhance its risk prevention and control capabilities. We work to make clear our lists of permission as well as internal control procedural manuals across the board, laying a solid foundation for internal control system development and weaving a reliable management process. Through the formulation of the *2023 Risk Control Work Plan of Liaoning Port*, we aim to identify and evaluate various risk factors, ensuring stringent control over high-risk operations and facilitating the progress of risk management throughout the year.

Environmental, Social and Governance Report

[Performance] Year 2023

- 4 Credit risk system training sessions held; 27 Subsidiaries covered; 80+ Participants engaged



Specialized risk-related training of Liaoning Port

Business compliance review

We initiate business compliance review in terminal companies in the Dalian and Dandong port areas, along with certain auxiliary and logistics firms. Upon identifying any problems, immediate investigation and rectification are demanded, followed by the issuing of inspection notices.

Environmental, Social and Governance Report

3.2 Integrity Practice

Liaoning Port upholds the principle of integrity as the cornerstone of the Company. We adhere to the requirements of laws and regulations such as the *Regulation of the Communist Party of China on Disciplinary Actions* and the *People's Republic of China on Administrative Punishment of Public Officials*. In addition, we enhance our management systems pertaining to ethical conduct, shaping a climate of integrity practice.

3.2.1 Integrity practice management

The Company rigorously implements relevant laws and regulations including the *Regulation of the Communist Party of China on Disciplinary Actions*, the *Work Rules for Supervision and Discipline Enforcement of the Disciplinary Inspection Organs of the Communist Party of China*, and the *Oversight Law of the People's Republic of China*, cracking down on corruption with a zero-tolerance stance. We keep strengthening the working and management systems of disciplinary inspection, establishing 10 rules including the *Collaborative Measures for Improving the Party Conduct, Building a Clean Company and Promoting Anti-Corruption at Liaoning Port Co., Ltd.* The Company also compiles the *Handbook of Understanding Regulations for the Supervision Department/Discipline Inspection Office (the Inspection Office) at Liaoning Port Co., Ltd.* to ensure the full enforcement and safeguard of these regulations.

| Indicator | Unit | 2023 | 2022 |
|----------------------------------|------|------|------|
| Completed corruption proceedings | / | 0 | 0 |
| Major complaints | / | 0 | 0 |

We work to enhance the integrity supervision mechanism, define the entities responsible for anti-corruption and allow the Supervision Department/Discipline Inspection Office (the Inspection Office) to oversee disciplinary inspection, anti-corruption endeavors, and the cultivation of a culture of integrity. Leveraging the vital role of complaint letters and reporting in promoting the Party conduct, clean governance and anti-corruption endeavors, we have formulated the *Measures on Whistle-blowing to Disciplinary Inspection Body of Liaoning Port Co., Ltd.* The measures include expanding reporting channels, streamlining reporting procedures, and ensuring strict confidentiality for whistleblowers. Furthermore, we intensify efforts to standardize, legalize, and institutionalize discipline inspection practices, giving full play to the role of oversight to safeguard implementation and facilitate progressive development.

- Liaoning Port whistleblowing telephone: 0411-87599977 · 87599950
- Whistleblowing email address: liaoganggfjwei@cmhk.com
- Whistleblowing address: The Supervision Department/Discipline Inspection Office (the Inspection Office), Xingang Commercial Building, Dagushan Road, Jinpu New District, Dalian City, Liaoning Province, the PRC

We keep focusing on advancing the integrated efforts to ensure that officials do not have the audacity, opportunity, or desire to become corrupt. Remaining committed to daily oversight efforts, we adhere to the problem-oriented and goal-oriented approach and work to refine our supervisory measures to better pinpoint problems and find solutions. In addition, we optimize and enhance our management of integrity-related risk prevention and control, integrating the idea of advancing punishment and preventing corruption into every aspect of the Company's reform, development, operational management, and exercise of power. We drive forward the cultivation of exemplary conduct, with a keen eye on early intervention and trivial details to ensure the efficacy of our supervisory mechanism. We keep enhancing our oversight and inspection over integrity risks, particularly during festivals, demonstrating zero tolerance for any violations of rules, disciplines, and laws.

Environmental, Social and Governance Report

3.2.2 A culture of integrity

The Company continues to advance the cultivation of a culture of integrity and effectively promotes and implements the principles of integrity, formulating the *Three-Year Action Plan for Strengthening a Culture of Integrity in the New Era at Liaoning Port Co., Ltd.* We organize cultural activities regarding honest conduct with the themes ranging from “heartfelt integrity, action-oriented advocacy” and “four ones”. What’s more, we have developed awareness education courses like *Prohibited Practices in Business Ventures*, along with the campaign of “learning discipline from cases”. Our aim is to continuously inspire a sense of integrity in both officials and staff.

In 2023, Liaoning Port organized 47 events with the theme of anti-corruption and integrity promotion. 10,188 individuals participated in anti-corruption training sessions, including 224 senior management personnel, 362 middle management personnel, and 9,602 ordinary employees. The total training sessions amounted to 23,996 hours, with senior management putting in 2 hours per person, middle management 12 hours per person, and ordinary employees 2 hours per person.

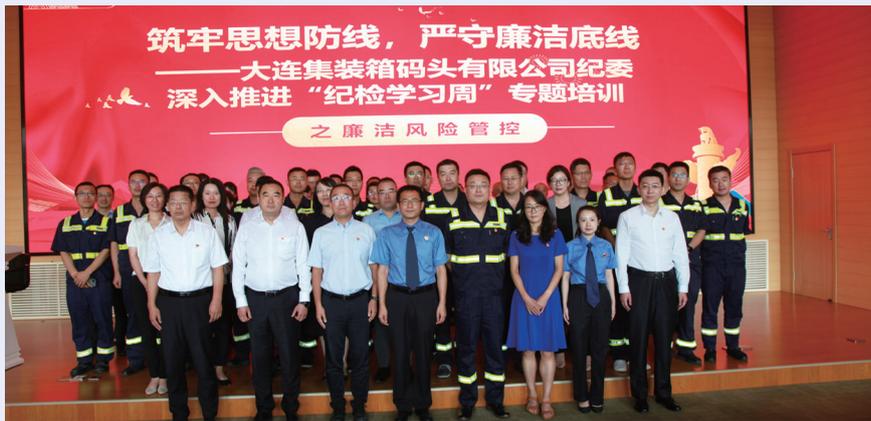


Liaoning Port’s meeting for coordinated supervision of Party conduct, clean governance and anti-corruption

Environmental, Social and Governance Report



Liaoning Port's awareness education conference and training on integrity practice



Dalian Container Terminals Co., Ltd.'s specialized training on integrity risk control



Dandong Port integrity-based cultural activity with the theme of “words of integrity, hearts of integrity, culture of integrity, deeds of integrity”

Environmental, Social and Governance Report

4 Green Ports

Upholding the philosophy of putting the environment first and pursuing green development, Liaoning Port has stepped up efforts on ecological conservation. The Company has tried to manage climate change risks and opportunities to mitigate the impacts of business operation on the environment and resources. In this way, the Company has been dedicated to building world-class green and ecological ports that facilitate the harmonious development of humanity and nature.

4.1 Environmental Management

Liaoning Port abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment*, and other laws and regulations on environmental protection. With the principle of "precise, scientific and law-based pollution treatment", we comprehensively implement the ecological conservation plan during the 14th Five-Year Plan period, and promote the green and low-carbon development of the Company from energy conservation, emission reduction, and ecological protection, etc.

4.1.1 Environmental management systems

Environmental goals management

We have released and implemented the *2023 Task Checklist of Liaoning Port Co., Ltd. for the Three-Year Ecological and Environmental Action Plan*, the *Environmental Protection Priorities of Liaoning Port Co., Ltd.*, and other action plans, endeavoring to achieve and track progress towards environmental goals of the Company.

Environmental goals of Liaoning Port

| Category | Goals |
|---|--|
| Environmental management | <ul style="list-style-type: none">• Establish a top-to-down ecological environmental protection responsibility system with assessment and accountability• Establish ecological and environmental protection rules and regulations where each environmental protection task has rules to follow• Create complete environmental emergency plans, supported by filing procedures |
| Pollutant discharge | <ul style="list-style-type: none">• Establish and improve regulations on the operation and maintenance management of various pollution prevention and control facilities, and ensure that requirements for up-to-standard discharge and source control are met.• Guarantee 100% compliant discharge of wastewater, waste gas, solid waste and hazardous waste throughout the year• Formulate and implement an environmental monitoring plan and strengthen pollutant discharge data management |
| Energy use and greenhouse gas emissions | <ul style="list-style-type: none">• Continuously increase the use of clean energy• Enhance the implementation of green energy-saving technical transformation projects• Maximize the efficiency of the use of resources• Minimize corporate greenhouse gas emissions |
| Water resources | <ul style="list-style-type: none">• Minimize water use in business operations |

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Environmental management framework

We have clarified the main responsibilities of functional departments and charged the management with environmental protection responsibilities in addition to their prescribed duties. We also set up and improve the top-to-down accountability for ecological conservation. The headquarters' leading group for ecological conservation is in charge of ecological conservation work of the Company and has urged its subsidiaries to establish relevant organizations to make and implement ecological conservation decisions. In 2023, the leading group for ecological conservation convened two meetings.

Leaders' responsibilities of environmental protection management

| Subject of the responsibility | Description of the responsibility |
|--|---|
| CPC and executive leaders at each subsidiary (Chairman and GM) | Overall responsibility as the Chief Officer for environmental protection |
| Leaders in charge of environmental protection (Safety Director) | Direct leadership and overall supervision of environmental protection work |
| Other leaders (Deputy Party Secretaries and Secretary of the Disciplinary Committee) | Direct leadership of environmental protection work in businesses in his or her charge |
| Functional departments (heads of the departments) | Management of environmental protection in all duties of the department |

Environmental management system

We have sorted out the progress of subsidiaries in building systems of compliance with laws, regulations, standards and rules on ecological conservation. In total, we have built 17 ecological conservation systems such as the *Regulations of Liaoning Port Co., Ltd. on Ecological Conservation* and the *Management Measures of Liaoning Port Co., Ltd. for Ecological Conservation Archives*. As a result, the environmental protection rules and regulations database is improved.

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4.1.2 Environmental monitoring and inspection

Environmental monitoring

We have formulated the *Regulations of Liaoning Port Co., Ltd. on Environmental Monitoring*, the *Regulations of Liaoning Port Co., Ltd. on Pollutant Discharge Permit*, and other systems to specify environmental monitoring methods and requirements. Moreover, we have improved the list of key environmental factors, systematically mapped the environmental risks of every subsidiary, and dynamically tracked the pollutant sources of each pollutant discharge unit. Besides, we enhance quality control of environmental conservation data, conduct self-inspection and rectification of pollutant discharge data, and have the problems rectified pursuant to relevant laws, regulations and work rules.

We give play to the core management functions of pollutant discharge permit system and enhance permit management after release. Specifically, we conduct quality review for pollutant discharge permits and timely alter the permits; we have strengthened self-monitoring and basically built a complete proof chain of ecological conservation compliance that covers “pollutant generation, pollutant treatment, and pollutant discharge”; we strictly implemented environmental management ledger and reporting systems, reported in real time the status quo and trends of environmental quality of the whole port, and met every pollutant standard in 2023. Furthermore, we provide technical assistance for subsidiaries to independently apply for environmental permits and assessments, resolving their longstanding problems in ecological conservation procedures.

Environmental inspection

We have developed the *Regulations of Liaoning Port Co., Ltd. on Ecological Conservation Assessment* and established a standardized mechanism for ecological conservation management, supervision and inspection. The ecological conservation accountability list is basically formed, with subsidiaries urged to sign the *Work Safety Accountability Letter*. Through the half-year ecological conservation assessment, the fulfillment of the accountability system has been incorporated into the performance assessment of the year. As of the end of 2023, we had completed 58 tasks of pollutant treatment and rectification.

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Assessment indicators of environmental protection

| Assessment | Description |
|-----------------------|--|
| Event assessment | The purpose of event assessment is to evaluate environmental emergencies and violations of laws and regulations related to energy conservation and environmental protection. In cases where such emergencies or violations have resulted in substantial adverse impacts, the annual assessment of energy conservation and environmental protection will include points deductions, as per regulations. Moreover, relevant leaders may face performance bonus deductions. |
| Management assessment | Management assessment evaluates the completion of energy conservation and environmental protection assessment indicators and the fulfillment of energy conservation and environmental protection management requirements. Failure to meet the management requirements will result in points deductions during the annual energy conservation and environmental protection assessment, as per regulations. |

| Indicators | Unit | 2023 | 2022 |
|---|-------------|--------|--------|
| Total investment in environmental protection funds | RMB million | 62.695 | 49.312 |
| Environmental emergencies of general level or above | / | 0 | 0 |
| Environmental supervision cases | / | 0 | 0 |



The systematic energy overhaul of Dalian Port's Oil Terminal

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4.1.3 Environmental emergency response

In line with the *Provisions of the People's Republic of China on the Administration of Emergency Preparedness for and Emergency Response to Vessel-Induced Pollution to the Marine Environment* and other relevant laws and regulations, we have developed and implemented the *Regulations of Liaoning Port Co., Ltd. on the Inspection and Treatment of Hidden Hazards of Environmental Emergencies*. While fulfilling 13 pieces of advice and requirements proposed by marine authorities on port pollution prevention, we have conducted port pollution prevention assessment reports and oil spill response planning & preparedness. A total of 18 berths of six subsidiaries at Dayao Bay have passed through onsite acceptance in terms of port pollution prevention.

We have initiated the research on innovative integrated technologies of monitoring and early warning for marine oil spills. Technological innovation has been conducted for the existing port oil spill monitors. Based on the upgrading and combination of spectroscopy, laser, remote sensing and other technologies, we have introduced marine oil spill monitoring and warning technologies for different ports, which improves the monitoring and emergency response capabilities for maritime oil spills.

Focusing on the overall linkage of Dayao Bay Port and Yingkou Port Area, we have set up an environmental emergency response system that integrates professionalism & public participation and self-reserve & reserve sourcing. Moreover, we have strengthened maritime search and rescue capabilities, realizing efficient handling of maritime emergencies in search and rescue responsibility areas. We have formulated an improvement plan for the Dayao Bay port area on maritime oil spills emergency response, and renovated one 1,600-square-meter warehouse to store emergency equipment and supplies, achieving compliant, standardized and integrated management of oil spill emergencies in port areas. To improve the management procedure of maritime oil spill emergency response, we also develop procedures of entrusting third parties to offer services of maritime oil spill emergency response, maintenance & repair of emergency equipment and supplies, and accelerating the elimination of obsolete supplies.

| Indicator | Unit | 2023 | 2022 |
|---|-------------|--------|-------|
| Environmental emergency response drills | / | 1,679 | 770 |
| Environmental emergency response drill participants | person-time | 14,461 | 6,791 |

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[Case] The 2023 maritime oil spill emergency drill at Dalian Bay

We organized the 2023 maritime oil spill emergency drill at the bulk cargo terminal of Dalian Bay. During the drill, we employed 4 ships, 11 vehicles, and various oil spill emergency equipment and supplies including oil containment booms, oil skimmers, hand-held and marine spraying devices, linoleum, oil spill dispersants, and oil storage tanks, etc. Over 50 people participated in the drills. We managed to test the feasibility of oil spill emergency response plans, and onsite command and practice capabilities of oil spill emergency response personnel, effectively improving the coordination efficiency of maritime oil spills response.



The 2023 maritime oil spill emergency drill at the bulk cargo terminal of Dalian Bay

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4.1.4 Environmental culture building

We continue to enhance ecological conservation training and cultural publicity. During the National Energy Conservation Publicity Week and on the National Low Carbon Day in 2023, we organized the Port Energy Conservation Awareness Week and Low Carbon Day activities with the themes of “You and I Together to Promote Energy Conservation and Carbon Emission Reduction” and “Proactively Combating Climate Change for Green and Low-Carbon Development”. We advocate green and low-carbon work and living, and try to create a company-wide atmosphere where energy conservation and low-carbon development are strongly advocated.

Port Energy Conservation Awareness Week and Low Carbon Day

- At ports, wharves, passenger stations and other places, we carried out publicity and awareness raising activities of energy conservation and carbon emission reduction by means of electronic display screens and posters, etc.
- Our subsidiaries publicized policies, laws & regulations, best practices, and achievements of green and low-carbon development through billboards, WeChat official accounts and other media channels.
- We participated in Liaoning Port Group’s campaign to publicize and implement the “carbon peaking and carbon neutrality” strategy and action plan, and the training on energy conservation management organized by China Merchants Group.
- We participated in the 2023 energy conservation and carbon emission reduction program of key industries and video conference on energy measurement review training for key energy-using institutions in Liaoning Province held by Liaoning Administration for Market Regulation.



Energy-saving publicity activities held at bulk grain terminals.



The tugboat and lighter company organizes activities to publicize energy conservation and consumption reduction.

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Dalian Port Lvshun Harbour publicizes knowledge of energy conservation and emission reduction among the public.



The railway company carries out environmental remediation activities.

4.2 Energy Conservation and Emission Reduction

Liaoning Port has been committed to protecting our blue skies and clear waters, and winning the critical battle of solid wastes pollution prevention and control. By optimizing energy management goals and pathways, we endeavor to promote the building of green and low-carbon ports.

4.2.1 Pollutant management

Sewage discharge management

In strict compliance with the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Marine Environmental Protection Law of the People's Republic of China*, and other relevant laws and regulations, we have formulated the *Regulations of Liaoning Port Co., Ltd. on the Prevention and Control of Water Pollution* and other systems to regulate discharge of water pollutants. To step up efforts on protecting clear waters, we have strictly implemented an effective sewerage mechanism for domestic and industrial sewage, so as to control wastewater whereabouts, meet discharge standards of water pollutants, and standardize ledger records.

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Progress of the special actions for water pollution control

- We carried out special actions for the remediation, supervision and management of sewage outlets into the sea throughout the port.
- We took the lead in completing the problem diagnosis and transformation plan research on the rainwater and sewage collection & treatment system at Yingkou Port. While mapping the sources and water flows, we monitored and analyzed the data of the water environment and intake & output of treatment structures in the port area. We proposed transformation plans and technical pathways to solve prominent problems and completed the remediation tasks of sewage discharge, storage and drainage in the four berths of the Bayuquan Port area.
- In the sewage separation system renovation project of the Dalian Port bulk grain terminal, RMB4.6 million was invested to add runoff rainwater collection systems for the existing coal storage yards in the port area, so as to prevent direct discharge of runoff rainwater from storage yards into the sea.

| Indicators | Unit | 2023 | 2022 |
|---|-------|--------------|--------------|
| Wastewater related pollution incidents | / | 0 | 0 |
| Total wastewater discharge | tonne | 511,069.6 | 497,312.9 |
| Discharge of domestic wastewater | tonne | 472,647.5 | 191,997.45 |
| Production wastewater discharge | tonne | 38,422.1 | 305,315.46 |
| COD | tonne | 25.55 | 12.67 |
| Number of wastewater treatment facilities | / | 27 | 59 |
| Wastewater treatment facility capacity | tonne | 48,606,610 | 22,262,690 |
| Total water consumption | tonne | 2,908,873.98 | 2,794,708.68 |
| Freshwater consumption | tonne | 2,864,717.98 | 2,758,436.68 |
| Circulating water usage | tonne | 44,156 | 36,272 |

Note: In 2023, the Company performed data collection and calculation based on the environmental data management system; due to the changes in statistical methods and statistical calibers, previous data and the data of the year are not comparable.

Exhaust emission management

In strict compliance with the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Integrated Emission Standard of Air Pollutants*, and other relevant laws and regulations, we have developed the *Regulations of Liaoning Port Co., Ltd. on the Prevention and Control of Atmospheric Pollution* and other systems to regulate the discharge of air pollutants. At the same time, we have stepped up efforts to protect our blue skies and improve the management of exhaust emissions.

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Progress of the special actions for atmospheric pollution control

- The treatment of volatile organic compounds (VOCs) in crude oil and refined oil terminals and tanks was our priority of ecological conservation in 2023. We kept a close eye on the construction progress of oil and gas recovery facilities at the terminals. Relevant units were tracked and supervised to initiate the construction of oil and gas recovery projects in crude oil and refined oil berths. In addition, we formulated the *Construction Scheme and Plan for Oil and Gas Recovery Facilities*.
- We promoted the implementation of the *Three-Year Action Plan of Liaoning Province for New Breakthroughs in the Elimination of Heavy Air Pollution, Ozone Pollution Prevention and Control, and Diesel Truck Pollution Control*. Based on the actual situation of the Company, we made two implementation plans to support Liaoning's efforts in the action plan.
- We promoted the pilot project of building Liaoning Province's strength in transportation. With efforts, we developed phased optimization plans and measures, and put them into use at main bulk cargo terminals. Up to now, the project has entered the conclusion phase, with 2 scientific and technological awards, 5 patents and 6 high-quality papers. In the Port A of the 3rd Branch of Liaoning Port Holdings (Yingkou) Co., Ltd., RMB2.89 million was invested to build smart sprinkler systems in ore storage yards. In the (Dalian Bay) terminals of Dalian Port Bulk Cargo Terminal Co., Ltd., RMB12.6 million was invested to build 2,284-meter windproof and dust-suppression curtains for coal storage yards.
- The pilot project of exhaust treatment for non-road mobile machinery at Yingkou Port proved to be a success. After transformation, 49 sets of machinery have operated stably for over 200 days. All vehicles have steadily met the emission standards.
- Efforts were also made to guarantee air quality during critical periods and monitor the implementation of management and control measures specified in the *Air Quality Assurance Plan for Critical Periods* in all areas. A total of 15 times of actions were carried out to control dust and mobile sources.

| Indicators | Unit | 2023 | 2022 |
|---|-------|-----------|-----------|
| Total exhaust emissions | tonne | 26,255.73 | 12,160.15 |
| Exhaust emissions – nitrogen oxides (NOx) | tonne | 217.55 | 74.21 |
| Exhaust emissions – sulfur oxides (SOx) | tonne | 152.33 | 5.77 |
| Exhaust emissions – particulate matter (PM) | tonne | 25,885.85 | 12,071.85 |

Note: In 2023, the Company performed data collection and calculation based on the environmental data management system; due to the changes in statistical methods and statistical calibers, previous data and the data of the year are not comparable.

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Waste disposal

In strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* and other relevant laws and regulations, we have formulated the *Regulations of Liaoning Port Co., Ltd. on the Prevention and Control of Solid Wastes Pollution* and other systems. With the principle of collection classifying and integrated utilization, we guarantee waste reduction, reuse, and innocuity of solid wastes generated during port operations. During the processes of collection, storage, transportation, utilization, treatment and disposal of solid wastes, we take measures to prevent dispersion, loss and leakage, etc.

In terms of hazardous waste control, we have formulated the *Regulations of Liaoning Port Co., Ltd. on the Prevention and Control of Hazardous Waste*. While strictly controlling the processes of hazardous wastes collection, storage and transportation, etc., we have established an exclusive ledger to record the footprints of hazardous wastes. Furthermore, we sign agreements with eligible third parties to entrust them to ensure the proper treatment and disposal of hazardous wastes. In line with the latest regulatory requirements, we conduct multi-dimensional benchmarking and inspections to identify hidden risks, covering from the management of storage facilities to the packaging and storage classifying of hazardous wastes, etc. For the 11 subsidiaries' facilities that fail to meet the latest standards, we have urged efforts to complete standard upgrading and rectification before the deadline. Efforts are also made to promote the use of electronic weighbridges, electronic labels, electronic management ledgers and other technical means to improve the informatization management of hazardous wastes storage environment.

Progress of the special actions for waste control

- We organized the targeted regulation of hazardous wastes classifying. In total, we conducted two inspections to detect hidden environmental risks. Moreover, we stepped up efforts to oversee the transportation of hazardous wastes, especially enhancing dynamic regulation of the inventory.
- We participated in the development of “zero-waste ports” construction assessment standards and actively worked on establishing “zero-waste cells”.
- We promoted the application of standardized storage containers, structures or buildings for hazardous materials. We supervised 11 subsidiaries including Dalian Port Petrochemical Co., Ltd. to complete the construction of standardized hazardous waste storage facilities.

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| Indicators | Unit | 2023 | 2022 |
|---|------------------------------|------------|----------|
| Total amount of general industrial solid waste discharged | tonne | 55,167.003 | 39,961.5 |
| Intensity of general industrial solid waste discharged | tonnes/RMB 10,000 of revenue | 3.99 | 0.36 |
| Total amount of hazardous waste discharged | tonne | 10,681.83 | 1,207.57 |
| Hazardous waste discharge intensity | tonnes/RMB 10,000 of revenue | 0.78 | 0.01 |

Note: In 2023, the Company performed data collection and calculation based on the environmental data management system; due to the changes in statistical methods and statistical calibers, previous data and the data of the year are not comparable. Among them, the change of hazardous waste is relatively large. This results from the actions of the Xianrendao Port company under Yingkou Port to clean crude oil tanks, generating about 9,976.98 tonnes of oily wastes.

Noise pollution management

In strict accordance with the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise* and other relevant laws and regulations, we have formulated the *Regulations on the Prevention and Control of Noise Pollution of Liaoning Port Co., Ltd.* Physical measures are taken to reduce the noise pollution in the port area. At the beginning of port construction, noise pollution is taken into consideration in the environmental assessment stage; design schemes that generate less noise pollution are applied for the port operation areas. Machinery with high vibration and big noise are equipped with shock absorption and silencing devices. Moreover, green isolation belts are built at the boundary of the plant, which not only beautifies the environment, but also ensures that the environment noise for construction site boundary is lower than the noise emission standard for the plant boundary.

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4.2.2 Energy efficiency management

In line with the *Energy Conservation Law of the People's Republic of China*, we have enhanced energy management and improved the efficiencies of various energy sources. We have expanded the application of new energy-saving technologies and products, prioritized the use of environmentally friendly and efficient equipment, and replaced fuels with clean and low-carbon electricity, effectively improving energy efficiency and reducing fuel consumption.

| Indicators | Unit | 2023 | 2022 |
|--|-------|------------|------------|
| Total comprehensive energy consumption | tce | 150,806.49 | 149,460.87 |
| Total comprehensive energy consumption in production | tce | 127,908.5 | 115,842.42 |
| Total direct energy consumption | tce | 84,731.38 | 82,728.77 |
| Raw coal consumption | tonne | 8,223.04 | 14,489.6 |
| Gasoline consumption | tonne | 661.72 | 523.46 |
| Diesel consumption | tonne | 33,918.02 | 33,457.74 |
| Natural gas consumption | tonne | 349.26 | 10.15 |
| Light diesel consumption of marine engines | tonne | 6,720 | 5,397.92 |
| Fuel oil consumption of marine engines | tonne | 12,639.39 | 10,480.63 |
| Total indirect energy consumption | tce | 66,075.13 | 66,732.09 |
| Purchased electricity consumption | GWh | 315.5623 | 308.3056 |
| Steam consumption | tonne | 289,422.27 | 305,846.61 |
| Total photovoltaic power generation | KWh | 26,687,833 | 25,997,664 |
| Self-consumption of photovoltaic power generation | KWh | 22,223,360 | 22,013,081 |
| Number of energy-saving renovation projects / | | 23 | 24 |

Note: In 2023, the Company performed data collection and calculation based on the environmental data management system; due to the changes in statistical methods and statistical calibers, previous data and the data of the year are not comparable.

We promote the regular use of shore power. Efforts are made to enhance coordination with relevant shipping companies to check the situation of shore power facilities, sort out and improve the systems of shore power use and maintenance, as well as conduct inspections and release relevant information. Furthermore, we have signed framework agreements on the coordinated promotion of shore power use, established shore power facilities in Dagang Port and Lvshun Port areas, and realized the regular use of shore power in ro-ro (roll-on/roll-off) passenger ships berthing at Dalian Bay.

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[Case] The shore power upgrading project launched for ro-ro passenger ship berths at Dalian Bay.

Considerable achievements have been made in shore power upgrading for ro-ro passenger ship berths at Dalian Bay. By the end of 2023, shore power had been used for 1,718 times of ro-ro passenger ship berthing, which totaled 6,410.5 hours of power connection and consumed 3,062.1 MWh of shore power. In 2023, we reduced 620.08 tonnes of carbon dioxide emissions generated by ship berthing, if it is assumed that the use of shore power (76% thermal power) reduces 202.5 grams of carbon dioxide emissions per kWh of marine auxiliary machinery's power generation with low sulfur fuel oil. The use of shore power has achieved great environmental and social benefits.



Shore power facilities for ro-ro passenger ship berths at Dalian Bay

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We have increased the scale of photovoltaic construction in ports. Photovoltaic renovation projects are conducted for the general office of automobile terminals, the commercial vehicles testing workshop, the customs inspection shed, the pre-testing workshop, and the roof of the No. 1 parking garage. At the same time, the settlement of on-grid photovoltaic power is promoted in automobile terminals.

[Performance] By the end of 2023

- 32.55 MW Total volume of photovoltaic construction in the ports of Liaoning Port Co., Ltd.;
- 25 GWh+ Annual power generation



Photovoltaic facilities of Liaoning Port

We have promoted the application of new, clean sources of energy in mobile machinery. While gradually eliminating large-scale diesel-powered generator sets for rubber-tyred container gantry cranes (RTG), we have accelerated the application of new, clean sources of energy in transport vehicles, mobile machinery, as well as port vehicles and ships. At the same time, we enhance cooperation with research institutes and equipment manufacturers to conduct research on the application of relevant technologies.

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[Case] Enhancing Dalian Container Terminal's procurement and application of new-energy mobile machinery

Dalian Container Terminal purchased two pure electric empty container handlers and one 10-tonne pure electric forklift and completed the acceptance, further expanding the scope and quantity of mobile machinery electrification. Moreover, 12 pure electric unmanned container trucks are put into regular use, which accumulated experience in the operation of new-energy vehicles (NEVs). Efforts are also made to gradually guide outsourcing fleet to use electric container trucks and encourage more operation volume of electric container trucks to expedite carbon reduction.



Unmanned clean energy trailers at the container terminal

We conduct in-depth research on construction schemes of wind power generation. Based on the green resource advantages and long-term planning of the Dayao Bay port area, we explore the feasibility of building distributed wind power in available space in the port area. While gradually achieving 100% supply of green power in the port area, we generate zero indirect carbon emissions. Considering that Dandong Port is situated in wind energy belts on the north shore of the Yellow Sea, we conduct field research on the topographic conditions of the wind farm area and study the feasibility of installing wind turbines at Dandong Port, with a planned installation capacity of 31.25 MW.

[Performance] In 2023

- Approx. RMB100,798,400 Investment in energy conservation and emission reduction in the Dalian Port area, involving 16 Projects
- Approx. RMB6,872,400 Investment in energy conservation and emission reduction in the Yingkou Port area, involving 6 Projects

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4.3 Green Operations

In strict accordance with relevant laws and regulations, such as the *Circular Economy Promotion Law of the People's Republic of China*, we conduct environmental impact assessments. We also protect biodiversity and promote green and low-carbon transformation of our business operations.

4.3.1 Biodiversity conservation

The Company attaches great importance to the conservation of ecological diversity. We have taken measures to evaluate and reduce the impacts of the Company's operations on neighboring communities and marine ecology. With these efforts, we are committed to mitigating or eliminating the impacts of businesses on the ecology, and building ecological ports that coexist with nature harmoniously.

We have completed the post-assessments of environmental impacts. A total of 11 construction projects of three subsidiaries passed the registration of Dalian Municipal Bureau of Ecology and Environment. In the Yingkou Port area, we conduct marine environments monitoring to check the ecology of the seawater, marine sediments, marine organisms, and marine organisms, and assess the impact of business operations on marine ecology.

4.3.2 Green office

To create an atmosphere of green office, we have formulated the *Regulations on Energy Conservation of Liaoning Port Co., Ltd.*, the *Notice on Enhancing Administrative and Office Expenses Control*, and other systems. We call on employees to save office supplies, water and electricity, and practice paperless office. Proper plans are also made for the use of vehicles for business or commercial purposes, so as to reduce exhaust emissions and save energy.

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Measures of green office

Reducing energy consumption

- We make full use of natural light sources. When natural light is sufficient, we do not turn on lights; when we leave the office or the conference room, we ensure that the lights are off. To save standby power consumption, we turn off computers, laptops and other office devices when not in use.
- We set ideal air conditioner temperatures. The temperature to set the air conditioner in summer is no lower than 26°C and that in winter is no higher than 20°C. After work, all air conditioners are turned off. To reduce the use of elevators, we open staircases and advocate stair climbing.
- We enhance the management of commercial vehicles, make reasonable plans for travel routes, and encourage inter-departmental carpooling. Moreover, we encourage and urge our drivers to save fuel and cultivate eco-friendly driving habits.

Saving resources

- We advocate paperless office. To this end, we reduce the number of prints and encourage double-sided printing. Moreover, we strengthen the recycling of office supplies and extend their supply cycle to reduce consumption.
- We spread the concept of water conservation. We urge our employees to timely fasten the faucet after use, turn off the faucet when seeing tap water dripping, and increase the recycling of non-potable water; we properly use bottled and large buckets of water to reduce the cost of drinking water.
- We prohibit food and beverage waste. To advocate food saving, we have posted signs of conservation in conspicuous places such as canteen windows. In addition, we enhance canteen personnel training, improve the quality of meals, and encourage on-demand meals to reduce domestic waste.
- To reduce the use of disposable items, we do not offer paper cups to visitors and take other relevant measures.

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4.4 Response to Climate Change

To support the China's efforts to achieve carbon peaking and carbon neutrality goals, we have comprehensively enhanced energy and carbon emission management, proactively dealt with climate change risks and opportunities, and adopted the new model of using green power in ports driven by the 30•60 Decarbonization Goal.

4.4.1 Climate change strategies

We have formulated the *Three-Year Action Plan of Liaoning Port Co., Ltd. for Achieving Carbon Peaking and Carbon Neutrality Goals*, decomposed the overarching goals of carbon emissions, and implemented the strategies of energy conservation and carbon reduction. In terms of energy and carbon emission management, we have adopted the “four-pronged” control model for all port areas, implemented the “three-pronged” control model for key energy-consuming units, and accelerated the procurement of new energy mobile machinery, striving to promote the construction of green ports.

The development vision of “4T” green ports

Goals

- Achieve the goal of reducing carbon emissions and energy costs and fulfill the strategies of carbon peaking and carbon neutrality.

Strategy

- Technological innovation: Make new breakthroughs in the integrated development of facilities technology (FT), energy technology (ET), material handling technology (MT), and digital technology (IT) and other technologies in green ports construction.
- Management innovation: Create new measures of energy management that support “one checklist for one company”, “one strategy for one energy source”, and “one research project for one technology”.

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The three-year action plan for achieving carbon peaking and carbon neutrality goals

- Overall idea: Focus on the management idea of “one checklist for one company”, “one pamphlet for one energy source”, and “one research project for one technology”.
- Overarching goal: Set development goals for power utilization, fuel and steam systems.
- Core measures: Promote the low-carbon transformation of production equipment; actively adopt green production processes; enhance the empowerment of digital technology in low-carbon construction.

Energy and carbon emission management models

The “four-pronged” control model for all port areas

- Management and control of total comprehensive energy consumption
- Management and control of comprehensive energy consumption per unit of output
- Management and control of total carbon emissions
- Management and control of intensity of carbon emissions

The “three-pronged” control model for key energy-consuming units

- Management and control of comprehensive energy consumption per unit of output
- Management and control of total carbon emissions
- Management and control of intensity of carbon emissions

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Climate risks and opportunities

| Risk/opportunities type | Risk name | Risk description | Time frames | Countermeasure |
|-------------------------|------------------------|--|--------------------|---|
| Physical risks | Acute physical risks | <p>Extreme weather</p> <p>Mainly affected by extreme weather such as typhoons, extreme precipitation/floods, and freezing caused by extremely cold weather;</p> <p>Damage facilities, equipment, ships, cargo, etc. within the port area;</p> <p>Easily cause safety accidents, threatening the lives of employees and the safety of company assets</p> <p>Affect the smooth navigation of cargo ships, especially freezing which can have a substantial impact on shipping operations;</p> <p>Increase the cost of maintaining, maintaining, and operating various facilities</p> | Short to long-term | <p>Closely follow the meteorological information according to the internal <i>Typhoon and Flood Prevention Work Plan</i>, and have a clear picture of the risks posed by natural disasters such as typhoons and extreme weather.</p> <p>In freezing weather, the Company will release the notice on ice conditions.</p> <p>The port is equipped with icebreakers to ensure the safe sailing. The Company will analyze the historical data of extreme cold weather and consider more comprehensive protective measures according to the frequency of extreme cold weather.</p> |
| | Chronic physical risks | <p>Rising sea levels</p> <p>Easy to cause damage to equipment and facilities, increasing maintenance and repair costs</p> <p>Continuous rise in mean temperature</p> <p>Increase maintenance costs of facilities and equipment; and reduce operational efficiency due to high temperature in summer</p> | Long-term | <p>Considering that our subordinate ports are all located in high latitude areas, the possible substantial impact caused by the rise in mean temperature and sea level is very limited. Up to now, no response mechanism and countermeasures have been established for such chronic risks.</p> |

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| Risk/opportunities type | Risk name | Risk description | Time frames | Countermeasure |
|-------------------------|------------------------|---|---|---|
| Transition risks | Policy and legal risks | Introduction of carbon reduction policies | Take corresponding emission reduction measures to meet the country's emission reduction requirements may increase operating costs. | Short to medium-term To implement the national 30•60 Decarbonization Goal and the requirements of the Carbon Peak and Carbon Neutrality Planning of Liaoning Port Group, a <i>Three-year Action Plan for Carbon Peak and Carbon Neutrality of Liaoning Port</i> has been formulated. |
| | Products and Services | Customer preferences | With the implementation of carbon reduction targets by enterprises in various industries, emission reduction in logistics and transportation is increasingly being prioritized, and customers will be more inclined to choose green and low-carbon ports. | Medium to long-term The internal port will gradually carry out adjustments to the equipment and energy structure, such as electrification transformation. The distributed photovoltaic power stations within the port are built to increase the proportion of green electricity usage. |
| Opportunity | Technology | Low carbon technology | The continuous research and development of renewable energy power systems such as hydrogen and ammonia will lead to the sale of low-carbon power system trucks, loading and unloading equipment in the future market, which will to some extent reduce the impact on the purchase cost of fixed assets. | Medium to long-term Closely monitor and study the development status and application of hydrogen fuel cell technology, and when the technology matures, choose the purchase of hydrogen fuel cell related equipment and machines at the appropriate time. |
| | Green finance | Participate in the carbon market | The implementation of the <i>Measures for the Administration of Carbon Emission Trading (Trial)</i> provides an opportunity for companies to participate in carbon market trading and develop emission reduction projects. | Short to long-term Carry out annual greenhouse gas inventory and energy efficiency statistics for key companies, and assess their carbon management status; Gradually explore the preliminary feasibility study and demonstration work of CCER emission reduction projects for renewable energy such as wind power. |

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4.4.2 Climate risk management

The Company has strengthened emergency response management for typhoons, floods and other severe weather conditions, so that relevant incidents can be responded to and handled in a timely and efficient manner.

Emergency response management mechanism of typhoon and flood prevention

- **Pre-incident preparation: screening, training, and drills**

Before the flood season arrived, we formulated the *2023 Work Plan for Typhoon and Flood Prevention*, made deployment and special inspections for typhoon and flood prevention work, and improved emergency response capability. In 2023, a total of 648 emergency response drills were carried out for flood control.

- **In-process control: implementing the on-duty and leadership mechanism**

During the landfalls of Typhoon Doksuri and Typhoon Khanun, the fifth and sixth typhoons in 2023, we conducted unannounced and surprise inspections among key units of the Company. On call 24 hours a day, the leadership and responsible persons for key positions supported government departments, activating 132 times of emergency response, thereby ensuring port safety and stability during the flood season.

- **Post-incident defense: early warning, inspection, and on-duty performance**

In case of windy, rainy or snowy weather in winter, we paid close attention to meteorological information and immediately issued notices for emergency response. While suspending high-risk operations, we increased the frequency of inspections in key areas and improved on-duty performance for emergency response.

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4.4.3 Indicator and progress

We have carried out energy audits and standardized statistical requirements for energy consumption and carbon emissions across the Company. Moreover, we have analyzed and evaluated energy management and carbon emissions of energy-consuming units, detected the problems and loopholes in energy utilization, and tapped the potentials of energy conservation to effectively improve energy utilization efficiency.

| Indicators | Unit | 2023 | 2022 |
|--|----------------------------------|------------|------------|
| Scope 1 – direct GHG emissions | tCO ₂ e | 185,894.49 | 140,508.9 |
| Scope 2 – indirect GHG emissions | tCO ₂ e | 320,822.31 | 194,550.43 |
| Total GHG emissions (Scope 1+2) | tCO ₂ e | 506,716.79 | 335,059.33 |
| Total GHG emission intensity (Scope 1+2) | tCO ₂ e/RMB 10,000 | 0.41 | 0.28 |

Note: In 2023, the Company performed data collection and calculation based on the environmental data management system. Due to the changes in statistical methods and statistical calibers, previous data and the data in 2023 are not comparable.

5 Higher Operational Quality and Efficiency

As an advocate of lean management and continuous improvement, Liaoning Port works to enhance operational quality and efficiency by optimizing the internal workflow of the Company and improving production efficiency and management standards, aiming to provide customers with services and products that are of higher quality and more efficiency.

5.1 Product Responsibility

Liaoning Port deeply understands the importance of product responsibility, consistently regarding it as the cornerstone of corporate development. We adhere to integrity in business operations, continuously pursue excellence, and strive to create products and services that are safer, more reliable, and sustainable for the society.

5.1.1 Product and service innovation

The Company is dedicated to a sustainable development driven by scientific and technological innovation. We put more resources and efforts into product and technological innovation, aiming to ensure the industry-leading quality and performance of our products and services. By fostering collaboration both within and beyond our industry, we hope to collectively explore innovative solutions and expand the scope of application for our products and services.

In accordance with the *Law of the People's Republic of China on Scientific and Technological Progress*, we enhance our management protocols and reward mechanisms for sci-tech innovation projects by allocating dedicated funds and providing special bonuses. In addition, we mobilize our subsidiaries to submit entries for the 2023 Scientific and Technological Progress Award and to offer rational proposals, aiming to boost employee's enthusiasm for innovation in science and technology and advance scientific governance and scientific and technological development.

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[Case] Advancing the research on the application of new energy technologies and the technological transformation

The Company has completed the acceptance checks of two scientific and technological projects, with one focusing on the research into the application of new energy to mobile cargo handling equipment at ports, and the other on the formulation of operational regulations for power dispatch at Dalian Port. Meanwhile, we embark on several initiatives including the hybrid power upgrading of 5 yard cranes, the procurement of full-electric empty container handler and electric forklift, the transformation of the intelligence-based control of RS8 stacker-reclaimer at ore terminals, and the upgrading of 40-tonne portal slewing crane at bulk and general cargo terminals. Our aim is to advance the application of new energy and new technology to the port operation equipment.



Full-electric empty container handler

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We work to expedite the development of sea-rail combined transport. In this regard, we have established a modern logistics operation system featuring a combination of “corridors, hubs, and network,” aiming to build a green, secure, convenient, and swift sea-rail combined transport for inland import and export enterprises and facilitate regional economic growth. Meanwhile, we implement the list-based management of projects and the brand-focused management of services. Centered around sea-rail combined transport, we promote several key projects of port logistics and advance the branding of sea-rail combined transport services, including public premium trains and “zero loss” intermodal transport. Moreover, we introduce the Gaojia (Daqing) and the Changchunnan sea-rail freight train routes and launch the round-trip public premium train services including the “Dalian-Shenyang,” “Dalian-Changchun,” and the “Baicheng-Dalian” routes. The premium train services can significantly reduce time costs for customers by nearly two-thirds compared to less-than-truck-load freight, thus further enhancing customer satisfaction.



Launch of Changchun-Dalian Port TBL-based freight train of sea-rail combined transport

5.1.2 Intellectual property management

In line with the *Patent Law of the People's Republic of China* and other relevant laws and regulations, the Company respects intellectual achievements. For intellectual property management, we clearly define accountable departments, establish procedures, and bolster our capacity. By the end of 2023, we had accumulated a total of 26 valid patents.

5.2 Customer Service

Liaoning Port always prioritizes the customers' needs and offers customers tailored solutions with proactive work attitude and professional background. In addition, we keep optimizing service process and strive to increase our service efficiency by leveraging advanced technological means, aiming to improve the way we serve our clients and generate more values for them.

5.2.1 Customer service management

The Company works to enhance the customer service network. We have established a customer service system of “eight major centers and twenty service points,” including service centers in Shanghai, Shenyang, and Harbin. Our customer service network now extends across key areas of the Company's goods supply, including Northeast China, eastern Inner Mongolia, eastern Hebei, northern Shandong, and East China.

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We advance the building of the “three-channel, four-dimensional” system. The system entails developing three logistics corridors: a central axis, a western auxiliary axis, and an eastern auxiliary axis. What’s more, such system involves planning the layout of dry ports across four dimensions: industrial hubs, railroad freight hubs, cross-hinterland competition zones, and dedicated lines for core enterprises. With the system, we can build a marketing network.

We manage to establish the WeChat official account “Micro Port System” and collaborate with government public information platforms such as Dalian 12345 Resident Hotline and Liaoning 8890 to provide comprehensive customer inquiry and complaint services. By the end of 2023, we had appointed 163 expert representatives/customer service contacts and 222 investigators to handle customer complaints, achieving full-scale and comprehensive handling of customer inquiries and complaints.

| Indicator | Unit | 2023 | 2022 |
|-------------------------------|------|------|------|
| Number of complaints received | / | 47 | 41 |

[Case] Conducting large port promotion conference

Liaoning Port has hosted customer promotion events in Shanghai, Harbin, and Changchun. We aim to strengthen collaboration with local clients, improve the efficiency of port overall services, and work with all stakeholders to build an ecosystem featuring mutual benefit and win-win cooperation. Throughout the meetings, the Company signed strategic cooperation agreements with over 30 clients.



Shanghai port promotion conference

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5.2.2 Customer satisfaction

The customer feedback would be collected as valuable and constructive information that guides our business improvement and service innovation. We prioritize listening to and promptly responding to customer expectations and requests, aiming to ensure their utmost satisfaction throughout our partnership.

[case] Conducting 2023 customer satisfaction survey

In 2023, the Company established a specialized task force for conducting customer satisfaction surveys to oversee the implementation of the survey. We developed 58 sets of satisfaction questionnaires tailored to 12 customer groups of 8 business segments across five major port areas: Dalian, Yingkou, Panjin, Dandong, and Suizhong. The survey reached out to 906 customer units, with the actual customer feedback rate of 85%. Additionally, 2,074 targeted questionnaires were distributed, with the recovery rate of the questionnaires of 74%. The proportion of valid questionnaires was 99.9%.

In 2023, the customer satisfaction rate stood at 99.14%, marking a year-on-year increase of 0.21%. The satisfaction evaluation score reached 97.51 points, unchanged from a year earlier.

5.2.2 Customer privacy

The Company prioritizes protecting customer information and privacy by introducing a refined privacy protection policy and procedure. In collecting, using, storing, and processing customers' personal data, we adhere to the principles of lawfulness, legitimacy, and necessity, and conduct such activities only with explicit customer consent. All customer data is managed confidentially, with stringent access and permission management mechanism in place to prevent unauthorized access and usage.

5.3 Digital Development

Guided by the “2-3-1” digitalization plan of Liaoning Port Group Limited (“Liaoning Port Group” for short), we work to advance the digital transformation of ports. Surmounting challenges and forging ahead with full efforts, we aim to achieve tangible results in implementing digital technologies within operational contexts.

5.3.1 Smart port

The Company is committed to harnessing digitalization to drive robust internal growth. We work to implement the “2-3-1” digitalization plan of Liaoning Port Group, striving to develop a greener and smarter port.

Guided by the digital transformation initiative of state-owned enterprises, we embark on the “Smart Port 2.0 for Dayaowan” project. In this regard, from the perspective of top-level design, we innovatively put forward the concept of Smart Port 2.0 featuring “smart operations”, “smart management”, “smart supply chain ecosystems”, and “smart sensing”. In addition, we embrace a novel model where traditional dock operation coincides with construction and renovation activities.

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[Case] The “Smart Port 2.0 for Dayaowan” project serves as a new example of digital transformation of ports

The “Smart Port 2.0 for Dayaowan” project stands as China’s first successful example of transforming traditional terminals into intelligent ports, integrating digital transformation with the “four-smart” top-level design. In terms of the project, streamlined processes and innovative models, totaling 135 system functions, have been rendered.

In this endeavor, the invention of the integration of “GIS+BIM+IoT” technologies into smart sensing field aggregates 1,100 types of data covering terminal environmental factors such as water, electricity, air, meteorology, and the tide. This creates a digital twin intelligence entity that supports energy conservation, emissions reduction, and the construction of “green port”. The design and development of 6 system functions including the shipowner’s collection of accounts receivable and micro-purchase marks a pioneering achievement domestically. Additionally, the design and development of 36 system functions, such as automated container handling at shore bridge, operational management, asset management, and career management, stand at the forefront of the industry. The safety management system won the first prize in the “2022 National Innovation Cases of Intelligent Enterprise Development “ by China Enterprise Confederation.

[Case] The building of “Liaozhitong” BTOS

The Company seizes upon new opportunities in digital transformation and development to digitally empower the bulk and general cargo segment. The approach enables the “integrated” management, allows for higher operational efficiency and higher level of digitalization, and enhances our risk control and customer service capabilities. As of the end of 2023, we had completed the joint review of user requirement specifications for bulk and general cargo terminal for subsidiaries and launched the “Liaozhitong” BTOS at bulk grains terminal of Dalian Port.

[Case] Building a port external service platform to achieve data exchange and sharing

The Company establishes a platform for external services at the port, facilitating data exchange and sharing between the port and other port-related entities such as shipping companies, freight forwarding agencies, stations, tallying service providers, and regulatory authorities. The platform provides all stakeholders with open, efficient, and universal message switching service of third-party electronic data, fostering connectivity among regional logistics nodes and promoting information sharing among industry players. Our aim is to effectively support the port efficient coordination and regional logistics.

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5.3.2 Network and data security

The Company is fully aware of the importance of protecting both customer and corporate information. To this end, we work to establish a sound data security management system and conduct regular security assessment and vulnerability scanning, aiming to promptly identify and rectify potential security hazards. Focusing on cultivating employees' security awareness, we equip them with the ability to identify and prevent network threats through regular training and education.

[Case] Conducting the specialized protection work of online information security

The Company implements the guiding principles of the 2023 annual conference of digitalization and participates in the campaign of 2023 cybersecurity week of China Merchants Group. Staff members are encouraged to actively engage in cybersecurity training and exams, reinforcing their awareness and boosting the Company's cybersecurity defense capabilities.

5.4 Responsible Procurement

Liaoning Port works to enhance supply chain management, with an aim to boost efficiency, transparency, and sustainability of supply chain. Leveraging data analysis and technological innovations, the Company enables a more responsive and flexible supply chain system, so as to keep pace with rapid market changes and diverse customer demands and provide support for long-term growth.

5.4.1 Supply chain management

We streamline supply chain planning, procurement, production, and logistics to ensure the optimal allocation of resources and effective cost control. In terms of potential supply chain risks, we conduct risk assessment and develop response strategies to ensure the stability and reliability of our supply chain.

| Indicators | Unit | 2023 | 2022 |
|---------------------------|-------------|-------------|-------------|
| Total number of suppliers | / | 1,008 | 689 |
| Suppliers in China | / | 1,008 | 689 |
| Overseas suppliers | / | 0 | 0 |

5.4.2 Supplier ESG management

We promote supplier ESG management by requiring suppliers to comply with laws and regulations concerning environmental protection, social responsibility and good governance, and encouraging suppliers to take sustainable actions.

In terms of environment, we demand effective measures from suppliers to mitigate their impact on the environment. Socially, we require our suppliers to respect labor rights, guarantee safe and equitable working conditions for employees, and strictly prohibit child labor and forced labor. Regarding governance, enhancing internal controls and risk management is essential to ensure the stability and compliance of business operations.

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6 Health and Safety

Liaoning Port is dedicated to fostering a working and living environment that embraces safety and health for its employees, customers, and the community. In this regard, we work to maintain the order of work safety within the port and enhance health and safety management, striving for a higher standard of the protection of the health and safety of both employees and customers. In doing so, the Company contributes to the building of a harmonious, healthy, and safe society.

6.1 Safety Management

We adhere rigorously to all pertinent laws and regulations, such as the *Work Safety Law of the People's Republic of China*, the *Emergency Response Law of the People's Republic of China*, and the *Work Safety Regulations of Liaoning Province*. With the establishment of a sound safety management system and operation procedures, we manage to clearly stipulate responsibilities and duties of managers and staff at all levels, ensuring the smooth running of safety management.

6.1.1 Safety management system

The Company places great emphasis on the building of safety management system. We introduce the *Action Plan on the Year of Enhanced Safety Management* which outlines 65 specific tasks and 6 reinforcement measures across six key areas, distinctly laying out the main strategies and actions for the year. In addition, we take “zero accidents” and “zero casualties”, the goal of the year, as our guiding principle for all safety management.

To enhance the framework of Work Safety Committee, we have established committees for fire safety, transportation, counter-terrorism security, and anti-smuggling and anti-drug measures, clearly defining the primary and managerial responsibilities for each task. We streamline the safety management structure of our subsidiaries that are classified into types including branches, holding subsidiaries, and trusted companies, along with the interface requirements of safety management, striving for an optimized safety management system. In addition, we've completed the evaluation system of safety-related competence in key posts at PetroChina Dagang Oilfield Company and Yingkou No.4 Company.

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6.1.2 Safety culture

The Company places great emphasis on fostering and preserving a culture of safety. Through diverse channels and approaches, we keep nurturing this safety atmosphere, striving to achieve goals in work safety, safe operation, and safe development. We regularly conduct a range of safety education and training activities, including the popularization of safety knowledge, the sharing of case studies on accidents, and emergency drills.

- We have published more than 600 posts on safety and environmental protection information on “Liaoning Port” and “Liaoning Port Safety and Environment” WeChat official accounts.
- We have hired and trained 13 grassroots intermediate safety internal trainers to conduct lecture tour activity in the barge and container businesses.
- We have joined forces with the DAOSS to prepare the syllabus of the safety training courses for front-line positions in 25 major production units.
- We carried out the 2022-2023 “Ankang Cup” competition and completed the annual declaration of awards for the public reporting of potential work safety hazards and occupational hazards, with a total of 86 units declaring 2,346 awards.

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[Case] Specialized training on fire safety management

The Company conducted a series of fire safety training for fire safety responsible persons, managers, and fire facilities operators. We aimed to improve the practical operation and emergency response skills of operators on duty in the fire control room. The total number of participants exceeded 750.

[Honors]

- Yingkou No.4 Company won the title of “National Safety Culture Exemplary Enterprise”
- The oil terminal under Dalian Port and the railway company under Dalian Port won the title of “Safety Culture Exemplary Enterprise of Liaoning Province”

6.2 Work Safety

Liaoning Port lays equal stress on development and safety, ensuring that safety development is interwoven throughout all facets of the Company’s operations, management, and production processes. Adopting a people-oriented approach, we hold ourselves accountable for employees and their lives, regarding their safety and well-being as our top priority.

6.2.1 Safety risk management

The Company remains committed to advancing the development of a safe port and preventing and mitigating various safety risks. We conduct thorough inspections and assessments to identify potential safety hazards and risks in the production processes and take effective measures to control and prevent these risks. In addition, we work to enhance employees’ safety awareness and their ability to identify risks, aiming to minimize the likelihood of accidents. In 2023, the Company achieved the safety goal of “zero accidents and zero casualties”.

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Six achievements in safety risk control

- **Work safety mindset:** At all levels of the Company, efforts have been made to promote, educate, and reinforce the safety mindset. Dandong Port has established a safety-themed culture corridor, while the Yingkou machinery branch has produced a collection of 196 accident case studies and videos that are utilized to enhance safety awareness during the Warning and Education Month of Accident Cases.
- **Work safety accountability:** We've rechecked our safety management agreements, including those concerning outsourcing and leasing. Each unit rigorously adheres to and clearly defines their responsibilities for work safety. We also enforce various safety control measures.
- **Management of work safety hazards:** The asset management company utilizes intelligent inspection methods to conduct real-time monitoring of key areas and construction sites, with 58 fixed monitoring sites being classified into three tiers of management. In addition, companies under Panjin Port and Yingkou Container Terminals Company Limited work to implement the on-site management of safety signs.
- **Development of work safety mechanism:** The railway company under Dalian Port compiles the *Regulation Promotion Manual* and conducts phased retraining on the formulation of regulations.
- **Basic development of work safety:** Dalian Automobile Terminal Co., Ltd. advances the "four mechanisms" initiative across the board and ensures that designated personnel are liable for specific duties.
- **Development of intrinsic work safety:** The initiatives undertaken to enhance the **intrinsic** safety of various equipment include projects such as adding collision avoidance system to loaders at Yingkou Xingang Ore Terminal Co., Ltd., upgrading wind-powered self-locking rail clamps for ship unloaders, installing electromagnetic shielding mesh on the window of the electrical room of portal slewing crane at the bulk and general cargo terminal under Dalian Port, installing anti-fatigue system for trailers at the Dalian Container Terminal, and implementing the safety warning arc lamp for forklift trucks at the Yingkou machinery branch.

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Liaoning Port conducts safety inspection

6.2.2 Safety emergency management

The Company develops comprehensive and detailed emergency plans encompassing various potential safety incidents from natural disasters and accidents to the breakout of epidemics. This ensures swift and effective response to emergencies, minimizing potential losses. In addition, we regularly review and update emergency plans and make sure that they are in line with the Company's actual circumstances, aiming to respond to emergencies in a more accurate and quicker manner.

We enhance the emergency drills by organizing such activity on a regular basis and in various emergency scenarios. We aim to verify the feasibility of our emergency plans and the proficiency of our staff's response, and enhance employees' awareness of and preparedness for emergencies, ensuring swift and organized actions when faced with urgent situations.

6.2.3 Safety management of hazardous chemicals

The Company rigorously complies with the requirements of pertinent laws and regulations, including the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Ports*, and the *Regulation on the Safety Management of Hazardous Chemicals*. We have established protocols such as the *Provisions on the Safety Management of Hazardous Goods at Ports* and the *Measures for the Supervision and Administration of Major Hazard Installations of Hazardous Goods at Ports* to enhance supervision and management of major hazard installations. During periods like the Spring Festival travel rush, the summer travel rush, and the May Day and the golden week of the National Day holiday, we intensify personnel patrols and inspections to avert work safety accidents of hazardous chemical.

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Division of responsibility for major hazard installations management in Liaoning Port

| Responsible department | Duties |
|--|---|
| Safety supervision management department | This department is responsible for the comprehensive supervision and management of safety of major hazard installations of the Company. |
| Other functional departments and offices | These departments and offices are responsible for the supervision and inspection of matters involving major hazard installations within their scope of duties, business guidelines, and supervision and rectification of hidden problems identified, in accordance with the requirements of “three management and three necessities” for work safety. |
| Units where major hazard installations are located | These units are subject to the responsibility of managing major hazard installations. The principal responsible person of the unit where the major hazard installation is located is fully responsible for the safety management of the major hazard installation in that unit. |

In terms of major hazard installations of hazardous goods, we work to conduct specialized inspections on the berthing safety of petroleum chemical terminals, as well as the safety management of inspection and maintenance operations. The initiative led to identification of 86 problems in 2023, from which we draw 11 key issues requiring close attention of the unit. When it comes to the inspection and interception of hazardous goods in passenger and ro-ro segment, the Passenger Transport Company inspected and intercepted 2,556 pieces of hazardous goods and 1,325 vehicles carrying such materials throughout the year. At Lvshun Port, 116 vehicles carrying hazardous goods were identified, with 24 refusals for transport, resulting in the resolution of a total of 98 hazardous items.

6.3 Occupational Health and Safety

Liaoning Port attaches great importance to occupational health and safety. We work to improve relevant management system and working conditions, ensuring the physical and mental health of employees, and creating a safe, healthy, and harmonious working environment.

6.3.1 Occupational health and safety management

The Company adheres to relevant laws and regulations, such as the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, the *Provisions on Administration of Occupational Health at Workplaces*, and the *Measures for the Supervision and Administration of Employers' Occupational Health Surveillance*. We have established refined management mechanisms covering warning and notification, declaration, training and campaigns, management of protective articles, as well as hazard monitoring and assessment. Annually, we conduct routine and additional physical examinations for all employees and offer female workers dedicated health checkups, ensuring the holistic well-being of our workforce.

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We advance occupational health education and training by conducting educational initiatives covering topics such as protection against hazardous substances, basic knowledge of preventing and controlling occupational diseases, work posture, and operational skills. We aim to enhance employees' awareness of occupational health and their ability to protect themselves, reducing the occurrence of occupational diseases and work-related injuries. In 2023, the health and safety training involved a total of 407,894 employees.

| Indicators | Unit | 2023 | 2022 |
|---|------|-------|-------|
| Work-related fatalities | / | 0 | 0 |
| Workdays lost to work-related injuries | day | 1,558 | 3,126 |
| Percentage of physical examination | % | 94 | 96 |
| Percentage of occupational health examination | % | 100 | 100 |

6.3.2 Occupational disease prevention and control

The Company has enhanced the system and management framework for occupational disease prevention and control. We organize regular occupational health examinations for our staff and develop a refined supervision and inspection mechanism for preventing and controlling occupational diseases. In addition, for employees exposed to occupational hazards, we offer pre-job, on-the-job, and post-job health checks and maintain occupational health records to keep track of their physical conditions in a comprehensive and timely manner. Should any health issues or risks of occupational diseases arise, the Company will promptly reassign employees to other roles, preventing the occurrence of such risks and safeguarding their health.

7 Employee Growth

Liaoning Port upholds the guiding principle that human resources are the primary resource and the primary capital, making human resources the priority in the Company's development. By assembling and nurturing talents, drawing fully on their expertise, and empowering them to fully display their talent, we aim to offer a pivotal guarantee of our journey towards creating world-class ports.

7.1 Employee Rights and Interests

The Company upholds a people-oriented approach, prioritizing the safeguarding of employee rights and interests. We foster an environment where every employee is respected and treated equally, unequivocally rejecting all forms of discrimination based on age, location, gender, and religion. Our commitment lies in upholding and defending the lawful rights and interests of our employees, fostering a workplace that is fair and equitable.

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7.1.1 Employment management

The Company adheres strictly to the *Company Law of the People's Republic of China*, the *Labor Law of the People's Republic of China*, and other relevant laws and regulations. We have established and implemented procedures for the hiring and resignation of employees in accordance with the law and developed a sound system for employment management. We staunchly oppose all forms of discrimination, explicitly prohibit the employment of child labor, and stand against any forms of forced labor, ensuring that our employees enjoy their lawful rights and interests.

| Indicators | | Unit | 2023 | 2022 |
|-------------------------------------|-------------------------|--------|--------|--------|
| Total number of full-time employees | | person | 10,968 | 11,051 |
| By ethnicity | Han | person | 9,993 | 10,074 |
| | Minority | person | 975 | 977 |
| By gender | Male | person | 8,984 | 9,152 |
| | Female | person | 1,984 | 1,899 |
| By age group | <=30 | person | 792 | 1,173 |
| | 31-50 | person | 7,793 | 7,478 |
| | >=51 | person | 2,383 | 2,400 |
| By rank | Management employees | person | 1,515 | 1,513 |
| | Technical employees | person | 1,965 | 1,863 |
| | Production employees | person | 6,445 | 6,711 |
| | Others | person | 1,043 | 247 |
| By educational background | Master and above | person | 310 | 283 |
| | Bachelor | person | 2,988 | 3,188 |
| | Junior college or below | person | 7,670 | 7,580 |
| Employee turnover rate | | % | 0.12 | 0.11 |
| By gender | Male | % | 0.08 | 0.07 |
| | Female | % | 0.35 | 0.32 |
| By age group | <=30 | % | 0.62 | 0.09 |
| | 31-50 | % | 0.09 | 0.12 |
| | >=51 | % | 0.09 | 0.08 |

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7.1.2 Employee communication

The Company fosters an atmosphere of open, transparent, and inclusive communication, encouraging positive interaction and exchange among employees. We work to improve the system of the Workers Congress and give full play to its role and rights in terms of democratic decision-making, management and oversight. Considering the requirements of “staff home initiative”, we refine discussion and decision-making procedures, and standardize management protocols, with an aim to advance the building of the home of employees. Upholding the mechanism of enabling the expression of employee’s interests and concerns and the early warning mechanism for labor disputes, the Company is prompt in listening to the voice of the staff and resolving conflicts, with the aim of safeguarding the democratic and harmonious development of the port.

7.2 Employee Training and Development

Liaoning Port regards employee career development as a cornerstone of corporate sustainability. We ramp up investments in staff training and development, offering them broader growth opportunities and access to premium learning resources. Our efforts are aimed at unleashing employee potential, improving overall qualities, and allowing them to be part of the Company’s growth story.

7.2.1 Employee training

The Company delivers the strategy of developing enterprise through talents and integrates vocational training with corporate development strategy, aiming to provide talent support for long-term corporate growth. We have established a scientific and standardized training management framework and formulated the *Regulations on the Management of Employee Training of Liaoning Port Co., Ltd.*, tailoring training plans to individual employee needs and development stages. Our aim is to develop a specialized training curriculum that caters to diverse job roles and career phases, realizing personal value and professional achievements among our employees.

| Indicators | | Unit | 2023 | 2022 |
|---------------------------------------|----------------------|-------------|-----------|---------|
| Total investment in employee training | | RMB million | 4.79 | 4.13 |
| Employee training coverage rate | | % | 100 | 87.65 |
| Total employees training hours | | hour | 1,029,358 | 743,400 |
| Average training hours per employee | | hour/person | 93.85 | 88 |
| By gender | Female | hour/person | 96.41 | 88 |
| | Male | hour/person | 93.29 | 88 |
| By rank | Management personnel | hour/person | 86.02 | 84 |
| | Technical personnel | hour/person | 95.03 | 85 |
| | Production personnel | hour/person | 99.03 | 92 |
| | Others | hour/person | 71.02 | 73 |

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7.2.2 Employee promotion and development

With the policy of supporting employees in making their individual career development plans, the Company establishes a sound promotion mechanism and post evaluation system, offering employees equal opportunities for advancement and avenues for professional growth. By implementing initiatives such as job rotation and cross-functional training, we manage to expand the staff's scope for career promotion and unleash their innovative potential.

We have improved the mechanism for talent and official selection and appointment by revising the *Regulations on the Management of Managerial Personnel of Liaoning Port Co., Ltd.*, and the *Working Guidelines for Official Selection and Appointment at Liaoning Port Co., Ltd.* These documents standardize procedures for selection and appointment, and clearly outline the requirements for various stages of the process, such as analysis, deliberation and motion, democratic recommendation, assessment, submission of appointment proposal, public announcement before appointment, performance report, examination and approval, interview before appointment, appointment and dismissal notice, and going through the formalities of appointment and dismissal.

We have issued the *Regulations on the Management of Headquarters' Employee Performance of Liaoning Port Co., Ltd.*, enhancing the integration of performance assessment results into salary considerations. We work to link employee income closely to both organizational and individual performance, widening the staff's salary gap within a reasonable range and allowing for an acceptable variance in their earnings. Our aim is to further inspire a passion for work and a spirit of enterprise into officials and staff at all levels.

[Honors]

- 6 people won the title of National Transportation Technology Expert
- 2 people won the title of National Technical Expert
- 2 people were awarded Liaoning Province Technical Experts
- 1 studio was rated as provincial-level model worker (employee) innovation studio
- 1 project won the first place in "five-small" innovation project of Liaoning Province

[Case] Conducting the evaluation of professional titles

Based on the evaluation platform of professional titles provided by China Merchants Group and the evaluation platform of professional titles (port engineering) of Dalian, the Company conducts professional title assessment in areas such as port engineering, economics, accounting, and political engineering. Over the span of 2022-2023, a total of 155 employees were promoted in titles. Among them, one attained the senior title, 48 received the associate title, and 89 obtained the intermediate title.

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7.3 Employee Well-being

Being dedicated to enhancing the well-being of its employees, Liaoning Port continuously improves its welfare policies by offering competitive compensation and refined benefits package. The benefits include but not limited to competitive salary, and extensive social insurance benefits, etc. Our aim is to provide better working conditions and growth opportunities for its workforce.

7.3.1 Equality and diversity

The Company fosters a culture of equality and inclusion. We conduct training programs, formulate policies, and establish effective communication channels to enhance mutual understanding and respect among employees. Regardless of gender, race, age, religious beliefs, or any other background, the Company ensures fair treatment for every employee, guaranteeing equal opportunities and rights for all.

We attach great importance to the value of diversity and advocate corporate values of inclusion and respect. Meanwhile, we encourage female employees to engage in positions at various levels, ensuring equal opportunities for career development. Through proactive measures and policies, we empower female employees to make the most of their strengths and achieve a balance between work and life, striving to provide a more expansive platform for their growth.

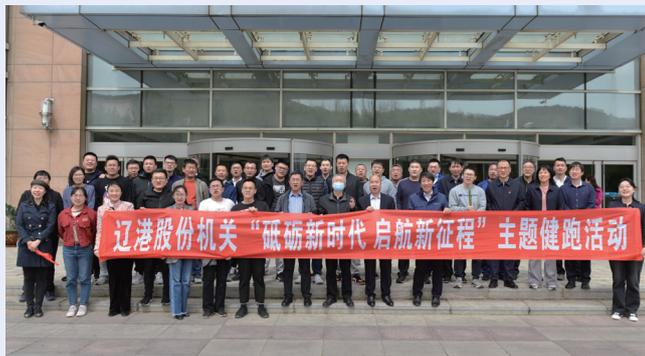
7.3.2 Employee care

The Company places great emphasis on employee care. We offer timely and effective support to those facing challenges, demonstrating genuine care through concrete actions. We strive to foster a sense of belonging, fulfillment, and happiness among our staff.

For example, we launch the “addressing the people’s practical concerns” campaign, with a focus on prioritizing employee satisfaction in our work. We pay attention to the needs and expectations of our staff and enhance their welfare and working conditions. In addition, we work to foster a workplace that is full of love and warmth and collaboratively strive towards building a more fulfilling professional life.

- The Company keeps conducting caring activities such as visiting frontline workers, with a total of RMB6.9 million worth of comfort money and materials being distributed to employees in 2023.
- The Company provides the inclusive service of mutual assistance for medical expenses, effectively alleviating employees’ medical burdens. In 2023, the employee’s mutual aid for medical expenses program verified and reimbursed medical expenses for 1,472 individuals, providing subsidies totaling over RMB4.97 million.
- In 2023, the Company visited up to 151 employees facing difficulties, distributing comfort money and goods worth RMB310,000. Additionally, we secured dedicated subsidies totaling RMB200,000 from the government and higher-level labor unions for 10 employees in need.
- The Company completed summer labor protection and heatstroke prevention work for employees, distributing over RMB6 million worth of comfort supplies and allowances.
- We work to enrich employees’ cultural activities and enhance both physical well-being and corporate unity. We encourage our staff to actively engage in sports and fitness activities, aiming to strengthen their awareness of personal fitness and overall health and foster camaraderie among colleagues.

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Liaoning Port's running event with the theme of "new era, new journey"



Liaoning Port's tug-of-war and jump rope competition with the theme of "unified strength, unified spirit"

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8 Harmonious Communities

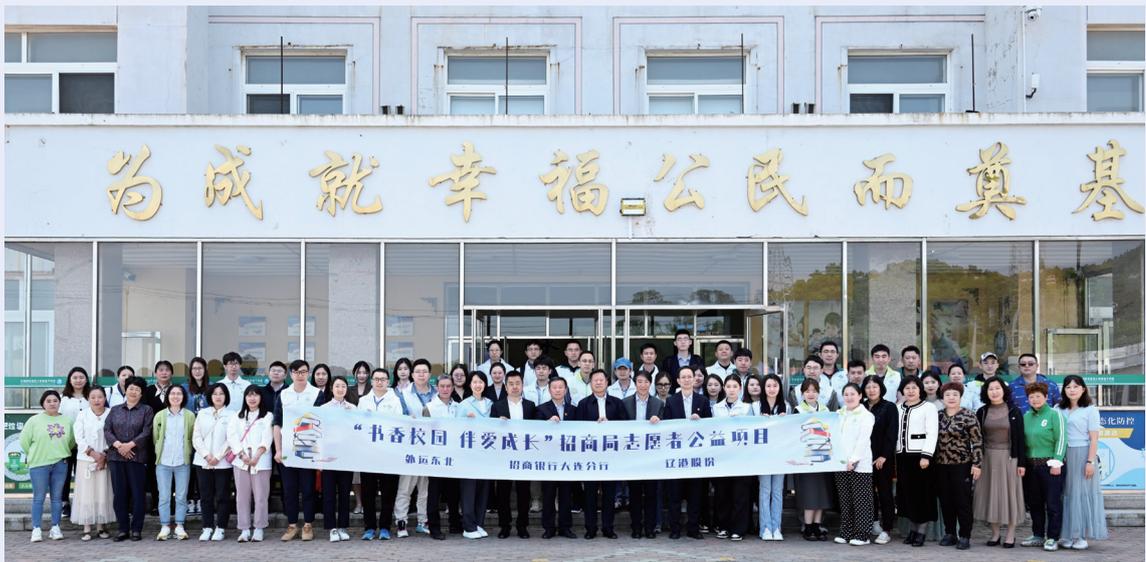
Committed to “sharing the destiny of the motherland and developing alongside the trends,” Liaoning Port engages in the building of a harmonious community. We support rural vitalization through poverty alleviation, agricultural assistance, and targeted assistance programs. Additionally, the Company contributes to social welfare with a focus on trivial details, continuously letting the caring voice of Liaoning Port be heard throughout society.

8.1 Rural Vitalization

Liaoning Port fulfills its social responsibilities, striving to contribute to the sustainable rural vitalization. We advance educational assistance through the charity activity of “growing with love and the scent of books in campus”. In addition, we promote consumption-driven assistance by procuring 500 packages of rice, flour and cooking oil for households entitled to subsistence allowances and “five guarantees” in Lejia community, Pulandian District. The total value of these supplies amounts to RMB179,500. In 2023, our consumption-driven assistance reached RMB2.5 million.

[Case] The charity activity of “growing with love and the scent of books in campus”

The Company collaborates with Sinotrans Northeastern Co., Ltd. and China Merchants Bank (Dalian Branch) to launch the charity activity of “growing with love and the scent of books in campus”. We collected over 2,000 children’s books, including stories of revolutionary times, education on popular science, and children literature, for students from Dalijia Primary School (Chengzi Branch) in Jinpu New District, Dalian.



Donation of books for Dalijia Primary School (Chengzi Branch) in Jinpu New District, Dalian

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Purchase of assistance goods for low-income households in Lejia Community, Pulandian District

8.2 Charity

In line with the volunteer service principle of “voluntary participation, working within one’s capacity, practical outcomes and persistence,” Liaoning Port carries out various charity projects including paying visits to the elderly during the Double Ninth Festival, caring for special children, and protecting migratory birds. In 2023, our volunteer activities involved a total of 1,146 employees, collectively contributing over 6,050 hours. The total investment amounted to RMB90,000, benefiting over 1,000 recipients.

[Case] The activity of “bringing warmth to the nursing home during the Double Ninth Festival”

The Company mobilized young volunteers from Dalian Port Oil Product Terminal Company, Dalian Port Barge Co., Ltd., and Dalian Port Jifa Logistics Co., Ltd., to visit Dalian Aiyide Rest Home for the activity of “bringing warmth to the nursing home during the Double Ninth Festival”. Our aim is to provide both emotional support and material assistance to the elderly.



Activity of “bringing warmth to the nursing home during the Double Ninth Festival” in Dalian Aiyide Rest Home

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[Case] Dandong Port's support for special education

Dandong Port Youth League Committee organized a group of young representatives to conduct a charity sale event in a special education school, with the belief of "caring for special children through charity sales". The funds they raised were donated to the special education school in Donggang City, a gesture of warmth and love to the children there.

[Case] The volunteer service activity of protecting migratory birds with the theme of "academic research tour in wetland"

The Company's volunteer team, in collaboration with the School of Geographic Sciences at Liaoning Normal University and Liaodong University, conducted a public welfare lecture on popular science and the volunteer service activity of protecting migratory birds with the theme of "academic research tour in wetland". The aim is to increase the awareness of the importance of ecological conservation and jointly safeguard our green home.



Volunteer service activity of protecting migratory birds with the theme of "academic research tour in wetland"

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Liaoning Port's tree planting activity with the theme of "growing in Liaoning Port"



Liaoning Port volunteers contribute to building a clean community in Beigang Community, Dalian

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9 ESG Reporting Guide Index

| Indicators | | | Chapters |
|----------------------|--------------------|--|--|
| Environmental | | | |
| A1: Emissions | General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste | Environmental management Energy conservation and emission reduction Green operations Response to climate change |
| | A1.1 | The types of emissions and respective emissions data | Energy conservation and emission reduction |
| | A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Response to climate change |
| | A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) | Energy conservation and emission reduction |
| | A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) | Energy conservation and emission reduction |
| | A1.5 | Description of emission target(s) set and steps taken to achieve them | Energy conservation and emission reduction Green operations |
| | A1.6 | Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them | Energy conservation and emission reduction |

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| Indicators | | | Chapters |
|--|--------------------|---|--|
| A2: Use of Resources | General Disclosure | Policies on the efficient use of resources including energy, water and other raw materials | Green operations |
| | A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility) | Green operations |
| | A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility) | Green operations |
| | A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them | Green operations |
| | A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them | Environmental management Energy conservation and emission reduction Green operations |
| | A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced | N/A |
| A3: Environmental and Natural Resources | General Disclosure | Policies on minimizing the issuer's significant impact on the environment and natural resources | Environmental management Energy conservation and emission reduction Green operations |
| | A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them | Energy conservation and emission reduction Green operations |
| A4: Climate Change | General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issue | Response to climate change |
| | A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them | Response to climate change |

Environmental, Social and Governance Report

| Indicators | | | Chapters |
|-------------------------------------|--------------------|---|--|
| Social | | | |
| B1: Employment | General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare | Employee rights and interests |
| | B1.1 | Total workforce by gender, employment type (for example, full or part-time), age group and geographical region | Employee rights and interests |
| | B1.2 | Employee turnover rate by gender, age group and geographical region | Employee rights and interests |
| B2: Health and Safety | General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards | Safety management Work safety |
| | B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year | Occupational health and safety |
| | B2.2 | Lost days due to work injury | Occupational health and safety |
| | B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored | Safety management Work safety Occupational health and safety |
| B3: Development and Training | General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities | Employee training and development |
| | B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management) | Employee training and development |
| | B3.2 | The average training hours completed per employee by gender and employee category | Employee training and development |

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| Indicators | | | Chapters |
|------------------------------------|--------------------|---|-------------------------------|
| B4: Labor Standards | General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor | Employee rights and interests |
| | B4.1 | Description of measures to review employment practices to avoid child and forced labor | Employee rights and interests |
| | B4.2 | Description of steps taken to eliminate such practices when discovered | Employee rights and interests |
| B5: Supply Chain Management | General Disclosure | Policies on managing environmental and social risks of the supply chain | Responsible procurement |
| | B5.1 | Number of suppliers by geographical region | Responsible procurement |
| | B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored | Responsible procurement |
| | B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored | Responsible procurement |
| | B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Responsible procurement |
| B6: Product Responsibility | General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Product responsibility |
| | B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons | N/A |
| | B6.2 | Number of products and service-related complaints received and how they are dealt with | Customer service |
| | B6.3 | Description of practices relating to observing and protecting intellectual property rights | Product responsibility |
| | B6.4 | Description of quality assurance process and recall procedures | N/A |
| | B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored | Customer service |

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| Indicators | | | Chapters |
|---------------------------------|--------------------|---|-------------------------------|
| B7: Anticorruption | General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering | Integrity practice |
| | B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases | Integrity practice |
| | B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored | Integrity practice |
| | B7.3 | Describe of the anti-corruption training provided to directors and employees. | Integrity practice |
| B8: Community Investment | General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests | Rural vitalization Charity |
| | B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport) | Rural vitalization Charity |
| | B8.2 | Resources contributed (e.g. money or time) to the focus area | Rural vitalization Charity |



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

(Stock Code : 2880)