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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 IN RELATION TO THE IMPAIRMENT PROVISION MADE BY SUBSIDIARIES

This announcement is made pursuant to Rule 13.09(2)(a) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Liaoning Port Co., Ltd. (hereinafter referred to as “**Liaoning Port**” or the “**Company**”) convened the second extraordinary meeting of the sixth session of the board of directors in 2022 on 25 February 2022, at which the Resolution on Provision for Estimated Liabilities and Impairment of Internal Equity of DCT Logistics (as defined below) was considered and approved. Relevant information is hereby announced as follows:

Recently, the Company has successively received the first-instance judgement of the lawsuit filed by Zhejiang Metals and Materials Co. (物產中大金屬集團有限公司) (hereinafter referred to as “**Zhejiang Metals**”), Fujian Rongjiang Imp.& Exp.Co., Ltd. (hereinafter referred to as “**Fujian Rongjiang**”) and Qingdao Kaitou International Trading Co., Ltd. (青島開投國際貿易有限公司) (hereinafter referred to as “**Qingdao Kaitou**”) against DCT Logistics Co., Ltd. (hereinafter referred to as “**DCT Logistics**”). According to the relevant provisions of the Accounting Standards for Business Enterprises No. 13 – Contingency, the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets and the Accounting Standards for Business Enterprises No. 29 – Events after the Balance Sheet Date, DCT Logistics and the relevant companies shall make provision for estimated liabilities and impairment of long-term equity investments as adjustments after the balance sheet date in the accounting year of 2021 according to the above judgement. Details are as follows:

I. BASIC INFORMATION OF DCT LOGISTICS

DCT Logistics was established in July 2001 with a registered capital of RMB155.387 million, and is owned as to 50% and 50% by Dalian Port Container Development Co., Ltd. (hereinafter referred to as “**Dalian Port Container**”) and Dalian Port Jifa Logistics Co., Ltd. (hereinafter referred to as “**Jifa Logistics**”) (wholly-owned subsidiaries of Liaoning Port), respectively, within the scope of consolidated financial statements. As at 31 December 2021, DCT Logistics had total book assets, total liabilities and net assets of RMB188 million, RMB122 million and RMB66.52 million, respectively.

As considered and approved at the first extraordinary meeting in 2022 of the sixth session of the board of directors of Liaoning Port, and taking into account the progress of the litigation case of DCT Logistics and the first-instance judgement of the litigation of China Chengtong International Co., Ltd., DCT Logistics has made provision for estimated liabilities of RMB113.03 million for the accounting year of 2021, and accordingly Dalian Port Container and Jifa Logistics made provision for impairment of their equity interests and goodwill in relation to DCT Logistics.

Recently, the Company successively received the first-instance judgement of the lawsuit filed by Zhejiang Metals, Fujian Rongjiang and Qingdao Kaitou against DCT Logistics, that DCT Logistics was ordered to compensate, in aggregate, for the loss of RMB645 million and the corresponding interests, and bear the costs such as litigation costs. DCT Logistics has filed an appeal against Zhejiang Metals, and appeals for other cases are being prepared.

II. ESTIMATED LIABILITIES AND IMPAIRMENT AMOUNT

1. Recognition of estimated liabilities for DCT Logistics

According to the relevant provisions of the Accounting Standards for Business Enterprises No. 13 – Contingency, the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets and the Accounting Standards for Business Enterprises No. 29 – Events after the Balance Sheet Date, the receipt of litigation judgement by DCT Logistics is an adjustment event after the balance sheet date of 2021.

According to the provisions of the Company Law of the PRC, the maximum loss of DCT Logistics is the carrying amount of its net assets. As the amount of compensation for the above-mentioned first-instance judgement of litigation is higher than the carrying amount of net assets, it is proposed to make provision to the extent of the carrying amount of net assets of DCT Logistics, i.e. estimated liabilities of RMB66.52 million.

2. Impairment of internal long-term equity investments

As of the end of 2021, the net book value of long-term equity investments in DCT Logistics held by Dalian Port Container and Jifa Logistics amounted to RMB68.2 million. It is proposed to make full provision for impairment of long-term equity investments in DCT Logistics as an adjustment after the balance sheet date in the accounting year of 2021, in particular, RMB34.1 million for Dalian Port Container and RMB34.1 million for Jifa Logistics. The above equity impairment is a single entity impairment and has no impact on the consolidated net profit after internal and elimination on consolidation.

III. IMPACT ON CONSOLIDATED FINANCIAL STATEMENTS

Unit: RMB'0,000

| No. | Entity of provision | Item | Provision amount of single entity | Impact on profit on the consolidated level |
|--------------|--|--|-----------------------------------|--|
| 1 | DCT Logistics | Estimated liabilities | 6,652 | -6,652 |
| 2 | Dalian Port Container and Jifa Logistics | Long-term equity investments – DCT Logistics | 6,820 | – |
| Total | | | <u>13,472</u> | <u>-6,652</u> |

Based on the above-mentioned impairment and estimated amounts, it is expected that the consolidated net profit of Liaoning Port will be reduced by RMB66.52 million, which will be subject to confirmation by audit.

IV. CONSIDERATION OF THE BOARD OF DIRECTORS AND EXPLANATION OF THE REASONABLENESS OF MAKING PROVISION OF IMPAIRMENT OF ASSETS

The board of directors of the Company believes that making provision for impairment of assets complies and is in line with the Accounting Standards for Business Enterprises of the PRC and the accounting policies of the Company. It is made on a prudential principle which is well substantiated and gives a fair view of the actual asset conditions and financial positions of the Company.

V. INDEPENDENT OPINIONS OF INDEPENDENT DIRECTORS ON MAKING PROVISION FOR IMPAIRMENT OF ASSETS

Making provision for impairment is well substantiated and complies with the Accounting Standards for Business Enterprises of the PRC, the accounting policies of the Company and the actual conditions of the relevant assets. Such provision enables the Company to better present a fair view of its financial positions and is in line with the interests of the Company, which helps provide true, reliable, and accurate accounting information to investors. Meanwhile, the decision-making procedure is in line with the relevant laws, regulations, and the articles of association of the Company, without any prejudice to the interests of the Company and all shareholders, in particular minority shareholders.

VI. EXPLANATION OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS ON WHETHER MAKING PROVISION FOR IMPAIRMENT OF ASSETS CONFORMS TO THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

Making provision for impairment complies with the Accounting Standards for Business Enterprises of the PRC and the accounting policies of the Company. Such provision for impairment of assets enables the Company to better present a true and fair view of its financial positions, which helps provide true, reliable, and accurate accounting information to investors, without any prejudice to the interests of the Company and all shareholders, in particular minority shareholders.

VII. OPINIONS OF THE SUPERVISORY COMMITTEE ON MAKING PROVISION FOR IMPAIRMENT OF ASSETS

Making provision for impairment of assets complies with the Accounting Standards for Business Enterprises of the PRC, the accounting policies of the Company and the actual conditions of the relevant assets, which is well substantiated with legitimate procedures and helps the Company to better present a true and fair view of its financial positions, without any prejudice to the interests of the Company and all shareholders, in particular minority shareholders. The supervisory committee of the Company agreed with making provision for impairment.

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

Dalian City, Liaoning Province, the PRC
25 February 2022

As at the date of this announcement, the board of directors comprises:

Executive Director: WEI Minghui

Non-executive Directors: ZHOU Qinghong, SI Zheng, XU Song and YANG Bing

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

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

* *For identification purposes only*