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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board of directors (the "**Board**") of Liaoning Port Co., Ltd.* (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (the Company and its subsidiaries, collectively referred to as the "**Group**") prepared pursuant to China Accounting Standards for Business Enterprises for the year ended 31 December 2020. The Group's financial results for the reporting period have been audited by Ernst & Young Hua Ming LLP (Special General Partnership).

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	**31 December 2020 Consolidated**	31 December 2019 Consolidated
Current assets		
Cash at bank and on hand	**4,511,746,815.91**	4,051,413,174.71
Financial assets at fair value through profit or loss	**–**	–
Financial assets held for trading	**903,950,958.91**	304,951,193.83
Notes receivable	**287,439,484.37**	248,851,749.33
Accounts receivable	**1,762,191,429.93**	1,322,772,566.55
Advances to suppliers	**34,822,606.78**	34,353,478.37
Other receivables	**364,938,275.21**	756,834,129.39
Inventories	**76,328,961.38**	105,065,586.94
Contract assets	**–**	–
Non-current assets due within one year	**–**	–
Other current assets	**57,593,421.42**	66,743,698.10
Total current assets	**7,999,011,953.91**	6,890,985,577.22
Non-current assets		
Long-term receivables	**80,486,851.34**	–
Long-term equity investments	**3,195,115,564.25**	4,146,454,686.56
Investments in other equity instruments	**204,067,639.27**	189,782,564.95
Investment properties	**202,727,314.03**	193,819,795.94
Fixed assets	**16,029,953,567.73**	16,633,125,202.39
Construction in progress	**1,892,935,960.58**	1,969,780,788.67
Right-of-use assets	**2,993,574,711.08**	3,126,927,918.95
Intangible assets	**1,667,262,131.57**	1,717,519,475.31
Goodwill	**20,433,690.59**	20,433,690.59
Long-term prepaid expenses	**62,263,734.24**	66,308,928.28
Deferred income tax assets	**144,226,490.31**	100,709,875.21
Other non-current assets	**33,782,189.01**	42,426,036.58
Total non-current assets	**26,526,829,844.00**	28,207,288,963.43
Total assets	**34,525,841,797.91**	35,098,274,540.65

LIABILITIES AND SHAREHOLDERS' EQUITY	**31 December 2020 Consolidated**	31 December 2019 Consolidated
Current liabilities		
Short-term borrowings	**150,142,083.34**	497,660,595.83
Financial liabilities at fair value through profit or loss	**–**	–
Notes payable	**–**	–
Accounts payable	**188,511,319.87**	189,817,515.63
Advances from customers	**3,154,967.98**	7,070,884.59
Contract liabilities	**72,171,660.49**	34,297,750.03
Employee benefits payable	**255,412,440.96**	240,218,522.22
Taxes payable	**99,842,152.83**	96,991,071.20
Other payables	**658,247,688.15**	910,581,896.50
Non-current liabilities due within one year	**2,612,451,085.79**	400,779,150.69
Total current liabilities	**4,039,933,399.41**	2,377,417,386.69

LIABILITIES AND SHAREHOLDERS' EQUITY	**31 December 2020 Consolidated**	31 December 2019 Consolidated
Non-current liabilities		
Long-term borrowings	**1,132,693,298.00**	1,508,698,814.40
Bonds payable	**3,547,236,158.87**	5,884,379,767.90
Lease liabilities	**3,047,052,655.02**	3,132,442,496.82
Long-term payables	**44,070,000.00**	32,500,000.00
Deferred income	**511,025,745.60**	549,490,699.73
Deferred income tax liabilities	**113,075,549.55**	113,385,648.38
Other non-current liabilities	**69,655,256.65**	95,544,136.00
Total non-current liabilities	**8,464,808,663.69**	11,316,441,563.23
Total liabilities	**12,504,742,063.10**	13,693,858,949.92
Shareholders' equity		
Share capital	**12,894,535,999.00**	12,894,535,999.00
Capital surplus	**2,940,527,279.56**	2,938,747,542.52
Other comprehensive income	**84,557,142.33**	70,943,358.93
Specific reserve	**70,976,410.86**	38,503,545.54
Surplus reserve	**974,684,268.46**	896,529,171.28
Undistributed profits	**2,387,731,786.23**	1,930,530,105.98
Total equity attributable to shareholders of the parent company	**19,353,012,886.44**	18,769,789,723.25
Minority interests	**2,668,086,848.37**	2,634,625,867.48
Total shareholders' equity	**22,021,099,734.81**	21,404,415,590.73
Total liabilities and shareholders' equity	**34,525,841,797.91**	35,098,274,540.65

CONSOLIDATED INCOME STATEMENT FOR 2020
(All amounts in RMB Yuan unless otherwise stated)

Item	**For the 12 months ended 31 December 2020 Consolidated**	For the 12 months ended 31 December 2019 Consolidated
I. Revenue	**6,657,457,293.58**	6,645,907,276.19
Less: Cost of sales	**4,422,110,364.05**	4,654,940,360.28
Taxes and surcharges	**59,990,217.52**	58,424,293.22
Selling expenses	**–**	266,329.03
Administrative expenses	**635,244,291.37**	658,917,252.38
Research and development expenses	**18,437,450.14**	14,842,826.17
Financial expenses	**513,921,878.49**	580,891,348.90
Including: Interest expenses	**557,165,236.23**	668,088,597.18
Interest income	**45,357,545.91**	62,587,427.37
Add: Other income	**95,114,248.58**	106,352,640.53
Investment income	**299,067,552.91**	365,068,663.83
Including: Investment income from associates and joint ventures	**247,079,803.01**	309,660,253.74
Gains on changes in fair value	**(323,118.00)**	(930,957.50)
Credit impairment losses	**(132,789,383.36)**	(15,740,841.83)
Asset impairment losses	**(38,021,871.85)**	–
Gains on disposals of assets	**9,120,803.74**	4,115,594.45
II. Operating profit	**1,239,921,324.03**	1,136,489,965.69
Add: Non-operating income	**12,652,273.79**	45,618,617.77
Less: Non-operating expenses	**27,308,784.36**	19,935,349.98
III. Total profit	**1,225,264,813.46**	1,162,173,233.48
Less: Income tax expenses	**274,447,587.75**	267,241,328.40
IV. Net profit	**950,817,225.71**	894,931,905.08
Including: Net profit from continuing operations	**950,817,225.71**	894,931,905.08
Classified by ownership of the equity		
Net profit attributable to shareholders of the parent company	**812,640,222.02**	718,230,462.31
Gains or losses of minority interests	**138,177,003.69**	176,701,442.77

Item	For the 12 months ended 31 December 2020 Consolidated	For the 12 months ended 31 December 2019 Consolidated
V. Earnings per share		
Basic earnings per share (RMB/yuan)	**0.06**	0.06
Diluted earnings per share (RMB/yuan)	**0.06**	0.06
VI. Other comprehensive income, net of tax		
Other comprehensive income, net of tax, attributable to shareholders of the parent company	**13,613,783.40**	23,803,781.53
Other comprehensive income that may not be reclassified to profit or loss	**11,544,725.06**	24,701,371.63
Changes in fair value of investments in other equity instruments	**11,544,725.06**	24,701,371.63
Other comprehensive income that will be reclassified to profit or loss	**2,069,058.34**	(897,590.10)
Other comprehensive income convertible to profit or loss under equity method	**–**	–
Changes in fair value of available-for-sale financial assets	**–**	–
Exchange differences on translation of foreign currency financial statements	**2,069,058.34**	(897,590.10)
Other comprehensive income, net of tax, attributable to minority interests	**(830,919.32)**	131,112.53
VII. Total comprehensive income	**963,600,089.79**	918,866,799.14
Including: Attributable to shareholders of the parent company	**826,254,005.42**	742,034,243.84
Attributable to minority interests	**137,346,084.37**	176,832,555.30

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020

(All amounts in RMB Yuan unless otherwise stated)

I. GENERAL INFORMATION

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

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

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

The financial statements were approved by the Company's Board of Directors on 25 March 2021.

The scope of consolidation of the consolidated financial statements is determined on the basis of control. In 2020, there were no changes except that Dalian Port Oulu International Logistics Co., Ltd., Dalian Hongyang International Logistics Limited and Asia Pacific Ports Development Co., Ltd., subsidiaries of the Group which have been deregistered, and Dalian Port Senlida Timber Trading Centre Co., Ltd., a subsidiary of the Group which has been in bankruptcy liquidation, were excluded from the scope of consolidation, while Dalian Harbour ECL Logistics Co., Ltd. has been included in the scope of consolidation by the Group.

II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.

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

III. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax (VAT)－The Group's revenues from port operation, sales of goods, entrusted loans, project construction, property leasing and labour dispatch are subject to output VAT at a tax rate of 6%, 13%, 6%, 10%, 5% and 6%, respectively, which is levied after deducting deductible input VAT for the current period.

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

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

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

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

Environmental protection tax－It is levied on the pollutional equivalent or the emissions of taxable pollutants multiplied by applicable tax amount.

2. Tax preferences

Property tax and land use tax

According to the Tentative Regulations of the People's Republic of China of Urban Land Use Tax and Regulations on Issue of 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 of 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 are exempted from land use tax.

According to the Tentative Regulations of the People's Republic of China of Urban Land Use Tax and the Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of the Preferential Policies for Urban Land Use Tax regarding the Land Used by Logistics Enterprises for Bulk Commodity Storage Facilities (Cai Shui [2020] No. 16), from 1 January 2020 to 31 December 2022, the urban land use tax on the lands for bulk commodity storage facilities owned by the logistics enterprises (including for self-use and lease purpose) shall be calculated based on 50% of the applicable tax for the relevant grade of the land. Accordingly, the land use tax on the lands for bulk commodity storage facilities held by the Group is calculated at half of the relevant tax rate.

Pursuant to the Policies and Measures of Dalian to Support the Stable Production and Operation of Small and Medium-sized Enterprises in Response to the Novel Coronavirus Infected Pneumonia ((Da Zheng Fa [2020] No. 3), some subsidiaries of the Group, as taxpayers which are engaged in transportation service industry, life service industry (including star class hotels) and logistics auxiliary service industry, were exempted from property tax and urban land use tax in the first quarter of 2020; some subsidiaries of the Group, which lease properties, was halved the property tax and urban land use tax in the first quarter of 2020.

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 (No. 39 Notice of the Ministry of Finance, State Administration of Taxation and General Administration of Customs in 2019), the Group shall, from 1 April 2019 to 31 December 2021, deduct additional 10% of current deductible input tax from VAT payable.

According to the Circular on Related Tax Policies of Encouraging Industry Development of Software and Integrated Circuit by the Ministry of Finance, State Administration of Taxation and General Administration of Customs (Cai Shui [2000] No. 25) and the Circular on Certain Policies of Further Encouraging Industry Development of Software and Integrated Circuit (Guo Fa [2011] No. 4, Section 1.1), VAT paid by those VAT ordinary taxpayers who sell their self-developed software which are taxed at the statutory rate of 17% will be refunded for the portion exceeding 3% of the actual tax burden. The tax refund should be restricted to be used for software development and expanding reproduction, which is exempted from corporate income tax. Dalian Port Logistics Technology Co., Ltd. and Dalian Portsoft Technology Co., Ltd., both of which are subsidiaries of the Group, are entitled to the aforesaid preferential tax policy.

Corporate income tax

Dalian Port Logistics Network Co., Ltd. and Dalian Portsoft Technology Co., Ltd., subsidiaries of the Group, have obtained on 9 October 2020 and 3 December 2020, respectively, the Certificate of the High and New Technological Enterprise (No. GR202020200315 and No. GR202020200857 respectively) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance and Dalian Tax Service of State Taxation Administration, and the term of validity of both certificates is three years.

Dalian Port Logistics Technology Co., Ltd., a subsidiary of the Group, has obtained the Certificate of the High and New Technological Enterprise (No. GR201521200005) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Tax Service of State Taxation Administration and Dalian Municipal Bureau of Local Taxation on 21 September 2015, and the term of validity is three years. In September 2018, with the approval of Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance and Dalian Tax Service of State Taxation Administration, the expiry time of the Certificate of the High and New Technological Enterprise granted to Dalian Port Logistics Technology Co., Ltd. was postponed to 15 November 2021.

Under Article 28 of the Corporate Income Tax Law of the People's Republic of China, for the current year, the income tax rate applicable to the above companies is 15%.

IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Financial assets held for trading

Financial assets at fair value through profit or loss	31 December 2020	31 December 2019
Debt instrument investments *(Note 1)*	**903,950,958.91**	303,229,643.83
Equity instrument investments *(Note 2)*	**–**	1,721,550.00
Total	**903,950,958.91**	304,951,193.83

Note 1: The Group purchased structured deposits of RMB200,000,000 from Agricultural Bank of China during this year, with an expected annual yield of 3.30% and a maturity date on 7 January 2021.

The Group purchased structured deposits of RMB500,000,000 from Bank of Communications during this year, with an expected annual yield of 2.85% and a maturity date on 15 March 2021.

The Group purchased structured deposits of RMB200,000,000 from China CITIC Bank during this year, with an expected annual yield of 2.82% and a maturity date on 10 March 2021.

Note 2: Equity instrument investments represented the stocks of A-share listed companies, whose fair value was determined according to their closing prices as at the last trading day on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. As at 31 December 2020, the Group has disposed of all stocks of A-share listed companies held by it.

2. Notes receivable

	31 December 2020	31 December 2019
Trade acceptance notes	**–**	–
Bank acceptance notes	**287,439,484.37**	248,851,749.33
Total	**287,439,484.37**	248,851,749.33

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 risk, and hence no credit impairment provision has been made.

Notes receivable which were endorsed or discounted but not yet matured as at the balance sheet date were as follows:

	31 December 2020		31 December 2019	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	**12,600,466.00**	**3,779,998.22**	26,504,560.53	7,568,413.36

As at 31 December 2020, there were no notes receivable pledged (31 December 2019: Nil).

As at 31 December 2020, there were no discounted notes or notes that were recognised as accounts receivable due to drawer's failure to perform (31 December 2019: Nil).

3. Accounts receivable:

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

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

	31 December 2020	31 December 2019
Within 1 year	**1,072,775,745.69**	1,186,574,172.87
1 to 2 years	**681,781,198.69**	137,145,331.46
2 to 3 years	**133,280,906.59**	7,392,745.38
Over 3 years	**71,572,357.47**	68,664,078.61
Subtotal	**1,959,410,208.44**	1,399,776,328.32
Less: Provision for bad debts of accounts receivable	**197,218,778.51**	77,003,761.77
Total	**1,762,191,429.93**	1,322,772,566.55

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

	Balance as at the beginning of the period/year	**Provision for the period/year**	**Reversal during the period/year**	**Disposal of subsidiaries during the period/year**	**Write-off/ cancellation during the period/year**	**Balance as at the end of the period/year**
2020	**77,003,761.77**	**120,215,016.74**	**–**	**–**	**–**	**197,218,778.51**
2019	60,304,951.81	16,698,809.96	–	–	–	77,003,761.77

As at 31 December 2020, details of accounts receivable of which provision for bad debts is made based on its credit risk rating are as follows:

	Book balance of estimated default	**Expected credit loss rate**	**Expected credit loss for the entire duration**
Portfolio A	398,016,752.98	0.00%-0.10%	42,557.08
Portfolio B	42,148,867.03	0.10%-0.30%	50,907.67
Portfolio C	1,440,287,675.19	0.30%-50.00%	119,349,677.43
Portfolio D	78,956,913.24	50.00%-100.00%	77,775,636.33
	1,959,410,208.44	–	197,218,778.51

As at 31 December 2020, a summary of the top five accounts receivable was as follows:

	Balance	Provision for bad debts	% of total accounts receivable
Total balances of top five accounts receivable	1,573,432,433.24	166,545,851.58	80.30

4. Other receivables

Item	31 December 2020	31 December 2019
Interest receivable		
Interest of entrusted loans/Borrowings from related parties	**284,496.05**	3,425,024.59
Dividends receivable		
Dalian Port Yidu Cold Chain Co., Ltd.	**88,189,824.35**	92,189,824.35
Dalian Jilong Logistics Co., Ltd.	**22,507,539.23**	22,507,539.23
Dalian Singamas International Container Co., Ltd.	**9,645,058.97**	8,911,730.60
Dalian Automobile Terminal Co., Ltd.	**9,600,000.00**	6,400,000.00
Taicang Xinggang Tug Co., Ltd.	**2,142,855.00**	–
Dalian Dagang China Shipping Container Terminal Co., Ltd.	**1,380,738.26**	1,382,375.33
China United Tally (Dalian) Co., Ltd.	**371,505.93**	415,597.59
Dalian Wanpeng Port Engineering Testing Co., Ltd.	**–**	640,000.00
Dalian New Silk Road International Logistics Co., Ltd.	**–**	560,000.00
Dalian Port Group Financial Co., Ltd.	**–**	153,604,658.42
Jinzhou New Age Container Terminal Co., Ltd.	**–**	8,149,773.00
Dalian United International Shipping Agency Co., Ltd.	**–**	2,000,000.00
Dalian Port Design and Research Institute Co., Ltd.	**696,000.00**	580,000.00
Other receivables		
Receivables from agency purchase	**24,548,099.95**	194,460,417.91
Receivables from income of entrusted management services	**77,156,780.52**	76,324,199.59
Receivables from project payment and guarantee deposit	**39,197,600.74**	53,245,335.49
Borrowings from related parties/Entrusted loans	**23,000,000.00**	49,530,570.84
Port construction and miscellaneous expenses	**16,634,912.62**	26,559,385.30
Receivables from freights, deposit and security deposit	**36,736,725.35**	26,265,259.77
Government subsidies receivable	**41,021,809.25**	47,293,451.37
Public infrastructure maintenance expenses	**3,408,748.58**	5,935,683.83
Others	**38,490,537.96**	34,754,371.84
Subtotal	**300,195,214.97**	514,368,675.94
Less: Provision for bad debts	**70,074,957.55**	58,301,069.66
Total	**230,120,257.42**	456,067,606.28

The management of the Group was of the opinion that impairment provision for interest receivable and dividends receivable as at the balance sheet date was not necessary.

The ageing analysis of other receivables is as follows:

	31 December 2020	31 December 2019
Within 1 year	**101,893,691.46**	346,839,983.85
1 to 2 years	**70,685,446.16**	123,835,736.93
2 to 3 years	**92,620,580.50**	20,770,756.68
Over 3 years	**34,995,496.85**	22,922,198.48
Subtotal	**300,195,214.97**	514,368,675.94
Less: Provision for bad debts of other receivables	**70,074,957.55**	58,301,069.66
Total	**230,120,257.42**	456,067,606.28

Movements in the provision for bad debts of expected credit losses over the next 12 months and for the entire duration are as follows:

	Stage I	**Stage II**	**Stage III**	**Total**
	Expected credit loss over the next 12 months	**Expected credit loss for the entire duration**	**Financial assets with credit impairment (expected credit loss for the entire duration)**	
Opening balance	143,151.87	32,686,515.09	25,471,402.70	58,301,069.66
Opening balance for the year				
−Transfer into stage II	(1,507.97)	1,507.97	–	–
−Transfer into stage III	–	(7,756,273.65)	7,756,273.65	–
Provision for the year	–	9,179,727.42	2,658,524.02	11,838,251.44
Reversal for the year	64,363.55	–	–	64,363.55
Closing balance	77,280.35	34,111,476.83	35,886,200.37	70,074,957.55

As at 31 December 2020, details of accounts receivable of which provision for bad debts is made based on its credit risk rating are as follows:

	Book balance of estimated default	**Expected credit loss rate**	**Expected credit loss over the next 12 months**	**Expected credit loss for the entire duration**
Portfolio A	140,693,023.55	0.00%-0.10%	20,846.68	–
Portfolio B	37,322,257.45	0.10%-0.30%	56,433.67	–
Portfolio C	84,156,809.35	0.30%-50.00%	–	34,111,476.83
Portfolio D	38,023,124.62	50.00%-100.00%	–	35,886,200.37
	300,195,214.97	–	77,280.35	69,997,677.20

As at 31 December 2020, a summary of the top five other receivables was as follows:

	Balance	Provision for bad debts	% of total other receivables
Total balances of top five other receivables	158,531,315.40	29,449,987.32	52.81

As at 31 December 2020, the receivables from government grants were as follows:

	Government grants	Amount	Ageing	Basis
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	23,116,217.25	Within 1 year and 1-2 years	Reply of Keerqin District People's Government on Subsidy to China-Europe Railway Lines
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Subsidy for warehouse construction and operation	12,859,192.00	2-3 years and 4-5 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone and Meeting Minutes on Solving Major Difficulties of Suimu Dalian Port Logistics
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	5,046,400.00	Within 1 year and 2-3 years	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
		41,021,809.25		

5. Inventories

	Closing balance			Opening balance		
Item	Book balance	Provision for impairment of inventories	Carrying amount	Book balance	Provision for impairment of inventories	Carrying amount
Raw materials	**57,359,264.92**	**7,803,794.80**	**49,555,470.12**	59,928,735.27	7,803,794.80	52,124,940.47
Finished goods	**3,759,268.33**	**–**	**3,759,268.33**	36,753,425.79	–	36,753,425.79
Turnover materials	**9,319,387.14**	**–**	**9,319,387.14**	8,470,223.04	–	8,470,223.04
Others	**13,694,835.79**		**13,694,835.79**	7,716,997.64		7,716,997.64
Total	**84,132,756.18**	**7,803,794.80**	**76,328,961.38**	112,869,381.74	7,803,794.80	105,065,586.94

As at 31 December 2020, no inventories of the Group were pledged as collateral (31 December 2019: Nil).

The movements of provision for impairment of inventories are as below:

Item	Opening balance	Increase in the current period		Decrease in the current period		**Closing balance**
		Provision	Others	Reversal or write-off	Disposal of subsidiaries	
Raw materials	7,803,794.80	–	–	–	–	**7,803,794.80**
Total	7,803,794.80	–	–	–	–	**7,803,794.80**

6. Investments in other equity instruments

Item	**Changes in fair value accumulated in other comprehensive income**	**Fair value**	**Current dividend income**	
			Equity instruments derecognised in the current period	**Equity instruments still held**
Jinzhou New Age Container Terminal Co., Ltd.	69,821,233.55	122,664,867.55	–	–
Qinhuangdao Port Xingangwan Container Terminal Co., Ltd.	(13,663,044.86)	46,336,955.14	–	–
Dalian Port Design and Research Institute Co., Ltd.	2,290,396.00	2,924,996.00	–	696,000.00
Da-In Ferry Co., Ltd.	7,429,550.53	9,329,608.03	–	–
Fujian Ninglian Port Co., Ltd.	(587,842.14)	11,412,157.86	–	–
Dalian Xin Beiliang Co., Ltd.	(4,785,345.31)	11,399,054.69	–	438,967.00
Total	60,504,947.77	204,067,639.27	–	1,134,967.00

7. Accounts payable

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

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

Item	**31 December 2020**	31 December 2019
Within 1 year (including 1 year)	**160,934,304.22**	168,579,375.94
1 to 2 years (including 2 years)	**6,533,857.15**	11,362,810.29
2 to 3 years (including 3 years)	**11,327,832.11**	3,145,657.50
Over 3 years	**9,715,326.39**	6,729,671.90
Total	**188,511,319.87**	189,817,515.63

As at 31 December 2020, major accounts payable with ageing over one year are as follows:

	Amount payable	Reason for outstanding amount
Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司)	**8,000,000.00**	Unsettled
Total	**8,000,000.00**	

8. Contract liabilities

Item	**31 December 2020**	31 December 2019
Miscellaneous expenses	**21,056,438.48**	11,114,219.32
All-in charges for cargo handling due within one year	**17,700,000.00**	8,850,000.00
Freight	**19,299,028.44**	6,631,684.70
Others	**14,116,193.57**	7,701,846.01
	72,171,660.49	34,297,750.03

9. Other payables

Item	**31 December 2020**	31 December 2019
Interest payable		
Interest of short-term borrowings	**–**	–
Interest of bonds	**–**	–
Interest of long-term borrowings with instalment payments and principal due upon maturity	**–**	1,003,902.03
Dividends payable		
Singapore Dalian Port Investment Pte. Ltd.	**73,256,442.62**	134,380,881.40
China Shipping Terminal Development Co., Ltd.	**30,964,934.78**	24,688,807.01
Nippon Yusen Kabushiki Kaisha	**19,300,255.07**	35,404,193.75
COSCO SHIPPING Ports (Dalian) Limited *(note)*	**12,256,366.36**	22,482,955.16
COSCO SHIPPING Ports Development Co., Ltd. *(note)*	**10,312,253.08**	18,916,693.30
Dalian Bonded Zhengtong Co., Ltd.	**5,779,554.22**	5,779,554.22
NYK Bulk & Projects Carriers Ltd.	**621,979.91**	–
United States Sankyo Holdings Limited	**777,474.89**	–
Other payables		
Port construction and security expenses	**29,604,205.19**	34,539,492.24
Project expenses and guarantee deposit	**249,822,703.48**	305,199,654.88
Land compensation	**35,070,000.00**	35,070,000.00
Borrowings from related parties	**–**	163,679,156.00
Deposit and security deposit	**24,992,745.81**	22,335,161.23
Freight	**47,431,412.20**	29,565,710.74
Others	**118,057,360.54**	77,535,734.54
Total	**658,247,688.15**	910,581,896.50

As at 31 December 2020, major other payables with ageing over one year of the Group are as follows:

Item	**Amounts**	**Reasons for outstanding amounts**
Ocean Harvest Container Co., Ltd.	45,927,589.44	The condition for payment is unsatisfied
Muling Economic Development District Infrastructure Construction and Investment Co., Ltd.* (穆棱經濟開發區基礎設施建設投資有限公司)	14,006,954.00	The condition for payment is unsatisfied
Port of Dalian Authority	17,594,052.70	The condition for payment is unsatisfied
Dalian Beiliang Enterprise Group Co., Ltd.	7,500,000.00	The condition for payment is unsatisfied
Total	85,028,596.14	

Note: The Market Supervision Administration of Dalian Free Trade Zone approved the change of the name of the investors of Dalian Container Terminal Co., Ltd., a subsidiary of the Company, on 19 January 2020, COSCO Terminal (Dalian) Company Limited changed its name to COSCO SHIPPING Ports (Dalian) Limited, and China Shipping Ports Development Co., Ltd. changed its name to COSCO SHIPPING Ports Development Co., Ltd.

10. Revenue and cost of sales

Revenue is as follows:

Item	**For the 12 months ended 31 December 2020**	For the 12 months ended 31 December 2019
Revenue from principal operations	**6,393,875,537.45**	6,368,605,011.51
Revenue from other operations	**263,581,756.13**	277,302,264.68
Total	**6,657,457,293.58**	6,645,907,276.19

Cost of sales is as follows:

Item	**For the 12 months ended 31 December 2020**	For the 12 months ended 31 December 2019
Cost of principal operations	**4,190,305,072.58**	4,412,174,637.33
Cost of other operations	**231,805,291.47**	242,765,722.95
Total	**4,422,110,364.05**	4,654,940,360.28

Revenue is as follows:

	2020	2019
Revenue from contracts with customers	**6,529,750,811.09**	6,531,860,273.93
Revenue from leasing services	**127,706,482.49**	114,047,002.26
	6,657,457,293.58	6,645,907,276.19

Breakdown of revenue is as follows:

2020

Reporting segment	**Commodity**	**Labour services or services**	**Others**	**Total**
Major operating regions				
Dalian	101,208,402.97	6,121,509,077.02	311,084,947.06	6,533,802,427.05
Others	37,320.24	123,612,893.46	4,652.83	123,654,866.53
	101,245,723.21	6,245,121,970.48	311,089,599.89	6,657,457,293.58

The composition of the revenue is as follows:

Segment	Commodity	Labour services or services	Others	Total
Container terminal and related logistics services and trading business	7,854,489.53	2,381,163,504.44	114,686,290.69	2,503,704,284.66
Oil/liquefied chemicals terminal and related logistics services and trading business	28,259,579.98	1,470,179,229.91	46,175,440.93	1,544,614,250.82
Bulk and general cargo terminal and related logistics services	561,962.70	1,105,471,785.76	13,542,290.75	1,119,576,039.21
Grains terminal and related logistics services and trading business	–	167,984,636.84	13,075,232.96	181,059,869.80
Passenger and roll-on, roll-off terminal and related logistics services	520,799.55	129,830,489.89	10,720,658.51	141,071,947.95
Port value-added and ancillary services	48,944,466.30	897,122,908.13	93,178,940.05	1,039,246,314.48
Automobile terminal and related logistics services and trading business	15,104,425.15	47,488,351.78	1,592,220.06	64,184,996.99
Others	–	45,881,063.73	18,118,525.94	63,999,589.67
	101,245,723.21	6,245,121,970.48	311,089,599.89	6,657,457,293.58
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	29,022,738.01	–	–	29,022,738.01
Revenue from electric supply services	50,492,370.33	–	–	50,492,370.33
Revenue from commodity trading	21,730,614.87	–	–	21,730,614.87
Recognised over a certain period				
Revenue from agency services	–	647,252,592.90	–	647,252,592.90
Revenue from project construction and inspection services	–	135,794,647.87	–	135,794,647.87
Revenue from logistics services	–	932,271,238.96	–	932,271,238.96
Revenue from port handling services	–	4,192,556,393.90	–	4,192,556,393.90
Revenue from port management services	–	201,687,961.59	–	201,687,961.59
Revenue from tallying services	–	57,845,573.22	–	57,845,573.22
Revenue from information services	–	77,713,562.04	–	77,713,562.04
Revenue from others	–	–	183,383,117.40	183,383,117.40
Revenue from others				
Revenue from leasing services	–	–	127,706,482.49	127,706,482.49
	101,245,723.21	6,245,121,970.48	311,089,599.89	6,657,457,293.58

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

	2020	2019
Miscellaneous expenses	**9,526,585.84**	7,312,875.83
All-in charges for cargo handling due within one year	**8,850,000.00**	7,333,167.00
Advance deposits for fares	**–**	2,543,324.37
Freight	**6,571,282.70**	409,052.10
Others	**7,793,090.58**	6,801,954.27
	32,740,959.12	24,400,373.57

11. Financial expenses

Item	For the 12 months ended 31 December 2020	For the 12 months ended 31 December 2019
Interest costs	**558,479,137.19**	675,089,301.81
Less: Amounts capitalised on interest	**(1,313,900.96)**	(7,000,704.63)
Interest expenses	**557,165,236.23**	668,088,597.18
Less: Interest income	**(45,357,545.91)**	(62,587,427.37)
Net exchange losses (net gain is represented by "-")	**1,641,423.32**	(25,823,736.49)
Others	**472,764.85**	1,213,915.58
Total	**513,921,878.49**	580,891,348.90

The amounts capitalised on borrowing costs have been included in construction in progress.

12. Credit impairment losses

Item	For the 12 months ended 31 December 2020
Impairment losses on bad debts	**(132,789,383.36)**

13. Other income

Item	For the 12 months ended 31 December 2020	For the 12 months ended 31 December 2019	Related to assets/income
Relocation compensation	**27,031,975.66**	29,562,016.86	Related to assets
Transport junction passenger station project subsidies	**3,412,885.44**	3,412,885.44	Related to assets
Sea-railway transportation subsidies	**2,191,030.92**	2,191,030.92	Related to assets
Production safety fund	**1,271,978.56**	1,978.56	Related to assets
Energy conservation and emission reduction special fund	**874,605.92**	59,527.40	Related to assets
Vessel acquisition subsidies	**517,478.20**	–	Related to assets
Others related to assets	**1,044,191.76**	742,187.60	Related to assets
Equipment reconstruction subsidies	**560,947.31**	541,628.00	Related to assets
Operation subsidies	**34,409,012.55**	46,319,759.28	Related to income
VAT input super deduction	**15,741,673.57**	11,983,994.85	Related to income
Others related to income	**1,543,375.85**	7,158,514.62	Related to income
Stable position subsidies	**6,455,312.84**	4,186,117.00	Related to income
Container subsidies	**59,780.00**	193,000.00	Related to income
Foreign trade and economic development special funds	**–**	–	Related to income
Total	**95,114,248.58**	106,352,640.53	

14. Investment income

Item	**For the 12 months ended 31 December 2020**	For the 12 months ended 31 December 2019
Income from long-term equity investments under equity method	**247,079,803.01**	309,660,253.74
Investment income from disposal of subsidiaries	**13,548,342.78**	–
Gains from disposal of long-term equity investments	**–**	295.00
Income earned during the holding period of financial assets at fair value through profit or loss	–	–
Income earned during the holding period of financial assets held for trading	**53,190.00**	103,993.00
Dividend income from other investments on hand in equity instruments	**1,134,967.00**	9,019,773.00
Income from disposal of financial assets at fair value through profit or loss	–	–
Investment income from disposal of financial assets held for trading	**31,878,450.06**	43,452,014.85
Income from wealth management products and entrusted investments	–	–
Others	**5,372,800.06**	2,832,334.24
Total	**299,067,552.91**	365,068,663.83

15. Income tax expenses

Item	**For the 12 months ended 31 December 2020**	For the 12 months ended 31 December 2019
Current income tax	**321,845,570.26**	291,751,836.39
Deferred income tax	**(47,397,982.51)**	(24,510,507.99)
Total	**274,447,587.75**	267,241,328.40

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

Item	**For the 12 months ended 31 December 2020**	For the 12 months ended 31 December 2019
Total profit	**1,225,264,813.46**	1,162,173,233.48
Income tax calculated at applicable tax rates	**306,316,203.37**	290,543,308.37
Effect of different tax rates applicable to certain subsidiaries	**5,811,950.06**	22,176,168.46
Adjustments for current income tax of prior period	**(3,150,064.37)**	4,648,513.62
Income not subject to tax	**(78,805,524.79)**	(87,060,510.90)
Expenses not deductible	**7,334,407.28**	8,342,396.93
Utilisation of deductible losses in previous years	**(1,734,609.15)**	(1,845,986.29)
Effect of unrecognised deductible temporary differences and deductible losses	**38,675,225.35**	30,437,438.21
Income tax expenses	**274,447,587.75**	267,241,328.40

16. Earnings per share

Basic earnings per share are calculated by dividing current net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

Item	**For the 12 months ended 31 December 2020**	For the 12 months ended 31 December 2019
Consolidated net profit attributable to ordinary shareholders of the parent company	**812,640,222.02**	718,230,462.31
Weighted average number of ordinary shares of the Company outstanding	**12,894,535,999.00**	12,894,535,999.00
Basic earnings per share	**0.06**	0.06

17. Segment information

Operating segments

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

(1) Oil and liquefied chemicals terminal and related logistics and trading services, responsible for loading and discharging, storage and transshipment of oil and liquefied chemicals, port management and oil trade business;

(2) Container terminal and related logistics and trading services, responsible for loading and discharging, storage and transshipment of containers, leasing of terminals, various container logistics services, port trading business and sale of properties;

(3) Bulk and general cargo terminal and related logistics services, responsible for loading and unloading of ore and general cargo and provision of related logistics services, steel trading operation;

(4) Bulk grains terminal and related logistics and trading services, responsible for loading and unloading of grains and provision of related logistics services, bulk grains trading operation;

(5) Passenger, roll-on, roll-off terminal and related logistics services, responsible for passenger transportation and general cargo roll-on and roll-off and provision of related logistics services;

(6) Port value-added and ancillary services, responsible for tallying, tugging, transportation, power supply, information technology and construction services;

(7) Automobile terminal and related logistics and trading services, responsible for loading and discharging of automobile and related logistics services, automobile trading operation.

Management monitors the results of the operating segments separately for the purpose of making decisions about resources 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 reportable segments.

Inter-segment revenue is eliminated on consolidation. Inter-segment sales and procurements are conducted in accordance with the terms mutually agreed between the parties.

Segment information for the year 2020 is as follows:

Item	Oil/liquefied chemicals terminal and related logistics services and trading business *RMB'000*	Container terminal and related logistics services and trading business *RMB'000*	Bulk and general cargo terminal and related logistics services *RMB'000*	Bulk grains terminal and related logistics services and trading business *RMB'000*	Passenger, roll-on, roll-off terminal and related logistics services *RMB'000*	Port value-added and ancillary services *RMB'000*	Automobile terminal and related logistics services and trading business *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue from external customers	1,544,614	2,503,704	1,119,576	181,060	141,072	1,039,246	64,185	64,000	–	6,657,457
Revenue from intersegment transactions	979	399	1,163	3,728	102	187,720	–	8,194	(202,285)	–
Cost of sales	857,424	1,740,501	721,161	157,477	139,831	640,987	71,729	93,000	–	4,422,110
Investment income from associates and joint ventures	169,859	33,121	5,099	(1,503)	(4,745)	46,006	(757)	–	–	247,080
Credit impairment losses	(117,372)	(6,448)	(2,074)	1,900	74	(770)	(4)	(8,095)	–	(132,789)
Depreciation and amortisation expenses	269,606	380,115	194,430	61,864	43,430	68,426	11,565	58,928	–	1,088,364
Total profit/(loss)	627,562	543,989	271,919	(4,565)	(31,086)	303,906	(26,496)	(459,964)	–	1,225,265
Income tax expenses	126,865	131,151	70,062	61	(6,356)	44,502	961	(92,798)	–	274,448
Net profit/(loss)	500,697	412,838	201,857	(4,626)	(24,730)	259,404	(27,457)	(367,166)	–	950,817
Total assets	8,864,190	9,851,357	3,993,001	1,247,652	1,521,602	1,895,334	889,309	8,277,726	(2,014,329)	34,525,842
Total liabilities	2,405,557	4,064,272	712,182	186,041	36,428	419,217	23,278	6,672,096	(2,014,329)	12,504,742
Long-term equity investments in associates and joint ventures	1,600,696	746,203	150,579	35,815	334,978	26,496	300,349	–	–	3,195,116
Increase in non-current assets(i)	55,544	22,085	36,146	25,289	9,083	10,951	37,321	100,914	–	297,333

(i) Non-current assets exclude financial assets, long-term equity investments, deferred income tax assets, investments in other equity instruments and other non-current assets.

OPERATING DISCUSSION AND ANALYSIS

SUMMARY

In 2020, the global economic growth was sluggish, and the COVID-19 epidemic continued to spread. Affected by this, external demand remained weak and the international trade situation was extremely turbulent, which resulted in the global economy being in deep recession. China's foreign trade development faced many risks and challenges. Regionally, the economy of Northeast China remained undiversified as it relied heavily on the energy and raw material industries with underdeveloped modern manufacturing and service sectors. The revitalisation of Northeast China is still a long-term, arduous and complex task. Against such a backdrop, the Group deepened cooperation with its customers, improved the construction of logistics system, enhanced the innovation of product and services, expanded port service functions, thereby achieving steady growth for production and operation of the port.

The Group is the most convenient seaport gateway from Northeast Asia across the Pacific Ocean and the rest of the world. It is one of China's major sea-rail combined transport and sea transshipment ports equipped with a comprehensive transportation network. During the reporting period, the Group principally engaged in the following core businesses under the following business models: oil/liquefied chemical terminal and the related logistics services (Oil Segment); container terminal and related logistics services (Container Segment); automobile terminal and related logistics services (Automobile Segment); bulk and general cargo terminal and related logistics services (Bulk and General Cargo Segment); bulk grain terminal and related logistics services (Bulk Grain Segment); passenger and roll-on, roll-off terminal and related logistics services (Passenger and Ro-Ro Segment) and value-added and ancillary port operations (Value-added Services Segment).

In 2020, background information on the macro-economy and industries relevant to the Group's principal business is set out as follows:

In 2020, the world economy was at a stage of adjustment and reform after the financial crisis with greater uncertainties and risks. Affected by the COVID-19 epidemic, the global economy and trade were in deep recession. Domestically, facing more complex and fluid internal and external environments and coupled with the impact from the epidemic, China's economy developed with more uncertainties and severer challenges. However, the "dual-circulation" economic development pattern is certain, which will further drive the domestic demands and promote the circulation of each link of production, distribution and consumption in the domestic market. In the future, there will be a change in the development layout of domestic and foreign trade operations at ports.

At present, the Group's development is at a leading position in the industry. In 2020, the Group ranked eleventh nationwide in terms of coastal port cargo throughput (Source from "Chinese port Website").

OVERALL RESULTS REVIEW

In 2020, the Group's net profit attributable to shareholders of the parent company amounted to RMB812,640,222.02, representing an increase of RMB94,409,759.71 or 13.1% as compared with RMB718,230,462.31 in 2019.

In 2020, the growth of the business volume of the Group's ore, grain and tugging drove the growth of revenue. The government policy to reduce and exempt social security and the effectiveness of cost control have reduced cost of sales. The decrease in the scale of interest-bearing debt has saved finance costs. However, due to the impact of the COVID-19 epidemic, the declined performance of the Passenger and Ro-Ro and Automobile Segments and of some joint ventures and associates, the provisions for credit and asset impairment, as well as the incurrence of intermediary fees for certain capital operation projects restricted the growth of performance. The interplay of the above factors has caused the Group's net profit attributable to the parent company to report a year-on-year increase of 13.1%.

In 2020, the Group's basic earnings per share amounted to RMB6.30 cents, representing an increase of RMB0.73 cent or 13.1% as compared with RMB5.57 cents in 2019.

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

Item	**2020** *(RMB)*	2019 *(RMB)*	**Changes (%)**
Net profit attributable to shareholders of the parent company	**812,640,222.02**	718,230,462.31	13.1
Including:			
Revenue	**6,657,457,293.58**	6,645,907,276.19	0.2
Cost of sales	**4,422,110,364.05**	4,654,940,360.28	(5.0)
Gross profit	**2,235,346,929.53**	1,990,966,915.91	12.3
Gross profit margin	**33.6%**	30.0%	Up by 3.6 percentage points
Administrative expenses	**635,244,291.37**	658,917,252.38	(3.6)
Research and development expenses	**18,437,450.14**	14,842,826.17	24.2
Finance costs	**513,921,878.49**	580,891,348.90	(11.5)
Asset impairment losses	**38,021,871.85**	–	100.0
Credit impairment losses	**132,789,383.36**	15,740,841.83	743.6
Other income	**95,114,248.58**	106,352,640.53	(10.6)
Investment income	**299,067,552.91**	365,068,663.83	(18.1)
Net non-operating income *(Note 1)*	**(14,656,510.57)**	25,683,267.79	(157.1)
Income tax expenses	**274,447,587.75**	267,241,328.40	2.7

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

In 2020, the Group's revenue increased by RMB11,550,017.39 or 0.2% year-on-year, of which trading business revenue decreased by RMB198,085,104.73, or 90.1%, and port logistics revenue increased by RMB209,635,122.12, or 3.3%. The increase in port logistics revenue is mainly driven by the significant growth of ore and grain throughput as well as the business volume of tugging. However, affected by the COVID-19 epidemic, the volumes of the Container and the Passenger and Ro-Ro business and the branch line business in Bohai Rim region have been reduced, restraining the growth of revenue.

In 2020, the Group's cost of sales decreased by RMB232,829,996.23 or 5.0% year-on-year, of which the cost of trading business decreased by RMB168,880,035.44, or 81.3%, and the cost of port logistics decreased by RMB63,949,960.79, or 1.4%. The decrease in the cost of port logistics is mainly due to the fact that the transporting costs of the branch line in the Bohai Rim region have been declining simultaneously with revenue, and the social security policy reductions and exemptions have reduced labour costs.

In 2020, the Group's gross profit increased by RMB244,380,013.62 or 12.3% year-on-year; and the gross profit margin was 33.6%, representing an increase of 3.6 percentage points. This is mainly due to the combined effects of the increase in the ore, grain and tugging business with high gross profit margin, as well as the decrease in cost of sales as a result of the social security policy reductions and exemptions.

In 2020, the Group had no selling expenses.

In 2020, the Group's administrative expenses decreased by RMB23,672,961.01 or 3.6% year-on-year, mainly due to the decrease in labour costs as a result of the social security policy reductions and exemptions, and the increase in the intermediary fees on capital operation projects.

In 2020, the Group's research and development expenses increased by RMB3,594,623.97 or 24.2% year-on-year, mainly due to the increase in labour costs for research and development personnel.

In 2020, the Group's finance costs decreased by RMB66,969,470.41 or 11.5% year-on-year, mainly due to reduced interest expenses as a result of the decline in the Group's debt scale, as well as the decline in both the interest income from deposits and the exchange gains.

In 2020, the Group's asset impairment losses were RMB38,021,871.85, mainly due to the fact that assets held by subsidiaries to be liquidated showed signs of impairment, and asset impairment reserves were made in accordance with regulations.

In 2020, the Group's credit impairment losses increased by RMB117,048,541.53 or 743.6% year-on-year, mainly due to the fact that the major customers of the Oil Segment had not settled storage fees, and asset losses were provided based on credit impairment model.

In 2020, the Group's other income decreased by RMB11,238,391.95 or 10.6% year-on-year, which was mainly due to the receipt of a large amount of subsidy of cross-border train lines by inland port enterprises in the previous year.

In 2020, the Group's investment income decreased by RMB66,001,110.92 or 18.1% year-on-year, mainly due to the decline in the LNG and Bulk and General Cargo business of associates, and the decline in the performance of associates in the Automobile and Passenger and Ro-Ro business affected by the epidemic. At the same time, the deregistration of finance companies also affected the investment income.

In 2020, the Group's net non-operating income decreased year-on-year by RMB40,339,778.36 or 157.1%, mainly due to the receipt of insurance claim for fixed assets by the subsidiaries in the previous year.

In 2020, the Group's income tax expenses increased year-on-year by RMB7,206,259.35 or 2.7%, mainly due to the increased taxable income caused by the operating profit.

Assets and Liabilities

As at 31 December 2020, the Group's total assets and net assets amounted to RMB34,525,841,797.91 and RMB22,021,099,734.81, respectively. The net asset value per share was RMB1.50, slightly increased compared with the net asset value of RMB1.46 per share as at 31 December 2019.

As at 31 December 2020, the Group's total liabilities amounted to RMB12,504,742,063.10, of which total outstanding borrowings amounted to RMB7,228,840,522.29 (this part of the borrowings carries a fixed interest rate). The gearing ratio was 36.2% (the total liabilities amounted to RMB12,504,742,063.10/the total assets amounted to RMB34,525,841,797.91), representing a decrease of 2.8 percentage points as compared with 39.0% as at 31 December 2019. The decrease of the gearing ratio was mainly due to the reduction of debt size through repayment of bank borrowings during this year.

Financial Resources and Liquidity

As at 31 December 2020, the Group had a balance of cash and cash equivalents of RMB4,503,708,061.44, representing an increase of RMB461,368,396.94 as compared to that of 31 December 2019.

In 2020, the Group's net cash inflows generated from operating activities amounted to RMB2,098,376,588.76, net cash inflows from investment activities amounted to RMB480,979,420.18, and net cash outflows from financing activities amounted to RMB2,112,985,746.03.

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

As at 31 December 2020, the Group's outstanding borrowings amounted to RMB7,228,840,522.29 (this part of the borrowings carries a fixed interest rate), in which RMB2,529,841,065.42 were borrowings repayable within one year, and RMB4,698,999,456.87 were borrowings repayable after one year.

The Group's net debt-equity ratio was 23.6% as at 31 December 2020, down from 33.4% as at 31 December 2019, mainly due to the reduction in the debt size as a result of the repayment of bank borrowings during this year. The Group ensured there was no solvency risk and continued to improve its overall financial structure.

As of 31 December 2020, the Group's unutilised bank line of credit amounted to RMB7.783 billion.

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

The Group closely monitored its interest rate risk and exchange rate risk. As of 31 December 2020, the Group had not entered into any foreign exchange hedging contracts. Please refer to the financial report to be disclosed for further details about the interest rate and exchange rate risks.

USE OF PROCEEDS

Use of Proceeds for A Shares

Net proceeds of the public offering of 762 million A Shares in 2010 obtained by the Company amounted to approximately RMB2,772,091,519.47. As at 31 December 2020, the Company had used approximately RMB2,420,036,000.00 of the proceeds and RMB352,055,500.00 of the proceeds remained unused. In March 2020, we made use of idle cash of RMB400,000,000.00 (including an interest income of RMB81,000,000.00 earned on the proceeds) out of the proceeds to temporarily replenish the Company's working capital, and the remaining account balance was RMB37,868,800.00 (including an interest income of RMB4,813,300.00).

Unit: RMB'0,000

Item	**Total proceeds**	**Use of proceeds as at 31 December 2020**	**Balance**
Construction of oil storage tanks with a total capacity of 1,000,000 cubic metres in Xingang	76,000.00	52,644.77	23,355.23
Construction of oil storage tanks with a total capacity of 600,000 cubic metres in the Xingang resort area	55,000.00	55,000.00	–
Construction of phase II of the Shatuozi oil storage tanks project in the Xingang Shatuozi area	2,960.00	2,960.00	–
LNG Project	32,000.00	32,000.00	–
No.4 stacking yard for ore terminal	52,000.00	41,949.33	10,050.67
Purchase of ship unloader for ore terminal	3,720.00	3,720.00	–
Purchase of 300 bulk grain carriages	15,000.00	15,000.00	–
Ro-ro ships for carrying cars	23,000.00	21,200.35	1,799.65
Construction of railway siding in Muling	4,125.00	4,125.00	–
Construction of information systems	5,000.00	5,000.00	–
Investment in phase III of Dayao Bay Terminal	8,404.15	8,404.15	–
Total	277,209.15	242,003.60	35,205.55

Note: In order to reduce the amount of idle cash, achieve more efficient use of funds and lower capital costs for the Company, the second meeting of the five session of the Company's Board of Directors in 2020 reviewed and passed a resolution regarding the temporary use of certain idle cash from the A Shares IPO proceeds to replenish the Company's working capital. The Company was authorised to continue to use idle cash of RMB400,000,000.00 out of the proceeds (including an interest income of RMB81,000,000.00 earned on the proceeds) to temporarily replenish the Company's working capital. Such an authorisation is valid for a period of not more than twelve months from the passing of the relevant Board resolution. The Company's independent directors, supervisory committee and sponsors expressed their respective opinions on the Board resolution, and the Company issued a relevant announcement on 26 March 2020.

Use of Proceeds for H Shares

The Company completed a targeted, additional H-share issuance of 1,180,320,000 shares at HK$3.67 per H share on 1 February 2016. All net proceeds of approximately HK$4,283 million were remitted to Mainland China, and exchanged into approximately US$550 million and deposited in the H shares' proceeds account of the Company in Mainland China. In 2018-2019, the Company exchanged the above US$550 million of proceeds into RMB4,040 million (inclusive of interest) at an average exchange rate of US$1 to RMB6.879. The use of proceeds for H shares changed into repaying loans and replenishing working capital, which was approved by the Company's shareholders at the general meeting on 27 June 2019. As of 31 December 2020, the proceeds that had been used amounted to RMB4.3 billion (inclusive of interest), and the remaining balance was zero.

In 2020, the Company utilised all of the remaining proceeds from the H-share issuance amounting to RMB850 million, of which RMB300 million was for interest payment, RMB100 million was for payment of land rentals, RMB300 million was for dividend payment, RMB90 million was for purchase of towboats, RMB43 million was for payment of social security, and a total of RMB17 million was for payment of service fees, maintenance expenses and rental expenses.

CAPITAL EXPENDITURE

In 2020, the Group's capital expenditure amounted to RMB257,873,780.34, which was mainly funded by the surplus cash generated from operating activities, the proceeds from the public offering of A Shares and other external financing.

An analysis of the performance of each business segment of the Group in 2020 is as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals terminal throughput handled by the Group in 2020 as compared to the 2019 figures:

	2020 ***('0,000 tonnes)***	2019 *('0,000 tonnes)*	**Increase/(decrease)**
Crude oil	**3,909.0**	3,742.4	4.5%
－Foreign trade imported crude oil	**2,518.7**	2,090.7	20.5%
Refined oil	**1,168.5**	1,119.7	4.4%
Liquefied chemicals	**141.9**	148.5	(4.4%)
Others (including LNG)	**571.2**	737.7	(22.6%)
Total	**5,790.6**	5,748.3	0.7%

In 2020, the Group handled a total of 57.906 million tonnes of oil/liquefied chemicals throughput, representing a year-on-year increase of 0.7%.

In 2020, the Group's crude oil throughput was 39.090 million tonnes, representing a year-on-year increase of 4.5%, of which imported crude oil throughput was 25.187 million tonnes, representing a year-on-year increase of 20.5%. At the beginning of the year, the international oil prices fell dramatically, which encouraged oil storage by all parties and led to a boom in crude oil storage market. Moreover, given the effective containment of the epidemic in China, resumption of work and production advanced effectively, and refineries gradually increased their processing loads, which resulted in an increase in the Group's crude oil throughput.

In 2020, the Group's refined oil throughput amounted to 11.685 million tonnes, representing a year-on-year increase of 4.4%. The Group's refined oil throughput increased due to the new sea business operation of the foreign trade of refined oil via railways in Northeast China this year.

In 2020, the Group's liquefied chemicals throughput amounted to 1.419 million tonnes, representing a year-on-year decrease of 4.4 %. Affected by the epidemic at the beginning of the year, the transportation was limited in various places, impacting the chemicals transshipment and resulting in a decrease in the Group's liquefied chemicals throughput.

In 2020, the Group's LNG throughput amounted to 5.712 million tonnes, representing a year-on-year decrease of 22.6%. At the end of 2019, the Sino-Russia natural gas pipeline (east line) commenced its operation, which significantly relieved the natural gas demands in North China and Northeast China and also offset part of imported offshore natural gas, thereby leading to a significant decrease in the Group's LNG throughput.

In 2020, the total imported crude oil throughput handled by the Group's ports accounted for 52.3% (60.9% in 2019) and 34.8 % (35.3% in 2019) of the total amount of crude oil imported through the ports of Dalian and those of Northeast China, respectively. The decrease in the market share of imported crude oil was mainly due to the continuous improvement of storage and transportation facilities in the Bohai Rim region and the completion and operation of cargo terminals of private refineries in the hinterland, thereby resulting in a continuous decrease in the proportion of imported crude oil handled by the Group's Liaoning port.

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

Item	**2020** ***(RMB)***	2019 *(RMB)*	**Change (%)**
Revenue	**1,544,614,250.82**	1,615,465,343.53	(4.4)
Share of the Group's revenue	**23.2%**	24.3%	Down by 1.1 percentage points
Gross profit	**687,190,616.30**	626,478,863.64	9.7
Share of the Group's gross profit	**30.7%**	31.5%	Down by 0.8 percentage point
Gross profit margin	**44.5%**	38.8%	Up by 5.7 percentage points

In 2020, the revenue from the Oil Segment decreased by RMB70.85 million or 4.4% year-on-year, reflecting a trading business revenue decrease of RMB96.92 million and a port logistics revenue increase of RMB26.07 million, mainly due to an increase in crude oil storage revenue.

In 2020, the gross profit margin of the Oil Segment increased year-on-year by 5.7 percentage points, mainly due to the combined effects of the growth of crude oil storage business with a high gross profit margin and the decline of trading business with a low gross profit margin.

In 2020, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

The Group made quick response to the structural change of the international crude oil market, and leveraged on the storage needs brought by the positive market structure to expand the scale of customers' oil storage at ports.

The Group flexibly allocated storage tank resources, gave full play to the advantages of the collection and distribution capacity and met customers' personalised needs. These measures resulted in an increase in crude oil transshipment throughput.

The Group met foreign trade and export needs of refined oil via railways and adopted innovative business model to develop the export business of refined oil via railways into a new business growth point.

Container Segment

The following table sets out the throughput handled by the Group's container terminal in 2020 as compared to the 2019 figures:

		2020 *('0,000 TEUs)*	2019 *('0,000 TEUs)*	**Increase/ (decrease)**
Foreign trade	Dalian port	**384.7**	543.2	(29.2%)
	Other ports *(Note 1)*	**7.1**	5.9	20.3%
	Sub-total	**391.8**	549.1	(28.7%)
Domestic trade	Dalian port	**118.0**	320.7	(63.2%)
	Other ports	**143.7**	151.8	(5.3%)
	Sub-total	**261.7**	472.5	(44.6%)
Total	Dalian port	**502.7**	863.9	(41.8%)
	Other ports *(Note 1)*	**150.8**	157.7	(4.4%)
	Total	**653.5**	1,021.6	(36.0%)

Note 1: Throughput at other ports handled by the Group refers to the aggregate throughput of Jinzhou New Age Container Terminal Co., Ltd. (錦州新時代集裝箱碼頭有限公司), which is owned as to 15% by the Group, and Qinhuangdao Port New Harbour Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司), which is owned as to 15% by the Group.

In 2020, in terms of container throughput, the Group handled a total of 6.535 million TEUs, representing a year-on-year decrease of 36.0%. At Dalian port, container throughput was 5.027 million TEUs, representing a year-on-year decrease of 41.8%, of which container throughput for domestic trade was 1.180 million TEUs, representing a year-on-year decrease of 63.2%, and container throughput for foreign trade was 3.847 million TEUs, representing a year-on-year decrease of 29.2%. Major reasons are as follows:

Firstly, Dalian port was affected by the overall global COVID-19 epidemic at the beginning of the year as well as the ongoing outbreak of "22 July" and "15 December" epidemic in Dalian, which led to sluggish export demands of traditional shipping routes in Europe and America, Japan and South Korea, India and other regions. Coupled with the ongoing negative impacts from the epidemic on the imported cold chain business development of the port, the markets in Southeast Asia and other emerging regions were less active. Therefore, both internal and external driving forces were insufficient. Secondly, due to the effective epidemic prevention and control in China, accelerated resumption of work and production of enterprises, and promotion of transfer of international orders of clothing, food and electronic components, the foreign trade in China recovered in the second half of the year. However, the industry structure of the hinterland in Northeast China is dominated by heavy industry and agricultural products, so the recovery of foreign trade in Northeast China lacked flexibility. Thirdly, despite the situation of containers shortage due to the increasingly tight supply in the international shipping markets and rising freight rates since October 2020, shipping companies tended to allocate their limited transport capacity to major ports in Central China and South China after comprehensively considering the lower loadage and cargo value and other factors in Northeast China, which caused skipping of liner routes, shortage of container resources, overstock of customers' cargo and inadequate delivery capability at Dalian port. Fourthly, to adapt to the economic development needs in the new era, the Group actively adjusted its business strategies by abandoning some of the original loss-making projects and non-market-oriented competitive projects to pursue a shift from scale development to high quality development. In 2020, despite a significant decrease in container throughput at Dalian port, the Group, while keeping its overall revenue unchanged, still endeavoured to enhance the core competitiveness and revenue level of the Container Segment and to achieve long-term development.

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

Item	**2020** *(RMB)*	2019 *(RMB)*	**Change (%)**
Revenue	**2,503,704,284.66**	2,671,206,238.68	(6.3)
Share of the Group's revenue	**37.6%**	40.2%	Down by 2.6 percentage points
Gross profit	**763,204,263.39**	754,543,073.50	1.1
Share of the Group's gross profit	**34.1%**	37.9%	Down by 3.8 percentage points
Gross profit margin	**30.5%**	28.2%	Up by 2.3 percentage points

In 2020, the revenue from the Container Segment decreased by RMB167.50 million or 6.3% year-on-year, of which the revenue from trading business decreased by RMB95.00 million and the revenue from port logistics decreased by RMB72.50 million, mainly due to the decrease in revenue from container terminal handling caused by the COVID-19 epidemic, and the decrease in transportation revenue as a result of the structural adjustment of branch line business in Bohai Rim region.

In 2020, the gross profit margin of the Container Segment increased year-on-year by 2.3 percentage points, mainly due to the combined effects of the improved profitability as a result of the structural adjustment of branch line business in Bohai Rim region and the decline of trading business with a low gross profit margin.

In 2020, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

The Group actively aligned its business with the national strategies, such as the "Belt and Road Initiative", domestic and international dual-circulation and construction of Liaoning Free Trade Zone, combined with the advantages in cold chain logistics and other business at Dalian port, and continuously explored the potentials of emerging shipping route markets in Southeast Asia and the Far East of Russia and the opportunities from south-north transportation needs, to further optimise and upgrade the container shipping network of Dalian port.

In light of internal and external changes, the Group took the initiative to adjust the Bohai Rim strategy, with steady transformation of branch line transshipment, increasingly matured co-load cabin cooperation, and continual release of the effect of cost reduction.

The Group further accelerated the construction of the Northeast New Silk Road economic belt and expanded the opening-up of the hinterland. As to sea-rail combined transport business, through deepened cooperation with the railway bureau, the Group made great breakthroughs in policies with a growth of both existing customers and new customers, and a significant year-on-year increase in container throughput. As to China-Europe train lines business, the Group overcame impacts from the epidemic, congestion at border ports and other adverse factors, stabilised transshipment of core customers and added two new China-Europe train lines.

The Group continued to accelerate the development of specialised logistics, and strived to achieve transformation and upgrading of the port. The cold chain logistics business advanced orderly, automobile logistics business maintained a steady development trend, and the rear logistics business showed a sound growth momentum.

Automobile Segment

The following table sets out the throughput handled by the Group's automobile terminal in 2020 as compared to the 2019 figures:

		2020	2019	**Increase/ (decrease)**
Vehicles (units)	Foreign trade	**17,197**	14,139	21.6%
	Domestic trade	**778,993**	823,619	(5.4%)
	Total	**796,190**	837,758	(5.0%)
Equipment (tonnes)		**15,763**	12,549	25.6%

In 2020, the Group handled a total of 796,190 vehicles in automobile terminal, representing a year-on-year slight decrease of 5.0%.

In 2020, the Group's vehicle throughput continued to account for 100% of the total market share of the ports in Northeast China.

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

Item	**2020** *(RMB)*	2019 *(RMB)*	**Change (%)**
Revenue	**64,184,996.99**	21,391,017.34	200.1
Share of the Group's revenue	**1.0%**	0.3%	Up by 0.7 percentage point
Gross profit	**(7,543,629.24)**	(3,803,269.11)	(98.3)
Share of the Group's gross profit	**(0.3%)**	(0.2%)	Down by 0.1 percentage point
Gross profit margin	**(11.8%)**	(17.8%)	Up by 6 percentage points

In 2020, the revenue from the Automobile Terminal Segment increased year-on-year by RMB42.79 million or 200.1%, which was mainly due to the newly consolidated enterprise, additional revenue from the operation of Haijia automobile terminal, and the increase in revenue from RV trading.

In 2020, the gross profit margin of the Automobile Terminal Segment increased year-on-year by 6 percentage points. Excluding the effect of trading business, the gross profit margin increased year-on-year by 13.6 percentage points, mainly due to the profit made by the newly consolidated enterprise and the additional revenue from the operation of a new terminal.

In 2020, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

The Group actively liaised with to foreign automobile manufacturers' headquarters, domestic factories and shipping companies for foreign trade, expanded exported items for foreign trade and developed liners and shipping routes for foreign trade and export of merchandise automobiles. Furthermore, the Group vigorously developed the markets, deepened the cooperation with main engine factories, secured new brands and new supplies of merchandise automobiles, and developed shipping routes for domestic trade of merchandise automobiles throughout the year.

Bulk and General Cargo Segment

The following table sets out the throughput handled by the Group's Bulk and General Cargo Segment in 2020 as compared with the 2019 figures:

	2020 *('0,000 tonnes)*	2019 *('0,000 tonnes)*	**Increase/(decrease)**
Steel	**578.2**	623.8	(7.3%)
Ore	**3,554.5**	3,261.3	9.0%
Coal	**1,010.6**	1,054.1	(4.1%)
Equipment	**78.0**	150.2	(48.1%)
Others	**1,241.9**	1,634.7	(24.0%)
Total	**6463.2**	6,724.1	(3.9%)

In 2020, the throughput handled by the Group's Bulk and General Cargo Segment amounted to 64.632 million tonnes, representing a year-on-year decrease of 3.9%.

In 2020, the Group's ore throughput was 35.545 million tonnes, representing a year-on-year increase of 9.0%. The sound imported ore throughput during the year was mainly due to the measures adopted by the Group, such as the co-construction of sea-rail combined transport assurance plan with the railway bureau, and innovative multimodal transportation related to the containerization of bulk cargoes, to improve the loyalty of customers in Northeast China, and ensure their production needs. These measures resulted in a steady growth in the cargo supplies from customers in Northeast China.

In 2020, the Group's steel throughput was 5.782 million tonnes, representing a year-on-year decrease of 7.3%. Affected by the epidemic on an ongoing basis, foreign economy was sluggish, certain industrial development was constrained, and spending ability declined, all resulting in a significant year-on-year decrease in exported steel transshipment. Affected by the epidemic, development of domestic steel market lagged behind, and steel shipment declined obviously since the second quarter, thereby leading to a year-on-year decrease in steel throughput during the year.

In 2020, the Group's coal throughput was 10.106 million tonnes, representing a year-on-year decrease of 4.1%. Affected by the epidemic at the beginning of the year, certain industries in China delayed resumption of work and production, and coal spending ability declined. Due to the environmental policies, steel factories were subject to production limit on an irregular basis, which also cut coal demands.

In 2020, the Group's equipment throughput was 0.780 million tonnes, representing a year-on-year decrease of 48.1%. Affected by the epidemic, transportation of exported equipment for foreign trade was limited, which resulted in a significant decrease in equipment throughput during the year.

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

Item	**2020** *(RMB)*	2019 *(RMB)*	**Change (%)**
Revenue	**1,119,576,039.21**	979,864,121.71	14.3
Share of the Group's revenue	**16.8%**	14.7%	Up by 2.1 percentage points
Gross profit	**398,415,040.08**	267,487,370.44	48.9
Share of the Group's gross profit	**17.8%**	13.4%	Up by 4.4 percentage points
Gross profit margin	**35.6%**	27.3%	Up by 8.3 percentage points

In 2020, the revenue from the Bulk and General Cargo Segment increased by RMB139.71 million or 14.3% year-on-year. This was mainly due to the significant increase in the throughput of iron ore, as well as the resumption of rate increases, which led to an increase in revenue.

In 2020, the gross profit margin of the Bulk and General Cargo Segment increased by 8.3 percentage points year-on-year, mainly due to the increase in the throughput of foreign trade iron ore with a high gross profit margin.

In 2020, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

Stimulated by the national policies under the "Belt and Road" initiative and the Liaoning Pilot Free Trade Zone, the Group focused on promoting the mixed ore business and worked hard in building a port-based iron ore processing industry base in Northeast Asia.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in 2020 as compared to the 2019 figures:

	2020 ***('0,000 tonnes)***	2019 *('0,000 tonnes)*	**Increase/(decrease)**
Corn	**224.9**	197.2	14.0%
Soybean	**185.1**	102.7	80.2%
Barley	**53.1**	37.2	42.7%
Wheat	**0**	0.8	(100.0%)
Others	**167.3**	114.2	46.5%
Total	**630.4**	452.1	39.4%

In 2020, the throughput handled by the Group's grain terminal was 6.304 million tonnes, representing a year-on-year increase of 39.4%.

In 2020, the Group's corn throughput was 2.249 million tonnes, representing a year-on-year increase of 14.0%. Through improving the establishment of collection and transportation system and reasonable formulation of logistics measures, the annual corn transshipment increased year-on-year.

In 2020, the Group's soybean throughput was 1.851 million tonnes, representing a year-on-year increase of 80.2%. During this year, due to the liberal policy on imported soybean, coupled with the high production volume and low price of imported soybean, customers increased procurement of imported soybean, which led to an increase in soybean throughput at ports.

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

Item	**2020** ***(RMB)***	2019 *(RMB)*	**Change (%)**
Revenue	**181,059,869.80**	146,470,191.95	23.6
Share of the Group's revenue	**2.7%**	2.2%	Up by 0.5 percentage point
Gross profit	**23,582,485.74**	(13,663,235.86)	272.6
Share of the Group's gross profit	**1.1%**	(0.7%)	Up by 1.8 percentage points
Gross profit margin	**13.0%**	(9.3%)	Up by 22.3 percentage points

In 2020, the revenue from the Bulk Grain Segment increased by RMB34.59 million or 23.6% year-on-year. This was mainly due to the increase in throughput of soybean and coal, leading to an increase in handling and port revenue.

In 2020, the gross profit margin of the Bulk Grain Segment increased year-on-year by 22.3 percentage points, mainly due to the increase in soybean and coal business with a high gross profit margin, and decrease in trading business with a low gross profit margin.

In 2020, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

The Group actively promoted increasing the throughput at its ports through developing south-north collaborated grain liner routes, regional shipping routes in Shandong, full-process logistics services for grains, special trains for transportation, transportation of corn to ports with small high containers, deepening cooperation in bulk grain carriages business, as well as improving the transshipment of Chinatex and other key port logistics projects.

Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on roll-off throughput handled by the Group in 2020 as compared to the 2019 figures:

	2020	2019	**Increase/(decrease)**
Passenger throughput ('0,000 persons)	**155.6**	403.8	(61.5%)
Ro-Ro volume ('0,000 units) *(Note 2)*	**73.5**	86.9	(15.4%)

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

In 2020, the Group's passenger throughput was 1.556 million persons, representing a year-on-year decrease of 61.5%, and the vehicle throughput was 735,000 units, representing a year-on-year decrease of 15.4%. This was mainly due to the impact of the epidemic which significantly affected the passenger and roll-on roll-off business.

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

Item	**2020** ***(RMB)***	2019 *(RMB)*	**Change (%)**
Revenue	**141,071,947.95**	182,302,187.14	(22.6)
Share of the Group's revenue	**2.1%**	2.7%	Down by 0.6 percentage point
Gross profit	**1,241,163.55**	46,359,971.88	(97.3)
Share of the Group's gross profit	**0.1%**	2.3%	Down by 2.2 percentage points
Gross profit margin	**0.9%**	25.4%	Down by 24.5 percentage points

In 2020, the revenue from the Passenger and Ro-Ro Segment decreased year-on-year by RMB41.23 million or 22.6%. This was mainly due to the fact that the passenger and ro-ro business was significantly affected by the COVID-19 epidemic, which led to cancellation of international cruise schedule, suspension and cancellation of domestic shipping lines, and thereby a significant decrease in the passenger and roll-on roll-off business and its revenue.

In 2020, the gross profit margin of the Passenger and Ro-Ro Segment decreased year-on-year by 24.5 percentage points, mainly due to the dual impacts of a significant decrease in the revenue as a result of the epidemic and a slight decrease in cost of sales with a fixed cost nature.

In 2020, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

The Group cooperated with major passenger and ro-ro transportation enterprises in China, and successfully introduced and operated two large inter-provincial passenger and ro-ro ships with a capacity of 30,000 tonnes. The Group also introduced vehicle ro-ro shipping lines across Bohai Bay and realised cross-strait ro-ro logistics transportation.

Value-added Services Segment

Tugging

The Group's tugging throughput was 47,013, representing a year-on-year increase of 15.2%, due to the impact of increase in business of nearby shipyards.

Tallying

The total tallying throughput handled by the Group was 39.874 million tonnes, representing a year-on-year decrease of 2.7%.

Railway

In terms of the operation of railway transportation, the Group handled a total of 840,800 carriages, representing a year-on-year increase of 20.7%.

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

Item	**2020** ***(RMB)***	2019 *(RMB)*	Change (%)
Revenue	**1,039,246,314.48**	953,913,597.31	8.9
Share of the Group's revenue	**15.6%**	14.4%	Up by 1.2 percentage points
Gross profit	**398,259,246.13**	323,185,220.85	23.2
Share of the Group's gross profit	**17.8%**	16.2%	Up by 1.6 percentage points
Gross profit margin	**38.3%**	33.9%	Up by 4.4 percentage points

In 2020, the revenue from the Value-added Services Segment increased by RMB85.33 million or 8.9% year-on-year, mainly due to the increase in tugging business as driven by the growth of business volume, as well as the increase in revenue from IT services and revenue from project construction.

In 2020, the gross profit margin of the Value-added Services Segment increased by 4.4 percentage points year-on-year, mainly caused by the increased revenue from tugging business with a higher gross profit margin.

ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

In 2020, the Group's priorities were to improve the quality and efficiency, place emphasis on innovation and collaboration for extending the scope of service and expanding service functionality, allowing the Group to achieve stable growth in production and business operations as well as to maintain strong competitiveness in the port industry.

1. Advantages in terms of logistics system

In 2020, the Group established the full-process logistics system by making use of the advantages in terms of strategic locations and ports and deepening its cooperation with major customers. The construction of logistics system such as the transshipment of crude oil in Bohai Rim, the mixed distribution of iron ore, cold chain logistics, and the Bohai Rim feeder was gradually completed.

2. Advantages in terms of value-added services

The Group placed emphasis on growing the value-added services for the port and shipping industries such as full-process logistics, port information services, bonded warehousing and distribution processing, and cooperated with railway bureau, shipping companies and port custom inspection authorities to actively extend port service chain, expand port functionality and improve value-added service abilities.

3. Advantages in terms of port finance

With the approval of the Liaoning Free Trade Zone, the Group focused on the development of businesses such as warehouse receipt finance, credit finance and trade financing. We deepened cooperation with financial institutions, as well as broadened and innovated financing channels.

4. Advantages in terms of e-commerce

The Group established a logistics e-commerce service platform with "Internet +" and other information technology to expand "one-stop" service functionality such as goods transactions, information transmission, logistics services and port services to draw on the supply of goods and customers. By making use of the advantages in terms of data exchange with customs, inspection and quarantine systems, the Group integrated its comprehensive advantages in terms of logistics, resources and information in import and export trade activities to facilitate the establishment of a cross-border e-commerce service platform and to deliver online services such as cross-border transaction payment, customs clearance, logistics, tax rebates, exchange conversion, insurance and financing for integrating resources and businesses as well as increasing trade and logistics efficiency.

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

(I) Competitive landscape and development trend in the industry

In 2021, the world economy and trade situation are more complex and changeable. The unfavourable factors increase significantly and uncertainty of development increases continuously. The international trade situation is extremely severe, and the relevant impact is hard to be eliminated in the short term. The recession in the real economy has increased global financial risks, and the confidence of global investors is insufficient. Affected by the COVID-19 outbreak, the domestic and foreign economic and trade cooperation will be slowed down to different degrees, and the transportation difficulties caused by the inter-regional trade control will have a negative impact on the port production. Therefore, it is difficult to fundamentally change the shrinking momentum of global economic and trade development in general.

In 2021, with the main line of deepening the supply-side structural reform and the basic impetus of reform and innovation, China will construct a new development pattern which is based on domestic macro-circulation, along with international and domestic dual-circulation and mutual promotion. In the future, the domestic circulation will accelerate among the major regions and labour division of industry chain in China, while the international circulation will place more emphasis on the regions along the "Belt and Road" initiative.

The Group has vital business presence in the three provinces of Northeast China, eastern Inner Mongolia and the Bohai Rim region. Cargo supply is mainly related to oil products, containers, ro-ro commercial vehicles, iron ore, coal, steel, grain, bulk and general cargo as well as rolling transportation of passengers. With a comprehensive range of cargo types in its operations, the Group is more risk-resilient.

(II) Possible risk exposures

2021 will see more uncertainties in the development of the world economy. The COVID-19 outbreak has continuously posed severe threat to the international economy and trade. The growth momentum of the domestic economy may slow down. The port industry is facing great downside pressure. Firstly, the world trade is complex and changeable and there are still potential risks in the market. Secondly, the Chinese economy has entered a stage of structural adjustment, creating an impact on the production and operation of domestic ports. Thirdly, economic growth is weak in the Northeast region featured by imbalanced development and the lack of a diversified industrial structure. Fourthly, the growing competition pressure from ports of Japan, South Korea and nearby regions, rising rail freight, dominant trend in M&A and restructuring, alliance and upsizing of operations in the international shipping market and normal practice to cut and merge container routes have presented challenges to the production and operation of ports.

(III) The Company's development strategy

Moving towards the direction of enhancing its services and aligning itself with China's "Belt and Road" initiative, the Group will reinforce the coordination, integration and sharing with nearby ports, shippers and third-party logistics enterprises to further enhance the allocation of key resources. By improving service functionality and reducing overall costs, the Group will be able to have logistics integrated with all the elements along the trade, finance and information supply chains. By continuously introducing innovative logistics products, expanding business models and deepening cooperation areas, the Group will build a supply chain integrated service platform for carrying out transformation and upgrade in the areas ranging from the port side and the full-process logistics system to the supply chain system.

In 2020, 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 progress of capacity enlargement of refinery factories in Northern Shandong and Hebei in Bohai Rim region, design personalised transshipment cooperation plan, and reduce comprehensive logistics costs to achieve mutual benefits and win-win.

The Group will enhance cooperation with international crude oil traders and expand crude oil transshipment markets, covering the whole Northeast Asia market and forging ahead to compete globally.

The Group will give play to the advantages of the collection and distribution capacity of railways and expand the collection and distribution of crude oil and refined oil via railways in the Northeast hinterland to drive the increase in throughput.

Container Segment

The Group will pay close attention to the impact of the epidemic and the information on international trade and shipping market, focus on ensuring the stable operation of shipping routes newly added in 2020 and seek to expand new shipping routes.

The Group will continue to implement the Bohai Rim strategy and enhance internal collaboration to achieve quality and efficiency improvement.

The Group will deepen the cooperation with railway bureau to ensure stable railway policy and continue to improve the inland network layout and service capabilities to facilitate the development of sea-rail combined transport business. With the commencement of operation of China-Europe train line from Dalian, we will maintain communication with railway bureaus in China and Russia to ensure the stable operation thereof. We will input more efforts in developing train lines in Dalian and along Southeast coast for supply of exported and imported goods, and actively carry out inter-regional linkage with the companies operating cross-border train line platforms in Northeast China to promote the development of China-Europe train lines business.

The Group will deepen structural reforms on the supply side, continue to promote the development of special logistics and rear logistics businesses such as cold chain and automobiles, and strive to build an important carrier for the integrative development of modern high-end service functions in an effort to achieve high quality development of the ports in the new era.

Automobile Segment

Leveraging on the liner routes for foreign trade and export, we will further expand supply of foreign trade exported goods and strive to achieve ship sharing export, promote the smooth implementation of cross-border automobile transportation projects to make a breakthrough in cross-border automobile transportation business, and further increase the water transport ratio of existing customers and increase supply of goods for water transportation.

Bulk and General Cargo Segment

The Group will prioritise the improvement of distribution capacity, enhance communication and collaboration with the railway bureau, freight centres and other entities, and improve loading capabilities to ensure smooth distribution of railways for domestic trade.

The Group will strive to upgrade the mixed ore process towards the direction of "multiple countries, multiple types and refined mixture" on the basis of achieving "multinational and multi-type" bonded mixed ore.

The Group will actively seek cooperation with shipping companies to provide liner services for steel enterprises, cut operating costs, and increase steel throughput.

The Group will build a port-based metro coal supplying network in our strive to achieve a new breakthrough in coal transshipment volume.

The Group will also build an export locomotive transshipment services' brand, boost the transshipment volume of large equipment, and achieve increases in both the traffic and the revenue.

Bulk Grain Segment

The Group will improve the establishment of grain transportation system, and give play to the advantages in bulk grain carriage resources to improve transportation efficiency.

The Group will give play to the advantages in strategic locations to create a special line for the short-distance grain transportation in Shandong of the Bohai Rim region.

The Group will start from the pilot port and customised services to provide customers with flexible, tailored and diversified services for loading and discharging and transportation of imported grains, ensure both quantity and quality, and secure competitive supply of goods.

Passenger and Ro-Ro Segment

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

Value-added Services Segment

The Group will vigorously explore businesses outside the ports and expand revenue stream and increase revenue by increasing the voyage charter business and the coastal tugging business.

The Group will modify the distribution of towboats at ports and reduce the cost of dispatching towboats by allocating a reasonable number of towboats at various bases.

The Group will step up port business development in Yangtze River Basin, Shandong Peninsula and Fujian, and look for new opportunities in business cooperation.

MERGER WITH YINGKOU PORT LIABILITY CO., LTD.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company had complied with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct governing director's dealing in the Company's securities transactions (the "Code of Securities Dealings") on terms no less exacting than the standards required under the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules. Upon specific enquiries, all directors and supervisors confirmed that they had complied with the provisions of the Code of Securities Dealings during the year ended 31 December 2020.

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

For the year ended 31 December 2020, the Company has not redeemed any of the listed securities of the Company, nor has the Company or any of its subsidiaries purchased or sold the listed securities of the Company.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company's audit committee has reviewed the accounting standards and practices adopted by the Group and the annual results for the year ended 31 December 2020.

FINAL DIVIDEND

The Board proposed to distribute a final dividend of RMB3.0 cents per share for the year ended 31 December 2020 (PRC withholding tax included), aggregating to a total dividend of RMB678,702,883.59. The proposal is subject to approval at the forthcoming annual general meeting of the Company and the dividend is expected to be distributed before 1 September 2021. The record date and closure of books for determining entitlement to the final dividend and attending the forthcoming annual general meeting will be announced in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

In accordance with the requirements on the reporting period under the Listing Rules, the 2020 annual report containing all information of the Company in this announcement of annual results for the year ended 31 December 2020 will be published on the Company's website at www.liaoganggf.cn and the website of the Stock Exchange at www.hkex.com.hk in due course.

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

Dalian City, Liaoning Province, the PRC
25 March 2021

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

Executive Directors: WEI Minghui, SUN Dequan and QI Yue

Non-executive Directors: CAO Dong, YUAN Yi and NA Danhong

Independent non-executive Directors: LI Zhiwei, LIU Chunyan and LAW Man Tat

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

* *For identification purposes only*