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 2021

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 2021. 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 2021

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	**31 December 2021 Consolidated**	31 December 2020 Consolidated (Restated)
Current assets		
Cash at bank and on hand	**4,682,837,844.76**	7,419,447,281.30
Financial assets at fair value through profit or loss	**–**	–
Financial assets held for trading	**–**	903,950,958.91
Notes receivable	**382,699,154.88**	409,666,882.28
Accounts receivable	**2,484,558,788.25**	1,913,470,160.89
Financing receivable	**40,454,782.00**	–
Advances to suppliers	**57,266,286.24**	36,860,762.57
Other receivables	**418,964,033.51**	442,948,729.54
Inventories	**113,803,685.78**	106,399,428.86
Contract assets	**–**	–
Non-current assets due within one year	**25,705,000.00**	–
Other current assets	**477,689,360.75**	72,798,850.63
Total current assets	**8,683,978,936.17**	11,305,543,054.98
Non-current assets		
Long-term receivables	**4,706,562.92**	80,486,851.34
Long-term equity investments	**3,854,128,735.24**	3,701,209,332.27
Investments in other equity instruments	**179,291,854.27**	204,067,639.27
Investment properties	**184,436,193.34**	202,727,314.03
Fixed assets	**31,618,423,562.64**	28,972,089,412.60
Construction in progress	**2,697,449,538.01**	2,648,649,114.25
Right-of-use assets	**4,414,466,347.72**	6,526,116,478.72
Intangible assets	**5,624,837,547.39**	3,330,626,488.21
Development expenditure	**13,695,980.00**	–
Goodwill	**225,929,504.67**	239,567,203.59
Long-term prepaid expenses	**48,222,076.27**	62,263,734.24
Deferred income tax assets	**237,861,355.01**	144,226,490.31
Other non-current assets	**25,821,465.85**	33,782,189.01
Total non-current assets	**49,129,270,723.33**	46,145,812,247.84
Total assets	**57,813,249,659.50**	57,451,355,302.82

LIABILITIES AND SHAREHOLDERS' EQUITY	**31 December 2021 Consolidated**	31 December 2020 Consolidated (Restated)
Current liabilities		
Short-term borrowings	**–**	150,142,083.34
Financial liabilities at fair value through profit or loss	**–**	–
Notes payable	**–**	–
Accounts payable	**299,243,621.90**	325,276,634.53
Advances from customers	**8,310,000.53**	3,154,967.98
Contract liabilities	**394,018,044.43**	255,839,053.10
Employee benefits payable	**283,539,639.27**	327,005,950.16
Taxes payable	**157,612,682.63**	119,073,940.80
Other payables	**5,211,704,627.42**	702,588,201.79
Non-current liabilities due within one year	**1,317,029,437.70**	2,739,874,519.62
Total current liabilities	**7,689,658,566.50**	4,634,987,842.36

LIABILITIES AND SHAREHOLDERS' EQUITY	**31 December 2021 Consolidated**	31 December 2020 Consolidated (Restated)
Non-current liabilities		
Long-term borrowings	**1,020,537,454.00**	1,132,693,298.00
Bonds payable	**2,486,907,371.14**	3,547,236,158.87
Lease liabilities	**4,479,123,277.25**	6,557,286,700.42
Long-term payables	**17,500,000.00**	44,070,000.00
Deferred income	**503,761,225.92**	549,147,318.64
Deferred income tax liabilities	**288,311,027.10**	381,864,183.86
Other non-current liabilities	**61,401,012.91**	69,655,256.65
Total non-current liabilities	**9,069,849,472.65**	12,314,713,134.86
Total liabilities	**16,759,508,039.15**	16,949,700,977.22
Shareholders' equity		
Share capital	**23,987,065,816.00**	12,894,535,999.00
Capital surplus	**9,022,246,406.02**	20,226,360,298.43
Other comprehensive income	**59,093,962.51**	84,557,142.33
Specific reserve	**92,693,542.25**	77,238,967.01
Surplus reserve	**1,346,971,923.09**	1,170,622,731.39
Undistributed profits	**3,437,962,835.75**	2,781,159,734.80
Total equity attributable to shareholders of the parent company	**37,946,034,485.62**	37,234,474,872.96
Minority interests	**3,107,707,134.73**	3,267,179,452.64
Total shareholders' equity	**41,053,741,620.35**	40,501,654,325.60
Total liabilities and shareholders' equity	**57,813,249,659.50**	57,451,355,302.82

CONSOLIDATED INCOME STATEMENT FOR 2021

(All amounts in RMB Yuan unless otherwise stated)

Item		For the 12 months ended 31 December 2021 Consolidated	For the 12 months ended 31 December 2020 Consolidated (Restated)
I.	**Revenue**	**12,347,554,608.01**	12,124,932,151.55
	Less: Cost of sales	**8,518,330,456.05**	7,878,438,474.71
	Taxes and surcharges	**129,281,474.13**	113,054,426.45
	Selling expenses	**–**	–
	Administrative expenses	**799,342,392.20**	820,173,656.48
	Research and development expenses	**9,306,646.62**	18,437,450.14
	Financial expenses	**526,378,915.07**	728,435,837.01
	Including: Interest expenses	**632,573,123.30**	821,914,426.38
	Interest income	**104,567,205.11**	96,437,344.68
	Add: Other income	**148,959,925.94**	119,095,777.84
	Investment income	**381,121,868.19**	380,143,929.40
	Including: Investment income from associates and joint ventures	**322,022,018.21**	328,156,179.50
	Gains on changes in fair value	**–**	(323,118.00)
	Credit impairment losses	**(114,702,724.03)**	(105,661,798.69)
	Asset impairment losses	**(59,679,538.84)**	(136,623,341.79)
	Gains on disposals of assets	**144,560,327.91**	34,263,275.42
II.	**Operating profit**	**2,865,174,583.11**	2,857,287,030.94
	Add: Non-operating income	**32,065,509.49**	16,792,501.38
	Less: Non-operating expenses	**242,802,412.35**	37,934,049.41
III.	**Total profit**	**2,654,437,680.25**	2,836,145,482.91
	Less: Income tax expenses	**576,241,786.81**	606,093,185.36
IV.	**Net profit**	**2,078,195,893.44**	2,230,052,297.55
	Including: Net profit from continuing operations	**2,078,195,893.44**	2,230,052,297.55
	Classified by ownership of the equity		
	Net profit attributable to shareholders of the parent company	**1,916,076,220.45**	2,053,091,078.19
	Gains or losses of minority interests	**162,119,672.99**	176,961,219.36

Item		For the 12 months ended 31 December 2021 Consolidated	For the 12 months ended 31 December 2020 Consolidated (Restated)
V.	**Earnings per share**		
	Basic earnings per share (RMB/yuan)	**0.08**	0.09
	Diluted earnings per share (RMB/yuan)	**0.08**	0.09
VI.	**Other comprehensive income, net of tax**		
	Other comprehensive income, net of tax, attributable to shareholders of the parent company	**(25,463,179.82)**	13,613,783.40
	Other comprehensive income that may not be reclassified to profit or loss	**(18,440,050.63)**	11,544,725.06
	Changes in fair value of investments in other equity instruments	**(18,440,050.63)**	11,544,725.06
	Other comprehensive income that will be reclassified to profit or loss	**(7,023,129.19)**	2,069,058.34
	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	**(7,023,129.19)**	2,069,058.34
	Other comprehensive income, net of tax, attributable to minority interests	**(141,788.12)**	(830,919.32)
VII.	**Total comprehensive income**	**2,052,590,925.50**	2,242,835,161.63
	Including: Attributable to shareholders of the parent company	**1,890,613,040.63**	2,066,704,861.59
	Attributable to minority interests	**161,977,884.87**	176,130,300.04

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021
(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.

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

In order to promote the integration of Liaoning Port, upon the gratuitous transfer of the equity interests held by Dalian SASAC and Yingkou SASAC in PDA Group and Yingkou Port Group to Liaoning North East Asia Gang Hang Development Co., Ltd. (遼寧東北亞港航發展有限公司) (renamed as "Liaoning Port Group Limited", hereinafter referred to as "Liaoning Port Group") on February 2018, respectively. The de facto controller of the Company and Yingkou Port changed from Dalian SASAC and Yingkou SASAC to Liaoning SASAC, respectively. On 30 September 2019, the de facto controller of Liaoning Port Group was changed from Liaoning SASAC to China Merchants Group Limited (hereinafter referred to as "China Merchants Group"), and therefore the ultimate de facto controller of the Company and Yingkou Port was changed to China Merchants Group.

According to the approval of the 2020 second extraordinary general meeting of the Company convened on 25 September 2020, the 2020 first A Shareholders class meeting, the 2020 first H Shareholders class meeting, and the Reply on Approval of Dalian Port (PDA) Company Limited's Merger with Yingkou Port Liability Co., Ltd. by Absorption and Fundraising (Zheng Jian Xu Ke [2020] No. 3690) issued by China Securities Regulatory Commission, the Company has completed the merger by absorption through share swap on 4 February 2021. The Company (or its wholly-own subsidiaries) has inherited and taken over all assets, liabilities, businesses, personnel, contracts and all other rights and obligations of Yingkou Port. On 29 January 2021, upon the approval of Decision on the Cessation of Listing of the Shares of Yingkou Port Liability Co., Ltd. ([2021] No. 3690) by the Shanghai Stock Exchange, Yingkou Port will be delisted and deregistered. On 4 February 2021, upon the completion of such merger by absorption through share swap, the total share capital of the Company increased from 12,894,535,999 to 22,623,429,453, in which Yingkou Port Group, the parent company of Yingkou Port, has 30.57% equity interests. On 9 February 2021, the 9,728,893,454 A shares newly issued to the original shareholders of Yingkou Port involved in this merger by share swap were listed for trading. In accordance with the Reply by Zheng Jian Xu Ke [2020] No. 3690 to the Fundraising of the Company, the Company had issued 1,363,636,363 RMB ordinary shares (A shares) to eight specific investors including Anshan Iron & Steel Co. Ltd. on 17 November 2021. Total share capital of the Company increased from 22,623,429,453 to 23,987,065,816, in which Yingkou Port Group has 28.83% equity interests.

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

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

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

The financial statements were approved by the Company's Board of Directors on 29 March 2022.

The scope of consolidation of the consolidated financial statements is determined on the basis of control. The change of scope of consolidation as of 31 December 2021 is as below:

1. Merger of entities under the common control

Company name	Combination date	Net book value	De facto controller	Status from the beginning of the year to the combination date			
				Revenue	Net profit	Net increase in cash	Net cash flow from operating activities
Yingkou Port Liability Co., Ltd. *(Note 1)*	4 February 2021	16,426,254,312.01	China Merchants Group Limited	501,267,625.82	181,566,605.37	(10,722,250.58)	37,340,359.23
Coal business, barge business and hydropower business in Yingkou Port Group *(Note 2)*	14 December 2021	1,930,866,484.93	China Merchants Group Limited	641,631,141.05	290,229,295.63	46,064,095.72	205,922,574.96

Note 1: The Company completed the additional issuance of 9,728,893,454 shares to former shareholders of Yingkou Port on 4 February 2021 and the delivery and confirmation of all assets, liabilities, businesses, personnel, contracts and all other rights and obligation with Yingkou Port, therefore, the combination date of the merger by absorption through share swap is determined to be 4 February 2021. Through the transaction, the Group acquired several new subsidiaries, namely Yingkou Ltd., Yingkou Xingang Ore Terminal Co., Ltd. and Yingkou New Century Container Terminal Co., Ltd.. The Company and Yingkou Port were both controlled by the ultimate controller, China Merchants Group, before and after the merger, and such control was not temporary. Therefore, the merger is a business combination under the common control. In accordance with the accounting treatment principles for business combinations under the common control, the Group included the assets and liabilities of Yingkou Port (including the goodwill arising from China Merchants Group's acquisition of Yingkou Port) into the consolidated financial statements based on their carrying amount in the financial statements of ultimate controller China Merchants Group, and retrospectively adjusted the comparative information, as if the reporting entity upon combination has existed since the ultimate controller has control over it.

Note 2: Upon the approval at the seventh meeting in 2021 of the sixth session of the board of directors convened on 28 October 2021, Yingkou Ltd., a wholly-owned subsidiary of the Company intended to acquire the assets and lands related to coal business, barge business and hydropower business in Bayuquan Port Area at a cash consideration of RMB8,524,108,000 from Yingkou Port Group, among which the consideration of coal business, barge business and hydropower business was confirmed at RMB2,341,776,800 based on the assessed value. As part of the transaction, Yingkou Port Group newly established a wholly-owned subsidiary, Yingkou Port Bulk Cargo Terminal Co., Ltd. (hereinafter referred to as "Bulk Cargo Terminal"), and injected the coal business related assets and liabilities related to coal business and other parts of assets to the Bulk Cargo Terminal on November 2021. On 14 December 2021, the fourth extraordinary general meeting of the Company in 2021 has approved the aforementioned assets acquisition transactions and has confirmed the delivery of relevant assets with Yingkou Port Group. Upon this transaction, Yingkou Ltd. obtained 100% equity shareholdings of interests in Bulk Cargo Terminal, the assets related to barge business and hydropower business and other assets abovementioned, and took over the personnels related to the abovementioned coal business, barge business and hydropower business of Yingkou Port Group, and has continued to operate these businesses. In view of that the assets acquisition in relation to the coal business, barge business and hydropower business of Yingkou Port Group by Yingkou Ltd. constitutes a business combination, and Yingkou Ltd. and the operator of these businesses were both controlled by the ultimate controller, China Merchants Group, before and after the merger, and the control was not temporary. Therefore, the merger is a business combination under the common control. The combination date was determined to be on 14 December 2021. In accordance with the accounting treatment principles for business combinations under the common control, the Group included the related assets and liabilities of these businesses (including the goodwill arising from China Merchants Group's acquisition of correspondent assets) into the consolidated financial statements based on their carrying amount in the financial statements of China Merchants Group, and retrospectively adjusted the comparative data, as if the reporting entity upon combination has existed since the ultimate controller has control over it.

2. Companies excluded from the scope of consolidation during the period

Name of enterprise	Place of registration	Nature of business	Percentage of total shareholding held by the Group (%)	Percentage of total voting right of the Group (%)	Reason for not being a subsidiary
Dalian Port Logistics Network Co., Ltd.	Dalian	Information service	79.03	79.03	*Note 1*
Dalian Port Logistics Technology Co., Ltd.	Dalian	Software development	100	100	*Note 1*
Dalian Portsoft Technology Co., Ltd.	Dalian	Computer system service	49	49	*Note 1*
Dalian Portsoft Network Co., Ltd.	Dalian	Computer system service	100	100	*Note 1*
Dalian Jifa International Freight Co., Ltd.	Dalian	Logistics services	100	100	*Note 2*
Dalian Port Group Zhuanghe Terminal Co., Ltd.	Dalian	Terminal services	60	60	*Note 3*
Dalian Steel Logistics Park Co., Ltd.	Dalian	Trading	100	100	*Note 4*
Dalian Ganghong International Trade Co., Ltd.	Dalian	Trading	51	51	*Note 5*

Note 1: In accordance with the Agreement on Capital Increase by Subscription for Equity Interests of China Merchants Holdings (International) Information Technology Company Limited ("CMHIT") Between China Merchants Port Group Co., Ltd., China Merchants Port Holdings Company Limited, Dalian Port Container Development Co., Ltd., Dalian Port Jifa Logistics Co., Ltd., Yingkou Port Group Co., Ltd., and CMHIT, Dalian Port Container Development Co., Ltd. and Dalian Port Jifa Logistics Co., Ltd., both being a subsidiary of the Company, made a capital increase in CMHIT at the consideration of the 49.63% and 29.4% equity interests they held in Dalian Port Logistics Network Co., Ltd.. Such capital increase had been completed on 9 February 2021, and the Group's shareholding in CMHIT after the capital contribution was 35.64%. Based on the articles of association of CMHIT, the Group has no control over it. Therefore, since 9 February 2021, the Group ceased to include Dalian Port Logistics Network Co., Ltd. and its subsidiaries Dalian Portsoft Technology Co., Ltd., Dalian Portsoft Network Co., Ltd. and Dalian Port Logistics Technology Co., Ltd. into the scope of combination.

Note 2: In January 2021, Dalian Jifa Shipping Agency Co., Ltd., a subsidiary of the Company, has merged with Dalian Jifa International Freight Co., Ltd. by absorption. In September 2021, Dalian Jifa International Freight Co., Ltd. had completed the de-registration procedures with the administration for industry and commerce. The de-registration procedures of the company did not significantly affect the merger of the Company on 31 December 2021, the financial position of the Company and the merger during the year 2021 and the operation results and cash flows of the Company.

Note 3: In December 2021, Dalian Port Group Zhuanghe Terminal Co., Ltd., a subsidiary of the Company, has completed the de-registration procedures with the administration for industry and commerce. The de-registration procedures of the company did not significantly affect the merger of the Company on 31 December 2021, the financial position of the Company and the merger during the year 2021 and the operation results and cash flows of the Company.

Note 4: In October 2021, Dalian Steel Logistics Park Co., Ltd., a subsidiary of the Company, has completed the de-registration procedures with the administration for industry and commerce. The de-registration procedures of the company did not significantly affect the merger of the Company on 31 December 2021, the financial position of the Company and the merger during the year 2021 and the operation results and cash flows of the Company.

Note 5: On 25 October 2021, Dalian Port Container Development Co., Ltd., a subsidiary of the Company, transferred its 51% equity interests in Dalian Ganghong International Trade Co., Ltd. to a third party at the consideration of the assessed value. The Group excluded Dalian Ganghong International Trade Co., Ltd. from the scope of consolidation from 25 October 2021.

II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

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

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, transport service, interests on related party borrowings, project construction, property leasing and labour dispatch are subject to output VAT at a tax rate of 6%, 13%, 9%, 6%, 10%, 5% and 6%, respectively, which is levied after deducting deductible input VAT for the current period.

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.

2. Tax preferences

Property tax and land use tax

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

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

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

VAT

According to the Notice on Policies Related to Deepening Value-Added Tax Reform issued by the Ministry of Finance, State Administration of Taxation and General Administration of Customs (Notice No. 39 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs in 2019), the Group is entitled to, from 1 April 2019 to 31 December 2021, deduct additional 10% of current deductible input tax from VAT payable.

Corporate income tax

Dalian Port Logistics Network Co., Ltd., Dalian Portsoft Technology Co., Ltd. and Dalian Jifa South Coast International Logistics Co., Ltd., subsidiaries of the Group, had obtained on 9 October 2020, 3 December 2020 and 19 November 2021, respectively, the Certificate of the High and New Technological Enterprise (Certificates No.: GR202021200315, GR202021200857 and GR202121200628) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance and Dalian Tax Bureau of State Taxation Administration, and the term of validity of above certificates is three years.

Dalian Port Logistics Technology Co., Ltd., a subsidiary of the Group, has obtained the Certificate of the High and New Technological Enterprise (Certificate 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 Bureau of State Taxation Administration, the validity of the Certificate of the High and New Technological Enterprise granted to Dalian Port Logistics Technology Co., Ltd. was extended 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%.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementation of Inclusive Tax Relief Policy for Small Low-profit Enterprises ([2019] No. 13), the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 25% as taxable income amount and be subject to EIT at 20% tax rate; the portion of annual taxable income over RMB1 million but not exceeding RMB3 million shall be calculated at a reduced rate of 50% as taxable income amount and be subject to EIT at 20% tax rate from 1 January 2019 to 31 December 2021. The above preferred tax policies were applicable for several subsidiaries of the Group, namely Dalian Changxing Island Economic Zone Wanpeng Port Construction Supervision & Consultation Co., Ltd., Dalian Gangrun Gas Co., Ltd., Dalian Ocean Shipping Tally Co., Ltd., Asia Pacific Ports Investment Co., Ltd. and Qinhuangdao Jigang Shipping Agency Co., Ltd., for the year.

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

1. Financial assets held for trading

Financial assets at fair value through profit or loss for the current period	**31 December 2021**	31 December 2020 (Restated)
Investments in debt instruments *(Note 1)*	–	903,950,958.91
Investments in equity instruments	–	–
Total	–	903,950,958.91

Note 1: The Group's investments in debt instruments were mainly structured deposits. As at 31 December 2021, the Group had disposed of all structured deposits.

2. Notes receivable

	31 December 2021	31 December 2020 (Restated)
Commercial acceptance notes	**–**	–
Bank acceptance notes	**382,699,154.88**	409,666,882.28
Total	**382,699,154.88**	409,666,882.28

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

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

	31 December 2021		31 December 2020 (Restated)	
	Derecognised	**Not derecognised**	Derecognised	Not derecognised
Bank acceptance notes	**118,249,731.60**	**433,700.00**	369,619,352.08	3,779,998.22

As at 31 December 2021, the Group had no pledged notes receivable (31 December 2020: Nil).

As at 31 December 2021, the Group had no discounted notes or notes that were converted into accounts receivable due to the drawer's inability to perform the contracts (31 December 2020: 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 2021	31 December 2020 (Restated)
Within 1 year (including 1 year)	**1,267,897,767.45**	1,225,441,872.56
1 to 2 years (including 2 years)	**654,370,784.28**	681,781,198.69
2 to 3 years (including 3 years)	**675,178,206.36**	136,080,906.59
Over 3 years	**218,450,854.39**	105,314,956.16
Sub-total	**2,815,897,612.48**	2,148,618,934.00
Less: Provision for bad debts of accounts receivable	**331,338,824.23**	235,148,773.11
Total	**2,484,558,788.25**	1,913,470,160.89

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 year/period	Balance as at the end of the period/year
2021	**235,148,773.11**	**115,061,903.76**	**(18,324,250.00)**	**(547,602.64)**	**–**	**331,338,824.23**
2020 (Restated)	142,062,437.68	118,805,076.71	(25,718,741.28)	–	–	235,148,773.11

As at 31 December 2021, details of accounts receivable of which provision for bad debts is made according to its credit risk rating are as follows:

	Book balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
Portfolio A	642,641,030.12	0.00%-0.10%	72,110.87
Portfolio B	25,605,127.86	0.10%-0.30%	63,945.25
Portfolio C	2,052,997,992.34	0.30%-50.00%	236,623,611.02
Portfolio D	94,653,462.16	50.00%-100.00%	94,579,157.09
	2,815,897,612.48		331,338,824.23

As at 31 December 2021, a summary of top five accounts receivable was as follows:

	Balance	Provision for bad debts	Percentage of total accounts receivable (%)
Total balance of top five accounts receivable	2,170,615,838.46	233,882,917.63	77.09

4. Other receivables

Item	**31 December 2021**	31 December 2020 (Restated)
Interest receivable		
Borrowings from related parties	**1,803,884.62**	284,496.05
Less: Provision for bad debts	**53,199.41**	–
Subtotal	**1,750,685.21**	284,496.05
Dividends receivable		
Dalian Port Yidu Cold Chain Co., Ltd.	**88,189,824.35**	88,189,824.35
Dalian Jilong Logistics Co., Ltd.	**22,507,539.23**	22,507,539.23
Dalian Port Logistics Network Co., Ltd.	**13,295,232.49**	–
Dalian Automobile Terminal Co., Ltd.	**11,200,000.00**	9,600,000.00
Dalian Port Logistics Technology Co., Ltd.	**10,000,000.00**	–
Dalian Singamas International Container Co., Ltd.	**8,350,187.78**	9,645,058.97
China United Tally (Dalian) Co., Ltd.	**1,112,267.52**	371,505.93
Dalian Port Design and Research Institute Co., Ltd.	**696,000.00**	696,000.00
Dalian Dagang China Shipping Container Terminal Co., Ltd.	**637,328.53**	1,380,738.26
Taicang Xinggang Tug Co., Ltd.	**–**	2,142,855.00
Less: Provision for bad debts	**2,659,059.32**	–
Subtotal	**153,329,320.58**	134,533,521.74
Other receivables		
Receivables from agency purchase	**–**	24,548,099.95
Receivables from income of entrusted management services	**85,232,416.60**	77,156,780.52
Receivables from project payment and guarantee deposit	**31,943,816.99**	39,194,600.74
Borrowings from related parties	**23,000,000.00**	23,000,000.00
Settlement to be transferred	**17,897,611.31**	67,808,592.90
Port construction and miscellaneous expenses	**12,130,777.70**	16,634,912.62
Receivables from freights, deposit and security deposit	**32,661,486.89**	36,733,725.35
Government subsidies receivable	**89,578,655.40**	41,021,809.25
Public infrastructure maintenance expenses	**7,128,371.74**	3,408,748.58
Others	**49,086,466.13**	48,699,477.83
Less: Provision for bad debts	**84,775,575.04**	70,076,035.99
Subtotal	**263,884,027.72**	308,130,711.75
Total	**418,964,033.51**	442,948,729.54

The ageing analysis of other receivables is as follows:

	31 December 2021	31 December 2020 (Restated)
Within 1 year (including 1 year)	**161,254,527.10**	179,905,224.23
1 to 2 years (including 2 years)	**36,011,047.76**	70,685,446.16
2 to 3 years (including 3 years)	**33,579,609.74**	92,620,580.50
Over 3 years	**117,814,418.16**	34,995,496.85
Subtotal	**348,659,602.76**	378,206,747.74
Less: Provision for bad debts of other receivables	**84,775,575.04**	70,076,035.99
Total	**263,884,027.72**	308,130,711.75

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 Expected credit loss over the next 12 months	**Stage II** Expected credit loss for the entire duration	**Stage III** Financial assets with credit impairment (expected credit loss for the entire duration)	**Total**
Opening balance	78,358.79	34,111,476.83	35,886,200.37	70,076,035.99
Opening balance for the year				
—Transfer into stage II	(814.57)	814.57	–	–
—Transfer into stage III	–	(6,544,829.18)	6,544,829.18	–
Provision for the year	533,461.12	5,843,976.24	8,879,912.16	15,257,349.52
Disposal of subsidiaries	(557,810.47)	–	–	(557,810.47)
Closing balance	53,194.87	33,411,438.46	51,310,941.71	84,775,575.04

As at 31 December 2021, 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	195,218,551.80	0.00%-0.10%	28,591.00	–
Portfolio B	31,163,873.75	0.10%-0.30%	24,603.87	–
Portfolio C	69,343,889.11	0.30%-50.00%	–	33,411,438.46
Portfolio D	52,933,288.10	50.00%-100.00%	–	51,310,941.71
	348,659,602.76		53,194.87	84,722,380.17

As at 31 December 2021, 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	198,787,759.92	30,063,708.64	57.02

As at 31 December 2021, the receivables from government grants were as follows:

	Government grants	Amount	Ageing	Basis
Dalian Jiyi Logistics Co., Ltd.	Subsidy for China-Europe Railway Lines	50,059,802.61	Within 1 year	Opinions on the Support Policy of Dalian China-Europe Railway Express and Administrative Measures for the Special Funds of Dalian China-Europe Railway Express
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	21,551,660.79	Within 1 year, 1-2 years and 2-3 years	Reply of Horqin District People's Government on Subsidy to China-Europe Railway Lines
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Subsidy for warehouse construction and operation	12,359,192.00	3-4 years, 4-5 years and over 5 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone and Meeting Minutes on Solving Major Difficulties of Suimu Dalian Port Logistics
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	4,446,400.00	3-4 years	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
Liaoning Port Holdings (Yingkou) Co., Ltd.	Subsidy for warehouse inspection	1,161,600.00	Within 1 year	Notice on Appropriation and Exemption of Pilot Funds for Lifting and Shifting Storage Fees for Qualified Foreign Trade Enterprises
		89,578,655.40		

5. Inventories

	Closing balance			Opening Balance (Restated)		
Item	**Book balance**	**Provision for impairment of inventories**	**Carrying amount**	Book balance	Provision for impairment of inventories	Carrying amount
Raw materials	**97,769,561.70**	**9,246,496.78**	**88,523,064.92**	88,873,053.66	9,247,116.06	79,625,937.60
Inventories	**4,044,357.69**	**–**	**4,044,357.69**	3,759,268.33	–	3,759,268.33
Turnover materials	**12,230,371.35**	**–**	**12,230,371.35**	9,319,387.14	–	9,319,387.14
Others	**9,005,891.82**	**–**	**9,005,891.82**	13,694,835.79	–	13,694,835.79
Total	**123,050,182.56**	**9,246,496.78**	**113,803,685.78**	115,646,544.92	9,247,116.06	106,399,428.86

As at 31 December 2021, no inventories of the Group were pledged as collateral (31 December 2020:Nil).

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

Item	Opening balance	Increase in the current period		Decrease in the current period		**Closing balance**
		Provision	Others	Reversal or write-off	Disposal of subsidiaries	
Raw materials	9,247,116.06	–	–	619.28	–	**9,246,496.78**
Total	9,247,116.06	–	–	619.28	–	**9,246,496.78**

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.	45,686,196.29	98,529,830.29	–	10,212,840.09
Qinhuangdao Port Xingangwan Container Terminal Co., Ltd.	(16,216,233.88)	43,783,766.12	–	–
Dalian Port Design and Research Institute Co., Ltd.	1,534,192.72	2,168,792.72	–	290,000.00
Da-In Ferry Co., Ltd.	8,257,843.03	10,157,900.53	–	–
Fujian Ninglian Port Co., Ltd.	(1,022,921.11)	10,977,078.89	–	–
Dalian Xin Beiliang Co., Ltd.	(2,509,914.28)	13,674,485.72	–	–
Total	35,729,162.77	179,291,854.27	–	10,502,840.09

7. Accounts payable

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

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

Item	**31 December 2021**	31 December 2020 (Restated)
Within 1 year (including 1 year)	**266,927,636.69**	275,237,440.99
1 to 2 years (including 2 years)	**3,838,076.28**	15,642,701.80
2 to 3 years (including 3 years)	**1,103,354.68**	12,615,005.83
Over 3 years	**27,374,554.25**	21,781,485.91
Total	**299,243,621.90**	325,276,634.53

As at 31 December 2021, 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 2021**	31 December 2020 (Restated)
Miscellaneous expenses	**342,520,731.08**	203,086,738.71
All-in charges for cargo handling due within one year	**13,728,000.00**	17,700,000.00
Freight	**22,750,876.88**	18,747,060.75
Others	**15,018,436.47**	16,305,253.64
Total	**394,018,044.43**	255,839,053.10

9. Other payables

Item	**31 December 2021**	31 December 2020 (Restated)
Interest payable		
Interest of short-term borrowings	**–**	–
Interest of bonds	**–**	–
Interest of long-term borrowings with instalment payments and principal due upon maturity	**–**	–
Dividends payable	**109,959,372.43**	153,269,260.93
Singapore Dalian Port Investment Pte. Ltd.	**51,396,226.34**	73,256,442.62
China Shipping Terminal Development Co., Ltd.	**21,724,789.52**	30,964,934.78
Nippon Yusen Kabushiki Kaisha	**13,540,928.86**	19,300,255.07
COSCO SHIPPING Ports (Dalian) Limited	**8,598,984.02**	12,256,366.36
COSCO SHIPPING Ports Development Co., Ltd.	**7,235,007.25**	10,312,253.08
Dalian Bonded Zhengtong Co., Ltd.	**5,779,554.22**	5,779,554.22
NYK Bulk & Projects Carriers Ltd.	**748,392.10**	621,979.91
United States Sankyo Holdings Limited	**935,490.12**	777,474.89
Other payables	**5,101,745,254.99**	549,318,940.86
Port construction and security expenses	**1,791,804.52**	29,604,205.19
Project expenses and guarantee deposit	**320,667,434.62**	259,250,008.80
Land compensation	**7,500,000.00**	35,070,000.00
Deposit and security deposit	**84,051,731.32**	48,971,868.43
Freight	**5,780,651.87**	7,180,847.55
Demurrage charge	**48,829,620.29**	28,567,859.10
Last payment for assets acquisition *(Note)*	**4,429,144,304.85**	–
Others	**203,979,707.52**	140,674,151.79
Total	**5,211,704,627.42**	702,588,201.79

As at 31 December 2021, 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.	44,818,975.46	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
Dalian Beiliang Enterprise Group Co., Ltd.	7,500,000.00	The condition for payment is unsatisfied
Total	66,325,929.46	

Note : Yingkou Ltd., a wholly-owned subsidiary of the Company, acquired related business and assets from Yingkou Port Group at the transaction consideration of RMB8,524,108,020.02 (excluding tax). In accordance with the transaction agreement, Yingkou Ltd. had made the first payment totalling RMB4,524,108,020.02 to Yingkou Port Group for the transaction on 14 December 2021, among which the settlement of bank acceptance notes was RMB179,826,643.55, and the remaining amount of RMB4,000,000,000.00 will be settled before 30 September 2022. In addition, the VAT of RMB429,144,304.85 related to the acquisition was outstanding as of 31 December 2021.

10. Revenue and cost of sales

Revenue is as follows:

Item	**For the 12 months ended 31 December 2021**	For the 12 months ended 31 December 2020 (Restated)
Revenue from principal operations	**11,881,383,284.89**	11,687,259,835.10
Revenue from other operations	**466,171,323.12**	437,672,316.45
Total	**12,347,554,608.01**	12,124,932,151.55

Cost of sales is as follows:

Item	**For the 12 months ended 31 December 2021**	For the 12 months ended 31 December 2020 (Restated)
Cost of principal operations	**8,077,067,297.50**	7,476,448,861.61
Cost of other operations	**441,263,158.55**	401,989,613.10
Total	**8,518,330,456.05**	7,878,438,474.71

Revenue is as follows:

	2021	2020 (Restated)
Revenue from contracts with customers	**12,122,414,522.05**	11,907,111,420.87
Revenue from leasing services	**225,140,085.96**	217,820,730.68
	12,347,554,608.01	12,124,932,151.55

Breakdown of revenue is as follows:

2021

Reporting segment	**Commodity**	**Labour services or services**	**Others**	**Total**
Major operating regions				
Dalian	87,901,007.23	6,068,961,343.45	308,093,866.45	6,464,956,217.13
Yingkou	83,207,579.91	5,532,431,435.71	167,900,825.50	5,783,539,841.12
Others	–	98,958,629.00	99,920.76	99,058,549.76
	171,108,587.14	11,700,351,408.16	476,094,612.71	12,347,554,608.01

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	920,203.69	3,586,249,938.27	126,376,827.36	3,713,546,969.32
Oil/liquefied chemicals terminal and related logistics services and trading business	27,229,543.36	1,677,227,892.45	45,924,674.26	1,750,382,110.07
Bulk and general cargo terminal and related logistics services	600,115.66	4,701,119,929.74	36,467,699.97	4,738,187,745.37
Grains terminal and related logistics services and trading business	–	529,282,588.48	9,658,017.79	538,940,606.27
Passenger and roll-on, roll-off terminal and related logistics services	1,537,114.31	135,168,072.81	10,810,626.40	147,515,813.52
Port value-added and ancillary services	140,821,610.12	963,090,281.62	119,233,897.35	1,223,145,789.09
Automobile terminal and related logistics services and trading business	–	56,107,698.89	3,271,931.22	59,379,630.11
Others	–	52,105,005.90	124,350,938.36	176,455,944.26
	171,108,587.14	11,700,351,408.16	476,094,612.71	12,347,554,608.01
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	34,199,124.29	–	–	34,199,124.29
Revenue from electric supply services	136,909,462.85	–	–	136,909,462.85
Recognised over a certain period				
Revenue from project construction and inspection services	–	125,357,114.44	–	125,357,114.44
Revenue from logistics services	–	1,251,368,537.72	–	1,251,368,537.72
Revenue from port handling services	–	9,247,244,053.32	–	9,247,244,053.32
Revenue from port management services	–	383,907,664.89	–	383,907,664.89
Revenue from tallying services	–	53,942,760.66	–	53,942,760.66
Revenue from information services	–	3,891,723.76	–	3,891,723.76
Revenue from others	–	634,639,553.37	250,954,526.75	885,594,080.12
Revenue from others				
Revenue from leasing services	–	–	225,140,085.96	225,140,085.96
	171,108,587.14	11,700,351,408.16	476,094,612.71	12,347,554,608.01

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

	2021	2020 (Restated)
Miscellaneous expenses	**194,527,512.59**	179,320,414.54
All-in charges for cargo handling due within one year	**10,593,138.00**	8,850,000.00
Advance deposits for fares	**–**	–
Freight	**17,980,068.83**	6,571,282.70
Others	**6,377,580.05**	7,793,090.58
	229,478,299.47	202,534,787.82

11. Financial expenses

Item	For the 12 months ended 31 December 2021	For the 12 months ended 31 December 2020 (Restated)
Interest costs	**632,573,123.30**	823,228,327.34
Less: Amounts capitalised on interest	**–**	1,313,900.96
Interest expenses	**632,573,123.30**	821,914,426.38
Less: Interest income	**104,567,205.11**	96,437,344.68
Net exchange losses (net gain is represented by "-")	**(3,101,268.89)**	1,641,423.32
Others	**1,474,265.77**	1,317,331.99
Total	**526,378,915.07**	728,435,837.01

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

12. Credit impairment losses

Item	For the 12 months ended 31 December 2021
Losses on bad debts	**(114,702,724.03)**

13. Other income

Item	For the 12 months ended 31 December 2021	For the 12 months ended 31 December 2020 (Restated)	Related to assets/income
Relocation compensation	**25,903,836.39**	27,031,975.66	Related to assets
Transport junction passenger station project subsidies	**4,773,910.88**	3,412,885.44	Related to assets
Sea-railway transportation subsidies	**2,829,452.91**	2,191,030.92	Related to assets
Production safety fund	**1,271,978.56**	1,271,978.56	Related to assets
Energy conservation and emission reduction special fund	**939,966.24**	874,605.92	Related to assets
Vessel acquisition subsidies	**–**	517,478.20	Related to assets
Others related to assets	**638,844.69**	1,044,191.76	Related to assets
Equipment reconstruction subsidies	**8,676,663.82**	8,060,273.15	Related to assets
Operation subsidies	**65,273,786.29**	35,473,163.49	Related to income
Additional deduction of VAT	**36,432,736.10**	28,696,015.40	Related to income
Refund of commission for paying individual income tax	**1,428,968.11**	1,711,595.74	Related to income
Others related to income	**149,708.88**	14,570.44	Related to income
Stable position subsidies	**570,213.07**	8,736,233.16	Related to income
Container subsidies	**69,860.00**	59,780.00	Related to income
Foreign trade and economic development special funds	**–**	–	Related to income
Total	**148,959,925.94**	119,095,777.84	

14. Investment income

Item	**For the 12 months ended 31 December 2021**	For the 12 months ended 31 December 2020 (Restated)
Income from long-term equity investments under equity method	**322,022,018.21**	328,156,179.50
Investment income from disposal of subsidiaries	**19,639,517.15**	13,548,342.78
Gains from disposal of long-term equity investments	**15,589.45**	–
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
Dividend income from other investments on hand in equity instruments	**10,502,840.09**	1,134,967.00
Investment income from disposal of financial assets at fair value through profit or loss	**–**	–
Investment income from disposal of financial assets held for trading	**25,965,850.49**	31,878,450.06
Investment income from wealth management products and entrusted investments	**–**	–
Others	**2,976,052.80**	5,372,800.06
Total	**381,121,868.19**	380,143,929.40

15. Income tax expenses

Item	**For the 12 months ended 31 December 2021**	For the 12 months ended 31 December 2020 (Restated)
Current income tax	**605,086,915.48**	652,212,288.98
Deferred income tax	**(28,845,128.67)**	(46,119,103.62)
Total	**576,241,786.81**	606,093,185.36

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

Item	**For the 12 months ended 31 December 2021**	For the 12 months ended 31 December 2020 (Restated)
Total profit	**2,654,437,680.25**	2,836,145,482.91
Income tax calculated at applicable tax rates	**663,609,420.06**	709,036,370.73
Effect of different tax rates applicable to certain subsidiaries	**(2,723,286.32)**	(4,081,179.54)
Adjustments for current income tax of prior period	**4,511,783.93**	(9,052,329.76)
Income not subject to tax	**(169,098,365.77)**	(146,981,519.41)
Expenses not deductible	**6,703,683.00**	10,876,046.90
Utilisation of deductible losses in previous years	**(8,767,420.69)**	(1,734,609.15)
Effect of unrecognised deductible temporary differences and deductible losses	**83,048,640.42**	38,675,225.35
Others	**(1,042,667.82)**	9,355,180.24
Income tax expenses	**576,241,786.81**	606,093,185.36

16. Earnings per share ("EPS")

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

Item	**For the 12 months ended 31 December 2021**	For the 12 months ended 31 December 2020 (Restated)
Consolidated net profit attributable to ordinary shareholders of the parent Company	**1,916,076,220.45**	2,053,091,078.19
Weighted average number of the Company's ordinary shares in issue	**22,850,702,180.17**	22,623,429,453.00
Basic earnings per share	**0.08**	0.09

As at 31 December 2021 and 31 December 2020, there were no potential dilutive ordinary shares in issue.

17. Segment information

Operating segments

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

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

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

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

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

(5) Passenger and roll-on/roll-off terminal and related logistics services, responsible for passenger transportation, 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 provision of related logistics services, automobile trading operation.

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

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

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

Segment information for 2021 is as follows:

Item	Oil/liquefied chemicals terminal and related logistics and trading services RMB'000	Container terminal and related logistics and trading services RMB'000	Bulk and general cargo terminal and related logistics services RMB'000	Bulk grains terminal and related logistics and trading services RMB'000	Passenger and roll on, roll-off terminal and related logistics services RMB'000	Port value-added and ancillary services RMB'000	Automobile terminal and related logistics and trading services RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Revenue from external customers	1,750,382	3,713,547	4,738,188	538,941	147,516	1,223,146	59,380	176,455	–	12,347,555
Inter-segment revenue	1,337	5,260	18,664	3,783	269	227,291	–	196,140	(452,744)	–
Cost of sales	1,114,301	2,526,483	3,196,291	463,130	154,449	883,284	47,198	133,194	–	8,518,330
Taxes and surcharges	21,655	20,862	27,051	2,339	3,262	5,183	2,536	46,393	–	129,281
General and administrative expenses	52,462	187,120	116,239	39,135	31,477	151,961	16,673	204,275	–	799,342
Research and development expenses	–	5,736	–	–	–	3,528	–	43	–	9,307
Financial expenses	90,907	51,150	143,385	747	(88)	15,833	(1,459)	225,904	–	526,379
Asset impairment losses	–	(59,680)	–	–	–	–	–	–	–	(59,680)
Credit impairment losses	(116,237)	(12,463)	19,629	(1)	44	2,401	(4)	(8,072)	–	(114,703)
Investment income	188,306	120,395	19,148	(1,177)	(10,560)	23,438	15,605	25,967	–	381,122
Including: Investment income from associates and joint ventures	188,291	108,528	8,862	(1,177)	(10,560)	12,473	15,605	–	–	322,022
Gains on disposals of assets	10,643	36	133,237	–	–	201	–	443	–	144,560
Other income	32,464	70,198	5,608	807	6,107	3,751	239	29,786	–	148,960
Operating profit	586,233	1,040,682	1,432,844	33,219	(45,993)	193,148	10,272	(385,230)	–	2,865,175
Non-operating income	166	2,073	4,609	9,536	27	14,629	2	1,023	–	32,065
Non-operating expenses	12	180,142	47,301	(573)	5	2,886	23	13,006	–	242,802
Total profit	586,387	862,613	1,390,152	43,328	(45,971)	204,891	10,251	(397,213)	–	2,654,438
Income tax	115,013	241,368	378,617	15,022	(10,234)	9,417	935	(173,896)	–	576,242
Net profit	471,374	621,245	1,011,535	28,306	(35,737)	195,474	9,316	(223,317)	–	2,078,196
Total assets	10,493,039	12,647,106	18,132,113	2,791,406	1,507,782	3,686,142	869,743	11,210,254	(3,524,335)	57,813,250
Total liabilities	2,383,737	3,931,931	4,338,050	273,527	42,490	620,629	18,777	8,674,702	(3,524,335)	16,759,508
Supplementary information										
Depreciation and amortisation expenses	381,735	551,712	645,388	137,537	53,946	200,989	13,745	290,022	–	2,275,074
Long-term equity investments in associates and joint ventures	1,631,532	947,389	159,878	265,446	324,419	220,521	304,944	–	–	3,854,129
Capital commitments*(i)*	65,578	59,503	5,671,795	31,846	8,160	14,272	2,755	1,152,178	–	7,006,087

(i) Capital commitments include fixed assets, construction in progress, intangible assets, long-term prepaid expenses and investment properties.

18 Non-adjustment events after the balance sheet date

(1) Proposed issuance of corporate bonds

In accordance with the resolution of the seventh meeting of the sixth session of the Board of Directors in 2021 held by the Company in October 2021, the Company proposed to register and issue corporate bonds of not more than RMB8 billion by way of public issuance to professional investors. The term of the bonds shall be no more than 5 years (inclusive), and the bonds may be products with a single term or hybrid products with multiple terms. The specific term of the corporate bonds for this issuance and the issuance scale of each variety of such corporate bonds shall be determined by the persons authorised by the Board within the scope permitted by laws and regulations, based on the Company's capital needs and specific market conditions. The issuance of corporate bonds has been considered and approved at the general meeting held by the Company on 14 December 2021. On 4 March 2022, the Shanghai Stock Exchange approved the bond issuance. As of the date of this financial statements, the issuance of corporate bonds has not yet completed, pending for completion of the registration procedures the China Securities Regulatory Commission.

(2) Profit distribution after the balance sheet date

In accordance with the resolution approved at the Board meeting of the Company dated on 29 March 2022, the profit distribution plan for 2021 will be made based on 23,987,065,816 shares and a cash dividend of RMB0.27 (tax inclusive) per 10 shares is proposed to be distributed to all shareholders. Total amount of dividend to be distributed will be RMB647,650,777.03. The resolution is pending for approval at the general meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

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

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

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

During the reporting period, coastal ports in China had great capacity, and the capacity in certain areas and of certain cargo types pulled ahead moderately. The general coastal port construction changed from "incremental-oriented" to "optimization of incremental supply based on consolidation, transformation and upgrading of existing facilities", while the focus of port development changed to high quality integration with other transportation methods, high-level construction of port and shipping service system, and high standard implementation of green and safe development.

OVERALL RESULTS REVIEW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Assets and Liabilities

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

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

Financial Resources and Liquidity

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

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

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

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

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

As of 31 December 2021, the Group's unutilised bank line of credit amounted to RMB11.352 billion.

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

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

CONTINGENCIES

Pending Litigations and Arbitrations

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

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

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

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

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

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

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

In actual business, the costs incurred under the Customs Declaration Logistics Warehousing Agreement or Import Freight Forwarding Agreement shall be settled by Shunde in accordance with the Packing and Unpacking (Packing up) Agreement it signed with DCT Logistics. Given that both the ultimate owner of the imported goods in these businesses and the relevant warehousing cost settler are Shunde, DCT Logistics released the relevant goods under the instructions of Shunde, the ultimate cargo owner. As Shunde failed to repay part of the import letter of credit payment to the Import Agents as scheduled, the seven Import Agents filed lawsuits against DCT Logistics in Dalian Maritime Court and other people's courts, respectively, requesting DCT Logistics and Shunde return the relevant goods under the Customs Declaration Logistics Warehousing Agreement or the Import Freight Forwarding Agreement signed with DCT Logistics. In May 2021, DCT Logistics was approved by the Dalian Maritime Court to file a pre-litigation property preservation against Shunde. Subsequently, after thorough communication and negotiation with the parties to the litigation, one of the Warehousing Clients had settled with Shunde and withdrawn its lawsuit against Shunde and DCT Logistics, and this settlement did not involve any compensation obligation for DCT Logistics. The total claims of the other six Warehousing Clients amounted to RMB1.06 billion.

On 24 November 2021, Ningbo Maritime Court issued a first instance judgement regarding the lawsuit case of Chengtong against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB109.69 million to Chengtong and the interest, based on the amount, to be calculated at prime rate for the corresponding period as announced by the National Interbank Funding Center from 23 March 2021 up to the date of actual payment. Other litigation claims from Chengtong were dismissed.

On 30 December 2021, Ningbo Maritime Court issued a first instance judgement regarding the lawsuit case of Zhejiang Metals against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB10.26 million to Zhejiang Metals and the interest, based on the amount, to be calculated at benchmark borrowing rate as announced by the National Interbank Funding Center from 1 September 2021 up to the date of actual payment. Other litigation claims from Zhejiang Metals were dismissed.

On 31 December 2021, Dalian Maritime Court issued a first instance judgement regarding the lawsuit case of Qingdao Kaitou against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB299.38 million to Qingdao Kaitou and the interest, based on the amount, to be calculated at benchmark borrowing rate as announced by the National Interbank Funding Center from 27 March 2021 up to the date of actual payment. Other litigation claims from Qingdao Kaitou were dismissed.

On 27 January 2022, Dalian Maritime Court issued a first instance judgement regarding the lawsuit case of Rongjiang against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB336.08 million to Rongjiang and the interest, based on the amount, to be calculated at prime rate for the corresponding period as announced by the National Interbank Funding Center from 7 April 2021 up to the date of actual payment, DCT Logistics should compensate Rongjiang for liability insurance fees of preservation of RMB254,800. Other litigation claims from Rongjiang were dismissed.

Based on the evidence that the Group has already obtained and the professional opinions of legal advisor, the management of the Group believes that the Warehousing Clients are Shunde's import business agents, and since the goods involved in the case are actually owned by Shunde, the release by DCT Logistics of the goods to Shunde, the owner of the goods, did not infringe the rights of the Warehousing Clients. Shunde's failure of repayment of advances provided by the Warehousing Clients to Shunde is irrelevant of the delivery of goods by DCT Logistics. For the relevant lawsuits of first instance judgement issued by the court, the Group and the solicitors considered that the court of first instance was unclear or erroneous in its determination of the basic facts of the case, and therefore DCT Logistics had filed appeals. On 9 December 2021 and 28 February 2022, DCT Logistics appealed to the Higher People's Court of Zhejiang Province against the first instance judgment regarding the case of Chengtong and the case of Zhejiang Metals, respectively. As at the approval date of the financial statements, the hearing has been initiated but the judgment has not yet been made. On 28 February 2022 and 1 March 2022, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Qingdao Kaitou and the case of Rongjiang, respectively. As at the approval date of the financial statements, the Higher People's Court of Liaoning Province has not accepted such appeals. As at the approval date of the financial statements, no first instance judgment of the other appeal cases against DCT Logistics has been made yet. The other six Import Agents including Chengtong are in the process of negotiating a settlement plan with Shunde, including applying for withdrawal of their cases after signing the settlement agreement.

Having fully considered the amount of claims involved by DCT Logistics, the judgement issued by the court and the opinions of internal and external legal advisors, and taking into account that DCT Logistics is a limited company, and the Company and its other subsidiaries do not have guarantee liability or joint and several liability over any such liability of DCT Logistics, the Company has made provisions for estimated liabilities of RMB180 million which was the recoverable amount of the book value of the net assets of DCT Logistics as of 31 December 2021.

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

USE OF PROCEEDS

Use of Proceeds for A Shares

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

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

CAPITAL EXPENDITURE

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

An analysis of the performance of each business segment of the Group in 2021 is as follows:

Oil Segment

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

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

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

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

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

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

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

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

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

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

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

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

Container Segment

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

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

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

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

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

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

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

Automobile Segment

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

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

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

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

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

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

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

Bulk and General Cargo Segment

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

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

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

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

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

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

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

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

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

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

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

Bulk Grain Segment

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

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

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

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

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

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

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

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

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

Passenger and Ro-Ro Segment

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

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

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

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

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

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

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

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

Value-added Services Segment

Tugging

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

Tallying

The Group completed a tallying volume of 38.608 million tonnes.

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

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

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

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

ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

In 2021, the Group focused on improving quality and efficiency as well as innovation and collaboration while extending the scope and functions of its services, as a result of which it has achieved stable growth in its production and its business operations remained highly competitive in the port industry.

1. Advantages in terms of logistics system

In 2021, the Group established its whole-process logistics system by taking full advantage of its strategic locations and berths and deepening its cooperation with major customers. The construction of its logistics systems such as the transshipment of crude oil in Bohai Rim, the mixed distribution of iron ores, and the Bohai Rim was gradually completed.

2. Advantages in terms of value-added services

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

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

(I) Competitive landscape and development trend in the industry

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

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

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

(II) Possible risk exposures

2022 will see more uncertainties in the development of the world economy, as the COVID-19 outbreak will continue to pose severe threats to the international economy and trade, hinder China's economic growth and expose its port industry to greater uncertainty: Firstly, the world trade will be facing greater complexity and changes, with potential risks lingering in the market; Secondly, China's economy has entered a stage of structural adjustment, which will have an impact on the production and operation of domestic ports; Thirdly, economic development in Northeast China is unbalanced with a simple industrial structure, resulting in a serious lack of effective economic growth drivers; Fourthly, the growing competition from ports of Japan, South Korea and nearby regions, rising rail freight, dominant trend in M&A and restructuring, entering into alliance and expansion of operations in the international shipping market and normalized practice of cutting and merging container routes are presenting severe challenges to the production and operation of our ports.

(III) The Company's development strategy

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

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

Oil Segment

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

Container Segment

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

Passengers and Ro-Ro Segment

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

Automobile Segment

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

Bulk and General Cargo Segment

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

MERGER WITH YINGKOU PORT LIABILITY CO., LTD.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2021, the Company 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**").

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 have confirmed that they had complied with the provisions of the Code of Securities Dealings during the year ended 31 December 2021.

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

During the year ended 31 December 2021, no redemption of our Company's listed securities had been made by the Company. Neither the Company nor any of its subsidiaries had purchased or sold the listed securities of the Company.

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 2021.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year.

FINAL DIVIDEND

The Board proposed to distribute a final dividend of RMB2.7 cents per share for the year ended 31 December 2021 (PRC withholding tax included), aggregating to a total dividend of RMB647,650,777.03. 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 2022. 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 2021 annual report containing all information of the Company in this announcement of annual results for the year ended 31 December 2021 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
29 March 2022

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

Executive Directors: WANG Zhixian and 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 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*