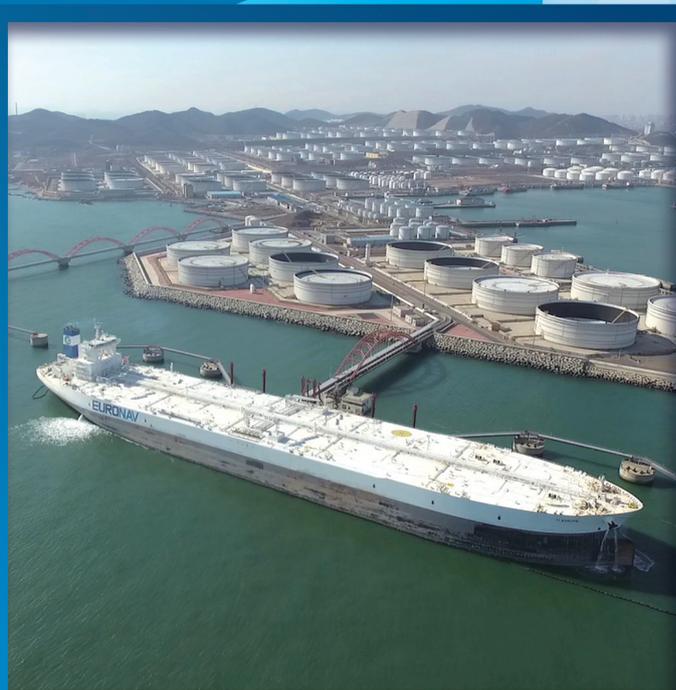


2020

ANNUAL REPORT



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)



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General Information on the Company

1) Company Profile

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

Located at the entrance of Bohai Bay, with its proximity to major international shipping routes as compared to other ports in Bohai Bay and with deep water and ice-free port conditions, Dalian port is able to operate its terminals throughout the year.

As the consolidated operational platform for port and logistics services in Dalian port, the Company and its subsidiaries (collectively, the “Group”) are the biggest comprehensive port operator in Northeastern China. The Group is principally engaged in the following businesses: 1) oil/liquefied chemicals terminal and related logistics services; 2) container terminal and related logistics services; 3) automobile terminal and related logistics and trading services; 4) bulk and general cargo terminal and related logistics and trading services; 5) bulk grain terminal and related logistics and trading services; 6) passenger and roll-on, roll-off terminal and related logistics services; and 7) port value-added services and ancillary port operations.

In terms of oil/liquefied chemicals terminal and related logistics services, the Group is the first terminal operator approved by the Ministry of Communications of the PRC to provide transshipment services of imported crude oil for petrochemical enterprises in Dalian port and Bohai rim. The Group has two 300,000dwt crude oil terminals (one which can accommodate 450,000dwt crude oil vessels), the largest oil storage base in China, and an integrated multimodal transportation system comprising various transportation means such as water, road, railway and pipelines. The Group is an important oil/liquefied storage, transportation and distribution center in Northeastern China.

In terms of container terminal and related logistics services, the Group’s container terminals can accommodate container vessels with a loading capacity of 150,000dwt. The shipping routes connected with the Group’s container terminals cover numerous major ports around the world. The Group has well established sea-rail combined transport network and Bohai Rim feeder transshipment network. The Group’s container volume of sea-rail combined transport is in the leading position among all ports in mainland China. The Group maintains its leading position in the industry of container transportation for foreign trade in Northeast China. The rapid growth of domestic trade is a constant driving force for the development of the Group’s container business for domestic trade.

General Information on the Company

In terms of automobile terminal and related logistics and trading services, Dalian port is one of the automobile ports approved by the Chinese government to provide automobile import business for the full year. The Group's automobile terminal can accommodate the largest Ro-Ro vessels in the world. Benefited from the rapid growth of automobile production and sales in China and the revitalisation of the automobile manufacturing base in Northeastern China and Dalian, the Group's automobile terminal business has been growing rapidly.

In terms of bulk and general cargo terminal and related logistics and trading services, the Group is principally engaged in the provision of loading, discharging and logistics services for dry bulk cargoes including steel, coal and large equipment, and aims to develop as the transshipment base for fine steel, coal and equipment. The Group has expanded its general cargo terminal and related logistics businesses to Changxing Island and Zhuanghe area. These two areas, with important strategic locations, provide a strong driving force for future development.

In terms of bulk grain terminal and related logistics and trading services, the Group, as the most competitive grain transshipment center in the Northeastern China, has established a comprehensive logistics operation system and fulfilled the transformation from a traditional loading and discharging services provider to a modern logistics services provider. The growth of grain transportation in Northeastern China will accelerate the volume increase of the Group's dry grain terminal and related logistics business.

In terms of passenger and roll-on, roll-off terminal and related logistics services, the Group's passenger and roll-on, roll-off terminal is located at the north end of Golden Waterway in Bohai bay and the Group has long been in a leading position among the ports in China in terms of its business scale. The Group has gradually been consolidating the passenger and roll-on, roll-off businesses in Dalian port so as to expand its business scale and develop as a major passenger and roll-on, roll-off terminal in Bohai rim.

In terms of port value-added and ancillary port operations, the Group provides services such as tugging, tallying, IT, port logistics, construction management and supervision services, and power supply. The Group has a leading tugboat fleet among the ports in China. The advanced port IT operational system, a sophisticated port multi-modal transportation system and complete port industrial chains provide crucial support for the Group to develop high-end logistics businesses.

The Group intends to leverage on its favorable natural conditions and competitive strengths in operations and management to develop and expand its business. The Group will play an important role in developing Dalian into an international shipping center in Northeast Asia and the development of Liaoning Coastal Economic Zone. The Group aims to develop into a pioneering port operator and comprehensive logistics service provider in Northeast Asia, with regional development potentials and international competitiveness.

General Information on the Company

2) General Information on the Company

- | | | |
|----|--|--|
| 1. | Chinese name | 遼寧港口股份有限公司 |
| | Abbreviated Chinese name | 遼港股份 |
| | English name | Liaoning Port Co., Ltd. |
| | Abbreviated English name | LIAONING PORT |
| 2. | Legal representative | Wei Minghui |
| 3. | Contact persons | Wang Huiying |
| | Joint Company Secretary/Secretary to the Board | Address: Room 2608, Xingang Commercial Building,
Jingang Road, Dalian International Logistics Park Zone,
Liaoning Province, the PRC
Telephone: 86 411 87599899
Facsimile: 86 411 87599854
E-mail: wanghuiyingln@cmhk.com |
| | Joint Company Secretary/Qualified Accountant | Lee, Kin Yu Arthur
Address: Room 2516, Xingang Commercial Building,
Jingang Road, Dalian International Logistics Park Zone,
Liaoning Province, the PRC
Telephone: 852 53774873
Facsimile: 86 411 87599854
E-mail: lijianru1@cmhk.com |
| 4. | Registered office | Xingang Commercial Building, Dayao Bay,
Dalian Free Trade Zone, the PRC |
| | Postal Code | 116600 |
| | Place of Business and Postal Code in PRC | Xingang Commercial Building, Jingang Road, Dalian
International Logistics Park Zone, Liaoning Province,
the PRC (116601) |
| | Place of Business in Hong Kong | 31st Floor, Tower Two, Times Square,
1 Matheson Street, Causeway Bay, Hong Kong |
| | Company website | www.liaoganggf.cn |
| | Company e-mail | ir@dlport.cn |

General Information on the Company

5.	<p>Designated newspapers for information disclosure of the Company</p> <p>Website designated by the China Securities Regulatory Commission for publishing the A share annual report</p> <p>Website for publishing the H share annual report</p> <p>Place for collection of annual report</p>	<p>China Securities Daily, Shanghai Securities Daily, Securities Times, and Securities Daily</p> <p>www.sse.com.cn</p> <p>www.hkexnews.hk</p> <p>Room 2609, Xingang Commercial Building, Jingang Road, Dalian International Logistics Park Zone, Liaoning Province, the PRC</p>						
6.	<p>Places of listing</p> <p>Stock abbreviations</p> <p>Stock codes</p>	<table border="0"> <tr> <td style="vertical-align: top;">Shanghai Stock Exchange</td> <td style="vertical-align: top;">The Stock Exchange of Hong Kong Limited</td> </tr> <tr> <td style="vertical-align: top;">LIAONING PORT</td> <td style="vertical-align: top;">LIAONING PORT</td> </tr> <tr> <td style="vertical-align: top;">601880 (Shanghai)</td> <td style="vertical-align: top;">2880 (Hong Kong)</td> </tr> </table>	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited	LIAONING PORT	LIAONING PORT	601880 (Shanghai)	2880 (Hong Kong)
Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited							
LIAONING PORT	LIAONING PORT							
601880 (Shanghai)	2880 (Hong Kong)							
7.	<p>A share registrar and transfer office</p> <p>H share registrar and transfer office</p>	<p>China Securities Depository and Clearing Corporation Limited, Shanghai Branch</p> <p>Computershare Hong Kong Investor Services Limited</p>						
8.	<p>Auditors</p>	<p>Ernst & Young Hua Ming LLP</p> <p>Address: No. 1 Chang An Avenue, Dong Cheng District, Beijing, PRC</p>						
9.	<p>Other information</p>	<p>Legal counsel (as to Hong Kong law)</p> <p>Paul Hastings</p> <p>21-22/F, Bank of China Tower, 1 Garden Road, Hong Kong</p> <p>Major bankers</p> <p>Industrial and Commercial Bank of China</p> <p>Agricultural Bank of China</p> <p>China Construction Bank</p> <p>Bank of China</p> <p>Bank of Communications</p>						

General Information on the Company

3) Business Milestones in the Past 12 Months

February

- The Group commenced a commercial vehicles front-end warehouse business at automobile terminal, and the annual business volume is expected to reach 40,000 vehicles. The service functions and profitability of related business segments have been improved in a steady pace.

March

- The Company announced the annual results for the year 2019.
- The Group's automobile terminal network business service platform was officially launched.

June

- The Company convened the annual general meeting for the year 2019.
- The Group's "shuttle railway in port area" was officially put into operation, realizing the seamless connection of the relevant goods supply chain throughout the entire process.

July

- On 7 July 2020, the Company obtained the "Approval on Matter in respect of the Merger by Absorption between Dalian Port (PDA) Company Limited and Yingkou Port Liability Co., Ltd. and Fundraising (GZCQ [2020] No. 298)" (《關於大連港股份有限公司吸收合併營口港務股份有限公司及配套融資有關事項的批覆(國資產權[2020]298號)》), issued by the State-owned Assets Supervision and Administration Commission of the State Council and forwarded by China Merchants Group Ltd., the de facto controller, which approved the overall plan for the merger by absorption of Yingkou Port Liability Co., Ltd. by the Company and the related fundraising.
- The smart checkpoint (radio-frequency identification) technology of the Group's automobile terminal customs supervision workplace was officially applied, achieving "more accurate and efficient" inspection and release of commodity vehicles in the foreign trade supervision zone of the terminal.
- The Group completed the unloading operation of the 67,000 tonnes imported soybean from bulk vessels "Taisheng (台升)" at bulk grains terminal by new equipment, and the production equipment of the relevant business segment achieved important breakthroughs in intelligent and digital applications.

August

- The relevant rectification for the upgrading and construction of Group's Dalian Dayao Harbour Free Trade Zone to comprehensive bonded area was completed; according to the principle of "early application", the Group currently can enjoy the corresponding policies of the comprehensive bonded area.

General Information on the Company

September

- On 28 September, the “ro-ro berth with a capacity of 30,000 tonnes navigating ceremony” was held at the Group’s passenger terminal. During the same period, the luxury ro-ro passenger ship “Zhong Hua Fu Qiang (中華富強)” with the largest passenger capacity in Asia was launched, marking a new step in the service function of relevant business segments of the Group.
- With the support of Dalian Customs’ innovative regulatory policies, the launching ceremony of the first “Bonded Blending” of Rio Tinto – Dalian Port China Port and Rio Tinto Blend Fines (RTBF) Products Promotion Conference was held at the Group’s ore terminal. The Group became the first port carrying out multinational and multi-type “bonded mixed ore” in China, and also became the preferred partner of Rio Tinto Group to carry out “bonded mixed ore” business in the ports of China.

October

- The new construction of the railway siding of the Group’s automobile terminal was officially commenced on 26 October.

November

- The “Bohai Rim Container Trailers Ro-Ro Transportation Project” jointly initiated by the Group, COSCO SHIPPING and Yantai Guanlian Logistics Technology Co., Ltd. (煙台罐鏈物流科技有限公司) was officially signed.
- The Group officially opened the first foreign trade export shipping routes at automobile terminal, effectively enhancing the international service function.
- In November, the Group completed the operation volume of 87,600 vehicles at automobile terminal, hitting a record high for the operation volume of the Group’s automobile terminal in a single month.

December

- In the strategic cooperation reached between the Group and the Customs, each port supervisory authority officially approved Dalian Port to carry out the bonded crude oil mixture business. At present, the Group is the only port enterprise with this qualification at the ports in Northeast China.
- In 2020, the Group strengthened the development of the route market at container terminals through adding 10 new routes throughout the year to actively align its business with the national strategies, such as the “Belt and Road Initiative”, domestic and international dual-circulation and construction of Liaoning Free Trade Zone, leveraged its own advantages in cold chain logistics and other business, and continuously explored the potentials of emerging shipping route markets in Southeast Asia and the Far East of Russia and the opportunities from south-north transportation needs, and added 7 Southeast Asian shipping routes, 1 Far East shipping route and 2 domestic trade shipping routes, to achieve full coverage of core ports in Southeast Asia and further optimise and upgrade the container shipping network of related ports.
- In 2020, the Group made greater efforts in expansion of sea-rail combined transport and China-Europe train lines business at container terminals, and added 12 new train lines throughout the year to further accelerate the construction of the Northeast New Silk Road economic belt and expand the opening-up of the hinterland.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2020.

In 2020, despite the continuous impact of the COVID-19 epidemic, the slowing world economy growth and sluggish pickup in the global trade growth, China continued to rank among the top in the world given its strong resilience, great potential, overall stable and positive macro economy. The transformation and upgrading of China's economic structure continuously advanced towards the goal of active adaptation and comprehensive reform. The annual gross domestic product (GDP) reached RMB100.92 trillion, with a year-on-year growth of 2.54% (source: the official website of "National Bureau of Statistics").

Operating Results and Dividend

In 2020, under the dual challenges of the spread of the COVID-19 epidemic and the volatile international situation, China's economy made headway with rapid growth in strategic emerging industries, focusing on improving overall results by state-owned enterprise reforms, major progress in the construction of free trade ports and continuous rising in port and shipping industry index. On a year-round basis, the growth of cargo throughput handled by China's large-scale ports remained stable with a sign of slowing down, and the throughput of certain goods in the same period saw a steady rebound.

In 2020, the Group's net profit attributable to shareholders of the parent company amounted to RMB812,640,222.02. To better reward the shareholders, the Board has recommended the payment of cash dividends of RMB0.30 (withholding tax included) for every 10 shares for the year 2020.

Business Review

As the integrated platform for port and logistics services in Liaoning port, the Group is the largest comprehensive port operator in Northeast China, mainly engaging in oil/liquefied chemicals terminal and related logistics services (Oil Segment), container terminal and related logistics services (Container Segment), automobile terminal and related logistics services (Automobile Terminal Segment), ore terminal and related logistics business (Ore Segment), general cargo terminal and related logistics business (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).

Despite the complicated and volatile economy, the Group has completed its annual production tasks in a satisfactory manner through its efforts in various aspects.

Chairman's Statement

For the Oil Segment, with the changes of national policies for refined oil and the support of policy for Free Trade Zone, the Group fully leveraged its combined advantages of deep-water ports and storage capacity to deepen multi-level cooperation with oil product enterprises, gave full play to the advantages of the multimodal transportation capacity of the railway system, expanded the crude oil transfer and dispatch market for refineries in Northeast China, and actively promoted the construction of a crude oil dispatch center in Northeast Asia. For the Container Segment, the Group actively promoted the construction of Maritime Silk Road, fully implemented the Bohai Rim strategy and actively built a transshipment system centering on Bohai Rim and opening to Northeast Asia, while promoting the development of special logistics business, and striving to achieve transformation and upgrading of ports, which strongly guaranteed the smooth operation of relevant businesses. Meanwhile, following the “Belt and Road” initiative of the central government, the Group made greater efforts in developing special logistics, continuously improved the layout of the southern network to facilitate the development of northbound cargo sources, and actively explored the market share by utilizing multimodal transportation system. For the Automobile Terminal Segment, while streamlining the business structure and developing the service brand, the Group continued to promote in-depth cooperation with several domestic and foreign automobile manufacturing enterprises and enhanced resources for the different market segments. Relying on the rapid development of automobile and near-port industries and all-out efforts to expand the business of river and ocean combined transportation, the Group has opened up a brand new international logistics channel for commercial vehicles and successfully maintained a 100% market share for the eighth consecutive year in the commercial vehicles roll-on, roll-off industry in Northeast China. For the Bulk and General Cargo Segment, by virtue of the regional advantages, the Group vigorously developed the ore mixing business, focused on building up an iron ore mixing center in Northeast Asia and continued to facilitate the construction of the near-port iron ore processing industrial base of the Group. Moreover, closely capturing the opportunities brought by the national policy adjustments, the Group was committed to the innovation of logistics mode and achieved significant progress in market development. For the Bulk Grain Segment, while continuing to enhance the port logistics services, the Group accelerated the establishment of the integrated supply chain system in the production and marketing areas, managed to improve the construction of its logistics system by closely following the market needs, reduced charges of full logistical services for customers and won the recognition of the market by upgrading the service level. For the Passenger and Ro-Ro Segment, while stepping up the effort in market exploration, the Group continued to improve its service capacity, introduced vehicle ro-ro shipping lines across Bohai Bay using its own advantages and realised cross-strait ro-ro logistics transportation.

Chairman's Statement

Prospects

In 2021, amid the grim outlook of the global economy, the international market demand is not expected to resume in the short term due to the impact to various degree arising from certain major economies. Affected by the COVID-19 epidemic, barriers in transportation caused by inter-regional trade control will bring significant challenges to production activities at ports. To cope with this, the Group will take advantage of various favorable policies promulgated by the state in a reasonable manner and optimise the allocation of resources with a comprehensive perspective, while collaborating with premium enterprises in related upstream and downstream industries to overcome difficulties and hardships and forge ahead. The year 2021 will see the adjustment of domestic economic and industrial structure and the business model innovation stepping into a critical stage of comprehensive reform and breakthroughs at key points, which brought new opportunities and challenges to the development of the port industry. Meanwhile, it should be further noted that, the year 2021 marks the beginning of the "14th Five-Year Plan", various national strategic plans and beneficial policies will help to build a higher and wider platform for the coastal regions to fully take part in strategic cooperation in the global economy and enhance the level of development in the cross-border economic cooperation zones. This will undoubtedly continue to consolidate the Group's crucial position as the "bridgehead" for the opening of the northeast area and provide more favorable policy support and room for development of the Group and the prosperity of the regional economy. In addition, the Group will also focus on the construction of "Northeast Asia Shipping Hub" and the concept of "healthy development" through emphasizing key points, making up for shortcomings and strengthening the weaknesses, and adhere to the guiding principles of seeking steady progress through basing the new development stage, upholding the new development concept and constructing a new development pattern. The Group will also uphold the theme of high-quality development, follow the main path of deepening supply-side structural reform, and take reform and innovation as the prime mover to vigorously promote the specific implementation of "consolidation and integration" and "innovation and upgrading" for ports, complete the specific advancement of "port integration" better and faster, and strive to build the Group into a world-class leading port.

Chairman's Statement

The Group's major hinterland includes the three northeastern provinces of China, the eastern region in Inner Mongolia and the Bohai Rim region. Our businesses mainly cover oil products, containers, ro-ro commercial vehicles, iron ore, coal, steel, grain, bulk and general cargo as well as passenger and roll-on and roll-off operations. With a comprehensive range of cargo types in its operations, the Group has stronger capabilities in business extension. The Group expects that the total throughput will continue to maintain the current steady growth in 2021. In particular, the oil and chemical business will continue to maintain a steady development when international oil price continues to fall while the automobile and container businesses will sustain its previous momentum, while seeking to attain growth in market share. Meanwhile, the Group will also continue to focus on building its comprehensive logistics service platform and integrated industrial, commercial and trading service platform, and position itself to tap into economic trends. By accelerating the construction of supply chain service system and strengthening the collaboration with both upstream and downstream enterprises such as collaboration between port service enterprises and railway enterprises, port service enterprises and shipping enterprises and among port service enterprises to enrich its industrial chain value, the Group will customize all-in-one solutions including logistics, trading and financial businesses for customers by making use of our port's own comprehensive advantages. Supply chain and logistics chain systems will be further consolidated by continuous extension into new businesses and development of new products, aiming at enhancing the overall level of the Group's revenue and generating desirable returns for our shareholders.

Lastly, on behalf of the Board, I would like to express my heartfelt gratitude to the shareholders and business partners of the Group for their confidence in and support to the Group in the past year, and also my sincere thanks to all the staff of the Group for their dedication and diligence.

Liaoning Port Co., Ltd.
Wei Minghui
Chairman

25 March 2021

Financial Highlights

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	Changes (%)
Highlights of Income Statement			
Revenue	6,657,457	6,645,907	0.2
Gross profit	2,235,347	1,990,967	12.3
Operating profit	1,239,921	1,136,490	9.1
Net profit attributable to shareholders of the parent company	812,640	718,230	13.1
Basic earnings per share (RMB)	0.063	0.056	12.5
Highlights of Balance Sheet			
Cash and bank balances	4,511,747	4,051,413	11.4
Net current assets	3,959,079	4,513,568	-12.3
Total assets	34,525,842	35,098,275	-1.6
Borrowings	7,228,841	8,220,756	-12.1
Gearing ratio (%)	23.6	33.4	-29.3
Net assets value per share (RMB)	1.50	1.46	2.7
Return on net assets (%)	4.24	3.86	9.8
Highlights of Cash Flow Statement			
Net cash flow from operating activities	2,098,377	1,606,592	30.6
Net cash flow from investing activities	480,979	1,783,969	-73.0
Net cash flow from financing activities	-2,112,986	-4,930,063	-57.1
Net increase in cash and cash equivalents	461,368	-1,512,206	-130.5

Note: $Gearing\ ratio = Borrowings / Net\ assets$

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



Management Discussion and Analysis

Management Discussion and Analysis

I. OPERATING DISCUSSION AND ANALYSIS

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

II. MAJOR OPERATIONS DURING THE REPORTING PERIOD

1. Overall Results Review

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

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

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

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

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

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

Management Discussion and Analysis

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

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

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

In 2020, the Group had no selling expenses.

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

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

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

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

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

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

Management Discussion and Analysis

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

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

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

2. Assets and Liabilities

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

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

3. Financial Resources and Liquidity

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

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

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

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

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

Management Discussion and Analysis

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

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

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

4. Use of Proceeds

Use of Proceeds for A Shares

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

Unit: RMB'0,000

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

Management Discussion and Analysis

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

Use of Proceeds for H Shares

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

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

5. CAPITAL EXPENDITURE

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

Management Discussion and Analysis

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

Oil Segment

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

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

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

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

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

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

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

Management Discussion and Analysis

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

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

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

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

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

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

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

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

Management Discussion and Analysis

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

Container Segment

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

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

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

Management Discussion and Analysis

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

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

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

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

Management Discussion and Analysis

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

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

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

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

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

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

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

Management Discussion and Analysis

Automobile Segment

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

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

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

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

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

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

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

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

Management Discussion and Analysis

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

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

Bulk and General Cargo Segment

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

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

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

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

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

Management Discussion and Analysis

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

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

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

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

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

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

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

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

Management Discussion and Analysis

Bulk Grain Segment

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

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

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

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

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

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

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

Management Discussion and Analysis

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

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

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

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

Passenger and Ro-Ro Segment

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

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

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

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

Management Discussion and Analysis

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

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

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

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

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

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

Value-added Services Segment

Tugging

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

Tallying

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

Management Discussion and Analysis

Railway

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

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

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

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

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

7. Analysis of main operations

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

Unit: RMB

Items	Amount for the period	Amount for same period of the previous year	Changes (%)
Revenue	6,657,457,293.58	6,645,907,276.19	0.2
Cost of sales	4,422,110,364.05	4,654,940,360.28	-5.0
Sales expenses	—	266,329.03	-100.0
Administrative expenses	635,244,291.37	658,917,252.38	-3.6
Research and development expenses	18,437,450.14	14,842,826.17	24.2
Financial expenses	513,921,878.49	580,891,348.90	-11.5
Net cash flow from operating activities	2,098,376,588.76	1,606,591,983.51	30.6
Net cash flow from investing activities	480,979,420.18	1,783,969,367.11	-73.0
Net cash flow from financing activities	-2,112,985,746.03	-4,930,062,651.91	57.1

Management Discussion and Analysis

7.2 Income and cost analysis

(1) Main operations by segments, products and regions

Unit: RMB

By industries	Analysis of main operations by segments					
	Revenue	Cost of sales	Gross	Changes in	Changes in	Changes in
			margin	revenue	cost of sales	gross margin
			(%)	(%)	(%)	(%)
Oil products	1,544,614,250.82	857,423,634.52	44.5	-4.4	-13.3	Up by 5.7 percentage points
Containers	2,503,704,284.66	1,740,500,021.27	30.5	-6.3	-9.2	Up by 2.3 percentage points
Bulk and general cargo	1,119,576,039.21	721,160,999.13	35.6	14.3	1.2	Up by 8.3 percentage points
Bulk grain	181,059,869.80	157,477,384.06	13.0	23.6	-1.7	Up by 22.3 percentage points
Passenger	141,071,947.95	139,830,784.40	0.9	-22.6	2.9	Down by 24.5 percentage points
Value-added product	1,039,246,314.48	640,987,068.35	38.3	8.9	1.6	Up by 4.4 percentage points
Automobiles	64,184,996.99	71,728,626.23	-11.8	200.1	184.7	Up by 6 percentage points
Unallocated	63,999,589.67	93,001,846.09	-45.3	-15.0	9.5	Down by 32.5 percentage points

Explanation of main operations by segments, products and regions

Please refer to the details described in “Overall Results Review” of Major Operations During the Reporting Period for reasons of changes in revenue and cost of sales.

Management Discussion and Analysis

(2) Statement of cost analysis

Unit: RMB'0,000

By industries	Cost components	Amount for the period	Segment information		Percentage of the total cost for the same period of the previous year (%)	Changes in the amount for the period as compared with the same period of the previous year (%)	Explanation
			Percentage of the total cost for the period (%)	Amount for the same period of the previous year			
Oil products	Cost of sales	85,742.36	19.4	98,898.65	21.2	-13.3	
Oil products	Depreciation and amortisation	26,960.60	6.1	26,245.46	5.7	2.7	
Oil products	Labor cost	21,765.75	4.9	23,736.65	5.1	-8.3	
Containers	Cost of sales	174,050.00	39.4	191,666.32	41.2	-9.2	
Containers	Depreciation and amortisation	38,011.54	8.6	37,838.44	8.5	0.5	
Containers	Labor cost	18,740.45	4.2	23,669.47	5.1	-20.8	
Bulk and general cargoes	Cost of sales	72,116.10	16.3	71,237.68	15.3	1.2	
Bulk and general cargoes	Depreciation and amortisation	19,443.03	4.4	19,167.60	4.2	1.4	
Bulk and general cargoes	Labor cost	22,068.12	5.0	23,233.77	5.0	-5.0	
Bulk grain	Cost of sales	15,747.74	3.6	16,013.34	3.4	-1.7	
Bulk grain	Depreciation and amortisation	6,186.38	1.4	6,094.53	1.3	1.5	
Bulk grain	Labor cost	3,917.76	0.9	5,054.10	1.1	-22.5	
Passenger	Cost of sales	13,983.08	3.2	13,594.22	2.9	2.9	
Passenger	Depreciation and amortisation	4,343.04	1.0	4,178.98	0.9	3.9	
Passenger	Labor cost	4,894.06	1.1	5,514.51	1.2	-11.3	
Value-added products	Cost of sales	64,098.71	14.5	63,072.84	13.5	1.6	
Value-added products	Depreciation and amortisation	6,842.58	1.5	6,580.05	1.5	4.0	
Value-added products	Labor cost	27,677.18	6.3	34,510.19	7.4	-19.8	
Automobiles	Cost of sales	7,172.86	1.6	2,519.43	0.5	184.7	
Automobiles	Depreciation and amortisation	1,156.51	0.3	525.52	0.2	120.1	
Automobiles	Labor cost	706.49	0.2	202.60	0.0	248.7	
Unallocated	Cost of sales	9,300.18	2.1	8,491.57	1.8	9.5	
Unallocated	Depreciation and amortisation	5,892.68	1.3	3,783.37	1.2	55.8	
Unallocated	Labor cost	1,735.00	0.4	1,838.49	0.4	-5.6	

Management Discussion and Analysis

Explanation of cost analysis

Please refer to the details described in “Overall Results Review” of Major Operations During the Reporting Period for the explanation of the reason of change in cost of sales.

(3) Major sales customers and major suppliers

The sales to the top five customers amounted to RMB1,293.47 million, representing 19% of the total annual sales. Of the sales to the top five customers, sales to related parties was zero, representing 0% of the total annual sales.

The purchases from the top five suppliers amounted to RMB288.01 million, representing 6% of the total annual purchases. Of the purchases from the top five suppliers, purchases from related parties amounted to zero, representing 0% of the total annual purchases.

Other explanation

Nil.

7.3 Expenses

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

7.4 Research and development (R&D) investment

Statement of R&D Investment

	Unit: RMB
Expensed R&D investment for the year	18,437,450.14
Capitalised R&D investment for the year	–
Total R&D investment	18,437,450.14
Percentage of total R&D investment in revenue (%)	0.28
Number of R&D personnel	144
Percentage of R&D personnel in total employees (%)	2.28
Percentage of capitalized R&D investment (%)	–

Management Discussion and Analysis

7.5 Cash Flow

Net cash inflow from operating activities amounted to RMB2,098,376,588.76, representing a year-on-year increase in inflow of RMB491,784,605.25 or 30.61%, which was mainly due to the combined effects of increase in efficiency, trade contraction, recovery of previous accounts, and reduction in labor expenditures as a result of social security reduction and exemption policy.

Net cash inflow from investing activities amounted to RMB480,979,420.18, representing a year-on-year decrease in inflow of RMB1,302,989,946.93 or 73.04%, which was mainly due to the decrease in net inflow as a result of changes in wealth management funds.

Net cash outflow from financing activities amounted to RMB2,112,985,746.03, representing a year-on-year decrease in outflow of RMB2,817,076,905.88 or 57.14%, which was mainly due to the changes in borrowings.

8. Explanation of significant changes in profit resulting from other operations

In 2020, the Group's oil terminal company accrued NSK credit impairment losses of RMB117.68 million. In addition, the major physical assets of Dalian Port Senlida Timber Trading Centre Co., Ltd., a subsidiary of the Group, were applied for seizure by creditors, which led to the termination of the microwave log processing project and application for bankruptcy liquidation. Therefore, an impairment provision of approximately RMB38,020,000 was made for assets based on the realizable value of the assets.

Management Discussion and Analysis

9. Analysis of assets and liabilities

9.1 Assets and liabilities

Unit: RMB

Item	Amount as at the end of the period	Percentage of total assets as at the end of the period (%)	Amount as at the end of the previous period	Percentage of total assets as at the end of the previous period (%)	Changes in amount for the period as compared with the same period of the previous year (%)	Explanation
Financial assets held for trading	903,950,958.91	2.62	304,951,193.83	0.87	196.42	It was mainly due to the changes in the purchase of structured deposits.
Accounts receivable	1,762,191,429.93	5.10	1,322,772,566.55	3.77	33.22	It was mainly due to the fact that income from crude oil storage business was not settled with customers.
Interest receivable	284,496.05	0.00	3,425,024.59	0.01	-91.69	It was mainly due to the recovery of interest receivable upon maturity.
Dividends receivable	134,533,521.74	0.39	297,341,498.52	0.85	-54.75	It was mainly due to the recovery of dividends receivable.
Other receivables	230,120,257.42	0.67	456,067,606.28	1.30	-49.54	It was mainly due to the recovery of accounts receivable.
Long-term receivables	80,486,851.34	0.23	-	-	100.00	It was mainly due to the increase in external borrowings.
Deferred income tax assets	144,226,490.31	0.42	100,709,875.21	0.29	43.21	It was mainly due to the taxation differences caused by pre-tax non-deductible income tax items such as the provision of credit impairment losses during the year.
Short-term borrowings	150,142,083.34	0.43	497,660,595.83	1.42	-69.83	It was mainly due to the repayment of short-term borrowings.
Advances from customers	3,154,967.98	0.01	7,070,884.59	0.02	-55.38	It was mainly due to the recognition of revenue from advances from customers.
Contract liabilities	72,171,660.49	0.21	34,297,750.03	0.10	110.43	It was mainly due to the increase in the advance receipts of miscellaneous ports fees.
Dividends payable	153,269,260.93	0.44	241,653,084.84	0.69	-36.57	It was mainly due to the payment of dividends.
Non-current liabilities due within one year	2,612,451,085.79	7.57	400,779,150.69	1.14	551.84	It was mainly due to the reclassification of bonds payable within one year.
Bonds payable	3,547,236,158.87	10.27	5,884,379,767.90	16.77	-39.72	It was mainly due to the adjustment of the principal of some bonds to maturity within one year.
Long-term payables	44,070,000.00	0.13	32,500,000.00	0.09	35.60	It was mainly due to the additional external inter-company borrowings.

Other explanation

Nil.

Management Discussion and Analysis

9.2 Major restricted assets as at the end of the Reporting Period

Please refer to the details described in Note VIII (21) to the financial statements, Assets with restricted ownership or use right.

10. Analysis of business operation in the industry

Explanation of the main business, business model and industry situation of the Company during the Reporting Period

10.1 Core business and related business models

The Group is the most convenient maritime gateway to the Pacific Ocean and facing the world in Northeast Asia. It is equipped with a comprehensive transportation network and is one of the major sea-rail 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).

10.2 Business model

At present, the Group is at a critical stage of transformation and development and puts emphasis on strengthening product innovation, expanding service functions, establishing professional brands, promoting platform construction, deepening customer cooperation, and creating an integrated logistics service system that serves the country, the industry and customers. In addition, in accordance with the overall thinking of supply chain integration, the Group has comprehensively improved its service, intensification and intelligence, promoting the integration of logistics and finance, commerce, and information industries.

10.3 Industry development

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

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

Management Discussion and Analysis

11. Analysis of investments

11.1 Overall analysis of external equity investments

Details as below:

(1) Major equity investments

1. Securities investment

No.	Categories of securities	Stock code	Abbreviated name of securities	Initial investment (RMB)	Number of shares held (shares)	Carrying value as at the end of the period (RMB)	Percentage of total securities investment	Profit or loss during the reporting period
							as at the end of the period (%)	(RMB)
1	Stock	601558	Sinovel	3,780,000.00	252,000.00	-	-	-274,680.00
2	Stock	601616	SGEG	1,045,000.00	99,000.00	-	-	52,362.00
3	Stock	002563	SEMIR	1,943,000.00	116,000.00	-	-	-100,800.00
Total				6,768,000.00	467,000.00	-	-	-323,118.00

2. Equity interests in financial company

Name	Initial investment (RMB)	Percentage of that company (%)	Carrying value as at the end of the period (RMB)	Profit or loss during the reporting period (RMB)	Changes in interests of owners during the reporting period (RMB)	Accounting items	Source of shares

Management Discussion and Analysis

3. Purchase and sale of shares of other listed companies

No.	Stock name	Shares			Shares sold during the reporting period (shares)	Shares held as at the end of the period (shares)	Investment gains generated (RMB)
		Shares held as at the beginning of the period (shares)	Shares purchased during the reporting period (shares)	Fund utilised (RMB)			
1	Sinovel	252,000	-	-	252,000	-	-
2	SGEG	99,000	-	-	99,000	-	53,190.00
3	SEMIR	116,000	-	-	116,000	-	56,767.00
Total		467,000	-	-	467,000	-	109,957.00

Management Discussion and Analysis

(2) Major non-equity investments

Unit: RMB'0,000

Investment project	Source of funding	Total proposed investments	Investment for the year	Accumulated investments as at the end of the year	Project progress	Gains realised for the year	Reasons for failure to achieve the expected gain
No. 4 stacking yard for ore terminal	Financing through issuance of A shares	52,000.00	179.84	41,949.33	81%	Income of approximately RMB23.99 million; profit of approximately RMB1.09 million	Please refer to the note headed "Reasons for failure to achieve the expected gain".
Dayao Bay No. 13-16 Berths in Phase II	Own funds and loans	378,300.00	64.32	233,315.91	93%	No.13 and No.14 berths were transferred to a joint venture and a value-added gain of RMB200 million was realised; the annual rental income of No. 15 berth was RMB53.5 million; the construction of the main body of No. 16 berth has been completed and has not yet been leased out.	
Xingang No. 18-21 berths	Own funds and loans	41,377.00	-7.07	35,151.63	86%	N/A	The project is under construction and has not yet been put into operation so no gain is generated.
Total		471,677.00	237.09	310,416.87	/ /	/	

Management Discussion and Analysis

Reasons for failure to achieve the expected gain

No. 4 stacking yard for ore terminal: The project was put into use in December 2014. In 2019, the Company took advantage of the fast and efficient centralized transportation system to develop an integrated transportation mode with the railway to promote an increase in the cargo supply. However, due to the renovation of some steel mills in Benxi and the dam break of VALE in Brazil, the foreign trade import supply did not meet expected standard. In 2020, affected by international public health security incidents, part of mining areas in VALE of Brazil halted production and suspended trade at the Teluk Rubiah terminal in Malaysia for two months. During production suspension, it was unable to continue to provide ore-mixing products to steel mills in Southeast Asia. The Company took this opportunity to undertake part of the mixed ore business of such terminal, driving an increase in the volume of mixed ore-to-waterway shipments. The Company has actively developed multinational and multi-type bonded mixed ore business. In September, it launched the Rio Tinto mixed ore business in Australia and completed the mixing of imported raw ore. An increase in project revenue was recorded as compared with that of previous year as a result of the corresponding increase in transshipment volume. However, under the influence of the aforementioned incidents, the sound operating situation of the Company has also been affected to some extent. Some steel mills have implemented production reduction and furnace shutdown. This offset part of the increase in trade volume, resulting in lower gain than expected. Going forward, the Company will give full play to the terminal's bonded, mixed mining and distribution capabilities, go all out to secure imported iron ore from Northeast China, consolidate the Company's market share in steel mills, deepen cooperation with the railway bureaus, and enhance the efficiency of the yard.

(3) Financial assets at fair value

Unit: RMB

Item	Opening balance	Closing balance	Current change	Effect on the current profit
Financial assets held for trading	304,951,193.83	903,950,958.91	598,999,765.08	31,608,522.06
Other equity instrument investments	189,782,564.95	204,067,639.27	14,285,074.32	1,134,967.00
Total	494,733,758.78	1,108,018,598.18	613,284,839.40	32,743,489.06

Management Discussion and Analysis

12. Analysis of major subsidiaries and investee companies

The shareholders of the Dalian Container Terminals Co., Ltd. (“DCT”) and their respective percentages of ownership were 48.15% for Dalian Port Container Development Co., Ltd. (“Dalian Port Container”), a wholly-owned subsidiary of the Company, 4.35% for COSCO SHIPPING Ports (Dalian) Limited, 10.99% for COSCO SHIPPING Ports Development Co., Ltd., 3.66% for China Shipping Ports Development Co., Ltd., 26% for Singapore Dalian Port Investment Pte. Ltd., and 6.85% for Nippon Yusen Kabushiki Kaisha. Dalian Port Container entered into the Concerted Action Agreement on Dalian Container Terminals Co., Ltd., by which they agreed to act in concert on voting in relation to DCT’s operating decision-making. The registered capital of DCT is RMB3,480 million. Its principal businesses include the development, construction, management and operation of container terminals and its auxiliary facilities, provision of container handling and provision of bonded storage. As of the end of December 2020, DCT recorded a total asset of RMB7,829.7335 million and net asset of RMB3,870.3244 million. From January to December 2020, it achieved a revenue of RMB1,314.1193 million and net profit of RMB317.0794 million.

Dalian Port Container Development Co., Ltd. (大連港集裝箱發展有限公司) (“Dalian Port Container”) is a wholly-owned subsidiary of Liaoning Port Co., Ltd., with a registered capital of RMB2,964.1114 million. Its principal businesses include the provision of terminal facilities to vessels, provision of container handling, storage and arrangement of containers in the port area, leasing and maintenance services for port facilities, equipment and port machines, property leasing, corporate management services, consulting services etc. As of the end of December 2020, Dalian Port Container recorded a total asset of RMB5,315.8805 million and net asset of RMB3,513.3120 million. From January to December 2020, it achieved a revenue of RMB124.4293 million and net profit of RMB219.7508 million.

PetroChina Dalian LNG Co., Ltd. (“LNG”) is jointly funded and established by Liaoning Port Co., Ltd. (the “Company”), Kunlun Energy Co., Ltd. and Dalian Construction Investment Group Co., Ltd., with a shareholding of 20%, 75% and 5%, respectively. The registered capital of LNG is RMB2,600 million. Its principal businesses include storage and operation of compressed gas and liquefied gas and natural gas, provision of LNG unloading services in the port area. As of the end of December 2020, LNG recorded a total asset of RMB3,462.8102 million and net asset of RMB3,363.0031 million. From January to December 2020, it achieved a revenue of RMB1,053.7592 million and a net profit of RMB486.6912 million. It contributed investment income of RMB97.3382 million to the Company, representing 10.24% of the Company’s net profit.

Management Discussion and Analysis

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

1. Competitive landscape and development trend in the industry

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

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

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

2. The Company’s development strategy

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

Management Discussion and Analysis

In 2020, the Group's major initiatives for market development in its business segments are set out as follows:

Oil Segment

The Group will pay close attention to the progress of capacity enlargement of refinery factories in Northern Shandong and Hebei in Bohai Rim region, design personalised transshipment cooperation plan, and reduce comprehensive logistics costs to achieve mutual benefits and win-win.

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

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

Container Segment

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

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

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

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

Automobile Segment

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

Management Discussion and Analysis

Bulk and General Cargo Segment

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

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

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

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

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

Bulk Grain Segment

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

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

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

Passenger and Ro-Ro Segment

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

Value-added Services Segment

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

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

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

Management Discussion and Analysis

3. Business plans

In 2021, with a focus on customers' demands, the Group will, by leveraging our comprehensive advantages in deep-water berth, storage facilities, tugging, tallying and railway, strengthen product and service innovation, deepen cooperation with customers, improve the logistics network, expand service functions, and further promote the construction of logistics system at the ports. Besides, the Group will drive the development of our high-end service business, accelerate the pace of going out and exert all efforts to build a port ecosystem integrating logistics, business flow, capital flow and information flow, with a view to becoming the first-class integrated service provider in supply chain in China.

4. Possible risk exposures

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

LIQUIDATION OF CERTAIN OVERSEAS SUBSIDIARIES

The Company has published an announcement on 26 March 2020 regarding proposed liquidation of Asia Pacific Ports Development Company Limited (亞洲太平洋港口發展有限公司), Harbour Full Group Limited (港豐集團有限公司) and Asia Pacific Ports Investment Company Limited (亞太港口(投資)有限公司). In September 2020, Asia Pacific Ports Development Company Limited has completed the deregistration procedures in British Virgin Islands.

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. The reasons for and benefits of the merger are set out in the Announcement and the Circular. China Merchants Group Limited (招商局集團有限公司) was the ultimate beneficial owner of both the Company and the Target Company. Therefore, the merger constitutes a connected transaction of the Company. On 4 February 2021, the Company issued 9,728,893,454 A shares to the shareholders of the Target Company. Every share of the Target Company was converted into 1.5030 A shares of the Company. Upon the completion of the merger, the Company has 17,464,713,454 A shares and 5,158,715,999 H shares. On 28 January 2021, the Company has changed its name to Liaoning Port Co., Ltd. to better reflect the Company's business strategy upon the acquisition of the Target Company.

Management Discussion and Analysis

Human resources management

Overview of employees

Taking into consideration of the Company's development strategies and priorities, the Group took efforts to facilitate each employee's development of his or her potential and formulated an employment mechanism for staff selecting, training and appointment so as to support the Company's sustainable development. As of 31 December 2020, the Company had a total of 3,843 full-time employees. The Company and its invested businesses together had a total of 6,152 employees.

Compensation policy

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

Training plan

We also placed an emphasis on the provision of training in combination of internal and external, online and offline, theory and practice, concentration and self-study to staff so as to build up a talent pool that provides a human resources support to the development of the Company. The Company conducted education and training for all talent teams through focusing on corporate culture, safety production, operating management, professional technology and operation skills.

Investor relations management

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

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

In 2020, in order to allow all interested parties to fully understand the Company's performance, operating strategies and development prospects, the Company received investors' inquiries, set up investor mailboxes and adopted other ways and methods. The Company proactively and candidly communicated with the capital market for domestic and overseas investors, and published all kinds of announcements, circulars, and reports as required by domestic and overseas regulatory rules on the website of the Company and the websites and newspapers designated by regulators.

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

Management Discussion and Analysis

2020 Corporate Social Responsibility Report

I. Summary on Fulfilment of Social Responsibilities

In 2020, amidst the lingering complicated domestic and global economic situation, Liaoning Port Co., Ltd. adhered to scientific development, devoted itself to reform, made breakthroughs and innovation, and pursued excellence. With the joint efforts of all staff, various works made new progress and various indicators of the year were successfully achieved.

1. Concept of social responsibility

The social responsibility of Liaoning Port Co., Ltd. is to undertake the responsibilities for the customers, staff, society and environment while pursuing economic benefits and safeguarding the shareholders' interests. While maintaining rapid development of the port, we always stick to the mission of "prospering the city through the port, and serving the nation with industrial development", adhere to the core value of "people-oriented, client-oriented and responsibility-guided", promote the spirit of "Self-Discipline and Social Commitment", and uphold the operating concept of "integrity, value-added, safety and environmental protection", so as to create value for shareholders, customers, staff and society.

2. Undertaking of social responsibility

We are committed to implementing a supervisory and management system for social responsibility underpinned by a main framework covering quality, occupational health and safety and integrated environmental management mechanism. At the beginning of the year, we were accredited with quality, environment and occupation health and safety management system certification, ensuring the standardized management being kept abreast of time, to provide standardized management support in relation to the management, quality control, safety control, occupation safety control of the Company, thereby ensuring the effective performance of the corporate social responsibilities of the Company. The Company takes the initiative to fulfil the obligation of "contributing all it should contribute", paid tax in aggregate of RMB572,512,320.77 during the year, making due contributions to national and regional construction.

3. Vision of social responsibility

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

Management Discussion and Analysis

II. Contribution to the Industry

4. Promoting regional logistic development

In 2020, the Company focused on transformation and quality enhancement, attached high importance to comprehensive logistic system, made breakthrough in product and service innovation, and by measures such as deepening customer cooperation, expanding logistic network and improving port service efficiency, the Company further lowered comprehensive logistic costs for customers, thereby effectively supported the real economy and promoted the regional economic development. Firstly, we strengthened the building of a system for collective transport and delivery, and in terms of land sector, enhanced business cooperation with the railway bureau and promoted scheduled railway transportation and bulk cargo port logistics. In terms of sea sector, the Company vigorously developed scheduled shipping service and created a low-cost, efficient and convenient shipping service system connecting the north and south of China. Secondly, by taking the advantages of “big ship + ore blending”, we deepened customer cooperation, expanded the Japanese-Korean transit market for ore blending and created a regional iron ore distribution center, which further scaled up the ore blending business. Thirdly, we strengthened the cooperation among the ports around the Bohai Sea and improved the layout of the circum-Bohai-Sea network, due to which the supply of the transit shipment business involving containers developed steadily. Fourthly, we continued to promote cooperation with the water transport project of the North-South main engine plant, promote the construction of the north-south convection route of commodity vehicles, and achieve the rapid growth of business volume such as river-ocean combined transportation and sea-railway combined transportation. Fifthly, we worked closely with the port regulatory authorities and implemented a variety of initiatives to promote the development of foreign trade through ports.

III. Caring for Customers

5. Product quality and customer service

In 2020, the Company continued to take business transformation and quality improvement as its major tasks, focused on reducing logistics costs and increased service offerings, based on its supply chain logistics service system, marketing system and customer management system to subdivide customer groups, deeply studied the actual needs of customers and implemented the differentiated marketing strategy, so as to meet explicit demands and explore potential demands. For strategic customers and large customers, we tailored the supply chain logistics solutions to meet their personalised demands. For small and medium customers, we built up a platform and system to provide them with comprehensive, one-stop value-added services. In addition, the Company increased interaction with its customers, expanded into new services, and promoted the continuous improvement in port environment and business environment through the application of various information platforms such as the Dalian Public Information Platform, service hotline, mobile APP and Micro Port System.

Management Discussion and Analysis

6. *Production safety*

In 2020, in light of the epidemic, the flood and external environmental impacts, all personnel in the port earnestly studied and implemented General Secretary Xi Jinping's important statement on production safety, solidly promoted the three-year special rectification of production safety, and completed various production safety tasks throughout the year.

First, we adhered to the goal-orientation, strived to implement the philosophy of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China and the "three transformations" requirements, circulated the Company's work emphases, namely, "Safety Production", "Occupational Health", and "Environmental Protection", and specifically decomposed the annual work tasks. We formulated the 2020 safety and environmental inspection plan, occupational health inspection, environmental monitoring and other work plans, and put forward specific requirements for annual supervision and inspection and monitoring. We formulated and circulated a total of 25 safety and environmental protection systems. Moreover, the "Detailed Rules on 2020 Safety Production Target Management Assessment" was formulated, 8 categories and 146 specific indicators were proposed, and the production safety responsibility statements were signed in accordance with the principle of "a company, a statement". In 2020, a total of 1,092 responsibility statements and a total of 12,515 letters of commitments of "dual responsibilities for one post" were signed throughout the port.

Second, we adhered to the problem-orientation and carried out comprehensive investigation and governance of risks and hidden dangers, with post and key procedures as the main line, enhanced re-identification and re-assessment of various risks to make sure effective execution of the measures for graded safety risk control. 360 work processes were sorted out and optimized, 5,360 post safety risks, zero red risk, 337 orange risks, 1,335 yellow risks, and 3,688 blue risks were identified. We continued to facilitate the building of hidden danger screening and management system featuring daily inspection of teams, weekly inspection of workshops, monthly inspection of units integrated with the Company's comprehensive, special and random inspections. In 2020, the Company conducted 23 special inspections of various types, raised 373 hidden dangers, carried out two interim and annual comprehensive inspections of safety and environmental protection, raised 480 hidden dangers. All units carried out 413 comprehensive inspections and 725 special inspections, identified 1,653 hidden dangers. And the above 2,506 hidden dangers have all been rectified. In 2020, the higher-level departments conducted 45 inspections and were not aware of major hidden dangers above and the safety control of high-risk operations was strengthened. A total of 14,157 high-risk operations occurred within the port, including 6,599 fire-related operations, 4,543 aerial operations, and 841 limited-space operations, all of which were confirmed and approved in accordance with regulations. Accident report rewards were granted and employees were encouraged to actively participate in the identification and report of hidden dangers. Employees reported 825 hidden dangers throughout the year, and rewards amounting to RMB165,000 were granted.

Management Discussion and Analysis

Third, we sped up cultural integration and made every effort to push the concept of safety into the mind and heart. Safety culture propaganda was vigorously conducted, more than 600 publicity and education materials on “comprehensive safety concept” and “five fitness management and control law” were posted, and 126 articles were released through public accounts, which have attracted wide attention from employees. Safety production “Wu Ge Yi” activities were widely conducted. More than 150 safety lecture activities were organized, over 10 research and development technological innovations were achieved and 3,381 emergency drills were carried out. Online and offline education and training, including 741 various safety training classes were organized throughout the year, 105,000 employees and 1,200 special safety management personnel got trained, and approximately RMB818,300 was invested in safety production training throughout the year. Focusing on the theme of “eliminating hidden accidents and building a strong line of defense”, the Company actively carried out the national 19th “Safety Production Month” activity, the Company’s party committee administration staff issued a mobilization order to all cadres and employees, and carried out safety production rationalization suggestions and safety papers solicitation activities to guide and motivate employees to actively contribute to safety production. We also organized to carry out the “Accident Case Warning Education Month” activity to further improve the safety awareness and risk detection capabilities of the majority of employees.

Fourth, we carried out comprehensive rectification in hazardous chemical areas. After the Beirut port bombing incident, the Company promptly organized to communicate the spirit of the Security Committee under the State Council at national production safety video and telephone conference, implemented the national, provincial, and municipal work deployment, emphasized key areas, and strengthened weak links, to improve the responsibility system, and focused on the implementation and effectiveness of various measures. The Company immediately convened a special meeting on the safety production of hazardous chemicals, and deployed a special rectification action on the safety of hazardous chemicals. The Company’s leaders took the lead in forming multiple inspection teams to conduct on-site inspection and guidance on all companies engaging in hazardous chemicals in the port; entrusted professional institutions and national and provincial hazardous chemicals experts to conduct a comprehensive “diagnosis” for 11 units including major hazards sources, hazardous cargo at the port, and gas stations. A total of 48 hidden dangers have been investigated, and all rectifications have been completed. 27 high-risk cargo types were sorted out and effective control measures were adopted; we carefully organized to respond to various supervisory inspections by superiors. The Company has successively accepted the inspection by the inspection team of the State Safety Commission Office, the inspection team of the Provincial Transportation Department, the Municipal Emergency Bureau, and the inspection team of the Transportation Bureau. The Company attached great importance to such inspections, and the relevant units actively cooperated to successfully complete the inspection task.

Management Discussion and Analysis

Fifth, we carefully formulated planning and made every effort to fight the opening battle of the three-year action. The Company carefully studied and formulated implementation measures based on actual conditions, put forward a “2+5” implementation plan, detailed and decomposed 36 work tasks and 105 specific work measures, and units at all levels highlighted key points, broke through difficulties, and worked together to advance the phased tasks of investigation and remediation, building a solid foundation in the first year of the three-year action; and the entry point for implementation was selected accurately. The port put learning and understanding of General Secretary Xi Jinping’s important exposition on production safety at the top of the “Three-Year Action for Safety Production Special Remediation”, and insisted on that leaders shall take the lead in learning and learning shall be in an innovative way, shall be in line with practices and shall be comprehensive and of various perspectives. Learning results shall be transformed into a powerful driving force for guiding practice and promoting work. The central groups of party committees at all levels organized 480 special learning sessions, and 175 branches completed learning tasks through “three meetings and one lesson”, online self-study and other methods; 770 teams organized to carry out accident case warning education activities, and self-check and correct the hidden dangers against the standards and tables through case analysis. Twisting the focus of implementation and through focusing on the “critical minority”(namely, the leaders), the three-year special rectification action was included into the performance appraisal of party and government leading cadres to strict perform accountability; through focusing on the management efficiency of “key departments”, functional boundaries were clarified to implement the division of responsibilities, give full play to the professional supervision role of each department, improve and perfect the joint prevention and control mechanism. Through focusing on the job responsibilities of all employees, the lowering of the emphasis, the decentralization of power, and the assignment of resources to lower departments was promoted to form a good situation of linkage and mass prevention and governance; seizing the breakthrough point in the implementation, the coverage of quality and efficiency improvement was determined based on the three-year action plan, to form a long list of 25 key measures of the Company, and cooperate with all relevant departments to carry out the offline supervision of quality and efficiency improvement under the three-year action, providing a strong guarantee for the quality and efficiency improvement under the three-year action of the Company.

Sixth, we strengthened occupational health supervision to ensure that employees’ health rights are under protection. According to the annual work plan, a qualified technical service agency was entrusted to complete the inspection of 209 inspection points, with a pass rate of 100%; in accordance with the occupational health examination plan, the occupational health examination and medical institution completed the physical examination of 2,793 employees; and special inspections for the prevention and control of occupational hazards in co-op teams, rented places and workplaces were organized. The management of relevant units in terms of occupational disease hazard declaration, occupational disease hazard factor detection and occupational disease hazard notification has been further standardized. Heatstroke prevention and cooling was prepared well to effectively prevent and control heat stroke incidents under the normalization of epidemic prevention and control. The “Occupational Disease Prevention Law” publicity week activity and occupational health training and education were launched to promote the continuous improvement of employees’ awareness of occupational disease prevention and control.

Management Discussion and Analysis

Seventh, we carried out fire-fighting and transportation work steadily, and improved the Company's fire-fighting and traffic safety management responsibility system. The Company has established an emergency security center, and completed 15 company-level fire and traffic safety management systems. The Company's three-year special rectification action for fire protection and traffic safety production was solidly promoted. The hidden dangers of fire safety facilities in 6 high-rise buildings in the port were investigated, which increased the control of the source on excessive and overloaded foreign vehicles, and "119 Publicity Month", "Winter Prevention Cup" safety competition and "122 Traffic Publicity Day" activities were carried out. A total of more than 150 fire-fighting traffic panels and over 180 publicity banners were displayed, and more than 700 publicity materials were issued within the port; special fire safety inspection actions were carried out, in which 17 special rectifications, 58 fire safety inspections, and 8 traffic rectifications were carried out throughout the year, and 313 hidden dangers were rectified. 17 centralized fire safety trainings and 8 traffic trainings were provided, with over 6,200 educated employees. More than 300 fire control room duty personnel in the port were organized to carry out training and certification upgrades; 28 fire drills were organized to continuously improve emergency protection capabilities.

IV. *Caring for Employees*

7. *Protection of employees' rights and interests*

We insisted on leveraging our strengths in democratic corporate management, transparency in factor affairs and other systems, respected the democratic rights of employees, safeguarded the legitimate interests of employees, and performed, according to the law, relevant primary unit's equity transfer, and other democracy procedures. Meanwhile, we implemented the requirements of the labour union, and combined the requirements of "AAA-level Employee Home Building", "Employee Home Construction", etc., to improve rules of procedures, decision making policies, regulate management provisions, and deepen the construction of the Employee Home. We continued to display the roles of employee interests appeal and expression, labour dispute pre-warning and other systems, listened to the voices from the employees and resolved any conflicts or disputes in a timely manner, to earnestly maintain the democratic and harmonious development of Dalian Port. Furthermore, we actively performed supervisory duties in production safety and labour protection, and gave further play to the roles of the "Good Health" Cup competition as a carrier through rearranging the assessment rules, improving the incentive standard and adding typical case recommendation and selection activities, thereby upholding the rights and interests of employees in safety and health.

8. *Supporting and caring for the employees*

The Company adhered to a combination of targeted poverty alleviation and inclusive services. In particular, we improved the targeted poverty alleviation mechanisms such as basic living allowances for employees, school subsidies for their children, visits during festivals, temporary assistance, and assistance for employees in need, as well as inclusive service mechanisms such as medical mutual assistance fund, charity assistance fund for major emergencies, and employee relief fund. Meanwhile, we carried out "extending cool in summer and warm in winter" activities to continuously promote health checks for employees. In addition, we proactively facilitated the construction of the "Special Caring Room for Female Employees", and the health checks and special female checks for female employees, demonstrating our care and love for employees in such multi-dimensional, multi-level and multi-carrier assistance measures. In light of the COVID-19 epidemic in Dalian in 2020, psychological assistance workers were arranged to provide psychological support and counseling services for quarantined employees via telephone or WeChat.

Management Discussion and Analysis

9. *Improving employment mechanism*

The Company continuously stimulated the work enthusiasm of staff with model worker spirit and craftsman spirit, and adhered to the typical cultivation, selection, leadership and echelon training mode to consolidate the craftsman brand of the port, adhering to elite cultivation. In particular, we leveraged on our strengths in national vocational skills education and training base, mobile APP for employee occupational skills and other platform resources, and adhered to the integration of learning, contest, promotion and incentive, to effectively improve the experienced talent training system. By virtue of our well-established talent cultivation system, the younger generation of our technical elites have achieved good results in a variety of top-notch national and provincial port skill contests: In the 2020 national finals of the Port Fluid Handling Skills Competition, sponsored by the Ministry of Transport and co-organized by China Ports Association, the Company ranked fourth in the group ranking, and the two participating employees ranked 8th and 9th, respectively, in the individual rankings. In the national finals of the 12th National Transportation Industry “Shandong Port Yantai Port Cup” Passenger Carrier Vocational Skills Competition hosted by the Ministry of Transport, the Ministry of Human Resources and Social Security, All-China Federation of Trade Unions and the Central Committee of the Communist Youth League, three participating employees ranked 6th, 11th and 14th, respectively, in the individual rankings. In the first national “Liaoning Port Cup” ro-ro car driver professional skills exchange competition co-sponsored by the National Committee of the Chinese Seamen & Construction Workers’ Union and the China Ports Association, the Company won the first place in the group ranking and the Special Contribution Award, and 1 participating employee won the first prize, 3 participating employees won the second prize in the individual rankings.

We displayed the driving roles of the model, and steadily promoted the construction of the “Model Worker (Employee) Innovation Workshop” to stimulate the creative enthusiasm of our employees. A batch of “Workshops” have been named by the provincial and municipal governments, injecting internal vitality into the Company’s high quality development. In particular, the construction of the “Quality and Efficiency Improvement” innovation studio carried out this year has given full play to the ingenuity of the employees. They sought tips from production and efficiency from management, collected 672 rationalization suggestions for quality and efficiency improvements, and established 60 innovation studio and established 153 improvement projects, which has promoted the rapid development of the Group.

Management Discussion and Analysis

V. Ecological Development

10. Environmental protection

In 2020, the Company further promoted the construction of a green ecological port, and continued to strengthen the prevention and control of air, water, noise, soil and solid waste pollution and ecological protection. In 2020, the port generated 346,000 tonnes wastewater, 31 tonnes of chemical oxygen demand, 4.5 tonnes of ammonia nitrogen, 44.35 tonnes of sulfur dioxide and 147.05 tonnes of nitrogen oxide. The pollutant emissions are generally decreasing. The implementation rate of the “three simultaneous” construction projects for environmental protection throughout the year was 100%, and there were no major violations or emergencies.

First, we assumed the main responsibility and improved the management system. Four system documents including the “Responsibility System for Ecological Environmental Protection Work” and “Management Measures for Ecological Environmental Protection” were formulated and distributed. Second, we strengthened pollution source monitoring and implemented pollutant emission reduction. The Company and all units have completed the environmental monitoring tasks for air, water, noise, soil and sea as planned. All pollutant discharging units have realized effective monitoring of pollutant discharge. While ensuring that pollutants meet the discharge standards, they have steadily promoted the reduction of major pollutants. Third, we strengthened supervision and inspection, and four special ecological and environmental inspections were organized with standardized management of hazardous wastes, dust prevention, and sewage discharge standards as the entry point, and a total of 56 hidden problems have been discovered, and environmental hazards were timely identified and eliminated. During Liaoning Provincial Ecological Environmental Protection supervision team’s stay of in Dalian, it conducted special inspections on the Company. The supervision team fully affirmed the basic management of the ecological environment and on-site management of the port. Fourth, we strictly implemented the pollution discharge permit system and obtained the pollution discharge permit in a timely manner. The 19 units of the Company included in the classification management list on pollutant discharge permit have all completed the application for pollutant discharge permits. Fifth, we strengthened publicity and guidance to improve employees’ awareness of ecological and environmental protection. Through the organization of “June 5th Environment Day” publicity activity and environmental protection training, the professional quality of environmental management personnel has been improved, and the concept of green port has been deepened. Sixth, we followed the policy guidance and focused on promoting clear water, blue sky, pure land and other key areas. The management of hazardous wastes was strengthened, and a total of 495.6 tonnes of hazardous wastes were processed throughout the year. The Company also improved the ship pollutant receiving and transshipment mechanism, established a support cooperation mechanism with professional service units, and strictly implemented the control requirements on ship pollutant management to optimize the operation and management of equipment and facilities.

Management Discussion and Analysis

11. *Energy conservation and consumption reduction*

In 2020, with the construction of low-carbon ports in the green circle as the main line, resource intensive use, energy conservation and emission reduction, and cleaner production as the emphases, the Company further adjusted and improved the port layout and functions, optimized production processes and operating methods, and further promoted the application of green equipment and facilities, and continuously improved energy efficiency as well as port environmental quality, performed well in various tasks of energy conservation and consumption reduction, and continued moving toward the Company's goals of green development, low-carbon development, circular development, and smart development.

In 2020, in terms of index assessment on energy conservation and consumption reduction, the Company issued energy consumption index plans and key energy-saving project management and control requirements to all primary units at the beginning of the year. All primary units implemented energy consumption management and control in strict compliance with the index, and successfully fulfilled the Company's annual evaluation index for the energy consumption per unit of comprehensive production and evaluation index for the energy consumption per unit of loading and unloading production. Besides, the Company successfully fulfilled the evaluation standard for the energy under the 13th Five-Year "Dual Control" and evaluation index for key energy-consuming units under "Bai Qian Wan".

In 2020, in terms of the construction of energy conservation and consumption reduction management system, the Company revised and improved the energy management system, further consolidated the basic energy management work, improved the comprehensive energy management level, strengthened the control on the energy consumption, and found problems in time through monthly data statistics and analysis, and supervised and evaluated related subsidiaries to solve problems as soon as possible.

In 2020, in terms of energy conservation and consumption reduction publicity, the Company organized various units to carry out the 30th National Energy Conservation Publicity Week with the theme of "Green Water and Green Mountains, Energy Conservation and Efficiency Improvement" and the National Low Carbon Day of "Green, Low Carbon, and Comprehensive Well-off", which helped further improve all employees' awareness of conservation, changed their concept of energy conservation, and achieved good results. The Company organized all personnel in the port to actively participate in the third "Telling Stories on Energy Conservation" micro-video, photography and essay contest organized by the National Energy Conservation Center. Various units and individuals actively organized and submitted a batch of energy-saving micro-videos, photography and story works with the Company's energy-saving cultural connotation. The Company's micro-video works "Low Carbon and Environmental Protection" and "Into the Green Office" won the third prize and the winning award, respectively. The Company also actively organized Dalian Container Terminals to participate in the 2020 Green Port Rating Evaluation of China Ports Association. Affected by the epidemic, the evaluation results are expected to be released at the end of March 2021.

Management Discussion and Analysis

In 2020, in respect to the research and promotion of new energy conservation and consumption reduction technologies, adhering to the combination of capacity expansion and source control, the Company, on the one hand, achieved energy conservation and emission reduction through technical transformation and management of existing energy-consuming equipment. On the other hand, the Company focused on source control and achieved energy conservation and emission reduction through reasonable planning and structure adjustment. Meanwhile, the Company vigorously promoted new energy-saving technologies to replace high-energy-consuming technologies to provide technical support and fundamental motivation for accelerating the construction of a green ecological port. Among them, the relatively important project is the “17# Berth Ship Shore Power Construction Project”. The construction of the project started in June and the foundation construction was completed in December. The Company also carried out the “Green Lighting Lamps Renovation Project”. Each unit gradually replaced high-energy-consumption lamps with LED energy-saving lamps based on their actual conditions. A total of 495 high-pole lamps and 104 equipment floodlights were replaced. The “Oil Product Tank Group Insulation Renewal Project” was carried out, which can save about 130 tonnes of coal equivalent (tce) each year.

12. *Emergency response*

In 2020, the Company continued to strengthen emergency management and comprehensively improved accident handling capabilities. First, the Company revised its “Comprehensive Emergency Plan for Production Safety Accidents”, “Special Emergency Plan for Fire and Explosion Accidents”, and “Special Emergency Plan for Hazardous Chemicals Incidents”, and organized 3,381 emergency drills throughout the year, with more than 40,000 participants. Second, the Company undertook the “2020 Dalian Port Dangerous Goods Production Safety Accident Emergency Exercise”, which has effectively improved the comprehensive combat capabilities of the emergency rescue team from actual practice. Third, the Company prepared well in response to typhoon and flood, formulated and distributed typhoon and flood response work plan, closely tracked weather information, issued weather information warnings for 265 times, and re-checked and sorted out 167 key parts, and reconfirmed control measures to strengthen the defense of the Company’s key parts. Fourth, due to the impact of the severe weather Typhoon No. 8 “Bavi”, the Company initiated a first-level response, a second-level response, and 3 third-level responses. During the emergency response period, the main leaders of all units stuck to their posts and commanded the coordination of epidemic prevention and control, flood prevention and disaster relief, and production safety. Fifth, the Company prepared for the safety and environmental protection during holidays and special periods. The Company’s management team and heads of various departments strictly implemented the duty and shift work system and strengthened the inspection and guidance of safety production. 351 of the Company’s leading cadres were on duty throughout the year. The safety and environment department of the Company carried out inspections on duty during holidays with a total of 82 shifts throughout the year, and made every effort to manage emergency management during holidays and special periods.

Management Discussion and Analysis

VI. Community Welfare

13. Community welfare

The Company actively participated in public welfare activities such as assistance for difficulties, voluntary medical treatment, etc., and completed the tasks assigned by the local governments, including blood donation. In accordance with the spirit of the Consumption Poverty Alleviation Mobilization Meeting held by the Dalian Municipal Bureau of Industry and Information Technology, the Company purchased poverty alleviation products through consumption poverty alleviation; cared for front-line employees of epidemic prevention; set up 24 “youth commandos” to participate in various frontier work of epidemic prevention and control; “The fragrance of books ignites hope” donation activity was organized to assist children in poverty-stricken areas.

14. Epidemic prevention and control

Since the outbreak of the epidemic, Liaoning Port Co., Ltd. has thoroughly implemented the spirit of General Secretary Xi Jinping’s important instructions, fully implemented the epidemic prevention and control work arrangements of the nation, province, city, China Merchants Group and Liaoning Port Group, and always put the life safety and physical health of employees in the first place. The port at all level was united to overcome the difficulties, built the prevention and control system as soon as possible, initiated the emergency response as soon as possible, purchased the anti-epidemic materials as soon as possible, and carried out supervision and inspection as soon as possible. Party members and cadres were on the front line and stuck to the front line. The employees voluntarily participated without hesitation to build and optimize a solid defense line for the battle.

First, we quickly built an epidemic prevention and control system. The Company established an epidemic prevention and control headquarters as soon as possible, formulated work plans and emergency plans and built an epidemic prevention and control communication system and a digitalized data platform, and always regarded epidemic prevention and control as the top priority among all aspects.

Second, we strictly supervised and inspected key units. The Company effectively strengthened the supervision and inspection on key units such as passenger and cargo transportation and cold chain logistics, and realized full coverage and control. It conducted over 150 inspection and supervision on more than 40 key units, and handled more than 100 cases of emergency.

Third, we upgraded all passenger and cargo transportation protection. The Company invested more than RMB7 million in the acquisition of epidemic prevention materials to ensure the distribution and use of emergency prevention and control materials for front-line employees. It fully implemented nucleic acid testing, and strictly completed the registration and filing of boarding personnel.

Management Discussion and Analysis

Fourth, we took the initiative to take the responsibility for epidemic prevention and control. In the fight against the epidemic, regardless of conditions and costs, the Company did our best to serve the frontline of the epidemic for the benefit of our customers. The Company opened a “24-hour green channel” to ensure the transshipment of epidemic prevention materials. A series of preferential policies on port fee collection have been released, which has reduced and exempted customers from port fees and security fees by RMB35 million, and reduced logistics costs by RMB5.4 million. The Company successfully completed the emergency transshipment mission of the ship “Zaliluo’ou (紫麗羅歐)”, which was highly praised by government departments and commended by China Merchants Group and Liaoning Port Group.

Fifth, we made every effort to protect the physical and mental health of employees. The Company resolutely implemented the “people first, life first” concept, and ensured the health and safety of employees through measures such as nucleic acid testing for all employees, vaccination for high-risk positions, and psychological counseling services.

Since the outbreak of the “12.15” epidemic, Liaoning Port Co., Ltd. has quickly entered a wartime state, quickly initiated emergency response, established a wartime headquarters for “24-hour” command and coordination, and fully implemented the government’s relevant work requirements for epidemic prevention and control. It effectively ensured the “external defense input and internal non-proliferation”, insisted on the epidemic prevention for people, materials and the environment, refined prevention and control measures and implemented precise prevention and control, to build and optimize a strong defense line for epidemic prevention and control.

The first is system guarantees and escalation of prevention and control. The Company formulated and circulated the “Dalian Port Group COVID-19 Epidemic Prevention and Control Headquarters Order”, “Employee Classification Management Plan during Epidemic Emergency”, “Ship Operation Epidemic Prevention and Control Plan of Dalian Container Terminal Co., Ltd.”, “Disinfection Plan for Imported Refrigerated Container Transport Vehicles”, and “Disinfection Plan for Unloading Refrigerated Container Transport Vehicles” and other notices, effectively strengthened the risk prevention for operators, strengthened the control on personnel by classification and category, and implemented closed-loop supervision requirements to improve the prevention and control level.

The second is to quarantine and test those who should be quarantined and tested. The Company took timely prevention and control measures, notified relevant personnel to perform quarantine locally as required, and prepared for personnel statistics reporting and tracking management. The Company also shortened the nucleic acid testing cycle of key links and key personnel such as cold chain operations, and urged employees to fully cooperate with communities and districts in nucleic acid testing, and required all employees to accept nucleic acid testing.

The third is to take multiple measures and strengthen implementation. The Company strengthened the boarding operation regulations of terminal companies, and further standardized prevention and control measures such as temperature measurement, registration, and code scanning, strengthened the management of epidemic prevention and control beyond 8 hours, and strengthened the health monitoring of employees. The Company also effectively strengthened the prevention and control of all employees in autumn and winter and strictly implemented the requirements for epidemic prevention to further solidify the defense line against the epidemic.

Management Discussion and Analysis

The fourth is to conduct comprehensive investigation and strengthen management and control. The Company collected the information on the office buildings and the details of units and personnel that the venues and facilities of the 16 companies in the port in Dayao Bay area were externally leased to, to gather the information of external units and external personnel, and urged all lessors to arrange nucleic acid testing for external personnel who have not performed nucleic acid testing. It also strengthened the management, control and investigation of individuals who leaved Dalian and required them to stay at home unless necessary.

VII. Prospect

15. Prospect

Development commenced from succession and excellence originated from innovation. With the spirit of “port connects world, and integrity wins people”, Liaoning Port Co., Ltd. committed to an alliance between the social responsibility concept and the corporate development strategy, and to associate social responsibility practice with corporate production and operation so as to protect the legitimate rights and interests of employees, create value for customers, actively engage in social welfare undertakings and continue to fulfill its corporate social responsibility.

Investment plan

In 2021, the Company will prudently carry out investment and supporting financing based on the development strategy of making progress while maintaining stability. Up to the date of this annual report, the Company has no significant relevant information that needs to be disclosed and brought to the attention of the investing public. In case of any related matters, the Company will make timely compliance disclosure according to the information disclosure requirements of Hong Kong and the PRC.

Directors' Report

The board of directors hereby presents its report and the audited consolidated financial statements of the Group (the "Auditor's Report") for the year ended 31 December 2020.

Principal activities and geographical analysis of operations

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

The principal activities of the Company's subsidiaries are set out in Note VII to the Financial Statements.

Details of the analysis of the Group's operating results by business segments for the year ended 31 December 2020 are set out in Note VIII (64) to the Financial Statements.

Results and appropriations

The results of the Group for the year ended 31 December 2020 are set out in the consolidated income statement of the Auditor's Report.

In 2020, the Group's net profit attributable to shareholders of the parent company amounted to RMB812,640,222.02, representing a year-on-year increase of 13.1%. To provide better returns for the shareholders, the Board recommended the payment of cash dividend of RMB0.30 (withholding tax included) for every 10 shares for 2020.

Pursuant to the provisions of the Articles of Association of the Company, the annual profit distribution plan of the Company is subject to approval of the Company's shareholders at the general meeting. Accordingly, the aforesaid dividend distribution proposal will be implemented following the approval of the Company's shareholders at annual general meeting for 2020.

Financial highlights for the past five financial years

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

Reserves

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

Distributable reserves

As at 31 December 2020, the Company's reserves available for distribution were RMB2,557,283.09 thousand which was calculated in accordance with the generally accepted accounting principles of the People's Republic of China.

Bank loans and other borrowings

As at 31 December 2020, the total amount of outstanding bank loans and other borrowings of the Group was RMB7,228,841 thousand. Details of the relevant loans are set out in the notes to the financial statements: Note VIII (23) Short-term borrowings, Note VIII (29) Other payables, Note VIII (30) Non-current liabilities due within one year, Note VIII (31) Long-term borrowings, Note VIII (32) Bonds payable, and Note VIII (34) Long-term payables, Borrowings from relevant related parties in 2020.

Directors' Report

Group assets pledged

As at 31 December 2020, the Group used part of the monetary funds as the security deposit for project payment guarantee, as the project performance bond, and as the security fund for the purchase of electricity, and used some fixed assets and intangible assets as collateral to obtain long-term loans. Specific details are set out in Note VIII (21) to the Financial Statements.

Capitalisation of interest

2020 fixed assets and construction in progress

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

Investment properties

Details of the investment properties of the Group during the year are set out in Note VIII (12) Investment properties to the Financial Statements.

Significant acquisition and disposal of subsidiaries, associates and joint ventures

The Group has no significant acquisition or disposal of subsidiaries, associates and joint ventures during the year.

Share capital

The share capital structure of the Company as at 31 December 2020 is set out in the table below

Class of shares	Number of shares (shares)	Percentage (%)
A Shares	7,735,820,000	59.99
H Shares	5,158,715,999	40.01
Total	12,894,535,999	100

Details of the movements in share capital of the Company during the year are set out in Note VIII (37) to the financial statements.

Pre-emption rights

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

Purchase, redemption or sale of securities

The Group did not purchase, redeem or sell the securities during the year.

Directors' Report

Directors and supervisors

The directors and supervisors of the Company in incumbency during the reporting period are as follows:

Executive Directors

Mr. Wei Minghui *(re-appointed on 29 June 2020)*

Mr. Sun Dequan *(re-appointed on 29 June 2020)*

Mr. Qi Yue* *(appointed on 18 November 2020)*

Non-executive Directors

Mr. Cao Dong *(re-appointed on 29 June 2020)*

Mr. Yuan Yi *(re-appointed on 29 June 2020)*

Mr. Qi Yue *(appointed on 29 June 2020)*

Ms. Na Danhong *(appointed on 29 June 2020)*

Dr. Li Jianhui *(resigned on 27 June 2020)*

Mr. Qi Yue *(resigned on 18 November 2020)*

Independent Non-executive Directors

Mr. Li Zhiwei *(appointed on 29 June 2020)*

Dr. Liu Chunyan *(appointed on 29 June 2020)*

Mr. Law Man Tat *(re-appointed on 29 June 2020)*

Mr. Wang Zhifeng *(resigned on 27 June 2020)*

Mr. Sun Xiyun *(resigned on 27 June 2020)*

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

Supervisors

Mr. Jia Wenjun *(re-appointed on 29 June 2020)*

Mr. Jia Ming *(appointed on 29 June 2020)*

Mr. Wang Zhifeng *(appointed on 29 June 2020)*

Ms. Zhang Hong *(re-appointed on 29 June 2020)*

Mr. Liu Xianfeng *(re-appointed on 29 June 2020)*

Mr. Qi Yue *(resigned on 27 June 2020)*

Mr. Kong Xianjing *(resigned on 27 June 2020)*

Mr. Jiao Yingguang *(resigned on 6 March 2020)*

Mr. Lu Yongkui *(resigned on 6 March 2020)*

Directors' Report

Directors' and supervisors' service contracts

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

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

* Mr. Qi Yue has been re-designated from a non-executive director to an executive director of the Company on 18 November 2020. For details, please refer to the announcement of Re-designation of Director and Appointment of Vice General Manager published on the websites of the Company and the Stock Exchange of Hong Kong.

Directors' and supervisors' interests in contracts

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

Profiles of Directors, Supervisors and Senior Management

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

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

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

Directors' and supervisors' rights to acquire shares and debentures

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

Directors' interests in competing businesses

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

Directors' and supervisors' remuneration

The remuneration of directors and supervisors (excluding employee representative supervisors) of the Company shall be subject to review and approval by the general meeting. In particular, remuneration of directors who concurrently served as senior management shall be determined by the Board under the delegation by the general meeting with reference to remuneration of senior management and appraisal measures.

Details of the directors' and supervisors' remuneration are set out in Note XIV (2) to the Financial Statements.

Directors' Report

Five highest paid individuals

As of 31 December 2020, information in respect of the five highest paid individuals of the Group is set out in Note XIV (2) to the Financial Statements.

Management contracts

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

Connected transactions

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

Purchase of Tugboats

On 18 November 2020, the Company entered into the Purchase Agreement with Yingkou Port Group Corporation Limited (“**YKP**”), pursuant to which the Company agreed to purchase three tugboats (“**Tugboats**”) from YKP for a total consideration of RMB87,504,000. In order to meet the increasing demand of tugboats in Changxing Island area and to stabilize business partnerships with the Company’s clients, the Company planned to purchase the Tugboats that would mainly serve the Company’s clients in Changxing Island area for berthing and unberthing. At the time of the transaction, YKP was a subsidiary of Liaoning Port Group, an indirect holding company of the Company. It was therefore a connected person of the Group as defined under Rule 14A.07 of the Listing Rules. Details of the Tugboat transaction is included in the announcement of the Company dated 18 November 2020 and 27 November 2020.

Disposal of Interests in DPN

On 18 December 2020, China Merchants Port Holdings Company Limited (招商局港口控股有限公司) (“**China Merchants Port Holdings**”), China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司) (“**China Merchants Port Group**”), Dalian Port Container Development Co., Ltd. (大連港集裝箱發展有限公司) (“**Dalian Port Container**”), Dalian Port Jifa Logistics Co., Ltd. (大連港集發物流有限公司) (“**Dalian Port Jifa Logistics**”) (each of Dalian Port Container and Dalian Port Jifa Logistics is a wholly owned subsidiary of the Company), YKP and China Merchants Holdings (international) Information Technology Co., Ltd. (招商局國際信息技術有限公司) (“**China Merchants Information**”) entered into a capital increase agreement (“**Capital Increase Agreement**”), pursuant to which Dalian Port Container, Dalian Port Jifa Logistics and YKP agreed to make a capital contribution to China Merchants Information in proportion to terms set out in the Capital Increase Agreement. According to the Capital Increase Agreement, Dalian Port Container, Dalian Port Jifa Logistics and YKP shall inject new capital in total amount of RMB80,494,900 to China Merchants Information, among which Dalian Port Container should pay its capital contribution with its 49.63% equity interests in DPN, the appraisal value of which amounts to RMB41,809,500 and Dalian Port Jifa Logistics shall pay its capital contribution with its 29.4% equity interests in DPN, the appraisal value of which amounts to RMB24,767,300. The capital increase is conducive to the Company’s integration of its informatization resources, reducing the cost of management and improving the efficiency of the Company and is consistent with the Company’s overall business strategy. As of the date of signing the Capital Increase Agreement, YKP was a subsidiary of Liaoning Port Group, an indirect holding company of the Company. Each of China Merchants Port Group and China Merchants Port Holdings was an indirectly owned subsidiary of China Merchants Group Limited (招商局集團有限公司), an indirect holding company of the Company. Therefore, each of YKP, China Merchants Port Group and China Merchants Port Holdings was a connected person of the Company as defined under Rule 14A.07 of the Listing Rules. Details of the disposal of DPN transaction is included in the announcement of the Company dated 18 December 2020. The DPN transaction was completed on 9 February 2021.

Directors' Report

Ordinary continuing connected transactions under the Listing Rules

Exempted continuing connected transactions under Rule 14A.33 of the Listing Rules

The summary of the Group's various non-exempt continuing connected transactions during the year 2020

Connected transactions		Connected persons	Exemption threshold (RMB'000)	Actual amount for 2020 (RMB'000)	
A	Construction supervision and management services	PDA	110,000	5,308	
B	Sales of goods and provision of services	PDA	206,000	123,584	
C	Purchase of goods and receipt of services	PDA	281,000	162,494	
D	Terminal facilities design and construction services	PDA	160,000	3,594	
E	Leases	Leases (as leasee)	PDA	130,000	114,748
		Leases (as lessor)	PDA	10,000	797
		Deposit	PDA	4,000,000	3,377,152
		Loan	PDA	5,000,000	85,170
		Factoring	PDA	120,000	0
		Finance lease	PDA	1,120,000	0
F	Financial services	Settlement and others	PDA	30,000	174
		Deposit	China Merchants Group Finance Co., Ltd.	4,000,000	1,454,614
		Credit	China Merchants Group Finance Co., Ltd.	5,000,000	0
		Settlement and others	China Merchants Group Finance Co., Ltd.	30,000	0

A. Construction supervision and management services

Dalian Port Construction Supervision and Consultation Co., Ltd. entered into the Construction Management and Supervision Services Agreement with PDA on 9 November 2018 with a term of three years effective from 1 January 2019 until 31 December 2021, pursuant to which, Dalian Port Construction Supervision and Consultation Co., Ltd. shall provide construction management and supervision services to PDA and/or its associates. The transaction cap and the actual amount of transaction for construction supervision and management services for the year ended 31 December 2020 were RMB110 million and RMB5.308 million respectively.

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

- ① The reasonable charges are made according to the pricing principles stipulated in the agreement for the services provided to PDA and/or its associates and the relevant terms and conditions shall be no less favorable than those offered by a third party for such services, which shall surely meet the quality standard required by Party A from time to time. Party B and Party A guarantee each other that they will perform their respective obligations under the agreement in accordance with the principles and the provisions under the agreement.

Directors' Report

- ② The term of the Construction Management and Supervision Services Agreement shall be of three years effective from 1 January 2019 until 31 December 2021. Upon expiration of the first transaction term, if neither party raises objection in writing, the term of the agreement will be automatically extended for no more than three years and will be further extended automatically in the manner as aforementioned upon each expiration. Unless otherwise provided in the agreement, within the term of the agreement, either party may terminate the agreement by giving at least three months' prior written notice to the other party.
- ③ The construction management and supervision services will be priced in accordance with the following principles:
 - (a) Government-prescribed price, being the price set by laws, regulations, decisions, orders or policies of the PRC government (at central level), provincial government or other regulatory authorities in respect to such services;
 - (b) Where there is no government-prescribed price, the price to be set by both parties after negotiation with reference to the market price.

B. Sales of goods and provision of services

The Group entered into the Sales of Goods and Provision of Services Agreement with PDA on 9 November 2018 with a term of three years effective from 1 January 2019 until 31 December 2021, pursuant to which, the Group shall supply goods and services to PDA and/or its associates. The transaction cap and the actual amount of transaction for sales of goods and provision of services for the year ended 31 December 2020 were RMB206 million and RMB123.584 million respectively. The key terms and conditions of the Sales of Goods and Provision of Services Agreement concerning provision of goods and services are as follows:

- ① Goods and services to be provided by the Group to PDA and/or its associates include:
 - (a) Products: Network and office information equipment, accessories and software;
 - (b) Services: Supply of electricity and heat, tugboat service, security service, telecommunications and related engineering services, network system maintenance, software development and other related or similar services.
- ② The Group shall provide products and services to Party B on normal commercial terms or on better terms.
- ③ The term of the Sales of Goods and Provision of Services Agreement shall be of three years from 1 January 2019 until 31 December 2021. Upon expiration of the first transaction term, if neither party raises objection in writing, the term of the agreement will be automatically extended for no more than three years and will be further extended automatically in the manner as aforementioned upon each expiration. Unless otherwise provided in the agreement, within the term of the agreement, either party may terminate the agreement by giving at least three months' prior written notice to the other party.

Directors' Report

- ④ The sales of goods and provision of services shall be priced in accordance with the following pricing principles:
 - (a) Government-prescribed price, being the price set by laws, regulations, decisions, orders or policies of the PRC government (at central level), provincial government or other regulatory authorities in respect to such services;
 - (b) Where there is no government-prescribed price but a market price, the price is to be set out with reference to the market price.

C. Purchase of goods and receipt of services

The Group entered into the Purchase of Goods and Receipt of Services Agreement with PDA on 9 November 2018 with a term of three years effective on 1 January 2019 until 31 December 2021, pursuant to which, the Group shall purchase goods and receive services from PDA and/or its associates. The annual transaction cap and the actual amount of transaction for purchase of goods and receipt of services for the year ended 31 December 2020 were RMB281 million and RMB162.494 million, respectively. The key terms and conditions of the Purchase of Goods and Receipt of Services Agreement concerning purchase of goods and receipt of services are as follows:

- ① The products and services to be provided by PDA and/or its related associates to the Group include:
 - (a) Products: gasoline and diesel oil;
 - (b) Services: water and heating supplies, production facilities and equipment maintenance, landscaping, commuting, canteen, physical examination, printing and meeting and other related or similar services.
- ② PDA and/or its associates shall provide products and services to Party A on normal commercial terms or on terms favorable to Party A.
- ③ The term of the Purchase of Goods and Receipt of Services Agreement shall be of three years effective from 1 January 2019 until 31 December 2021. Upon expiration of the first transaction term, if neither party raises objection in writing, the term of the agreement will be automatically extended for no more than three years and will be further extended automatically in the manner as aforementioned upon each expiration. Unless otherwise provided in the agreement, within the term of the agreement, either party may terminate the agreement by giving at least three months' prior written notice to the other party.
- ④ The purchase of goods and receipt of services will be priced in accordance with the following principles:
 - (a) Government-prescribed price, being the price set by laws, regulations, decisions, orders or policies of the PRC government (at central level), provincial government or other regulatory authorities in respect to such services;
 - (b) Where there is no government-prescribed price but a market price, the price is to be set out with reference to the market price.

Directors' Report

D. Terminal facilities design and construction services

On 9 November 2018, the Group entered into the Terminal Facilities Design and Construction Services Agreement with PDA for a term of three years from 1 January 2019 until 31 December 2021. The transaction cap and the actual amount of transaction for terminal facilities design and construction services for the year ended 31 December 2020 were RMB160 million and RMB3.594 million, respectively. The key terms and conditions of the Terminal Facilities Design and Construction Services Agreement concerning supply of goods and services are as follows:

- ① PDA will provide upon the Group's request or procure the third parties which are approved by the Group to provide the services required by the Group. PDA is not the only service provider of the Group.
- ② The terms and conditions upon which PDA will provide services shall meet the quality standard required by the Group from time to time, and shall be on normal commercial terms or more favorable to Party A than those provided to independent third parties.
- ③ The term of the Terminal Facilities Design and Construction Services Agreement shall be of three years effective from 1 January 2019 until 31 December 2021. Upon expiration of the first transaction term, if neither party raises objection in writing, the term of the agreement will be automatically extended for no more than three years and will be further extended automatically in the manner as aforementioned upon each expiration. Unless otherwise provided in the agreement, within the term of the agreement, either party may terminate the agreement by giving at least three months' prior written notice to the other party.
- ④ The terminal facilities design and construction services shall be fair and reasonable and priced in accordance with the following principles:
 - (a) Government-prescribed price, being the price set by laws, regulations, decisions, orders or policies of the PRC government (at central level), provincial government or other regulatory authorities in respect to such services;
 - (b) Where there is no government-prescribed price, the price will be determined with reference to market price;
 - (c) Where a public tender is required for the project, the price will be determined by the public tender procedure.

E. Lease agreement

The Group entered into the Lease Agreement with PDA on 9 November 2018 with a term of three years effective from 1 January 2019 until 31 December 2021. The transaction cap and the actual amount of transaction for leases (as a lessee) for the year ended 31 December 2020 were RMB130 million and RMB114.748 million respectively; and the transaction cap and the actual amount of transaction for leases (as a lessor) for the year ended 31 December 2020 were RMB10 million and RMB0.797 million respectively.

Directors' Report

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

- ① The rental within the term shall be determined with reference to the market rate, and the amount and way of payment shall be provided explicitly in each separate agreement by the parties thereto. The rental shall be paid on a quarterly (three months) basis; the lessee shall remit the rental of the quarter in full amount to the lessor's specified account on the last day of the first month in each quarter. If the day is not a working day, it will be postponed to the next working day. For a lease term of less than one quarter, the lessee shall pay the rent for the actual occupation period at any time during the period.
- ② The lease term of the leased property to the lessee under the lease agreement is three years effective from 1 January 2019 until 31 December 2021. Subject to compliance with laws, regulations and regulatory requirements, including but not limited to the Rules Governing the Listing of Securities on the Stock Exchange and Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the lessor undertakes that upon the expiration of the lease term, if the lessee does not raise objection in writing, the term of the agreement will be automatically extended for three years and will be further extended automatically in the manner as aforementioned upon each expiration., but the lessee may from time to time send a written notice to the lessor at least three months in advance to terminate the lease or terminate any individual subject matter.
- ③ During the lease term (including the renewal term), all taxes and fees of the lease subject shall be borne by the lessor; the stamp duty and registration fee paid for the signing of this agreement shall be borne by both parties in accordance with the provisions of national laws and regulations.

F. Financial Services

(1) *Financial Services Agreement signed with Dalian Port Group Financial Company Limited*

On 9 November 2018, the Company entered into a Financial Services Agreement with PDA for a term of three years commencing from 1 January 2019 to 31 December 2021, including deposit services, loan services, settlement services, factoring service, other financial services and finance lease (including lease back) services. The maximum daily closing balance of deposits and the maximum daily closing balance of loan for the year ended 31 December 2020 amounted to RMB4,000 million and RMB5,000 million, respectively; and the annual caps for factoring services, finance lease (including lease back) services and other financial services amounted to RMB120 million, RMB1,120 million and RMB30 million, respectively.

The actual daily closing balance of deposits and the actual daily closing balance of loans for the year ended 31 December 2020 amounted to RMB3,377.152 million and RMB85.170 million; the actual amount for factoring services, finance leases and other financial services amounted to RMB0, RMB0 and RMB0.174 million, respectively.

Directors' Report

The main terms and conditions of the Financial Services Agreement are as follows:

- ① The financial services to be provided by Dalian Port Group Financial Company Limited, Xinghai International Commercial Factoring (Tianjin) Co., Ltd., Dalian Equipment Finance Lease Co., Ltd. and Ocean Harvest Container Co., Ltd. to the Group include:
 - (a) Deposit services: including current deposit, fixed term deposit, call deposit and agreement deposit;
 - (b) Loan services: including loan, bill, guarantee and other financing services;
 - (c) Settlement services: including provision by Party B to Party A as required by Party A of the payment and receivable settlement services and some ancillary services for settlement;
 - (d) Other financial services (including international services);
 - (e) Factoring services;
 - (f) Finance lease (including leaseback);
- ② The terms and conditions on which the financial services are to be provided to the Group will be neither less favourable than those available to PDA and other members of PDA nor less favourable than the terms of similar financial services then available from other financial institutions;
- ③ The Financial Services Agreement has a term of three years commencing on 1 January 2019 and expiring on 31 December 2021. The Agreement may be amended or cancelled upon consent by both parties thereto through consultation and written agreement; the agreement shall be effective before written agreement is reached and neither party is allowed to unilaterally amend, revise or cancel the Agreement;
- ④ The financial services shall be priced in accordance with the following principles:
 - (a) The interest rates for deposit should not be lower than the uniform interest rate prescribed by the People's Bank of China for comparable deposits, the interest rates paid by other major commercial banks in China for comparable deposits, and not be lower than the interest rate paid by the Financial Company to any members of PDA for comparable deposits;

Directors' Report

- (b) The price for loan services should not be higher than the price charged by major commercial banks in the PRC for comparable loans, and not be higher than the price payable by any members of the PDA to the Financial Company;
 - (c) The settlement services and ancillary services for settlement are free of any charge;
 - (d) The other financial services (including international services) fee shall not be higher than the fee charged by other financial institutions in China for comparable services and not be higher than the fee charged by the Financial Company for the services it provides to any members of PDA;
 - (e) The factoring services fee shall not be higher than the fee charged by the relevant financial institutions in China for comparable services and not higher than the fee charged by the Factoring Company for the services it provides to any members of PDA;
 - (f) The rental rates within the term of finance lease (including leaseback) are determined in comprehensively consideration of the relevant value of the leased assets, service life and lease interest rate of the lessor, etc., adopting a fair market price or not less than the same price level that third parties can provide and through negotiation by both parties;
- ⑤ The information and data, financial information and product information of the other party that the Group and PDA learned during the signing and performance of the Financial Services Agreement will be kept strictly confidential in strict compliance with the confidentiality clauses under the agreement.

(2) Financial Services Agreement with China Merchants Group Finance Co., Ltd.

On 20 December 2019, the Group signed the New Financial Services Agreement with China Merchants Group Finance Co., Ltd. with a term until 31 December 2021, including deposit services, credit loan services, settlement services, foreign exchange services and other financial services.

For the year ended 31 December 2020, the maximum daily closing balance of deposits and the maximum daily closing balance of loans of the Company and its subsidiaries with China Merchants Group Finance Co., Ltd. amounted to RMB4 billion and RMB5 billion, respectively, and the annual cap for other financial services shall be no more than RMB30 million. The actual daily closing balance of deposits, the actual daily closing balance of loans and the actual amount for other financial services for the year ended 31 December 2020 amounted to RMB1,454.614 million, RMB0 and RMB0, respectively. The main terms and conditions of the Financial Services Agreement are as follows:

- ① The financial services to be provided by China Merchants Group Finance Co., Ltd. to the Group include:
- (a) Deposit services: including current deposit, fixed term deposit, call deposit and agreement deposit; the deposit currency includes RMB and foreign currency, and the interest rate is not lower than the interest rate of similar deposits of major domestic commercial banks in China during the same period.

Directors' Report

- (b) Credit loan services: Subject to the relevant national laws and regulations, Party A is provided with comprehensive credit services, including but not limited to fixed asset loans, project revolving loans, working capital loans, bill acceptance and discounting, guarantees, and merger loans. The loan interest rate shall be no higher than that of other domestic financial institutions in the same period.
- (c) Settlement services: Party B handles the internal transfer settlement and external payment between Party A and its subsidiaries in accordance with the instructions of Party A and its subsidiaries, and provides corresponding settlement, clearing plan design and other auxiliary services related to settlement business. Party B provides Party A with domestic settlement services free of charge, and the cross-border and overseas settlement rates will not be higher than the charges for similar businesses in other domestic and local financial institutions.
- (d) Other financial services: Party B can provide Party A with other financial services within the business scope, including but not limited to financial and financing consultancy, credit verification and related consulting and agency services. The fees charged by Party B for providing other financial services will not be higher than the fees charged by major financial institutions in China for similar services.
- (e) Foreign exchange services: Party B provides foreign currency settlement and sales services to Party A and its subsidiaries. The relevant exchange rate will not be inferior to the exchange rates adopted by other domestic financial institutions for similar services.

Pursuant to Rule 14A.56 of the Listing Rules, the Board of the Company engaged the auditors to perform certain agreed-upon procedures in respect of the continuing connected transactions for the year 2020. The auditors have reported their factual findings on these procedures to the Board with a letter and provided confirmations on those continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

Pursuant to paragraph 8 of Appendix 16 to the Listing Rules, the Company confirms that in respect of the Company's connected transactions and continuing connected transactions, it has complied with the disclosure requirements of Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.71(6)(a) of the Listing Rules, the Company confirms that in respect of the Company's continuing connected transactions for the year of 2020, the Company's independent non-executive directors have reviewed the continuing connected transactions and confirmed the transactions were (1) entered into in the ordinary and usual course of business of the Company; (2) made on normal commercial terms or better; and (3) conducted according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

Directors' Report

Related party transactions

As of 31 December 2020, the Company has entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards. Details of these related party transactions are disclosed in note X to the Auditor’s Report. Certain of these non-exempt connected transactions and non-exempt continuing connected transactions are also included in the note X to the above-mentioned Auditor’s Report in this report for disclosure.

Major customers and suppliers

During the year, the Group’s major customers and suppliers accounted for the following percentages of the Group’s sales and purchases:

The largest supplier as a percentage of the Group’s purchases	2.9%
The top five suppliers as a percentage of the Group’s total purchases	6.5%
The largest customer as a percentage of the Group’s sales	4.6%
The top five sales customers as a percentage of the Group’s total sales	19.4%

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

Retirement benefit scheme

Details of the Group’s retirement benefit scheme are set out in Note VIII (27) Employee benefits payable to the Financial Statements.

Permitted indemnity provision

The Company maintained directors’ liability insurance to protect them from any loss to which they might be liable arising from their factual or claimed misconduct.

Directors' Report

Substantial shareholders' interests

As at 31 December 2020, so far as is known to the directors of the Company, the following persons (other than the directors or supervisors) had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Class of shares	Number of shares/underlying shares held (shares)	Capacity	As % of relevant class of share capital ⁽¹⁾	As % of total share capital ⁽²⁾
Dalian Port Corporation Limited	A shares	5,310,255,162 (long position)	Beneficial owner	68.65	41.18
China Merchants Securities (HK) Co., Ltd.	H shares	3,577,729,695 (long position)	Interest of controlled corporations	69.35	27.75
China Securities Depository and Clearing Company Limited	H shares	842,355,800 (long position)	Beneficial owner	16.32	6.53
Dalian Port Corporation Limited	H shares	722,166,000 (long position)	Beneficial owner	14.00	5.60
BOCI Securities Limited	H shares	150,811,200 (long position)	Beneficial owner	2.92	1.17

1. Number of shares in the relevant class of share capital: A shares – 7,735,820,000, H shares – 5,158,715,999
2. Total number of share capital: 12,894,535,999

Save as disclosed above, as at 31 December 2020, so far as is known to the directors of the Company, no other persons (other than the directors or supervisors) had any interest or short position in the shares of the Company which is required to be disclosed to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Sufficiency of public float

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

Corporate governance

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

Directors' Report

Auditors

The financial statements of the Company for the year 2020 have been audited by Ernst & Young Hua Ming LLP as the Company's auditor, who was appointed at the annual general meeting for the year 2019.

Other matters

Implementation of the Non-Competition Agreement

1. On 23 March 2006, the Company and Dalian Port Corporation Limited ("PDA") entered into the Non-Competition Agreement in preparation of its initial public offering and listing of its H shares on the main board of The Stock Exchange of Hong Kong Limited for the purpose of avoiding the actual and potential competition with the Company. In connection with the acquisition of certain port services related business and assets from PDA and issuance of A shares on the Shanghai Stock Exchange, a revised non-competition agreement (together with the Non-Competition Agreement, collectively referred to as the "Agreements") was executed on 30 September 2009. Pursuant to the Agreements, PDA provided certain non-competition undertakings in favor of the Company and granted right of first refusal and option to the Company in respect of the business of PDA and future business opportunities. Under the Agreements, the independent non-executive directors of the Company were granted the right on behalf of the Company to review at least on an annual basis the implementation of the Agreements and determine the exercise of any of the aforesaid right of first refusal or options. During the year, the independent non-executive directors reviewed the implementation of the Agreements and confirmed that Dalian Port Corporation Limited has been in full compliance with the Agreements without any breach of the Agreements.
2. The independent non-executive directors have conducted a review and made necessary enquiries for the year 2020 and confirm that PDA has been in compliance with the provisions of the Non-Competition Agreements and there was no breach on the side of PDA.

By Order of the Board

Wei Minghui
Chairman

Dalian, PRC
25 March 2021

Corporate Governance Report

Introduction

The Company is well aware of the importance of corporate governance, and recognizes that maintaining a high standard of corporate governance is in the fundamental interests of the Company and its shareholders. The Company has been striving to improve its corporate governance practices since its establishment. We have adopted the code on corporate governance practices (the “CG Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as our own code of corporate governance practices. The Company has adopted a series of measures to maintain a high standard of corporate governance.

A. Corporate Governance Practice

The Board strictly complied with the principles set out in the “CG Code” to establish and operate a corporate governance mechanism and adopted a non-deviation principle of execution of the code provisions so as to ensure that the code provisions are fully executed, while striving to promote the “Best Practices” to the largest extent according to the Company’s actual management. The Board also monitors and reviews the existing corporate governance practices of the Company on a regular basis with the aim of constantly fostering and carrying out a sound standard of corporate governance. During the reporting period, the Company has complied with the code provisions with no deviation from the code.

B. Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct governing the securities transactions by all directors of the Company. In order to ensure that the directors comply with the Model Code when dealing in the securities of the Company, the Company has made enquiries to the directors and all directors confirmed that they have complied with the requirements under the Model Code during the reporting period.

Corporate Governance Report

C. Board of Directors

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

1. Board Composition

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

Executive Directors

Mr. WEI Minghui (*re-appointed on 29 June 2020*)

Mr. SUN Dequan (*re-appointed on 29 June 2020*)

Mr. QI Yue* (*appointed on 18 November 2020*)

Non-executive Directors

Mr. CAO Dong (*re-appointed on 29 June 2020*)

Mr. YUAN Yi (*re-appointed on 29 June 2020*)

Mr. QI Yue (*appointed on 29 June 2020*)

Ms. NA Danhong (*appointed on 29 June 2020*)

Dr. LI Jianhui (*resigned on 27 June 2020*)

Mr. Qi Yue (*resigned on 18 November 2020*)

Independent Non-executive Directors

Mr. LI Zhiwei (*appointed on 29 June 2020*)

Dr. LIU Chunyan (*appointed on 29 June 2020*)

Mr. LAW Man Tat (*re-appointed on 29 June 2020*)

Mr. WANG Zhifeng (*resigned on 27 June 2020*)

Mr. SUN Xiyun (*resigned on 27 June 2020*)

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

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

* Mr. Qi Yue has been re-designated from a non-executive director to an executive director of the Company on 18 November 2020. For details, please refer to the announcement of Re-designation of Director and Appointment of Vice General Manager published on the websites of the Company and the Stock Exchange of Hong Kong.

Corporate Governance Report

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

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

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

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

2. Operation of the Board

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

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

Corporate Governance Report

During the reporting period, the Board held a total of 12 board meetings. The attendance of the directors at those board meetings is as follows:

Member of the Board	Number of meetings in his/her incumbency	Number of attendance in person	Number of attendance by his/her proxy	Attendance rate
WEI Minghui	12	12	0	100%
CAO Dong	12	12	0	100%
QI Yue	8	8	0	100%
SUN Dequan	10	10	0	100%
YUAN Yi	12	12	0	100%
NA Danhong	8	7	1	100%
LI Jianhui	4	2	2	100%
LI Zhiwei	8	7	1	100%
LIU Chunyan	8	8	0	100%
LAW Man Tat	12	9	3	100%
WANG Zhifeng	4	4	0	100%
SUN Xiyun	4	3	1	100%

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

During the reporting period, the Company convened a total of 3 general meetings. The attendance of directors at those general meetings is as follows:

Member of the Board	Number of meetings in his/her incumbency	Number of attendance	Attendance rate
WEI Minghui	3	3	100%
CAO Dong	3	2	66.7%
QI Yue	1	0	0%
SUN Dequan	3	2	66.7%
YUAN Yi	3	2	66.7%
NA Danhong	1	0	0%
LI Jianhui	2	0	0%
LI Zhiwei	1	1	100%
LIU Chunyan	1	1	100%
LAW Man Tat	3	0	0%
WANG Zhifeng	2	2	100%
SUN Xiyun	2	1	50%

Corporate Governance Report

3. Respective Responsibilities of the Board and the Management

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

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

The Board is also responsible for the preparation of accounts for each financial period to give a true and fair view of the financial status, operating results and cash flows of the Company for that period. In preparing the accounts for the year ended 31 December 2020, the directors have selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable and prepared the accounts on a going concern basis.

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

The Board is responsible for the following corporate governance functions:

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

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

Corporate Governance Report

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

4. Nomination, Appointment and Removal of Directors

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

5. Continuing Professional Development of Directors

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

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

Particulars of the continuous professional development	Types	Participants
Video training 2020 for directors and supervisors of listed companies	Training courses	Directors of the Company
Training on analysis of the new securities law and the seminar in relation to re-financing business model	Training courses	Directors of the Company
Training on related transactions	Self-learning	All directors

Corporate Governance Report

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

D. Chairman and General Manager

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

E. Board Committees

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

Audit Committee

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

Corporate Governance Report

During the reporting period, the Audit Committee consists of two independent non-executive directors and one non-executive director, namely:

Mr. LI Zhiwei (independent non-executive director, appointed as the chairman of the Audit Committee on 29 June 2020)

Mr. LAW Man Tat (independent non-executive director, re-appointed as a member of the Audit Committee on 29 June 2020)

Mr. YUAN Yi (non-executive director, re-appointed as a member of the Audit Committee on 29 June 2020)

Mr. WANG Zhifeng (resigned as the chairman of the Audit Committee on 27 June 2020)

During the reporting period, the Audit Committee under the Board of the Company actively carried out relevant work and performed its duties in strict accordance with the relevant laws and regulations as well as the relevant provisions of the Articles of Association of the Company and the Terms of Reference of the Audit Committee of the Board. During the reporting period, the Audit Committee held a total of 6 meetings to review the Company's periodic reports, internal control, risk management and the placement and utilisation of proceeds and other related matters, and made proposals to the Board. The terms of reference of the Audit Committee have been disclosed on the websites of the Company and the Stock Exchange.

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

Members of the Audit Committee	Number of meetings in his/her incumbency	Number of attendance in person	Attendance rate
Mr. LI Zhiwei	2	2	100%
Mr. LAW Man Tat	6	6	100%
Mr. YUAN Yi	6	6	100%
Mr. WANG Zhifeng	4	4	100%

The Audit Committee has, together with the management of the Company and the external auditors, reviewed the interim and annual results of the Group for 2020 and has recommended the approval of these results by the Board. They have also discussed the key risks and the internal control and risk management issues, and reviewed the audit plan, internal control performance and the effectiveness of the internal control system.

Corporate Governance Report

Financial Management Committee

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

During the reporting period, the Financial Management Committee consists of one non-executive director and two independent non-executive directors, namely:

Mr. LAW Man Tat (independent non-executive director, appointed as the chairman of the Financial Management Committee on 29 June 2020)

Mr. YUAN Yi (non-executive director, re-appointed as a member of the Financial Management Committee on 29 June 2020)

Mr. LI Zhiwei (independent non-executive director, appointed as a member of the Financial Management Committee on 29 June 2020)

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

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

Members of the Financial Management Committee	Number of meetings in his/her incumbency	Number of attendance in person	Attendance rate
Mr. LAW Man Tat	7	7	100%
Mr. YUAN Yi	7	7	100%
Mr. LI Zhiwei	3	3	100%

Corporate Governance Report

Nomination and Remuneration Committee

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

The remuneration of directors and supervisors (excluding employee representative supervisors) of the Company was reviewed by the Nomination and Remuneration Committee and the Board and shall be subject to final approval by the general meeting. In particular, remuneration of directors who concurrently served as senior management shall be determined by the Board under the delegation by the general meeting with reference to remuneration of senior management and appraisal measures. The remuneration of senior management is determined based on Salary Management Measures of Senior Management of Liaoning Port Co., Ltd., Organizational Performance Management Measures of Liaoning Port Co., Ltd. and Staff Post Performance Management Measures of Liaoning Port Co., Ltd..

During the reporting period, the Nomination and Remuneration Committee consists of two independent non-executive directors and one non-executive director, namely:

Dr. LIU Chunyan (independent non-executive director, appointed as the chairman of the Nomination and Remuneration Committee on 29 June 2020)

Mr. LI Zhiwei (independent non-executive director, appointed as a member of the Nomination and Remuneration Committee on 29 June 2020)

Mr. CAO Dong (vice chairman, non-executive director, re-appointed as a member of the Nomination and Remuneration Committee on 29 June 2020)

Mr. SUN Xiyun (resigned as the chairman of the Nomination and Remuneration Committee on 27 June 2020)

Mr. WANG Zhifeng (resigned as a member of the Nomination and Remuneration Committee on 27 June 2020)

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

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

Members of the Nomination and Remuneration Committee	Number of meetings in his/her incumbency	Number of attendance in person	Attendance rate
Dr. LIU Chunyan	1	1	100%
Mr. LI Zhiwei	1	1	100%
Mr. CAO Dong	2	2	100%
Mr. SUN Xiyun	1	1	100%
Mr. WANG Zhifeng	1	1	100%

Corporate Governance Report

Strategy Development Committee

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

During the reporting period, the Strategy Development Committee consists of one non-executive director and two executive directors, namely:

Mr. WEI Minghui (chairman, executive director, appointed as the chairman of the Strategy Development Committee on 29 June 2020)

Mr. CAO Dong (vice chairman, non-executive director, re-appointed as a member of the Strategy Development Committee on 29 June 2020)

Mr. SUN Dequan (general manager, executive director, appointed as a member of the Strategy Development Committee on 29 June 2020)

During the reporting period, the Strategy Development Committee did not convene any meeting.

F. Auditors

During the reporting period, Ernst & Young Hua Ming LLP was appointed as the PRC auditor of the Company for the year 2020 by the shareholders at the 2019 annual general meeting to conduct audit work on the Company's financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises, and to act as the overseas auditor of the Company in compliance with the relevant requirements of the Listing Rules of the Stock Exchange. Ernst & Young Hua Ming LLP was also appointed as the auditor of internal control of the Company for the year 2020 to audit the internal control of the financial statements of the Company and issue an audit report.

During the reporting period, the total fees paid and payable to the auditors of the Group (with the meaning ascribed to it under the Independent Auditor's Report) for audit service in respect of annual financial report were RMB3,380,000 and the fees paid and payable for annual internal control audit were RMB800,000. This remuneration is different from the "Audit fee" under "Administrative expenses" of Note VIII (45) to Auditor's Report, due to the fact that item "Audit fee" under "Administrative expenses" also included fees payable to audit service providers other than Ernst & Young Hua Ming LLP for annual audit and other audit management services. During the reporting period, the auditors of the Group (including any entity that is under common control, ownership or management with the auditors, or an entity that would be reasonably concluded by a reasonable and informed third party knowing all relevant information to be part of the domestic or international business of the auditors) did not provide any non-audit services to the Group.

Corporate Governance Report

G. Senior Management's Interests in Shares

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

Details of remuneration payable to senior management in 2020 are as follows.

Name	Position	Pre-tax remuneration paid by the Company during the reporting period (RMB)
SUN Dequan	General manager	1,034,000
QI Yue*	Vice general manager	0
TAI Jingang	Vice general manager	746,000
YIN Kaiyang	Vice general manager	704,000
LUO Dongxi	Vice general manager	680,000
WANG Ping	Chief financial officer	538,000
ZHANG Tie	Chief safety officer	692,000
WANG Huiying	Secretary to the board, joint company secretary	546,000
LEE, Kin Yu Arthur	Qualified accountant, joint company secretary	1,294,000

* Mr. QI Yue was appointed as the vice general manager on 18 November 2020.

Corporate Governance Report

H. Company Secretary

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

I. Risk Management and Internal Control

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

Risk Management

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

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

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

Corporate Governance Report

Internal Control

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

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

1. *Internal Audit*

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

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

2. *Other Internal Control Procedures*

The Company has formulated and approved the Connected Transaction Management Measures and approved the relevant internal control procedures to ensure the compliance with the connected transaction requirements under the Listing Rules. Moreover, the Company has also formulated the Information Disclosure Management Rules, the Material Information Reporting Rules and the Inside Information and Insiders Management System which provide the responsibilities and procedure for disclosure and reporting of the significant matters and inside information of the Company to ensure that the information disclosures of the Company are in compliance with the Listing Rules and are therefore true, accurate, timely and complete.

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

Corporate Governance Report

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

To comply with the requirements of the code provisions on risk management and internal control under the Listing Rules, the Board has reviewed the effectiveness of the risk management and internal control system of the Group for the year ended 31 December 2020 through the Audit Committee and with the assistance of the Risk Control Department and internal audit. In addition, the directors have reviewed the work scope and quality of the continuous supervision by the management over the risk management and internal control system. The directors also reviewed the extent and frequency of communication of monitoring results made by the management to the special committee of the Board to facilitate the relevant committee to review the risk management and internal control system of the Group.

With the assistance of the Audit Committee, the Board has assessed the effectiveness of the risk management and internal control systems by reviewing the management reports and internal audit findings, and believes that the Company's risk management and internal control systems for the year ended 31 December 2020 were effective and adequate.

J. Rights of Shareholders

Pursuant to the Articles of Association of the Company, shareholder(s) holding 10% or more of the Company's outstanding issued shares carrying voting rights may request in writing the convening of an extraordinary general meeting. The Board shall convene an extraordinary general meeting within 2 months and include the proposals put forward by the requisitioner(s) in the agenda of the meeting. If the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such proposal, the shareholders severally or jointly holding 10% or more of the Company's shares may propose to the Supervisory Committee the convening of such extraordinary general meeting in writing. If the Supervisory Committee agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days after receiving such request. Failure of the Supervisory Committee to issue a notice of extraordinary general meeting within the stipulated period shall be deemed as the failure of the Supervisory Committee to convene and preside over an extraordinary general meeting, and the shareholders severally or jointly holding 10% or more of the Company's shares for more than ninety consecutive days shall be entitled to convene and preside over the meeting on a unilateral basis. Whenever the Company convenes a general meeting, shareholder(s) severally or jointly holding more than 3% of the Company's shares shall have the right to propose resolutions in writing to the Company. Resolution may be proposed as an extempore resolution ten days prior to the general meeting by submitting the same to the convener in writing.

Corporate Governance Report

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

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

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

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

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

Company website: www.liaoganggf.cn

Company e-mail: ir@dlport.cn

Dividend Policy

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

The Company's distributable profit of the year is calculated based on the net profit of the parent company of the year. The Company's profit over the recent three years, the distributed profit and the pre-distributed profit were all not be less than 40% of the distributable profit of the year. The pay-out ratios from 2018 to 2020 were 41.7%, 41.5% and 96.49%, respectively.

Corporate Governance Report

K. Investor Relations

1. Amendments to the Articles of Association of the Company

During the year, the Company's annual general meeting of 2019 was held on 29 June 2020 to consider and approve the amendments to the Articles of Association of the Company. For details of the amendments, please refer to the announcements of Supplemental Circular to the Circular Dated 15 May 2020 and Poll Results of Annual General Meeting Held on 29 June 2020 published on the websites of the Company and the Stock Exchange of Hong Kong.

Save as disclosed above, as of 31 December 2020, no significant change was made to the Articles of Association of the Company. The Articles of Association of the Company is available on the websites of the Shanghai Stock Exchange, the Stock Exchange of Hong Kong and the Company.

2. Convening of General Meetings

During the reporting period, three general meetings had been convened by the Company. The first extraordinary general meeting of 2020 was held on 29 April 2020; the 2019 annual general meeting was held on 29 June 2020; the second extraordinary general meeting of 2020, the first A shareholders class meeting in 2020 and the first H shareholders class meeting in 2020 were held on 25 September 2020.

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

Profiles of Directors, Supervisors and Senior Management

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

Directors

Mr. Wei Minghui (魏明暉先生), born in 1969, Chinese. Mr. Wei held various positions including the general manager of Dalian Port (PDA) Company Limited's Automotive Logistics Division, the general manager and branch secretary of the Party Committee of Dalian Automobile Terminal Co., Ltd., a director of Dalian Port Corporation Limited* (大連港集團有限公司) and the general manager of Dalian Port (PDA) Company Limited. He is currently the chairman and an executive director of the Company. Mr. Wei obtained a bachelor's degree in Transportation Management from Wuhan University of Technology and a master's degree in transportation planning and management from Dalian Maritime University. He is a senior specialist in logistics.

Mr. Cao Dong (曹東先生), born in 1966, Chinese, was a member of the Party Working Committee, head of the Party and Mass Work Department and Director of the Editorial Office in Dalian Free Trade Zone, the secretary of Disciplinary Committee and a member of the Party Committee in Dalian Municipal Bureau of Foreign Trade & Economic Cooperation as well as the secretary of Disciplinary Committee of Dalian Port Corporation Limited* (大連港集團有限公司). He is currently the vice chairman and a non-executive director of the Company. Mr. Cao possesses a bachelor's degree in applied chemistry from Harbin Institute of Ship Engineering* (哈爾濱船舶工程學院) and a master's degree in logistics engineering from Dalian Maritime University.

Mr. Qi Yue (齊岳先生), born in 1972, was the general manager of the Investment and Development Department of China Merchants Port Holdings Co., Ltd., the general manager of the Investment and Development Department of China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司) and a supervisor of the Company. He currently serves as the vice chairman, executive director and vice general manager of the Company. Mr. Qi obtained a bachelor's degree in Harbour and Waterway Engineering from Dalian University of Technology and an MBA degree from Tsinghua University. He is a senior engineer.

Mr. Sun Dequan (孫德泉先生), born in 1962, Chinese. Mr. Sun held various positions, including the general manager of Dalian Port Oil Terminal Company, an assistant general manager of Dalian Port Corporation Limited* (大連港集團有限公司) and the general manager of Dalian Port Oil Terminal Company, and the general manager of Dalian Port Oil Terminal Company. Mr. Sun is currently an executive director and the general manager of the Company and the general manager of Dalian Port Oil Terminal Company. Mr. Sun obtained a bachelor's degree in storage and transportation from East China Petroleum Institute and a master's degree in business administration management from Party School of Liaoning Provincial Party Committee. He is a senior engineer.

Profiles of Directors, Supervisors and Senior Management

Mr. Yuan Yi (袁毅先生), born in 1965, Chinese, was the secretary of the Party Committee and Disciplinary Committee in Dalian Port Siergou Stevedoring Company* (大連港寺兒溝港務公司), general manager of Dalian Ocean Shipping Tally Co., Ltd.* (大連港外輪理貨公司) and Dalian Port Ore Terminal Company* (大連港礦石碼頭公司), assistant to the general manager of Dalian Port Corporation Limited* (大連港集團有限公司) as well as the general manager of Dalian Port Corporation (Jinzhou) West Liaoning Port Investment and Development Co., Ltd.* (大連港集團(錦州)遼西港口投資開發有限公司). He currently serves as the chairman of labor union of Dalian Port Corporation Limited* (大連港集團有限公司) and a non-executive director of the Company. Mr. Yuan obtained a master's degree in business administration from the Party School of Liaoning Provincial Party Committee and is a senior specialist in logistics.

Ms. Na Danhong (那丹紅女士), born in 1970, Chinese, was a deputy general manager of the engineering technology department of China Merchants Holdings (International) Company Limited (招商局國際有限公司) and a deputy general manager of the engineering technology department of China Merchants Port Holdings Co., Ltd. (招商局港口控股有限公司). Ms. Na currently serves as a deputy general manager of operation management department of China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司) and is a non-executive director of the Company. Ms. Na obtained a bachelor's degree in Harbour and Waterway Engineering from Tianjin University and a master's degree of engineering management from University of Manchester. She is a senior engineer.

Mr. Li Zhiwei (李志偉先生), born in 1958, Chinese, was the headman of inspection team of Agricultural Bank of China Headquarter and is currently an independent non-executive director of the Company. Mr. Li was graduated from finance department of Central Radio and Television University and global economy department of Jilin University.

Dr. Liu Chunyan (劉春彥博士), born in 1967, Chinese, is an assistant professor of faculty of law and an instructor of master's degree candidates of civil and commercial law at Tongji University and a part-time attorney and senior counsel at Yuan Wen Law Firm. He is an independent non-executive director of the Company. Dr. Liu obtained a bachelor's degree in law from Liaoning Normal University, a master's degree in law from Shanghai Jiao Tong University and a doctorate in management from Tongji University.

Mr. Law Man Tat (羅文達先生), born in 1967 with Chinese (Hong Kong) nationality. Mr. Law served as senior executives within a number of world-renowned corporations, including Arthur Andersen & Co. CPA, The Hong Kong and China Gas Company Limited, Standard Chartered Bank, HSBC, Lloyd's of London, Australia & New Zealand Bank, China Shandong Hi-Speed Financial Group Limited, Union Medical Healthcare and some Hong Kong listed companies, etc. Mr. Law had stationed in Shanghai, China for many years whilst he served as Chief Financial Officer of Lloyd's of London and Australia & New Zealand Bank China respectively. Mr. Law is currently the director of Greater China of The CFO Centre Group, a multinational group, as well as an independent non-executive director of the Company. Mr. Law obtained a bachelor's degree in management accounting from Hong Kong Polytechnic University and an MBA from Hong Kong Baptist University. He also possesses a number of internationally recognized professional qualifications including: Chartered Institute of Management Accountant, CIMA (UK), Chartered Global Management Accountant, AICPA (USA), Associate Member of Chartered Institute of Arbitrators, CI Arb (UK), Certified Information System Auditor, ISACA (USA), Fellow Member of Life Management Institutes, LOMA (USA), Associate of Reinsurance, LOMA (USA) and Associate of Customer Services, LOMA (USA) and a fellow member of the Hong Kong Institute of Directors (FHKIoD).

Profiles of Directors, Supervisors and Senior Management

Supervisors

Mr. Jia Wenjun (賈文軍先生), born in 1974, Chinese. Mr. Jia held various positions including the head of audit verification department of Liaoning Dongzheng Accounting Firms (遼寧東正會計師事務所), the deputy chief of the listed companies' supervision division and the investigation division of Dalian Regulatory Bureau under China Securities Regulatory Commission and the deputy chief accountant and chief accountant of Dalian Port Corporation Limited* (大連港集團有限公司). He is currently the deputy chief economist and the head of capital operation department of Liaoning Port Group Limited, and the chairman of the supervisory committee of the Company. Mr. Jia obtained a master's degree in accounting from Dongbei University of Finance and Economics. He is a CPA and CPV.

Mr. Jia Ming (賈明先生), born in 1979, Chinese, was the head of finance department of China National Chartering Co., Ltd. Mr. Jia currently serves as the financial analysis director of finance department of China Merchants Port Holdings Co., Ltd (招商局港口控股有限公司) and the financial analysis director of financial management department (capital operation department) of China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司). He is a supervisor of the Company. Mr. Jia obtained a bachelor's degree in finance from Renmin University of China and an MBA degree from Tsinghua University. He is a senior accountant and a leading accounting talent of the central state organ.

Mr. Wang Zhifeng (王志峰先生), born in 1955, Chinese. Mr. Wang held various positions including the head and the secretary of the Communist Party Committee of Dalian Branch of Agricultural Bank of China, and the chief supervisor of ABC Financial Leasing Co., Ltd., and the senior specialist of assets and liabilities department of the head office of Agricultural Bank of China. He is currently an independent supervisor of the Company. Mr. Wang graduated from Liaoning Shenyang Agricultural College with a master's degree in economic management.

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

Mr. Liu Xianfeng (劉顯峰先生), born in 1978, Chinese. Mr. Liu held various positions, including a deputy head of the Party work department of Dalian Port Corporation Limited* (大連港集團有限公司), a section head of the Party affairs management group of Dandong port association management working group of Liaoning Port Group Limited. He currently serves as a deputy head of the administration department/the Party Committee office and an employee representative supervisor of the Company. Mr. Liu obtained a master's degree in business administration from Dalian University of Technology.

Profiles of Directors, Supervisors and Senior Management

Senior Management

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

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

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

Ms. Wang Ping (王萍女士), born in 1969, Chinese. Ms. Wang held various positions including the accounting manager and the deputy head of the finance department of Dalian Port (PDA) Company Limited, the deputy head of the planning and financing department of Dalian Port Corporation Limited* (大連港集團有限公司), the deputy head of the finance department of Dalian Port (PDA) Company Limited, the chief financial officer of Dalian Harbour City Construction Development Company Limited and the chief financial officer of Dalian Port Container Development Company Limited, the deputy chief accountant and the deputy head of the finance department of Dalian Port (PDA) Company Limited. She is currently the chief financial officer of the Company. Ms. Wang obtained a bachelor's degree in transportation management and engineering from the Wuhan University of Water Transportation Engineering. She is a senior accountant and certified accountant.

Mr. Zhang Tie (張鐵先生), born in 1968, Chinese, was the general manager of Dalian Port Passenger Transportation Company. He is currently the chief safety officer of the Company. Mr. Zhang Tie obtained a bachelor's degree in Transportation Management from Changsha Communications College and a master's degree in Transportation Management from Dalian Maritime University and is a senior economist.

Ms. Wang Huiying (王慧穎女士), born in 1978, Chinese, was the Securities Affairs Representative and Investor Relations Manager of Dalian Port (PDA) Company Limited, the deputy head of the Listing Division of Dalian Port Corporation Limited* (大連港集團有限公司) and deputy head of capital operation department of Dalian Port Corporation Limited* (大連港集團有限公司). She is currently the secretary to the Board, a joint company secretary and the head of Board office of the Company. Ms. Wang obtained a bachelor's degree in international business of Auckland Institute of Studies at ST Helens New Zealand.

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

Auditor's Report

Ernst & Young HM (2021) Shen Zi No. 60777447_E01

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

I. Opinion

We have audited the accompanying financial statements of Liaoning Port Co., Ltd., which comprise the consolidated and company balance sheets as at 31 December 2020, the consolidated and company income statements for the year then ended, the consolidated and company statements of changes in shareholders' equity for the year then ended, the consolidated and company cash flow statements for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial positions of the Company as at 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

II. Basis for Opinion

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

III. Key Audit Matters

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

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

III. Key Audit Matters (continued)

Key Audit Matter:	How our audit addressed the Key Audit Matter:
Provision for bad debts of accounts receivable	
<p>As of 31 December 2020, the book balance of the accounts receivable in the consolidated financial statements was RMB2,394,423,441.20, and the provision for bad debts was RMB267,293,736.06. The balance of the accounts receivable of the Group is significant. The assessment of bad debt provisions involves complex and significant judgments and estimates by the management. Therefore, we identified provision for bad debts of accounts receivable as a key audit matter for the audit of the year.</p> <p>For the disclosure of the accounts receivable and the provision for bad debts, please refer to Note V.1 Key assumptions and uncertainties in accounting estimates, Note VIII.4 Accounts receivable and Note VIII.6 Other receivables to the financial report.</p>	<p>The audit procedures we performed include:</p> <ul style="list-style-type: none"> • Gained an understanding of and tested the internal control related to provision for bad debts of accounts receivable; • Evaluated whether the management's evaluation basis for credit rating of the counterparty to the receivables was reasonable; checked, on a sample basis, the supporting records such as contracts, bookkeeping vouchers and invoices, and whether the age of the accounts receivables was accurate; and evaluated the basis for the calculation of expected credit losses, including the management's estimation and calculation of expected credit losses in combination with historical loss rates and forward-looking considerations; • For goods in which the Group has a lien, checked such goods on spot and assessed the value thereof, obtained the legal opinion issued by the Group's external legal advisor and reply to the letter of confirmation, and evaluated the management's estimation of the probability, amount and discount rate of possible recovery of relevant receivables in the future, as well as the calculation of expected credit losses on relevant receivables. • Reviewed the disclosure of the receivables and the provision for bad debts in the financial report.

III. Key Audit Matters (continued)

Key Audit Matter:	How our audit addressed the Key Audit Matter:
Impairment of long-term equity investments	
<p>As of 31 December 2020, the book value of long-term equity investments in the consolidated financial statements was RMB3,195,115,564.25. The management has assessed whether these long-term equity investments have indicators of impairment. For the identified indicators of impairment, the management performs impairment testing by calculating the recoverable amount of long-term equity investments. The forecast of the recoverable amount relates to the assessment of fair value of long-term equity investments and forecast of the present value of expected future cash flows, as the management needs to make significant judgments and assumptions in the assessment and forecast, especially for the assessment methods and choice of parameters, the investee's future business volume, gross profit margin and discount rate. Therefore, we identified it as a key audit matter.</p> <p>For the disclosure of long-term equity investments, please refer to Note V.1 Key assumptions and uncertainties in accounting estimates and Note VIII.10 Long-term equity investments to the financial report.</p>	<p>The audit procedures we performed include:</p> <ul style="list-style-type: none"> Analyzed and assessed the management's judgments on the indicators of impairment, and evaluated the important assumptions made by the management when determining the recoverable amount of long-term equity investments, especially the key data and assumptions about the future business volume, gross profit margin and discount rate of the investee in the management's impairment test, as well as fair value assessment methods and key parameters for assessment, etc.; As assisted by the internal valuer, evaluated the management's impairment test methods, models and key parameters; Reviewed the disclosure of long-term equity investments and long-term equity impairments in the financial report.

IV. Other Information

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

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

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

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

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

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

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

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

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

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young Hua Ming LLP

Certified Public Accountant:

Wang Tianqing

(Project partner)

Beijing, the People's Republic of China

Certified Public Accountant:

Xue Wei

25 March 2021

Consolidated Balance Sheet

2020
In RMB

Item	Note	Balance at the end of the year	Balance at the beginning of the year
Current assets			
Cash at bank and on hand	VIII.1	4,511,746,815.91	4,051,413,174.71
Financial assets held for trading	VIII.2	903,950,958.91	304,951,193.83
Notes receivable	VIII.3	287,439,484.37	248,851,749.33
Accounts receivable	VIII.4	1,762,191,429.93	1,322,772,566.55
Advances to suppliers	VIII.5	34,822,606.78	34,353,478.37
Other receivables	VIII.6	364,938,275.21	756,834,129.39
Inventories	VIII.7	76,328,961.38	105,065,586.94
Other current assets	VIII.8	57,593,421.42	66,743,698.10
Total current assets		7,999,011,953.91	6,890,985,577.22
Non-current assets			
Long-term receivables	VIII.9	80,486,851.34	–
Long-term equity investments	VIII.10	3,195,115,564.25	4,146,454,686.56
Investments in other equity instruments	VIII.11	204,067,639.27	189,782,564.95
Investment properties	VIII.12	202,727,314.03	193,819,795.94
Fixed assets	VIII.13	16,029,953,567.73	16,633,125,202.39
Construction in progress	VIII.14	1,892,935,960.58	1,969,780,788.67
Right-of-use assets	VIII.15	2,993,574,711.08	3,126,927,918.95
Intangible assets	VIII.16	1,667,262,131.57	1,717,519,475.31
Goodwill	VIII.17	20,433,690.59	20,433,690.59
Long-term prepaid expenses	VIII.18	62,263,734.24	66,308,928.28
Deferred income tax assets	VIII.19	144,226,490.31	100,709,875.21
Other non-current assets	VIII.20	33,782,189.01	42,426,036.58
Total non-current assets		26,526,829,844.00	28,207,288,963.43
TOTAL ASSETS		34,525,841,797.91	35,098,274,540.65

Notes form an integral part of the financial statements

Consolidated Balance Sheet (continued)

2020
In RMB

Item	Note	Balance at the end of the year	Balance at the beginning of the year
Current liabilities			
Short-term borrowings	VIII.23	150,142,083.34	497,660,595.83
Accounts payable	VIII.24	188,511,319.87	189,817,515.63
Advances from customers	VIII.25	3,154,967.98	7,070,884.59
Contract liabilities	VIII.26	72,171,660.49	34,297,750.03
Employee benefits payable	VIII.27	255,412,440.96	240,218,522.22
Taxes payable	VIII.28	99,842,152.83	96,991,071.20
Other payables	VIII.29	658,247,688.15	910,581,896.50
Non-current liabilities due within one year	VIII.30	2,612,451,085.79	400,779,150.69
Total current liabilities		4,039,933,399.41	2,377,417,386.69
Non-current liabilities			
Long-term borrowings	VIII.31	1,132,693,298.00	1,508,698,814.40
Bonds payable	VIII.32	3,547,236,158.87	5,884,379,767.90
Lease liabilities	VIII.33	3,047,052,655.02	3,132,442,496.82
Long-term payables	VIII.34	44,070,000.00	32,500,000.00
Deferred income	VIII.35	511,025,745.60	549,490,699.73
Deferred income tax liabilities	VIII.19	113,075,549.55	113,385,648.38
Other non-current liabilities	VIII.36	69,655,256.65	95,544,136.00
Total non-current liabilities		8,464,808,663.69	11,316,441,563.23
Total liabilities		12,504,742,063.10	13,693,858,949.92
Shareholders' equity			
Share capital	VIII.37	12,894,535,999.00	12,894,535,999.00
Capital surplus	VIII.38	2,940,527,279.56	2,938,747,542.52
Other comprehensive income	VIII.39	84,557,142.33	70,943,358.93
Specific reserve	VIII.40	70,976,410.86	38,503,545.54
Surplus reserve	VIII.41	974,684,268.46	896,529,171.28
Including: Statutory reserve		973,710,734.09	895,555,636.91
Undistributed profits	VIII.42	2,387,731,786.23	1,930,530,105.98
Total equity attributable to shareholders of the parent company		19,353,012,886.44	18,769,789,723.25
Minority interests		2,668,086,848.37	2,634,625,867.48
Total shareholders' equity		22,021,099,734.81	21,404,415,590.73
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		34,525,841,797.91	35,098,274,540.65

The financial statements are signed by the following persons:

Legal representative:
Wei Minghui

Principal in charge of accounting:
Wang Ping

Head of accounting department:
Wang Jinsong

Notes form an integral part of the financial statements

Balance Sheet of the Parent Company

2020
In RMB

Item	Note	Balance at the end of the year	Balance at the beginning of the year
Current assets			
Cash at bank and on hand		2,890,703,086.36	2,667,067,531.46
Financial assets held for trading		903,950,958.91	304,951,193.83
Notes receivable		279,291,639.83	203,093,165.69
Accounts receivable	XV.1	1,478,660,782.21	988,897,685.64
Advances to suppliers		5,910,586.68	6,422,443.00
Other receivables	XV.2	1,389,553,234.41	1,488,764,521.13
Inventories		40,870,821.57	41,221,158.41
Non-current assets due within one year		-	18,045,516.44
Other current assets		12,739,784.37	3,398,327.10
Total current assets		7,001,680,894.34	5,721,861,542.70
Non-current assets			
Long-term receivables		630,862,768.60	310,000,000.00
Right-of-use assets		2,755,085,606.12	2,847,289,690.63
Long-term equity investments	XV.3	7,287,274,646.47	7,986,517,316.61
Investments in other equity instruments		21,508,765.89	23,359,026.40
Fixed assets		9,826,865,835.67	10,123,538,837.06
Construction in progress		1,381,009,570.89	1,416,865,303.35
Intangible assets		533,857,484.08	552,554,874.41
Long-term prepaid expenses		30,160,693.44	23,558,422.05
Deferred income tax assets		89,363,920.45	44,760,329.15
Other non-current assets		1,860,000.00	1,860,000.00
Total non-current assets		22,557,849,291.61	23,330,303,799.66
TOTAL ASSETS		29,559,530,185.95	29,052,165,342.36

Notes form an integral part of the financial statements

Balance Sheet of the Parent Company (continued)

2020
In RMB

Item	Balance at the end of the year	Balance at the beginning of the year
Current liabilities		
Accounts payable	44,073,761.37	38,113,226.37
Advances from customers	899,609.94	553,251.23
Contract liabilities	42,138,449.94	24,014,305.01
Employee benefits payable	137,791,993.27	136,336,330.09
Taxes payable	32,758,690.51	31,612,947.82
Other payables	317,735,672.14	274,296,594.40
Non-current liabilities due within one year	2,555,794,955.36	205,383,855.22
Total current liabilities	3,131,193,132.53	710,310,510.14
Non-current liabilities		
Bonds payable	3,547,236,158.87	5,884,379,767.90
Lease liabilities	2,818,182,718.18	2,864,143,612.01
Long-term payables	7,500,000.00	15,000,000.00
Deferred income	496,017,018.33	525,263,636.58
Deferred income tax liabilities	1,710,427.10	2,172,992.23
Other non-current liabilities	69,655,256.65	95,544,136.00
Total non-current liabilities	6,940,301,579.13	9,386,504,144.72
Total liabilities	10,071,494,711.66	10,096,814,654.86
Shareholders' equity		
Share capital	12,894,535,999.00	12,894,535,999.00
Capital surplus	3,062,007,748.98	3,047,794,637.96
Other comprehensive income	5,131,281.29	6,518,976.67
Specific reserve	39,273,350.66	30,179,695.36
Surplus reserve	929,804,005.71	851,648,908.53
Undistributed profits	2,557,283,088.65	2,124,672,469.98
Total shareholders' equity	19,488,035,474.29	18,955,350,687.50
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	29,559,530,185.95	29,052,165,342.36

Notes form an integral part of the financial statements

Consolidated Income Statement

2020
In RMB

Item	Note	Amount for the year	Amount for last year
I. Revenue	VIII.43	6,657,457,293.58	6,645,907,276.19
Less: Cost of sales	VIII.43	4,422,110,364.05	4,654,940,360.28
Taxes and surcharges	VIII.44	59,990,217.52	58,424,293.22
Selling and distribution expenses		-	266,329.03
General and administrative expenses	VIII.45	635,244,291.37	658,917,252.38
Research and development expenses	VIII.46	18,437,450.14	14,842,826.17
Financial expenses	VIII.47	513,921,878.49	580,891,348.90
Including: Interest expenses		557,165,236.23	668,088,597.18
Interest income		45,357,545.91	62,587,427.37
Net exchange loss (net gain represented by "-")		1,641,423.32	-25,823,736.49
Add: Other income	VIII.48	95,114,248.58	106,352,640.53
Investment income (loss represented by "-")	VIII.49	299,067,552.91	365,068,663.83
Including: Investment income from associates and joint ventures		247,079,803.01	309,660,253.74
Gain on changes in fair value (loss represented by "-")	VIII.50	-323,118.00	-930,957.50
Credit impairment loss (loss represented by "-")	VIII.51	-132,789,383.36	-15,740,841.83
Asset impairment loss (loss represented by "-")	VIII.52	-38,021,871.85	-
Gains on disposals of assets (loss represented by "-")	VIII.53	9,120,803.74	4,115,594.45
II. Operating profit (loss represented by "-")		1,239,921,324.03	1,136,489,965.69
Add: Non-operating income	VIII.54	12,652,273.79	45,618,617.77
Less: Non-operating expenses	VIII.55	27,308,784.36	19,935,349.98
III. Total profit (total loss represented by "-")		1,225,264,813.46	1,162,173,233.48
Less: Income tax expenses	VIII.56	274,447,587.75	267,241,328.40
IV. Net profit (net loss represented by "-")		950,817,225.71	894,931,905.08
(I) Classified by ownership of the equity			
1. Net profit attributable to shareholders of the parent company (net loss represented by "-")		812,640,222.02	718,230,462.31
2. Gains or losses of minority interests (net loss represented by "-")		138,177,003.69	176,701,442.77
(II) Classified by continuity of operations			
1. Net profit from continuing operations (net loss represented by "-")		950,817,225.71	894,931,905.08
2. Net profit from discontinued operations (net loss represented by "-")		-	-

Notes form an integral part of the financial statements

Consolidated Income Statement (continued)

2020
In RMB

Item	Note	Amount for the year	Amount for last year
V. Other comprehensive income, net of tax	VIII.39	12,782,864.08	23,934,894.06
Other comprehensive income, net of tax, attributable to shareholders of the parent company		13,613,783.40	23,803,781.53
(I) Other comprehensive income that may not be reclassified to profit or loss		11,544,725.06	24,701,371.63
1. Changes in fair value of investments in other equity instruments		11,544,725.06	24,701,371.63
(II) Other comprehensive income that will be reclassified to profit or loss		2,069,058.34	-897,590.10
1. Exchange differences on translation of foreign currency financial statements		2,069,058.34	-897,590.10
Other comprehensive income, net of tax, attributable to minority interests		-830,919.32	131,112.53
VI. Total comprehensive income		963,600,089.79	918,866,799.14
Attributable to shareholders of the parent company		826,254,005.42	742,034,243.84
Attributable to minority interests		137,346,084.37	176,832,555.30
VII. Earnings per share			
Basic earnings per share	VIII.59	0.06	0.06
Diluted earnings per share	VIII.59	0.06	0.06

Notes form an integral part of the financial statements

Income Statement of the Parent Company

2020
In RMB

Item	Note	Amount for the year	Amount for last year
I. Revenue	XV.4	3,777,803,226.79	3,507,573,030.84
Less: Cost of sales	XV.4	2,399,182,703.53	2,342,328,841.53
Taxes and surcharges		39,508,795.03	34,394,753.73
General and administrative expenses		401,551,385.99	403,903,877.63
Research and development expenses		39,994.06	29,165.00
Financial expenses		432,222,193.02	460,030,911.97
Including: Interest expenses		460,847,966.93	526,152,411.37
Interest income		27,429,166.09	44,724,415.74
Add: Other income		59,636,066.97	54,323,637.38
Investment income (loss represented by "-")	XV.5	484,153,170.88	527,090,050.17
Including: Investment income from associates and joint ventures		210,931,184.93	290,265,761.39
Gain on changes in fair value (loss represented by "-")		-323,118.00	-930,957.50
Credit impairment loss (loss represented by "-")		-136,598,137.21	-8,905,764.95
Gains on disposals of assets (loss represented by "-")		2,070,687.68	170,872.06
II. Operating profit (loss represented by "-")		914,236,825.48	838,633,318.14
Add: Non-operating income		2,558,203.95	3,293,250.29
Less: Non-operating expenses		26,304,112.22	18,881,410.45
III. Total profit (total loss represented by "-")		890,490,917.21	823,045,157.98
Less: Income tax expenses		108,939,945.38	97,729,516.88
IV. Net profit (net loss represented by "-")		781,550,971.83	725,315,641.10
Net profit from continuing operations (net loss represented by "-")		781,550,971.83	725,315,641.10
Net profit from discontinued operations (net loss represented by "-")		-	-
V. Other comprehensive income, net of tax		-1,387,695.38	3,031,180.49
(I) Other comprehensive income that may not be reclassified to profit or loss		-1,387,695.38	3,031,180.49
1. Changes in fair value of investments in other equity instruments		-1,387,695.38	3,031,180.49
(II) Other comprehensive income that will be reclassified to profit or loss		-	-
VI. Total comprehensive income		780,163,276.45	728,346,821.59

Notes form an integral part of the financial statements

Consolidated Cash Flow Statement

2020
In RMB

Item	Note	Amount for the year	Amount for last year
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		6,594,274,157.39	6,496,755,538.16
Refund of taxes and surcharges		22,272,106.90	—
Cash received relating to other operating activities	VIII.60	168,167,285.23	197,093,225.94
Sub-total of cash inflows		6,784,713,549.52	6,693,848,764.10
Cash paid for goods and services		2,420,404,159.28	2,856,201,143.23
Cash paid to and on behalf of employees		1,543,926,715.72	1,725,826,768.45
Payments of taxes and surcharges		550,217,342.62	364,169,230.19
Cash paid relating to other operating activities	VIII.60	171,788,743.14	141,059,638.72
Sub-total of cash outflows		4,686,336,960.76	5,087,256,780.59
Net cash flows from operating activities	VIII.61	2,098,376,588.76	1,606,591,983.51
II. Cash flows from investing activities			
Cash received from disposal of investments		5,831,018,306.20	6,058,709,012.30
Cash received from return on investments		444,482,761.67	269,461,080.44
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		920,114.25	438,160.00
Cash received relating to other investing activities	VIII.60	28,976,737.55	170,008,020.00
Sub-total of cash inflows		6,305,397,919.67	6,498,616,272.74
Cash paid to acquire fixed assets, intangible assets and other long-term assets		265,830,923.48	243,033,430.86
Cash paid to acquire investments		5,500,000,000.00	4,468,291,810.00
Cash paid relating to other investing activities	VIII.60	58,587,576.01	3,321,664.77
Sub-total of cash outflows		5,824,418,499.49	4,714,646,905.63
Net cash flows from investing activities		480,979,420.18	1,783,969,367.11

Notes form an integral part of the financial statements

Consolidated Cash Flow Statement (continued)

2020
In RMB

Item	Note	Amount for the year	Amount for last year
III. Cash flows from financing activities			
Cash received from borrowings		1,452,000,000.00	2,053,000,000.00
Sub-total of cash inflows		1,452,000,000.00	2,053,000,000.00
Cash repayments of borrowings		2,665,337,099.95	5,902,836,555.01
Cash paid for distribution of dividends or profits or for interest expenses		892,097,709.22	835,057,849.96
Cash paid relating to other financing activities	VIII.60	7,550,936.86	245,168,246.94
Sub-total of cash outflows		3,564,985,746.03	6,983,062,651.91
Net cash flows from financing activities		-2,112,985,746.03	-4,930,062,651.91
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		-5,001,865.97	27,295,721.46
V. Net increase in cash and cash equivalents			
Add: Cash and cash equivalents at the beginning of the year		4,042,339,664.50	5,554,545,244.33
VI. Cash and cash equivalents at the end of the year	VIII.62	4,503,708,061.44	4,042,339,664.50

Notes form an integral part of the financial statements

Cash Flow Statement of the Parent Company

2020
In RMB

Item	Note	Amount for the year	Amount for last year
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		3,271,044,888.76	3,061,794,031.10
Cash received relating to other operating activities		84,983,030.10	98,153,927.55
Sub-total of cash inflows		3,356,027,918.86	3,159,947,958.65
Cash paid for goods and services		1,087,410,736.06	1,114,167,206.69
Cash paid to and on behalf of employees		1,014,978,480.73	1,100,843,255.52
Payments of taxes and surcharges		313,514,231.43	189,885,342.17
Cash paid relating to other operating activities		90,533,915.79	94,968,441.70
Sub-total of cash outflows		2,506,437,364.01	2,499,864,246.08
Net cash flows from operating activities	XV.6	849,590,554.85	660,083,712.57
II. Cash flows from investing activities			
Cash received from disposal of investments		5,831,018,306.20	6,330,520,163.18
Cash received from return on investments		616,619,222.65	406,789,375.65
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		795,450.00	292,455.49
Net cash received from disposal of subsidiaries and other business units		6,561,868.13	—
Cash received relating to other investing activities		240,022,915.21	—
Sub-total of cash inflows		6,695,017,762.19	6,737,601,994.32
Cash paid to acquire fixed assets, intangible assets and other long-term assets		241,462,393.79	129,250,780.15
Cash paid to acquire investments		5,500,000,000.00	4,463,335,516.44
Net cash paid to acquire subsidiaries and other business units		247,749,752.57	—
Cash paid relating to other investing activities		560,070,024.42	—
Sub-total of cash outflows		6,549,282,170.78	4,592,586,296.59
Net cash flows from investing activities		145,735,591.41	2,145,015,697.73

Notes form an integral part of the financial statements

Cash Flow Statement of the Parent Company (continued)

2020
In RMB

Item	Note	Amount for the year	Amount for last year
III. Cash flows from financing activities			
Cash received from borrowings		-	111,000,000.00
Sub-total of cash inflows		-	111,000,000.00
Cash repayments of borrowings		196,762,797.72	3,266,022,531.00
Cash paid for distribution of dividends or profits or for interest expenses		568,958,330.23	614,278,064.38
Cash paid relating to other financing activities		7,550,936.86	194,818,360.04
Sub-total of cash outflows		773,272,064.81	4,075,118,955.42
Net cash flows from financing activities		-773,272,064.81	-3,964,118,955.42
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		1,320,943.61	23,691,629.09
V. Net increase in cash and cash equivalents			
Add: Cash and cash equivalents at the beginning of the year		2,666,892,626.45	3,802,220,542.48
VI. Cash and cash equivalents at the end of the year	XV.6	2,890,267,651.51	2,666,892,626.45

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity

2020
In RMB

Item	Amount for the year							Total shareholders' equity		
	Share capital	Capital surplus	Other comprehensive income	Including: Exchange differences on translation of foreign currency financial statements	Specific reserve	Surplus reserve	Undistributed profits		Sub-total	Minority interests
I. Closing balance of last year	12,894,535,999.00	2,938,747,542.52	70,943,358.93	37,876,693.23	38,503,545.54	896,529,171.28	1,930,530,105.98	18,769,769,723.25	2,634,625,867.48	21,404,415,590.73
Add: Changes of accounting policies	-	-	-	-	-	-	-	-	-	-
Correction of errors in prior periods	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	12,894,535,999.00	2,938,747,542.52	70,943,358.93	37,876,693.23	38,503,545.54	896,529,171.28	1,930,530,105.98	18,769,769,723.25	2,634,625,867.48	21,404,415,590.73
III. Changes for the year (decrease represented by "-")	-	-	13,613,783.40	2,069,056.34	-	-	812,840,222.02	826,254,005.42	137,346,084.37	963,600,089.79
(I) Total comprehensive income	-	-	13,613,783.40	2,069,056.34	-	-	812,840,222.02	826,254,005.42	137,346,084.37	963,600,089.79
(II) Capital contribution and withdrawal by shareholders	-	1,779,737.04	-	-	-	-	-	1,779,737.04	51,639,090.28	53,418,827.32
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by other equity instrument holders	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment included in owners' equity	-	-	-	-	-	-	-	-	-	-
4. Business combinations not involving entities under common control	-	-	-	-	-	-	-	-	-	-
5. Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-
6. Others	-	1,779,737.04	-	-	-	-	-	1,779,737.04	-	1,779,737.04

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity (continued)

2020
In RMB

Item	Amount for the year							Total shareholders' equity		
	Share capital	Capital surplus	Other comprehensive income	Including: Exchange differences on translation of foreign currency financial statements	Specific reserve	Surplus reserve	Undistributed profits		Sub-total	Minority interests
III. Changes for the year (decrease represented by "-") (continued)										
(III) Accrual and usage of specific reserve										
1. Accrual of specific reserve	-	-	-	-	32,472,865.32	-	-	32,472,865.32	2,153,018.11	34,625,883.43
2. Usage of specific reserve	-	-	-	-	60,815,255.58	-	-	60,815,255.58	8,208,369.91	69,023,625.49
	-	-	-	-	-28,342,390.26	-	-	-28,342,390.26	-6,055,351.80	-34,397,742.06
(IV) Profit distribution										
1. Appropriation to surplus reserve including: Statutory reserve	-	-	-	-	-	78,155,097.18	-355,638,541.77	-277,283,444.59	-157,677,211.87	-434,960,656.46
Discretionary reserve	-	-	-	-	-	78,155,097.18	-78,155,097.18	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	78,155,097.18	-78,155,097.18	-	-	-
3. Profit distribution to shareholders	-	-	-	-	-	-	-	-	-	-
4. Appropriation to employee bonus and welfare fund	-	-	-	-	-	-	-270,785,255.98	-270,785,255.98	-150,706,991.91	-421,492,247.89
	-	-	-	-	-	-	-6,498,188.61	-6,498,188.61	-6,970,219.96	-13,468,408.57
(V) Internal carry-over of shareholders' equity										
1. Transfer of capital reserve to capital	-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to capital	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve to cover losses	-	-	-	-	-	-	-	-	-	-
4. Other comprehensive income carried over to retained earnings	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	12,894,535,999.00	2,940,527,278.56	84,557,142.33	39,945,751.57	70,976,410.86	974,684,268.46	2,387,731,786.23	19,353,012,886.44	2,663,086,848.37	22,021,099,734.81

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity (continued)

2020
In RMB

Item	Amount for the previous year										Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Including: Exchange differences on transition of foreign currency financial statements	Specific reserve	Surplus reserve	Undistributed profits	Sub-total	Minority interests		
I. Closing balance of last year	12,894,535,999.00	2,935,193,506.32	5,924,000.77	38,774,283.33	32,179,588.47	823,997,607.17	1,584,535,562.22	18,276,366,263.95	2,583,949,680.22	20,860,315,944.17	
Add: Changes of accounting policies	-	-	-	-	-	-	-	-	-	-	
Correction of errors in prior periods	-	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	-	-	
II. Opening balance of the year	12,894,535,999.00	2,935,193,506.32	5,924,000.77	38,774,283.33	32,179,588.47	823,997,607.17	1,576,832,264.27	18,268,662,966.00	2,583,949,680.22	20,852,612,646.22	
III. Changes for the year (decrease represented by "-")											
(I) Total comprehensive income	-	-	23,803,781.53	-897,590.10	-	-	718,230,462.31	742,034,243.84	176,832,555.30	918,866,799.14	
(II) Capital contribution and withdrawal by shareholders	-	3,554,036.20	-	-	-	-	-	3,554,036.20	-	3,554,036.20	
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	
2. Capital contributed by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	
3. Amount of share-based payment included in owners' equity	-	-	-	-	-	-	-	-	-	-	
4. Business combinations not involving entities under common control	-	-	-	-	-	-	-	-	-	-	
5. Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	
6. Others	-	3,554,036.20	-	-	-	-	-	3,554,036.20	-	3,554,036.20	

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity (continued)

2020
In RMB

Item	Amount for the previous year							Total shareholders' equity		
	Share capital	Capital surplus	Other comprehensive income	Including: Exchange differences on translation of foreign currency financial statements	Specific reserve	Surplus reserve	Undistributed profits		Sub-total	Minority interests
III. Changes for the year (decrease represented by "-")										
(III) Accrual and usage of specific reserve										
1. Accrual of specific reserve	-	-	-	-	6,323,957.07	-	-	6,323,957.07	2,412,990.49	8,736,947.56
2. Usage of specific reserve	-	-	-	-	38,414,599.61	-	-	38,414,599.61	7,959,938.61	46,374,538.22
(IV) Profit distribution										
1. Appropriation to surplus reserve	-	-	-	-	-	72,531,564.11	-323,317,043.97	-250,785,479.86	-128,569,358.53	-379,354,838.39
Including: Statutory reserve	-	-	-	-	-	72,531,564.11	-72,531,564.11	-	-	-
Discretionary reserve	-	-	-	-	-	72,531,564.11	-72,531,564.11	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-
3. Profit distribution to shareholders	-	-	-	-	-	-	-244,996,183.98	-244,996,183.98	-122,357,605.98	-367,353,789.96
4. Appropriation to employee bonus and welfare fund	-	-	-	-	-	-	-5,789,295.88	-5,789,295.88	-6,211,752.55	-12,001,048.43
(V) Internal carry-over of shareholders' equity										
1. Transfer of capital reserve to capital	-	-	41,215,576.63	-	-	-	-41,215,576.63	-	-	-
2. Transfer of surplus reserve to capital	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve to cover losses	-	-	-	-	-	-	-	-	-	-
4. Other comprehensive income carried over to retained earnings	-	-	41,215,576.63	-	-	-	-41,215,576.63	-	-	-
IV. Closing balance of the year	12,894,535,999.00	2,938,747,542.52	70,943,358.93	37,876,693.23	38,503,545.54	896,529,171.28	1,930,530,105.98	18,769,789,723.25	2,634,625,867.48	21,404,415,590.73

Notes form an integral part of the financial statements

Statement of Changes in Shareholders' Equity of the Parent Company

2020
In RMB

Item	Amount for the year						
	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Closing balance of last year	12,894,535,999.00	3,047,794,637.96	6,518,976.67	30,179,695.36	851,648,908.53	2,124,672,469.98	18,955,350,687.50
Add: Changes of accounting policies	-	-	-	-	-	-	-
Correction of errors in prior periods	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Opening balance of the year	12,894,535,999.00	3,047,794,637.96	6,518,976.67	30,179,695.36	851,648,908.53	2,124,672,469.98	18,955,350,687.50
III. Changes for the year (decrease represented by "-")							
(I) Total comprehensive income	-	-	-1,387,695.38	-	-	781,550,971.83	780,163,276.45
(II) Capital contribution and withdrawal by shareholders	-	14,213,111.02	-	-	-	-	14,213,111.02
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-
2. Capital contributed by other equity instrument holders	-	-	-	-	-	-	-
3. Amount of share-based payment included in shareholders' equity	-	-	-	-	-	-	-
4. Others	-	14,213,111.02	-	-	-	-	14,213,111.02
(III) Accrual and usage of specific reserve	-	-	-	9,093,655.30	-	-	9,093,655.30
1. Accrual of specific reserve	-	-	-	26,910,690.46	-	-	26,910,690.46
2. Usage of specific reserve	-	-	-	-17,817,035.16	-	-	-17,817,035.16
(IV) Profit distribution	-	-	-	-	78,155,097.18	-348,940,353.16	-270,785,255.98
1. Appropriation to surplus reserve	-	-	-	-	78,155,097.18	-78,155,097.18	-
Including: Statutory reserve	-	-	-	-	78,155,097.18	-78,155,097.18	-
Discretionary reserve	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-
3. Profit distribution to shareholders	-	-	-	-	-	-270,785,255.98	-270,785,255.98
4. Others	-	-	-	-	-	-	-
(V) Internal carry-over of shareholders' equity	-	-	-	-	-	-	-
1. Transfer of capital reserve to capital	-	-	-	-	-	-	-
2. Transfer of surplus reserve to capital	-	-	-	-	-	-	-
3. Surplus reserve to cover losses	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
IV. Closing balance of the year	12,894,535,999.00	3,062,007,748.98	5,131,281.29	39,273,350.66	929,804,005.71	2,557,283,088.65	19,488,035,474.29

Notes form an integral part of the financial statements

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

2020
In RMB

Item	Amount for the previous year							Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits		
I. Closing balance of last year	12,894,535,999.00	3,044,416,520.66	3,487,796.18	23,263,855.52	779,117,344.42	1,716,884,576.97	18,461,706,092.75	
Add: Changes of accounting policies	-	-	-	-	-	-	-	
Correction of errors in prior periods	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	
II. Opening balance of the year	12,894,535,999.00	3,044,416,520.66	3,487,796.18	23,263,855.52	779,117,344.42	1,716,884,576.97	18,461,706,092.75	
III. Changes for the year (decrease represented by "-")								
(I) Total comprehensive income	-	-	3,031,180.49			725,315,641.10	728,346,821.59	
(II) Capital contribution and withdrawal by shareholders	-	3,378,117.30	-	-	-	-	3,378,117.30	
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	
2. Capital contributed by other equity instrument holders	-	-	-	-	-	-	-	
3. Amount of share-based payment included in shareholders' equity	-	-	-	-	-	-	-	
4. Others	-	3,378,117.30	-	-	-	-	3,378,117.30	
(III) Accrual and usage of specific reserve	-	-	-	6,915,839.84	-	-	6,915,839.84	
1. Accrual of specific reserve	-	-	-	25,552,158.65	-	-	25,552,158.65	
2. Usage of specific reserve	-	-	-	-18,636,318.81	-	-	-18,636,318.81	
(IV) Profit distribution	-	-	-	-	72,531,564.11	-317,527,748.09	-244,996,183.98	
1. Appropriation to surplus reserve	-	-	-	-	72,531,564.11	-72,531,564.11	-	
Including: Statutory reserve	-	-	-	-	72,531,564.11	-72,531,564.11	-	
Discretionary reserve	-	-	-	-	-	-	-	
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	
3. Profit distribution to shareholders	-	-	-	-	-	-244,996,183.98	-244,996,183.98	
4. Others	-	-	-	-	-	-	-	
(V) Internal carry-over of shareholders' equity	-	-	-	-	-	-	-	
1. Transfer of capital reserve to capital	-	-	-	-	-	-	-	
2. Transfer of surplus reserve to capital	-	-	-	-	-	-	-	
3. Surplus reserve to cover losses	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	
IV. Closing balance of the year	12,894,535,999.00	3,047,794,637.96	6,518,976.67	30,179,695.36	851,648,908.53	2,124,672,469.98	18,955,350,687.50	

Notes form an integral part of the financial statements

Notes to the Financial Statements

2020
In RMB

I. General information

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

Upon the gratuitous transfer of the equity interests held by Dalian SASAC in PDA Group to Liaoning North East Asia Gang Hang Development Co., Ltd. (遼寧東北亞港航發展有限公司) (hereinafter referred to as “North East Asia Gang Hang”) on 12 February 2018, the actual controller of the Company was changed from Dalian SASAC to Liaoning SASAC. On 29 November 2018, North East Asia Gang Hang was renamed as Liaoning Port Group Limited (遼寧港口集團有限公司) (hereinafter referred to as “Liaoning Port Group”). On 30 September 2019, the actual controller of Liaoning Port Group was changed from Liaoning SASAC to China Merchants Group Limited (hereinafter referred to as “China Merchants Group”), therefore the ultimate actual controller of the Company was changed from Liaoning SASAC to China Merchants Group.

According to the resolutions of the 2020 second extraordinary meeting of the sixth session of the Board of the Company convened on 7 July 2020 and the resolutions of the fifth meeting of the seventh session of the Board of Yingkou Port Liability Co., Ltd. (hereinafter referred to as “Yingkou Port”) convened on the same date, the Company intends to merge Yingkou Port by absorption through share swap by way of issuing A shares. Upon completion of such merger by absorption through share swap, Yingkou Port will be delisted and deregistered, and the Company or its wholly-owned subsidiaries will inherit and take over all assets, liabilities, businesses, personnel, contracts and all other rights and obligations of Yingkou Port. The A shares issued by the Company in connection with such merger by absorption through share swap will apply for listing and circulation on the main board of the Shanghai Stock Exchange. As at 31 December 2021, the transaction of merger by absorption through share swap has been considered and approved at the respective general meetings of the Company and Yingkou Port, as well as the class meetings of the Company.

On 28 January 2021, the Company was renamed as Liaoning Port Co., Ltd..

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

Notes to the Financial Statements (continued)

2020
In RMB

I. General information (continued)

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

The scope of consolidation of the consolidated financial statements is determined on the basis of control. For changes in the current year, see Note VII.

II. Basis for the preparation of financial statements

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

The financial statements are presented on a going concern basis.

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

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

The financial statements are prepared by the Group in compliance with the Accounting Standards for Business Enterprises, and give a true and complete view of the consolidated and parent company’s financial positions of the Group as at 31 December 2020 and the consolidated and parent company’s operating results and cash flows of the Group for 2020.

IV. Significant accounting policies and accounting estimates of the Company

1. Accounting year

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

2. Recording currency

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

Notes to the Financial Statements (continued)

2020
In RMB

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

3. Book-keeping basis and measurement principle

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

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

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

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

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

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

Notes to the Financial Statements (continued)

2020
In RMB

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

4. Business combinations

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

4.1 *Business combinations involving entities under common control*

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

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

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

4.2 *Business combination not involving entities under common control*

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

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

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

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

Notes to the Financial Statements (continued)

2020
In RMB

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

5. Goodwill

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

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

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

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

6. Consolidated financial statements

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

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

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

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

Notes to the Financial Statements (continued)

2020
In RMB

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

6. Consolidated financial statements (continued)

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

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

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

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

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

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

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

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

6. Consolidated financial statements (continued)

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

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

7. Joint arrangement

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

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

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

8. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

9. Financial instruments

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

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

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

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

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

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

9.1 Classification and measurement of financial assets

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

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

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

9. Financial instruments (continued)

9.1 Classification and measurement of financial assets (continued)

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held within a business model whose objective is to collect contractual cash flows and sell such financial asset, the Group shall classify the financial asset into a financial asset at fair value through other comprehensive income.

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

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

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

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

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

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

9. Financial instruments (continued)

9.1 Classification and measurement of financial assets (continued)

9.1.1 Financial assets at amortised cost

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

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

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

9.1.2 Financial assets at fair value through other comprehensive income

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

9.1.3 Financial assets at fair value through current profit or loss

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

Notes to the Financial Statements (continued)

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

9. Financial instruments (continued)

9.2 Impairment of financial instruments

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

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

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

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

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

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

9. Financial instruments (continued)

9.2 Impairment of financial instruments (continued)

For the disclosure of the Group's criteria on the significant increase in credit risk, the definition of credit impaired assets, and the assumption of measurement on expected credit loss, please refer to Note XI.3(2).

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

9.2.1 Write-down of financial assets

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

9.3 Transfer of financial assets

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

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

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

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

9. Financial instruments (continued)

9.3 *Transfer of financial assets (continued)*

- If the transferred financial asset is measured at fair value, the carrying amount of relevant liabilities is the carrying amount of continuing involvement in the transferred financial asset less the fair value of the rights retained by the Group (if the Group retains rights for the transfer of the financial asset) plus the fair value of the obligations undertaken by the Group (if the Group undertakes relevant obligations for the transfer of the financial asset), and the fair value of the rights and liabilities is measured on a stand-alone basis.

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

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

For transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognise the transferred financial asset in its entirety. Consideration received from transfer of assets should be recognised as a liability upon receipt.

9.4 *Classification of financial liabilities and equity instruments*

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

Notes to the Financial Statements (continued)

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

9. Financial instruments (continued)

9.4 Classification of financial liabilities and equity instruments (continued)

9.4.1 Classification and measurement of financial liabilities

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

9.4.1.1 Other financial liabilities

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

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

Financial guarantee contracts

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

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

9. Financial instruments (continued)

9.4 Classification of financial liabilities and equity instruments (continued)

9.4.2 Derecognition of financial liabilities

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

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

9.5 Offsetting financial assets and financial liabilities

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

10. Inventories

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

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The estimates of net realisable value are based on the most reliable evidence available, taking into consideration the purpose for holding inventories and the effects of events subsequent to the balance sheet date.

Notes to the Financial Statements (continued)

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

10. Inventories (continued)

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

The Group adopts a perpetual inventory system.

11. Long-term equity investments

11.1 Basis for determining joint control and significant influence over the investee

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

11.2 Determination of investment cost

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

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

Notes to the Financial Statements (continued)

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

11. Long-term equity investments (continued)

11.2 Determination of investment cost (continued)

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

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

11.3 Subsequent measurement and recognition method for profit or loss

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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

11. Long-term equity investments (continued)

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

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

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

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

Notes to the Financial Statements (continued)

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

11. Long-term equity investments (continued)

11.4 Disposal of long-term equity investments

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

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

Notes to the Financial Statements (continued)

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

11. Long-term equity investments (continued)

11.4 Disposal of long-term equity investments (continued)

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

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

12. Investment properties

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

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

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

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

Notes to the Financial Statements (continued)

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

13. Fixed assets and depreciation

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

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

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

Category	Useful life	Estimated net residual value	Annual depreciation rate
Buildings	20 – 45 years	5 – 10%	2.0 – 4.8%
Terminal facilities	50 years	5 – 10%	1.8 – 1.9%
Oil tanks and pipelines	18 – 28 years	4 – 5%	3.4 – 5.3%
Loading equipment	10 – 20 years	5 – 10%	4.5 – 9.5%
Transportation equipment	7 – 10 years	5 -10%	9.0 – 13.6%
Vessels	28 years	5%	3.4%
Storage facilities	40 years	0 – 10%	2.3 – 2.5%
Machinery and equipment	12 years	5%	7.9%
Other equipment	5 – 11 years	4 – 10%	8.2 – 19.2%

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

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

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

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

14. Construction in progress

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

15. Intangible assets

15.1 Intangible assets

Intangible assets include land use rights, port information platform, customer relationships, container flat vehicle use rights, software, sea area use rights and port facility use rights, etc.

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

Category	Useful life
Land use rights	50 years
Port information platform	10 years
Customer relationships	10 years
Container flat vehicle use rights	10 years
Software	2 – 10 years
Sea area use rights	10 – 50 years
Port facility use rights	50 years
Golf membership	10 – 46 years

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

15.2 Research and development expenditure

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

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

- (1) it is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) there is an intention to complete and use or sell the intangible asset;

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

15. Intangible assets (continued)

15.2 Research and development expenditure (continued)

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

If the expenditures incurred in research stage and development stage cannot be distinguished separately, all development expenditures incurred are included in profit or loss for the current period.

16. Long-term prepaid expenses

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

17. Impairment of non-financial assets other than goodwill

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

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

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

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

Notes to the Financial Statements (continued)

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

18. Provisions

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

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

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

19. Employee compensation

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

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

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

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

Notes to the Financial Statements (continued)

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

19. Employee compensation (continued)

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

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

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

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

20. Revenue recognition

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

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

Notes to the Financial Statements (continued)

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

20. Revenue recognition (continued)

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

Contract on sales of goods

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

Contract on rendering of services

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

Significant financing component

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

Notes to the Financial Statements (continued)

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

20. Revenue recognition (continued)

Main responsible person/agent

With respect to trading business, if the Group obtains the control over the trading goods from the third party and then transfers the goods to the customer, the Group has the right to determine at its discretion the price of the relevant goods, that is, the Group is able to control the goods before transferring them to the customer. With respect to freight forwarding business, if the Group can direct the transportation services provided by the third party on behalf of the Group to the customer and bears the primary responsibility for providing transportation services for the customer, the Group has the right to determine at its discretion the price of service provision. Therefore, the Group is the main responsible person and recognises the revenue based on the total considerations collected or payable. Otherwise, the Group should be the agent and recognise the revenue based on the amount of the commission or handling fee that it is expected to charge, which shall be the net amount of the total considerations collected or payable after deduction of payments due to other relevant parties, or determined based on the established commission amount or proportion.

Contract assets present the Group's right to collect consideration from the customer which arises from the transfer of goods or services to the customer, and such right depends on factors other than time lapse. For accounting policies on impairment of contract assets, see Note IV.9. The Company separately presents as receivables the right that it owns unconditionally (i.e., depending on the time lapse only) to collect consideration from the customer due to the implementation of the new standard on revenue. Contract liabilities present the Group's obligation to transfer goods or services to the customer for the consideration received or receivable from the customer.

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

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

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

Notes to the Financial Statements (continued)

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

20. Revenue recognition (continued)

Main responsible person/agent (continued)

The Group judges whether it is the main responsible person or the agent when conducting the transaction on the basis of whether it has the control over goods or services before transfer of such goods or services to the customer. Where the Group is able to control goods or services before transfer of such goods or services to the customer, the Group is the main responsible person and recognises the revenue based on the total considerations collected or payable. Otherwise, the Group should be the agent and recognise the revenue based on the amount of the commission or handling fee that it is expected to charge, which shall be the net amount of the total considerations collected or payable after deduction of payments due to other relevant parties.

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

Cost of contract acquisition

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

Cost of performance of contract

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

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

Notes to the Financial Statements (continued)

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

20. Revenue recognition (continued)

Cost of performance of contract (continued)

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

21. Government grants

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

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

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

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

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

Government grants related to the daily activities of the Group shall be included in other income or set off against relevant costs and expenses in accordance with the essence of economic operations. Government grants unrelated to the daily activities of the Group shall be included in the non-operating income and expenses.

Notes to the Financial Statements (continued)

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

22. Borrowing costs

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

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

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

23. Income tax

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

23.1 Current income tax

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

23.2 Deferred income tax asset and deferred income tax liability

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

Notes to the Financial Statements (continued)

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

23. Income tax (continued)

23.2 Deferred income tax asset and deferred income tax liability (continued)

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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

23. Income tax (continued)

23.3 Offset of income tax

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

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

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

24.1 Foreign currency business

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

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

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

Notes to the Financial Statements (continued)

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

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

24.1 Foreign currency business (continued)

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

24.2 Translation of foreign currency financial statements

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

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

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

25. Leases

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

For a contract entered into or amended after the initial implementation date, the Group evaluates whether the contract is a lease or contains a lease on the contract commencement or amendment date. The Group shall not reassess whether a contract is a lease or contains a lease unless there are changes to the contract terms and conditions.

Notes to the Financial Statements (continued)

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

25. Leases (continued)

25.1 As lessee

25.1.1 Separation of lease

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

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

25.1.2 Right-of-use assets

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

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

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

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

If the Group is reasonably certain to obtain ownership of leased assets upon expiry of the lease term, right-of-use assets are depreciated over the remaining useful life of the leased assets. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful life of the leased assets.

Notes to the Financial Statements (continued)

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

25. Leases (continued)

25.1 As lessee (continued)

25.1.2 Right-of-use assets (continued)

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

25.1.3 Lease liabilities

Except for short-term leases and low-value asset leases, the Group initially measures lease liabilities on the commencement date of lease term according to the present value of outstanding lease payments on that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate, or uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

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

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

After the commencement date of lease term, the Group recognises interest expenses on lease liabilities in each period during the lease term by using the fixed periodic interest rate. If it is to be included in relevant asset cost in accordance with the Accounting Standards for Business Enterprises No. 17 – Borrowing Costs or other relevant standard, such other standard shall prevail.

Notes to the Financial Statements (continued)

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

25. Leases (continued)

25.1 As lessee (continued)

25.1.3 Lease liabilities (continued)

Upon occurrence of the following cases after the commencement date of lease term, the Group shall remeasure lease liabilities and adjust the right-of-use assets correspondingly:

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

25.1.4 Short-term leases and low-value asset leases

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

25.1.5 Modification of lease

If modification of lease happens and meets the following conditions at the same time, the Company will conduct accounting treatment for the modification of lease as a separate lease as a result of implementation of the new standard on lease:

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

Notes to the Financial Statements (continued)

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

25. Leases (continued)

25.1 As lessee (continued)

25.1.5 Modification of lease (continued)

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

25.2 As lessor

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

25.2.1 Separation of lease

For a contract that contains both lease and non-lease components, the Group shall allocate the consideration of the contract according to the Accounting Standards for Business Enterprises No. 14 – Revenue in respect of allocation of transaction price, on the basis of their respective stand-alone prices.

25.2.2 Classification of lease

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

25.2.3 Recording operating leasing business as a lessor

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

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

Notes to the Financial Statements (continued)

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

25. Leases (continued)

25.2 As lessor (continued)

25.2.4 Modification of lease

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

26. Production safety fund

Production safety fund is accrued by the Group in accordance with the Administrative Measures for Accrual and Usage of Production Safety Expenses of the Enterprises (Cai Qi [2012] No. 16) jointly issued by the Ministry of Finance and the State Administration of Work Safety on 14 February 2012, which is charged to the cost of related products or recognised in profit or loss for the current period, and transferred to the specific reserve. As production safety fund accrued is utilised, if it is of expenditure nature, the cost is directly charged against the specific reserve. For the production safety fund used that is formed into a fixed asset, the cost is collected under the “Construction in progress” line item and will be recognised as fixed asset when the safety projects are completed and get ready for their intended use. Meanwhile, the cost of fixed asset is offset against the specific reserve, and accumulated depreciation of the same amount is recognised. For such fixed asset, there will be no further depreciation in the subsequent periods.

27. Profit distribution

The cash dividend of the Company will be recognised as liability when approved by the general meeting.

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

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

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

1. Key assumptions and uncertainties in accounting estimates

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

Notes to the Financial Statements (continued)

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

1. Key assumptions and uncertainties in accounting estimates (continued)

1.1 Business model

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

1.2 Characteristics of contractual cash flow

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

1.3 Derecognition of financial assets transferred

The Group transfers its financial assets through regular tradings during its normal course of business. The Group is required to make significant judgments and estimates in determining whether the financial assets that have been transferred are qualified for a full derecognition.

The Group is required to analyse the contractual cash flow rights and obligations relating to the financial assets transferred, and then determine whether they are qualified for derecognition based on the following judgments.

- Whether it has transferred the power to receive contractual cash flows; or the transfer qualifies for the “pass through” of those cash flows to independent third parties;
- Assessing the extent to which the risks and rewards incidental to ownership of the financial assets are transferred. Significant accounting estimates and judgments are applied in the Group’s estimation with regard to the cash flows before and after the transfer and other factors that effect the extent to which risks and rewards are transferred.

1.4 Recognition of expected credit loss

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

Notes to the Financial Statements (continued)

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

1. Key assumptions and uncertainties in accounting estimates (continued)

1.4 *Recognition of expected credit loss (continued)*

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

1.5 *Classification between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows that are largely independent of other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Such judgment is made on an individual property basis, in order to determine if the supporting services are so significant that disqualify the property as an investment property.

1.6 *Determination of performance progress of port operation contracts*

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

1.7 *Impairment of goodwill*

As at 31 December 2020, the carrying amount of goodwill was RMB20,433,690.59. The Group conducts an impairment test on goodwill at least annually. When conducting an impairment test on goodwill, the present value of projected future cash flow of the underlying assets or portfolio of assets incorporating such goodwill will be calculated, and projection of the future cash flow of such assets or portfolio of assets will be made, and a pre-tax interest rate shall be determined which can properly reflect the prevailing time value of currency in the market as well as the specific risks concerning such assets, which all involve judgments made by the management.

Notes to the Financial Statements (continued)

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

1. Key assumptions and uncertainties in accounting estimates (continued)

1.8 Recognition of deferred income tax

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

1.9 Estimated useful life and estimated residual value of fixed assets and intangible assets

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

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

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

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

A lease term is the period during which the Group has the right to use the leased asset and is irrevocable. Where the Group has an option to renew the lease and reasonably determines to exercise the option, the lease term shall also include the period covered by the option to renew the lease. In assessing whether it is reasonably determined to exercise the option to renew the lease, the Group will consider all relevant facts and circumstances that bring economic benefits to the exercise of the renewal option of the Group, including the expected changes in facts and circumstances from the commencement date of the lease term to the date of exercise of the option. The Group believes that the Group can reasonably determine that it will exercise the option to renew the lease as the leased asset is crucial to its operation and it is hard to obtain appropriate alternative asset. Therefore, the lease term includes the period covered by the option to renew the lease.

Notes to the Financial Statements (continued)

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

1. Key assumptions and uncertainties in accounting estimates (continued)

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

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

VI. Taxes

1. Major categories of taxes and respective tax rates

Value-added tax (VAT)	–	Output VAT of the Group's revenues from port handling, sales of goods, entrusted loans, project construction, leasing of real estate and labor dispatch services is calculated at a tax rate of 6%, 13%, 6%, 10%, 5% and 6%, respectively, which is levied after deducting deductible input VAT for the current period.
City maintenance and construction tax	–	It is levied at 7% on the turnover taxes paid.
Educational surcharge	–	It is levied at 5% on the turnover taxes paid.
Property tax	–	It is calculated at a tax rate of 1.2% based on 70% of costs of properties; or it is calculated at a tax rate of 12% based on rental income.
Corporate income tax	–	It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences and those subsidiaries incorporated outside Mainland China which are subject to local income tax regulations.
Environmental protection tax	–	It is levied on the pollutional equivalent or the emissions of taxable pollutants multiplied by applicable tax amount.

Notes to the Financial Statements (continued)

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VI. Taxes (continued)

2. Major categories of taxes and respective tax rates

Property tax and land use tax

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

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

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

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

VAT

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

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

Notes to the Financial Statements (continued)

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VI. Taxes (continued)

2. Tax preferences and approval documents (continued)

Corporate income tax

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

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

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

VII. Business combinations and consolidated financial statements

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

Investee	Place of registration	Major business location	Nature of business	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right percentage (%)	Note
					Direct	Indirect		
Subsidiaries invested by PDA Group by equity injection on the date of incorporation of the Company								
Dalian Port Container Development Co., Ltd.	Dalian	Dalian	Container services	296,411	100	-	100	
Dalian Port Jifa Logistics Co., Ltd.	Dalian	Dalian	Logistics services	117,940	-	100	100	
Dalian Port Logistics Technology Co., Ltd.	Dalian	Dalian	Software development	1,000	-	100	100	
Dalian Jifa Shipping Agency Co., Ltd.	Dalian	Dalian	Vessel agency	550	-	100	100	
Dalian International Logistics Park Development Co., Ltd.	Dalian	Dalian	Property development	15,000	-	100	100	

Notes to the Financial Statements (continued)

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VII. Business combinations and consolidated financial statements (continued)

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

Investee	Place of registration	Major business location	Nature of business	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right percentage (%)	Note
					Direct	Indirect		
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Dalian	Dalian	Transportation	4,923	-	97.36	97.36	
Dalian International Container Services Co., Ltd.	Dalian	Dalian	Logistics services	USD1,440,000	-	55	60	Note 2
Dalian Jifa International Freight Co., Ltd.	Dalian	Dalian	Logistics services	500	-	100	100	
Dalian Jifa Port Engineering Co., Ltd.	Dalian	Dalian	Technical services	1,200	-	100	100	
Dalian Jifa Shipping Management Co., Ltd.	Dalian	Dalian	Management services	41,500	100	-	100	
Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd.	Dalian	Dalian	Wholesale & agency	1,000	60	-	60	
Subsidiaries acquired through establishment or investment								
Dalian Dilangsirui Caravan Co., Ltd.	Dalian	Dalian	Manufacturing sector	10,000	51	-	51	
Dalian Ganghong International Trade Co., Ltd.	Dalian	Dalian	Trading sector	2,000	-	51	60	Note 2
Asia Pacific Ports Company Limited	Hong Kong	Hong Kong	Logistics services	HKD75,000,000	100	-	100	
Harbour Full Group Limited	British Virgin Islands	British Virgin Islands	Logistics services	USD50,000	-	100	100	
Asia Pacific Ports Investment Co., Ltd.	Hong Kong	Hong Kong	Logistics services	HKD1	-	100	100	
Asia Pacific Ports (Dalian) Co., Ltd.	Dalian	Dalian	Logistics services	USD31,580,000	100	-	100	
Asia Pacific Ports Development Co., Ltd.	British Virgin Islands	British Virgin Islands	Logistics services	USD1	-	100	100	Note 8
Dalian Container Terminal Co., Ltd.	Dalian	Dalian	Terminal services	348,000	-	48.15	55.56	Note 4
Heilongjiang Suimu Logistics Co., Ltd.	Muling	Muling	Logistics services	4,500	-	91.67	91.67	
Qinhuangdao Jigang Shipping Agency Co., Ltd.	Qinhuangdao	Qinhuangdao	Logistics services	500	-	100	100	
Dalian Port Grain and Oil Trading Co., Ltd.	Dalian	Dalian	Trading sector	2,500	100	-	100	
Dalian Steel Logistics Park Co., Ltd.	Dalian	Dalian	Trading sector	800	100	-	100	
Dalian Haijia Automobile Terminal Co., Ltd.	Dalian	Dalian	Construction and operation	40,000	50	-	100	Note 1
Caofeidian Port Container Logistics Co., Ltd.	Tangshan	Tangshan	Vessel agency	50	-	51	51	
Dalian Port Oulu International Logistics Co., Ltd.	Dalian	Dalian	Freight services	500	-	60	60	Note 6

Notes to the Financial Statements (continued)

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VII. Business combinations and consolidated financial statements (continued)

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

Investee	Place of registration	Major business location	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting right percentage (%)	Note
					Direct	Indirect		
Dalian Zhuanghe Gangxing Investment Co., Ltd.	Dalian	Dalian	Property development	8,000	100	-	100	
Dalian Port Senlida Timber Trading Centre Co., Ltd.	Dalian	Dalian	Service industry	2,500	-	51	51	Note 7
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Tongliao	Tongliao	Freight services	1,000	-	51	51	
Dalian Hongyang International Logistics Co., Ltd.	Dalian	Dalian	Freight services	2,000	50	-	100	Note 9
Dalian Gangrun Gas Co., Ltd.	Dalian	Dalian	Sale of fuel gas	1,000	51	-	51	
Dalian Port Lianheng Supply Chain Management Co., Ltd.	Dalian	Dalian	Supply chain management services	2,000	-	51	51	
Dalian Jifa South Coast International Logistics Co., Ltd.	Dalian	Dalian	Terminal services	1,500	-	100	100	
Dalian Dilangsirui Tourism Development Co., Ltd.	Dalian	Dalian	Tourist project development	3,000	-	100	100	
Subsidiaries acquired through business combinations involving enterprises under common control								
Dalian Ocean Shipping Tally Co., Ltd.	Dalian	Dalian	Tallying	630.14	84	-	84	
Dalian Portsoft Technology Co., Ltd.	Dalian	Dalian	Computer system service	1,000	49	-	60	Notes 2, 3
Dalian Portsoft Network Co., Ltd.	Dalian	Dalian	Computer system service	1,000	-	100	100	
Dalian Port Construction Supervision & Consultation Co., Ltd.	Dalian	Dalian	Supervision services	1,000	75	-	75	
Dalian Port Telecommunications Engineering Co., Ltd.	Dalian	Dalian	Telecommunication services	1,000	45	20	65	
Dalian Golden Bay Grain Logistics Co., Ltd.	Dalian	Dalian	Logistics services	9,733	37.5	-	75	Note 5
Dalian Port Group Zhuanghe Terminal Co., Ltd.	Dalian	Dalian	Terminal services	10,000	60	-	60	
Dalian Port Power Supply Co., Ltd.	Dalian	Dalian	Engineering services	11,000	100	-	100	
Dalian Changxing Island Economic Zone Wanpeng Port Construction Supervision & Consultation Co., Ltd.	Dalian	Dalian	Supervision services	10	-	100	100	
Dalian Port Haiheng Ship Management Co., Ltd.	Dalian	Dalian	Service industry	500	100	-	100	

Notes to the Financial Statements (continued)

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VII. Business combinations and consolidated financial statements (continued)

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

Investee	Place of registration	Major business location	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting right percentage (%)	Note
					Direct	Indirect		
Subsidiaries acquired through business combinations not involving entities under common control								
Dalian Container Port Logistics Co., Ltd.	Dalian	Dalian	Logistics services	15,538.70	-	100	100	
Dalian Harbour Logistics Network Co., Ltd.	Dalian	Dalian	Information services	3,200	-	79.03	79.03	
Dalian Jiyi Logistics Co., Ltd.	Dalian	Dalian	Freight services	10,000	-	100	100	
Dalian Port Lvshun Harbour Service Co., Ltd.	Dalian	Dalian	Terminal services	35,000	60	-	60	
Liaoning Con-Rail International Logistics Co., Ltd.	Shenyang	Shenyang	Logistics services	1,600	-	100	100	
Dalian Harbour ECL Logistics Co., Ltd.	Dalian	Dalian	Terminal services	USD9,000,000	50	-	75	Note 5

Note 1: Shareholding percentage in subsidiaries is different from voting right percentage. Based on the joint venture contract signed with other shareholders, other shareholders will align with the decision made by the Company in respect of significant operating matters of joint ventures. The Company, in fact, has effective control over the subsidiary.

Note 2: Shareholding percentage in subsidiaries is different from voting right percentage. Shareholding percentage is determined based on the share of contribution as stated in the investment agreement, while voting right percentage is determined based on the voting manner of the highest decision-making organization in accordance with the articles of associations of the investee. As a result, there is inconsistency.

Note 3: The Company has the effective control over the subsidiary, as it has the majority voting rights in the board of directors.

Note 4: Based on the concerted action agreement signed with another shareholder, the decision made by such shareholder aligns with that of the subsidiary of the Company, Dalian Port Container Development Co., Ltd. The Company, in fact, has the effective control over the subsidiary.

Note 5: Based on the concerted action agreement signed with some of the other shareholders, the decision made by such shareholders aligns with that of the Company. The Company, in fact, has the effective control over the subsidiary.

Note 6: In February 2020, Dalian Port Oulu International Logistics Co., Ltd., a subsidiary of the Company, has completed the de-registration procedures with the administration for industry and commerce.

Note 7: On 22 July 2020, Dalian Port Senlida Timber Trading Centre Co., Ltd. (hereinafter referred to as "Senlida"), a subsidiary of the Company, was no longer included in the consolidation scope of the Group because it was taken over by the liquidator.

Note 8: In September 2020, Asia Pacific Ports Development Co., Ltd., a subsidiary of the Company, has completed the de-registration procedures in British Virgin Islands.

Note 9: In December 2020, Dalian Hongyang International Logistics Co., Ltd., a subsidiary of the Company, has completed the de-registration procedures with the administration for industry and commerce.

Notes to the Financial Statements (continued)

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VII. Business combinations and consolidated financial statements (continued)

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

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

Name of enterprise	Place of registration	Nature of business	Total	Total	Reason for not being a subsidiary
			shareholding held by the Group (%)	voting right percentage of the Group (%)	
Dalian Port Oulu International Logistics Co., Ltd.	Dalian	Freight services	60	60	Note 1
Dalian Hongyang International Logistics Co.	Dalian	Freight services	50	100	Note 2
Asia Pacific Ports Development Co., Ltd.	British Virgin Islands	Logistics services	100	100	Note 3
Dalian Port Senlida Timber Trading Centre Co., Ltd.	Dalian	Service industry	51	51	Note 4

Note 1: In February 2020, Dalian Port Oulu International Logistics Co., Ltd., a subsidiary of the Company, was de-registered. As this company has ceased operation since 1 January 2020, the deregistration thereof has no material impact on the consolidated and company's financial positions as at 31 December 2021 as well as the consolidated and company's operating results and cash flows for the year then ended.

Note 2: In December 2020, Dalian Hongyang International Logistics Co., Ltd., a subsidiary of the Company, was de-registered. As this company has ceased operation since 31 May 2020, the deregistration thereof has no material impact on the consolidated and company's financial positions as at 31 December 2021 as well as the consolidated and company's operating results and cash flows for the year then ended.

Note 3: In September 2020, Asia Pacific Ports Development Co., Ltd., a subsidiary of the Company, was de-registered. As this company has ceased operation since 1 January 2020, the deregistration thereof has no material impact on the consolidated and company's financial positions as at 31 December 2021 as well as the consolidated and company's operating results and cash flows for the year then ended.

Note 4: The people's court of Dalian Economic and Technological Development Zone ruled that the case of bankruptcy liquidation of the Company's subsidiary Senlida ((2020) Liao 0291 Po Shen No. 1), was accepted on 22 June 2020, and designated a liquidator on 8 July 2020. On 22 July 2020, the liquidator took over Senlida according to relevant regulations of the Bankruptcy Law. Accordingly, Senlida was removed from the Group's consolidation scope since 22 July 2020.

Notes to the Financial Statements (continued)

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VII. Business combinations and consolidated financial statements (continued)

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

(2) Companies excluded from the scope of consolidation during the year (continued)

Relevant financial information of Senlida is presented as follows:

Item	Carrying value as at 22 July 2020	Carrying value as at 31 December 2019
Current assets	4,493,932.61	4,636,486.49
Non-current assets	7,451,304.20	47,143,609.15
Current liabilities	-65,078,011.75	-55,224,570.04
Non-current liabilities	-	-8,300,000.00
Total	-53,132,774.94	-11,744,474.40
Less: Minority interests	-25,907,421.46	-5,684,745.43
Equity attributable to shareholders of the parent company	-27,225,353.48	
Less: Net debt to related parties within the consolidation scope	-13,677,010.70	
Gains or losses on disposal	13,548,342.78	
Consideration for disposal	-	
Item	Period from 1 January to 22 July 2020	
Revenue		-
Cost of sales		3,103,364.28
Net loss		-41,270,767.40

During the year, Senlida was in bankruptcy liquidation and was taken over by the liquidator on 22 July 2020, therefore it was no longer included in the consolidation scope of the Group from that date. The original value of the creditor's rights of the Group in Senlida amounted to RMB13,677,010.70. According to rule 33 of the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (revised in 2017) and rule 50 of the Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements (Revised in 2014), a financial asset shall be initially measured at its fair value on the initial recognition date, and such receivable is regarded as a portion of the consideration received due to the loss of control over the subsidiary, with its fair value being zero, and relevant gain or loss included in investment income item. Therefore, no impairment loss was recognised on such receivable.

Notes to the Financial Statements (continued)

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VII. Business combinations and consolidated financial statements (continued)

3 Information on business combinations not involving entities under common control during the year

(1) Business combinations not involving entities under common control during the year

Company name	Business scope	Combination date	Shareholding percentage	Book value of net assets	Fair value of the net identifiable assets	Consideration	Acquiree's	Acquiree's
							revenue from acquisition date to the end of the period	net profit from acquisition date to the end of the period
					Amount	Determination method		
Dalian Harbour ECL Logistics Co., Ltd. (Note)	Warehousing, port loading and discharging	1 January 2020	50%	63,863,337.63	63,863,337.63	Income method	- 27,790,538.34	2,732,965.32

Note: Based on the needs of business integration and management, the Company signed a parties acting in concert agreement with Shenzhen Merchants Ro-Ro Transportation Co., Ltd. (深圳招商滾裝運輸有限公司) (hereinafter referred to as "Merchants Ro-Ro"), which owns 25% of Dalian Harbour ECL Logistics Co., Ltd. (hereinafter referred to as "Harbour ECL") during this year. Since 1 January 2020, the decisions of Merchants Ro-Ro have been consistent with those of the Company on the resolutions of the board of directors and the general meeting involving the major operation and management decisions of Harbour ECL. Since 1 January 2020, the Company essentially owns 75% of the voting rights of Harbour ECL and can decide on its major financial and operating policies, and thus can exercise control over it. Therefore, the combination date is determined as 1 January 2020, and Harbour ECL will be included in the consolidation scope of the Group from that date.

(2) Combination costs and goodwill

Item	Amount
Fair value of the equity interests held prior to the acquisition date on the acquisition date	31,931,668.81
Total combination costs	31,931,668.81
Less: Fair value share of the obtained net identifiable assets	31,931,668.81
Goodwill	—

Notes to the Financial Statements (continued)

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VII. Business combinations and consolidated financial statements (continued)

3 · Information on business combinations not involving entities under common control during the year (continued)

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

Item	Fair value on the acquisition date	Book value on the acquisition date
Assets:		
Current assets	29,700,040.33	29,700,040.33
Fixed assets	23,851,386.39	23,851,386.39
Intangible assets	11,564,303.86	11,564,303.86
Liabilities:		
Current liabilities	1,252,392.95	1,252,392.95
Net assets	63,863,337.63	63,863,337.63
Net assets obtained	31,931,668.81	31,931,668.81

(4) Operating results and cash flows of the acquiree from the acquisition date to the end of the year of combination

Item	From the acquisition date to the end of the year of combination
Revenue	27,790,538.34
Cost of sales and expenses	24,157,971.05
Total profit	3,632,567.29
Net profit	2,732,965.32
Net cash flows from operating activities	-2,252,887.62
Net cash flows from investing activities	25,952,641.75
Net cash flows from financing activities	-2,403,371.44
Net increase in cash and cash equivalents	21,296,382.69

Notes to the Financial Statements (continued)

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VII. Business combinations and consolidated financial statements (continued)

3. Information on business combinations not involving entities under common control during the year (continued)

(5) Profit or loss generated from re-measuring the equity interests held prior to the acquisition date at fair value

Name of the acquiree	Book value of the original equity interests held prior to the acquisition date on the acquisition date	Fair value of the original equity interests held prior to the acquisition date on the acquisition date	Profit or loss generated from re-measuring the original equity interests held prior to the acquisition date at fair value	Determination method and key assumptions for the fair value of the original equity interests held prior to the acquisition date on the acquisition date	Amount of other comprehensive income related to the original equity interests held prior to the acquisition date transferred to investment income
Dalian Harbour ECL Logistics Co., Ltd.	31,931,668.81	31,931,668.81	-	Income method	-

4. Information on major non-wholly-owned subsidiaries

(1) Minority shareholders

2020

No.	Enterprise name	Shareholding percentage of minority shareholders (%)	Profit or loss of the current year attributable to minority shareholders	Dividend paid to minority shareholders for the current year	Accumulated minority interests at the end of the year
1	Dalian Container Terminal Co., Ltd.	51.85	164,405,693.20	146,090,251.92	2,006,763,238.60
2	Dalian Haijia Automobile Terminal Co., Ltd.	50.00	-5,353,660.56	-	210,432,397.68
3	Dalian Port Lvshun Harbour Service Co., Ltd.	40.00	-197,921.10	-	139,574,981.64
4	Dalian Golden Bay Grain Logistics Co., Ltd.	62.50	-1,239,133.09	-	117,607,006.62

2019

No.	Enterprise name	Shareholding percentage of minority shareholders (%)	Profit or loss of the current year attributable to minority shareholders	Dividend paid to minority shareholders for the current year	Accumulated minority interests at the end of the year
1	Dalian Container Terminal Co., Ltd.	51.85	178,181,978.89	116,728,078.27	1,992,944,904.89
2	Dalian Haijia Automobile Terminal Co., Ltd.	50.00	-5,814,540.96	-	214,445,813.98
3	Dalian Port Lvshun Harbour Service Co., Ltd.	40.00	2,960,467.32	-	139,465,887.81
4	Dalian Golden Bay Grain Logistics Co., Ltd.	62.50	-2,877,934.74	-	118,854,028.35

Notes to the Financial Statements (continued)

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VII. Business combinations and consolidated financial statements (continued)

4. Information on major non-wholly-owned subsidiaries (continued)

(2) Key financial information

Item	Dalian Container Terminal Co., Ltd.	Dalian Haijia Automobile Terminal Co., Ltd.	Dalian Port Lvshun Harbour Service Co., Ltd.	Dalian Golden Bay Grain Logistics Co., Ltd.
As at 31 December 2020				
Current assets	426,518,868.45	51,323,751.73	42,272,101.83	149,598,107.63
Non-current assets	7,403,214,667.87	381,426,400.44	318,246,155.87	40,201,046.57
Total assets	7,829,733,536.32	432,750,152.17	360,518,257.70	189,799,154.20
Current liabilities	633,893,607.10	11,885,356.81	7,087,497.42	607,663.72
Non-current liabilities	3,325,515,457.48	-	4,493,306.19	1,020,279.89
Total liabilities	3,959,409,064.58	11,885,356.81	11,580,803.61	1,627,943.61
2020				
Revenue	1,314,119,260.45	20,838,323.17	55,042,747.18	4,007,136.28
Net profit/(loss)	317,079,446.87	-10,707,321.12	-494,802.76	-1,982,612.95
Total comprehensive income	317,079,446.87	-10,707,321.12	-494,802.76	-1,982,612.95
Net cash flows from operating activities	836,111,075.96	6,957,975.46	12,165,803.82	1,812,151.15
As at 31 December 2019				
Current assets	526,841,617.44	63,547,465.65	36,046,532.83	148,211,019.32
Non-current assets	7,695,099,246.58	398,012,469.44	330,353,694.14	44,451,407.06
Total assets	8,221,940,864.02	461,559,935.09	366,400,226.97	192,662,426.38
Current liabilities	662,147,193.71	25,456,206.05	12,923,493.15	1,098,347.73
Non-current liabilities	3,716,119,793.95	7,212,101.09	4,812,014.29	1,397,633.29
Total liabilities	4,378,266,987.66	32,668,307.14	17,735,507.44	2,495,981.02
2019				
Revenue	1,382,404,752.63	9,815,094.20	68,101,479.21	1,894,591.90
Net profit/(loss)	343,648,946.74	-11,629,081.92	7,401,168.31	-4,604,695.58
Total comprehensive income	343,648,946.74	-11,629,081.92	7,401,168.31	-4,604,695.58
Net cash flows from operating activities	827,232,403.90	-5,441,766.78	29,906,681.76	-935,207.73

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements

1. Cash at bank and on hand

Item	31 December 2020	31 December 2019
Cash on hand	199,008.22	324,984.10
RMB	199,008.22	324,984.10
Cash at bank	4,511,547,807.69	4,050,848,480.47
RMB	4,454,582,854.10	4,009,695,494.24
USD	56,538,448.11	40,059,814.98
Japanese Yen	261.14	76,861.28
HKD	426,244.34	1,016,309.97
Other cash balances	-	239,710.14
RMB	-	239,710.14
Total	4,511,746,815.91	4,051,413,174.71
Of which: Interest receivable from bank deposits	2,752,225.12	5,430,619.42
Total amount restricted usage due to reasons including pledges, charges or lock up (Note VIII. 21)	5,286,529.35	3,642,890.79

As at 31 December 2020, the ownership or use rights of the Group's cash at bank and on hand of RMB5,286,529.35 (31 December 2019: RMB3,642,890.79) were restricted.

Interest income earned on current deposits is calculated by using the current deposit interest rate. The terms of short-term time deposits vary from seven days to six months depending on the cash requirements of the Group, and earn interests at the respective bank time deposit rates.

2. Financial assets held for trading

Item	31 December 2020	31 December 2019
Financial assets at fair value through current profit or loss		
Investments in debt instruments (Note 1)	903,950,958.91	303,229,643.83
Investments in equity instruments (Note 2)	-	1,721,550.00
Total	903,950,958.91	304,951,193.83

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

2. Financial assets held for trading (continued)

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

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

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

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

3. Notes receivable

(1) Classification of notes receivable

Type	31 December 2020	31 December 2019
Bank acceptance notes	287,439,484.37	248,851,749.33
Less: Provision for bad debts on notes receivable (Note)	-	-
Total	287,439,484.37	248,851,749.33

Note: The Group believes that the credit rating of the acceptor of bank acceptance notes it held is relatively high and there is no significant credit risk, and hence no credit loss provision has been made.

(2) As at 31 December 2020, the Group had no pledged notes receivable (31 December 2019: Nil).

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

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

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

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

4. Accounts receivable

(1) Overall situation of accounts receivable

Item	31 December 2020	31 December 2019
Accounts receivable	1,959,410,208.44	1,399,776,328.32
Less: Credit loss provision	197,218,778.51	77,003,761.77
Total	1,762,191,429.93	1,322,772,566.55

(2) The overall aging of accounts receivable

Item	31 December 2020			31 December 2019		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	1,072,775,745.69	54.75	55,041,412.71	1,186,574,172.87	84.76	2,317,325.53
1 to 2 years (including 2 years)	681,781,198.69	34.80	56,557,852.84	137,145,331.46	9.80	3,301,167.18
2 to 3 years (including 3 years)	133,280,906.59	6.80	15,190,321.88	7,392,745.38	0.53	3,458,857.88
Over 3 years	71,572,357.47	3.65	70,429,191.08	68,664,078.61	4.91	67,926,411.18
Total	1,959,410,208.44	100.00	197,218,778.51	1,399,776,328.32	100.00	77,003,761.77

(3) The movements of provision for bad debts of accounts receivable are as follows:

	Balance as at the beginning of the year	Provision for the year	Recover or reversal during the year	Write-off during the year	Balance as at the end of the year
2020	77,003,761.77	120,215,016.74	-	-	197,218,778.51
2019	60,304,951.81	16,698,809.96	-	-	77,003,761.77

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

4. Accounts receivable (continued)

(4) Accounts receivable with amounts of provision for the bad debts are as follow:

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

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

As at 31 December 2019, details of accounts receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
Portfolio A	375,331,160.41	0.00%-0.10%	107,555.09
Portfolio B	929,320,552.16	0.10%-0.30%	1,283,168.15
Portfolio C	22,089,630.21	0.30%-50.00%	4,131,418.57
Portfolio D	73,034,985.54	50.00%-100.00%	71,481,619.96
Total	1,399,776,328.32		77,003,761.77

(5) As at 31 December 2020, no significant amounts due from shareholders who held more than 5% (inclusive) of the voting rights of the Group (31 December 2019: Nil).

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

4. Accounts receivable (continued)

(6) The top five entities by the amounts of accounts receivable were summarised as below

Name of entity	Relationship with the Group	Amount	Ageing	Credit loss provision	Proportion to the total accounts receivable (%)
Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司)	Client	1,430,051,551.00	Within 3 years	117,681,634.86	72.98
Vale International SA	Client	47,774,446.00	Within 1 year	4,777.45	2.44
Shenyang Oriental Steel Co., Ltd.	Client	48,854,764.10	Over 5 years	48,854,764.10	2.49
BMW Brilliance Automotives Ltd.	Client	25,649,460.14	Within 1 year	2,564.95	1.31
Dalian Port Bulk Cargo Logistics Center Co., Ltd	Related party	21,102,212.00	Within 1 year	2,110.22	1.08
Total		1,573,432,433.24		166,545,851.58	80.30

5. Prepayments

(1) An ageing analysis of prepayments is as follows:

Item	31 December 2020		31 December 2019	
	Book balance	Percentage (%)	Book balance	Percentage (%)
Within 1 year (including 1 year)	30,643,237.05	88.00	29,676,421.67	86.38
1 to 2 years (including 2 years)	4,012,690.84	11.52	658,062.72	1.92
2 to 3 years (including 3 years)	34,054.51	0.10	3,530,347.58	10.28
Over 3 years	132,624.38	0.38	488,646.40	1.42
Total	34,822,606.78	100.00	34,353,478.37	100.00

As at 31 December 2020, the Group has no significant prepayments aged over 1 year (31 December 2019: Nil).

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

5. Prepayments (continued)

(2) Five largest prepayments by debtor at the end of the year

Name of entity	Relationship with the Group	Amount	Ageing	Proportion to the total prepayments (%)	Reasons for unsettlement
State Grid Liaoning Electric Power Co., Ltd. Dalian Power Supply Company (國網遼寧省電力有限公司大連供電公司)	Third party	4,056,555.67	Within 1 year	11.66	The condition for settlement is unsatisfied
Dalian Hunter International Trade Co., Ltd. (大連狩獵者國際貿易有限公司)	Third party	2,572,980.00	1 to 2 years	7.39	The condition for settlement is unsatisfied
Collection and Settlement Center of China Railway Harbin Bureau Group Co., Ltd.	Third party	2,205,446.03	Within 1 year	6.33	The condition for settlement is unsatisfied
Shenyang China Resources Heating Co., Ltd.	Third party	1,944,746.58	Within 1 year	5.58	The condition for settlement is unsatisfied
Tongliao Freight Center of China Railway Shenyang Group Co., Ltd.	Third party	1,859,972.70	Within 1 year	5.34	The condition for settlement is unsatisfied
Total		12,639,700.98		36.30	

6. Other receivables

Item	31 December 2020	31 December 2019
Interest receivable	284,496.05	3,425,024.59
Dividends receivable	134,533,521.74	297,341,498.52
Other receivables	230,120,257.42	456,067,606.28
Total	364,938,275.21	756,834,129.39

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(1) Interest receivable

Item	31 December 2020	31 December 2019
Borrowings from related parties/Entrusted loans	284,496.05	3,425,024.59
Less: Credit loss provision	-	-
Book value	284,496.05	3,425,024.59

As at 31 December 2020, the Group has no significant amount of overdue interest (31 December 2019: Nil).

(2) Dividends receivable

1) Presentation of dividends receivable

Investee	31 December 2020	31 December 2019
Dalian Port Yidu Cold Chain Co., Ltd.	88,189,824.35	92,189,824.35
Dalian Jilong Logistics Co., Ltd.	22,507,539.23	22,507,539.23
Dalian Singamas International Container Co., Ltd.	9,645,058.97	8,911,730.60
Dalian Automobile Terminal Co., Ltd.	9,600,000.00	6,400,000.00
Taicang Xinggang Tug Co., Ltd.	2,142,855.00	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	1,380,738.26	1,382,375.33
China United Tally (Dalian) Co., Ltd.	371,505.93	415,597.59
Dalian Wanpeng Port Engineering Testing Co., Ltd.	-	640,000.00
Dalian New Silk Road International Logistics Co., Ltd.	-	560,000.00
Dalian Port Group Financial Co., Ltd.	-	153,604,658.42
Jinzhou New Age Container Terminal Co., Ltd.	-	8,149,773.00
Dalian United International Shipping Agency Co., Ltd.	-	2,000,000.00
Dalian Port Design and Research Institute Co., Ltd.	696,000.00	580,000.00
Total	134,533,521.74	297,341,498.52
Less: Credit loss provision	-	-
Book value	134,533,521.74	297,341,498.52

The Company's management believed that no provision for impairment of dividends receivable was required at the balance sheet date.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(2) Dividends receivable (continued)

2) Material dividend receivables aged over 1 year

Investee	31 December 2020	Reasons for unrecover
Dalian Port Yidu Cold Chain Co., Ltd.	88,189,824.35	Delay of payment
Dalian Jilong Logistics Co., Ltd.	22,507,539.23	Delay of payment
Dalian Singamas International Container Co., Ltd.	6,546,064.55	Delay of payment
Total	117,243,428.13	

(3) Other receivables

1) Other receivables by nature

Amount by nature	31 December 2020	31 December 2019
Receivables from agency purchase	24,548,099.95	194,460,417.91
Receivables from income of entrusted management services	77,156,780.52	76,324,199.59
Receivables from project payment and guarantee deposit	39,197,600.74	53,245,335.49
Borrowings from related parties/Entrusted loans	23,000,000.00	49,530,570.84
Port construction and miscellaneous expenses	16,634,912.62	26,559,385.30
Receivables from freights, deposit and security deposit	36,736,725.35	26,265,259.77
Government subsidies receivable	41,021,809.25	47,293,451.37
Public infrastructure maintenance expenses	3,408,748.58	5,935,683.83
Others	38,490,537.96	34,754,371.84
Subtotal	300,195,214.97	514,368,675.94
Less: Credit loss provision	70,074,957.55	58,301,069.66
Total	230,120,257.42	456,067,606.28

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(3) Other receivables (continued)

2) Ageing analysis

Item	31 December 2020			31 December 2019		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	101,893,691.46	33.94	1,112,444.63	346,839,983.85	67.42	3,188,636.53
1 to 2 years (including 2 years)	70,685,446.16	23.55	2,091,522.43	123,835,736.93	24.08	24,435,862.27
2 to 3 years (including 3 years)	92,620,580.50	30.85	36,773,788.01	20,770,756.68	4.04	10,488,148.47
Over 3 years	34,995,496.85	11.66	30,097,202.48	22,922,198.48	4.46	20,188,422.39
Total	300,195,214.97	100.00	70,074,957.55	514,368,675.94	100.00	58,301,069.66

3) Details of other receivable of which provision for bad debts is made according to the portfolio of credit risk rating are as follows:

31 December 2020

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

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(3) Other receivables (continued)

3) Details of other receivable of which provision for bad debts is made according to the portfolio of credit risk rating are as follows: (continued)

31 December 2019

Rating	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	302,248,497.08	0.00%-0.10%	32,702.24	–
Portfolio B	68,013,434.74	0.10%-0.30%	110,449.63	–
Portfolio C	116,260,093.43	0.30%-50.00%	–	32,686,515.09
Portfolio D	27,846,650.69	50.00%-100.00%	–	25,471,402.70
Total	514,368,675.94		143,151.87	58,157,917.79

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

31 December 2020

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	143,151.87	32,686,515.09	25,471,402.70	58,301,069.66
Opening balance for the year				
– transfer into stage II	-1,507.97	1,507.97	–	–
– transfer into stage III	–	-7,756,273.65	7,756,273.65	–
Provision for the year	–	9,179,727.42	2,658,524.02	11,838,251.44
Reversal for the year	64,363.55	–	–	64,363.55
Closing balance	77,280.35	34,111,476.83	35,886,200.37	70,074,957.55

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(3) Other receivables (continued)

- 4) *Movements in the provision for bad debts of expected credit losses over the next 12 months and the entire duration are as follows: (continued)*

31 December 2019

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	24,067,877.23	8,856,853.74	13,946,906.82	46,871,637.79
Opening balance for the year				
– transfer into stage II	-10,885,018.58	10,885,018.58	–	–
– transfer into stage III	-669,232.72	–	669,232.72	–
Provision for the year	–	12,944,642.77	10,855,263.16	23,799,905.93
Reversal for the year	12,370,474.06	–	–	12,370,474.06
Closing balance	143,151.87	32,686,515.09	25,471,402.70	58,301,069.66

In 2020, the provision for bad debts was RMB11,838,251.44 (2019: RMB23,799,905.93), and received or reversed provision for bad debts was RMB64,363.55 (2019: RMB12,370,474.06).

- 5) *Debts of shareholders holding 5% or more shares of the Company with voting rights*

Name of entity	Closing balance		Opening balance	
	Outstanding amount	Provision for credit losses	Outstanding amount	Provision for credit losses
Dalian Port Corporation Limited	7,732,229.34	18,608.75	9,154,335.89	66,736.53

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(3) Other receivables (continued)

6) Other receivables of the top five debtors by closing balances

31 December 2020

Name of entity	Relationship with the Group	Amount	Ageing	Proportion to total other receivables (%)	Credit loss provision	Nature or content
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	78,903,440.58	Within 4 years	26.29	24,046,302.93	Receivables from income of entrusted management services
People's Government of Horqin District, Tongliao	Government agency	23,116,217.25	Within 2 years	7.70	3,813.94	Government grants
Dalian Vanguard International Logistics Co., Ltd.	Related party	23,000,000.00	Within 2 years	7.66	46,000.00	Borrowings from related parties
Shanghai Younet Trading Co., Ltd. (上海優內特貿易有限公司)	Third party	20,652,465.57	Within 2 years	6.88	4,054.45	Receivables from agency purchase
Finance Bureau of Muling City, Heilongjiang Province	Government agency	12,859,192.00	Within 5 years	4.28	5,349,816.00	Government grants
Total		158,531,315.40		52.81	29,449,987.32	

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(3) Other receivables (continued)

6) Other receivables of the top five debtors by closing balances (continued)

31 December 2019

Name of entity	Relationship with the Group	Amount	Ageing	Proportion to total other receivables (%)	Credit loss provision	Nature or content
Shanghai Zhichang Trading Co., Ltd.* (上海智昶貿易有限公司)	Third party	147,210,102.92	Within 1 year	28.62	14,721.01	Receivables from agency purchase
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	80,041,594.96	Within 3 years	15.56	15,624,916.06	Receivables from income of entrusted management services
Dalian Changxing Island Port Co., Ltd.	Related party	40,921,576.55	Within 5 years	7.96	11,029,884.27	Entrusted loans
Shanghai Younet Trading Co., Ltd. (上海優內特貿易有限公司)	Third party	39,448,845.11	Within 1 year	7.67	3,940.50	Receivables from agency purchase
People's Government of Horqin District, Tongliao	Government agency	26,487,859.37	Within 1 year	5.15	2,648.79	Government grants
Total		334,109,978.91		64.96	26,676,110.63	

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(3) Other receivables (continued)

7) The receivables from government grants

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

Government grants		Amount	Ageing	Basis
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	23,116,217.25	Within 1 year and 1-2 years	Reply of 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	12,859,192.00	2-3 years and 4-5 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone and meeting minutes on Solving Major Difficulties of Suimu Dalian Port Logistics
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	5,046,400.00	Within 1 year and 2-3 years	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
Total		41,021,809.25		

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

6. Other receivables (continued)

(3) Other receivables (continued)

7) The receivables from government grants (continued)

As at 31 December 2019, the receivables from government grants were as follows:

	Government grants	Amount	Ageing	Basis
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	26,487,859.37	Within 1 year	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	13,359,192.00	1-2 years and 3-4 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	7,446,400.00	1-2 years	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
Total		47,293,451.37		

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

7. Inventories

(1) Classification of inventories

Item	31 December 2020			31 December 2019		
	Book balance	Provision for impairment of inventories	Carrying amount	Book balance	Provision for impairment of inventories	Carrying amount
Raw materials	57,359,264.92	7,803,794.80	49,555,470.12	59,928,735.27	7,803,794.80	52,124,940.47
Finished goods	3,759,268.33	-	3,759,268.33	36,753,425.79	-	36,753,425.79
Turnover materials	9,319,387.14	-	9,319,387.14	8,470,223.04	-	8,470,223.04
Others	13,694,835.79	-	13,694,835.79	7,716,997.64	-	7,716,997.64
Total	84,132,756.18	7,803,794.80	76,328,961.38	112,869,381.74	7,803,794.80	105,065,586.94

(2) Provision for decline in the value of inventories

Item	31 December 2019	Increase in the year		Decrease in the year		31 December 2020
		Provision	Others	Reversal or write-off	Others	
Raw materials	7,803,794.80	-	-	-	-	7,803,794.80

8. Other current assets

Item	31 December 2020	31 December 2019
Input VAT to be deducted	57,070,993.92	66,735,996.21
Prepaid income tax	522,427.50	7,701.89
Sub-total	57,593,421.42	66,743,698.10
Less: Provision for impairment	-	-
Total	57,593,421.42	66,743,698.10

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

9. Long-term receivables

Item	31 December 2020			31 December 2019		
	Book value	Credit loss provision	Carrying amount	Book value	Credit loss provision	Carrying amount
Loans due from joint ventures and associates	81,287,330.07	800,478.73	80,486,851.34	-	-	-

For information on loans due from joint ventures and associates, please refer note X. 5(5).

In 2020, the credit loss provision was RMB800,478.73 (2019: Nil), with no provision for bad debts received or reversed (2019: Nil).

10. Long-term equity investments

(1) Breakdown of long-term equity investments

Item	Opening balance	Increase in the year	Decrease in the year	Other increase (decrease)	Impact of change in scope of combination	Closing balance
Investment in joint ventures	1,712,270,696.36	-	-	13,669,909.30	-31,931,668.81	1,694,008,936.85
Investment in associates	2,434,183,990.20	-	-929,962,963.00	-3,114,399.80	-	1,501,106,627.40
Total	4,146,454,686.56	-	-929,962,963.00	10,555,509.50	-31,931,668.81	3,195,115,564.25

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments

2020

Investee	Investment costs	Opening balance	Impact of change in scope of combination	Movements for the year							Closing balance	Balance of provision for impairment at the end of the year			
				Increase in investment	Decrease in investment	Share of profit/(loss) recognised under equity method	Adjustment of other comprehensive income	Other changes in equity	Declare cash dividends and profits	Provision for impairment					
Joint ventures															
Dalian Port Tongli Shipping Agency Co., Ltd.	1,311,300.00	1,213,114.02	-	-	-	238,799.99	-	-	-350,000.00	-	-	-	1,101,914.01	-	
Dalian Harbour ECL Logistics Co., Ltd.	30,111,142.43	31,943,743.61	-31,931,668.81	-	-	-	-	-12,074.80	-	-	-	-	-	-	-
Oujiali Terminal Dalian Co., Ltd.	86,878,185.37	165,965,277.50	-	-	-	24,694,663.21	-	-	-22,500,000.00	-	-	-	168,159,967.71	-	
Dalian Port PetroChina International Terminal Co., Ltd.	125,000,000.00	236,553,790.29	-	-	-	29,276,249.77	-	-	-29,000,000.00	-	-	-	236,830,040.06	-	
Dalian United International Shipping Agency Co., Ltd.	2,175,192.85	10,712,923.02	-	-	-	5,076,176.13	-	-	-	-	-	-	15,789,101.15	-	
Dalian Vanguard International Logistics Co., Ltd.	37,000,000.00	30,277,277.26	-	-	-	927,873.57	-	101,579.54	-	-	-	-	31,306,730.37	-	
Dalian Port Yudu Cold Chain Co., Ltd.	260,500,000.00	284,445,508.17	-	-	-	31,515,000.00	-	346,707.65	-	-	-	-	316,307,215.82	-	
China United Tally (Dalian) Co., Ltd.	5,103,200.33	3,150,876.54	-	-	-	1,109,028.28	-	18,506.94	-371,505.93	-	-	-	3,906,906.83	-	
China Oil Dock Management (Dalian) Co., Ltd.	16,301,068.34	19,843,325.81	-	-	-	19,121,228.16	-	-	-8,487,465.19	-	-	-	30,477,066.78	-	
Leaning Electronic Port Co., Ltd.	6,000,000.00	3,922,630.20	-	-	-	2,005,639.91	-	-	-	-	-	-	5,928,170.11	-	
Dalian Dagang China Shipping Container Terminal Co., Ltd.	5,798,464.21	7,306,041.68	-	-	-	1,381,035.27	-	-16,679.03	-1,380,738.26	-	-	-	7,289,659.66	-	
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	22,721,482.99	-	-	-	-6,330,805.27	-	-	-	-	-	-	16,390,677.72	-	
China United International Rail Containers (Dalian) Co., Ltd.	214,000,000.00	174,011,209.99	-	-	-	-3,465,557.21	-	-	-	-	-	-	170,545,652.78	-	
Dalian Changrong Island Port Co., Ltd.	248,000,000.00	138,942,816.08	-	-	-	-4,954,714.60	-	451,980.00	-	-	-	-	134,440,061.48	-	
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	4,000,000.00	14,828,483.72	-	-	-	10,053,254.93	-	-18,436.42	-8,724,682.66	-	-	-	16,138,619.57	-	
Oujiali Dalian Port Consulting Co., Ltd.	3,000,000.00	921,128.79	-	-	-	405,464.93	-	-	-	-	-	-	1,326,593.72	-	
Dalian Changxing Island Port Investment and Development Co., Ltd.	463,147,800.00	388,103,380.87	-	-	-	-24,209,665.20	-	1,294,748.99	-	-	-	-	365,188,464.66	-	

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

2020 (continued)

Investee	Investment costs	Opening balance	Impact of change in scope of combination	Increase in investment	Decrease in investment	Share of profit/(loss) recognised under equity method	Movements for the year				Balance of provision for impairment at the end of the year
							Adjustment of other comprehensive income	Other changes in equity	Declare cash dividends and profits	Provision for impairment	
Dalian Shunde Jilia Supply Chain Management Co., Ltd.	10,000,000.00	8,424,554.03	-	-	-	1,578,305.19	-	-1,250,542.21	-	-	8,752,317.01
Ha'ou International Logistics Co., Ltd.	23,000,000.00	22,233,627.75	-	-	-	-	-	-	-	-	22,233,627.75
Oufei Changxing Terminals (Dalian) Co., Ltd.	14,627,723.47	8,081,200.67	-	-	-	-96,055.27	-	-	-	-	7,985,145.40
Wefang Senda Container Service Co., Ltd.	1,500,000.00	2,385,862.98	-	-	-	129,533.10	-	-	-	-	2,515,396.08
Dalian Port Xiangyu Grain Logistics Co., Ltd.	49,980,000.00	37,317,843.08	-	-	-	-1,502,510.47	-	-	-	-	35,815,332.61
China Shipping Gang Lian Co., Ltd.	90,000,000.00	96,861,316.99	-	-	-	-3,406,973.37	-	-	-	-	93,454,333.62
Dalian New Silk Road International Logistics Co., Ltd.	2,000,000.00	2,103,278.32	-	-	-	22,644.63	-	-	-	-	2,125,922.95
Sub-total	1,720,434,077.00	1,712,270,696.36	-31,931,666.81	-	-	83,588,530.68	-	2,166,312.87	-72,064,934.25	-	1,694,008,936.65
Associates											
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	20,286,520.00	44,505,541.15	-	-	-	15,059,371.36	-	-20,000,000.00	-	-	39,564,912.51
Dalian Wapeng Port Engineering Testing Co., Ltd.	2,000,000.00	3,839,761.24	-	-	-	539,662.72	-	-400,000.00	-	-	3,979,443.96
Dalian Puj Storage Facility Co., Ltd.	239,636,434.98	104,533,030.77	-	-	-	-864,837.98	-	-	-	-	103,728,192.79
Taizang Xinggang Tug Co., Ltd.	6,233,613.00	10,144,666.43	-	-	-	4,679,906.56	-	-2,142,855.00	-	-	12,681,717.99
PetroChina Dalian LNG Co., Ltd.	520,000,000.00	702,722,063.30	-	-	-	97,338,249.17	-	-462,467.77	-126,997,246.88	-	672,600,617.82
Dalian North Oil Petroleum Logistics Co., Ltd.	60,000,000.00	73,291,607.84	-	-	-	8,029,905.41	-	-4,000,000.00	-	-	77,461,293.24
Sino Rai Bohai Train Ferry Co., Ltd.	274,500,286.56	242,861,827.81	-	-	-	-1,337,919.13	-	-	-	-	241,523,908.68
CDC International Logistics Co., Ltd.	90,000,000.00	138,072,756.88	-	-	-	-15,730,065.86	-	-	-	-	122,342,691.02

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

2020 (continued)

Investee	Investment costs	Opening balance	Impact of change in scope of combination	Increase in investment	Decrease in investment	Share of profit/(loss) recognised under equity method	Movements for the year				Balance of provision for impairment at the end of the year	
							Adjustment of other comprehensive income	Other changes in equity	Declare cash dividends and profits	Provision for impairment		Closing balance
Dalian Port Group Financial Co., Ltd. (Note)	800,000,000.00	882,291,788.16	-	-	-929,962,963.00	37,671,174.84	-	-	-	-	-	-
Dalian Shenyang Railway Bureau	5,600,000.00	5,940,920.69	-	-	-	20,000.00	-	-	-	-	-	5,960,920.69
Yuangang Logistics Co., Ltd.	152,303,640.00	172,700,578.83	-	-	-	14,973,656.80	-	-68,681.02	-9,600,000.00	-	-	173,005,556.61
Dalian Automobile Terminal Co., Ltd.	43,729,517.84	43,219,407.10	-	-	-	3,131,962.44	-	4,790.97	-3,099,994.42	-	-	43,257,166.09
Dalian Shigamas International Container Co., Ltd.	2,214,492,012.38	2,434,183,990.20	-	-	-929,962,963.00	163,511,272.33	-	-386,575.83	-166,239,096.30	-	-	1,501,106,827.40
Sub-total	3,934,926,089.38	4,146,454,686.56	-31,931,689.81	-	-929,962,963.00	247,079,803.01	-	1,779,737.04	-238,304,030.55	-	-	3,195,115,564.25

Note: On 1 September 2020, Dalian Port Group Financial Co., Ltd., an associate of the Company, obtained the (Zhongshi Jian) Municipal Supervision and Approval Note [2020] No. 2020002982 cancellation registration approval notice issued by the Zhongshan District Market Supervision Administration of Dalian City, and the relevant industrial and commercial cancellation registration procedures have been completed. For further details, please refer to the overseas regulatory announcement published by the Company on 9 March 2020.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

2019

Investee	Movements for the year										Balance of provision for impairment at the end of the year	
	Investment costs	Opening balance	Impact of change in scope of combination	Increase in investment	Decrease in investment	Share of profit/(loss) recognised under equity method	Adjustment of other comprehensive income	Other changes in equity	Declare cash dividends and profits	Provision for impairment		Closing balance
Joint ventures												
Dalian Port Tongli Shipping Agency Co., Ltd.	1,311,300.00	1,157,737.63	-	-	-	355,376.39	-	-	-300,000.00	-	1,213,114.02	-
Dalian Harbour ECL Logistics Co., Ltd.	30,111,142.43	31,867,289.81	-	-	-	1,135,818.05	-	9,128.23	-1,068,492.48	-	31,943,743.61	-
Cojifal Terminals Dalian Co., Ltd.	86,878,165.37	164,438,966.96	-	-	-	25,893,449.92	-	590,860.62	-25,000,000.00	-	165,965,277.50	-
Dalian Port PetroChina International Terminal Co., Ltd.	125,000,000.00	222,170,584.40	-	-	-	28,973,479.39	-	409,726.50	-25,000,000.00	-	236,553,790.29	-
Dalian United International Shipping Agency Co., Ltd.	2,175,192.85	9,610,790.56	-	-	-	5,102,132.46	-	-	-4,000,000.00	-	10,712,923.02	-
Dalian Vanguard International Logistics Co., Ltd.	37,000,000.00	31,781,755.23	-	-	-	-1,597,076.43	-	92,596.46	-	-	30,277,277.26	-
Dalian Port Yudu Cold Chain Co., Ltd.	260,500,000.00	272,762,335.70	-	-	-	11,648,916.67	-	34,255.80	-	-	284,445,508.17	-
China United Tally (Dalian) Co., Ltd.	5,103,200.33	3,274,054.99	-	-	-	371,505.93	-	-79,086.79	-415,597.59	-	3,150,876.54	-
China Oil Dock Management (Dalian) Co., Ltd.	16,301,068.34	5,013,296.47	-	-	-	14,830,027.34	-	-	-	-	19,843,325.81	-
Leiyang Electronic Port Co., Ltd.	6,000,000.00	3,275,746.88	-	-	-	646,883.32	-	-	-	-	3,922,630.20	-
Dalian Dageang China Shipping Container Terminal Co., Ltd.	5,798,464.21	9,038,963.01	-	-	-	1,382,672.68	-	24,288.12	-3,138,882.13	-	7,306,041.68	-
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	21,653,975.12	-	-	-	1,067,507.87	-	-	-	-	22,721,482.99	-
China United International Rail Containers (Dalian) Co., Ltd.	214,000,000.00	177,849,777.29	-	-	-	-3,899,567.30	-	-	-	-	174,011,209.99	-
Dalian Changxing Island Port Co., Ltd.	248,000,000.00	127,195,959.05	-	-	-	11,619,725.64	-	227,131.39	-	-	138,942,816.08	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	4,000,000.00	16,828,162.50	-	-	-	8,724,682.64	-	63,117.02	-107,874,488.44	-	14,828,463.72	-
Cojifal Dalian Port Consulting Co., Ltd.	3,000,000.00	1,133,761.95	-	-	-	-212,633.16	-	-	-	-	921,128.79	-
Dalian Changxing Island Port Investment and Development Co., Ltd.	463,147,800.00	431,816,017.85	-	-	-	-44,211,926.33	-	499,289.35	-	-	388,103,380.87	-
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	10,000,000.00	7,609,240.55	-	-	-	815,313.48	-	-	-	-	8,424,554.03	-
Häou International Logistics Co., Ltd.	23,000,000.00	13,559,115.40	-	-	-	8,674,512.35	-	-	-	-	22,233,627.75	-
Cojifal Changxing Terminals (Dalian) Co., Ltd.	14,627,723.47	9,023,496.96	-	-	-	-942,296.29	-	-	-	-	8,081,200.67	-
Weifang Senda Container Service Co., Ltd.	1,500,000.00	2,321,265.78	-	-	-	803,799.30	-	-	-739,113.10	-	2,385,862.98	-

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

2019 (continued)

Investee	Movements for the year										Balance of provision for impairment at the end of the year
	Investment costs	Opening balance	Impact of change in scope of combination	Increase in investment	Decrease in investment	Share of profit/(loss) recognised under equity method	Adjustment of other comprehensive income	Other charges in equity	Declare cash dividends and profits	Provision for impairment	
Dalian Port Xiangyu Grain Logistics Co., Ltd.	49,980,000.00	37,931,417.68	-	-	-	-613,574.60	-	-	-	-	37,317,843.08
China Shipping Gang Lan Co., Ltd.	90,000,000.00	91,053,316.99	-	-	-	5,865,000.00	-	-	-	-	96,918,316.99
Dalian New Silk Road International Logistics Co., Ltd.	2,000,000.00	2,655,028.43	-	-	-	8,249.89	-	-	-560,000.00	-	2,103,278.32
Sub-total	1,720,434,077.00	1,705,022,022.19	-	-	-	76,387,919.21	-	1,871,308.70	-71,010,533.74	-	1,712,270,686.36
Associates											
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	20,288,520.00	35,729,600.86	-	-	-	10,885,241.48	-	20,688.81	-2,140,000.00	-	44,535,541.15
Dalian Wampeng Port Engineering Testing Co., Ltd.	2,000,000.00	3,408,100.79	-	-	-	671,690.45	-	-	-240,000.00	-	3,839,791.24
Dalian Puj Storage Facility Co., Ltd.	239,636,434.98	113,137,548.87	-	-	-	-8,544,518.10	-	-	-	-	104,593,030.77
Taizang Xinggang Tug Co., Ltd.	6,233,613.00	7,970,321.02	-	-	-	3,719,198.92	-	-	-1,549,851.51	-	10,144,666.43
PetroChina Dalian LNG Co., Ltd.	520,000,000.00	679,743,611.61	-	-	-	141,342,000.00	-	1,180,857.67	-119,524,385.98	-	702,722,083.30
Dalian North Oil Petroleum Logistics Co., Ltd.	60,000,000.00	72,828,582.52	-	-	-	4,463,025.32	-	-	-4,000,000.00	-	73,291,607.84
Siro Bai Bohai Tian Ferry Co., Ltd.	274,500,286.56	245,045,841.35	-	-	-	-2,495,687.46	-	312,673.92	-	-	242,861,827.81
CDC International Logistics Co., Ltd.	90,000,000.00	139,320,757.64	-	-	-	-1,248,000.76	-	-	-	-	138,072,756.88
Dalian Port Group Financial Co., Ltd.	800,000,000.00	975,897,542.10	-	-	-	69,999,904.48	-	-	-153,604,688.42	-	892,291,788.16
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	829,605.00	852,381.86	-	-	-829,605.00	9,982.31	-	-	-33,309.17	-	-
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	5,600,000.00	5,791,532.32	-	-	-	149,388.37	-	-	-	-	5,940,920.69
Dalian Automobile Terminal Co., Ltd.	152,503,640.00	168,617,411.76	-	-	-	11,919,446.49	-	163,720.58	-8,000,000.00	-	172,700,578.83
Dalian Shigamas International Container Co., Ltd.	43,729,517.84	43,169,434.01	-	-	-	2,383,675.03	-	24,776.52	-2,388,478.46	-	43,219,407.10
Sub-total	2,215,321,617.38	2,491,513,216.71	-	-	-829,605.00	233,272,394.53	-	1,682,727.50	-291,454,688.54	-	2,494,183,990.20
Total	3,935,755,694.38	4,196,535,238.90	-	-	-829,605.00	309,660,233.74	-	3,554,036.20	-382,465,237.28	-	4,146,454,686.56

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(3) Investments in joint ventures

Name of investee	Place of registration	Nature of business	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right Percentage (%)	Accounting treatment
				Direct	Indirect		
Dalian Port Tongli Shipping Agency Co., Ltd.	Dalian	Domestic freight and shipping agency	60	50	-	50	Equity method
Dalian Harbour ECL Logistics Co., Ltd. (Note 1)	Dalian	Warehousing, port loading and discharging	美元900萬	50	-	50	Equity method
Odfjell Terminals (Dalian) Co., Ltd.	Dalian	Construction and operation of storage tank harbor	美元2,800萬	50	-	50	Equity method
Dalian Port PetroChina International Terminal Co., Ltd.	Dalian	Oil product harbor, loading and discharging, advisory services	25,000	50	-	50	Equity method
Dalian United International Shipping Agency Co., Ltd.	Dalian	Shipping agency, shipment technical advisory services	500	-	50	50	Equity method
Dalian Vanguard International Logistics Co., Ltd.	Dalian	Storage of international containers	7,400	-	50	50	Equity method
Dalian Port Yidu Cold Chain Co., Ltd. (Note 2)	Dalian	Agency of trade warehousing and freight	52,100	-	46.60	50	Equity method
China United Tally (Dalian) Co., Ltd.	Dalian	Ship tally	280	50	-	50	Equity method
China Oil Dock Management (Dalian) Co., Ltd.	Dalian	Oil product dock services	1,000	49	-	49	Equity method
Liaoning Electronic Port Co., Ltd.	Dalian	Computer system services and data processing services	1,200	-	50	50	Equity method
Dalian Dagang China Shipping Container Terminal Co., Ltd. (Note 3)	Dalian	Container dock services	1,000	-	57	57	Equity method
Dalian Jilong Logistics Co., Ltd.	Dalian	Logistics storage	7,000	-	30	30	Equity method
China United International Rail Containers (Dalian) Co., Ltd.	Dalian	International container services	53,500	-	40	40	Equity method
Odfjell Changxing Terminals (Dalian) Co., Ltd.	Dalian	Development and construction of dock and harbor warehousing facilities	5,000	40	-	40	Equity method

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(3) Investments in joint ventures (continued)

Name of investee	Place of registration	Nature of business	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right Percentage (%)	Accounting treatment
				Direct	Indirect		
Dalian Changxing Island Port Co., Ltd.	Dalian	Port services	62,000	40	-	40	Equity method
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	Dalian	Bulk cargo logistics	1,000	40	-	40	Equity method
Odfjell Dalian Port Consulting Co., Ltd.	Dalian	Technical training	600	50	-	50	Equity method
Dalian Changxing Island Port Investment and Development Co., Ltd.	Dalian	Development and construction of dock facilities	95,000	46.58	-	46.58	Equity method
China Shipping Gang Lian Co., Ltd.	Dalian	Shipping services for Hong Kong	30,000	30	-	30	Equity method
Dalian New Silk Road International Logistics Co., Ltd.	Dalian	Domestic and international freight forwarding service	1,000	-	40	40	Equity method
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	Dalian	Import and export of goods & technology	5,000	-	20	20	Equity method
Ha'ou International Logistics Co., Ltd.	Harbin	International freight agency	10,000	-	23	23	Equity method
Dalian Port Xiangyu Grain Logistics Co., Ltd. (Note 3)	Dalian	Freight agency	9,800	51	-	51	Equity method
Weifang Senda Container Service Co., Ltd.	Weifang	Discharging and storage	500	-	50	50	Equity method

Note 1: The Company entered into the concerted action agreement with other shareholders, the decision made by such shareholders aligns with that of the Company. The Company, in fact, has effective control over the subsidiary, and has included it in the scope of the Group's consolidated financial statements on 1 January 2020.

Note 2: Under the investment contract, the shareholder, China Development Fund Co., Ltd., obtains fixed income each year and does not participate in the Company's decision-making, and thus Jifa Logistics recognises the investment income at 50% of the net profit of Dalian Port Yidu Cold Chain Co., Ltd., net of the income of China Development Fund Co., Ltd.

Note 3: In accordance with the Company's Articles of Association, all significant events are jointly decided by investors, and thus it is a joint venture under common control of the Group and other investors.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(4) Key financial information of important joint ventures

31 December 2020

Item	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.	Dalian Changxing Island Port Co., Ltd.
Current assets	367,032,717.96	73,156,760.49	500,237,666.11	43,654,628.41	82,613,409.62	65,945,721.96
Including: Cash and cash equivalents	103,003,310.89	36,140,519.36	7,636,452.97	43,755,296.41	60,779,648.20	4,214,479.05
Non-current assets	4,521,259,756.22	368,773,824.87	660,331,894.50	438,651,807.73	393,373,965.48	1,960,094,239.60
Total assets	4,888,292,474.18	441,930,585.36	1,160,569,560.61	482,306,436.14	475,987,375.10	2,026,039,961.56
Current liabilities	166,653,582.97	15,566,453.40	419,905,158.50	8,646,356.02	71,675,714.68	653,473,087.99
Non-current liabilities	3,925,974,213.51	-	108,049,970.47	-	67,991,739.00	1,036,466,719.86
Total liabilities	4,092,627,796.48	15,566,453.40	527,955,128.97	8,646,356.02	139,667,453.68	1,689,939,807.85
Net assets	795,664,677.70	426,364,131.96	632,614,431.64	473,660,080.12	336,319,921.42	336,100,153.71
Share of net assets based on shareholding percentage	370,620,606.87	170,545,652.78	316,307,215.82	236,830,040.06	168,159,960.71	134,440,061.48
Adjustments	-5,432,142.21	-	-	-	-	-
Carrying amount of investment in joint ventures	365,188,464.66	170,545,652.78	316,307,215.82	236,830,040.06	168,159,960.71	134,440,061.48

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(4) Key financial information of important joint ventures (continued)

2020

Item	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.	Dalian Changxing Island Port Co., Ltd.
	Revenue	444,454,633.56	72,994,223.12	341,435,284.02	104,571,428.59	115,662,424.03
Financial expenses	244,842,979.17	-487,261.62	17,342,659.25	-276,248.01	-503,262.59	100,131,290.39
Income tax expenses	-	-	11,979,134.04	19,643,439.61	15,629,936.04	-
Net profit/(loss)	-51,974,377.85	-8,663,893.03	63,030,000.00	58,552,499.54	49,389,366.42	-12,386,786.50
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-51,974,377.85	-8,663,893.03	63,030,000.00	58,552,499.54	49,389,366.42	-12,386,786.50
Dividends received from joint ventures in the year	-	-	-	29,000,000.00	22,500,000.00	-

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(4) Key financial information of important joint ventures (continued)

31 December 2019

Item	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.	Dalian Changxing Island Port Co., Ltd.
Current assets	333,234,312.84	56,116,478.22	454,101,392.15	24,924,694.02	76,593,016.95	77,466,463.54
Including: Cash and cash equivalents	76,097,131.07	26,176,106.54	2,138,087.59	24,662,205.00	57,067,299.36	6,541,949.05
Non-current assets	4,637,197,868.77	388,998,615.67	622,948,544.98	454,329,150.15	387,733,740.17	2,012,165,843.47
Total assets	4,970,432,181.61	445,115,093.89	1,077,049,937.13	479,253,844.17	464,326,757.12	2,089,632,307.01
Current liabilities	201,882,790.91	10,087,068.91	394,328,130.37	6,146,263.60	59,301,487.81	934,090,795.41
Non-current liabilities	3,922,655,430.50	-	113,830,790.42	-	73,094,714.31	808,184,471.40
Total liabilities	4,124,538,221.41	10,087,068.91	508,158,920.79	6,146,263.60	132,396,202.12	1,742,275,266.81
Net assets	845,893,960.20	435,028,024.98	568,891,016.34	473,107,580.57	331,930,555.00	347,357,040.20
Share of net assets based on shareholding percentage	394,017,406.66	174,011,209.99	284,445,508.17	236,553,790.29	165,965,277.50	138,942,816.08
Adjustments	-5,914,025.79	-	-	-	-	-
Carrying amount of investment in joint ventures	388,103,380.87	174,011,209.99	284,445,508.17	236,553,790.29	165,965,277.50	138,942,816.08

Notes to the Financial Statements (continued)

2020
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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(4) Key financial information of important joint ventures (continued)

2019

Item	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.	Dalian Changxing Island Port Co., Ltd.
	Revenue	380,299,750.47	45,899,647.31	217,390,379.12	104,285,714.30	118,447,488.51
Financial expenses	222,090,331.04	-522,312.87	6,487,215.63	193,432.04	-824,922.29	101,705,165.71
Income tax expenses	-	-	8,242,856.88	19,542,665.67	16,228,761.82	-
Net profit/(loss)	-94,916,114.92	-9,596,418.24	23,297,833.34	57,946,958.77	51,870,899.83	28,799,314.11
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-94,916,114.92	-9,596,418.24	23,297,833.34	57,946,958.77	51,870,899.83	28,799,314.11
Dividends received from joint ventures in the year	-	-	3,100,000.00	25,000,000.00	25,000,000.00	-

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(5) Interests in associates

Name of investee	Place of registration	Nature of business	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right Percentage (%)	Accounting treatment
				Direct	Indirect		
Dalian Puji Storage Facility Co., Ltd.	Dalian	Other storage services	USD80,000,000	-	40	40	Equity method
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Dalian	Crude oil tank leasing services	10,000	20	-	20	Equity method
Taicang Xinggang Tug Co., Ltd.	Suzhou	Vessel tugging services	1,349.50	42.8571	-	42.8571	Equity method
PetroChina Dalian LNG Co., Ltd.	Dalian	LNG related services	260,000	20	-	20	Equity method
Dalian North Oil Petroleum Logistics Co., Ltd.	Dalian	Development and construction of storage tank of petroleum and petroleum products	30,000	20	-	20	Equity method
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Dalian	Engineering testing	500	-	40	40	Equity method
Dalian Port Group Financial Co., Ltd. (Note)	Dalian	Financial services	200,000	40	-	40	Equity method
Sino Rail Bohai Train Ferry Co., Ltd.	Yantai	Ferry transportation	120,000	17.5	-	17.5	Equity method
CDC International Logistics Co., Ltd.	Wuhu	International freight agency	30,000	30	-	30	Equity method
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	Dalian	Domestic and international freight agency	2,800	-	20	20	Equity method
Dalian Automobile Terminal Co., Ltd.	Dalian	Domestic and international import and export, discharging and storage services	40,000	32	-	32	Equity method
Dalian Singamas International Container Co., Ltd.	Dalian	Container services	USD 13,250,000	-	43.63	43.63	Equity method

Note: In September 2020, Dalian Port Group Financial Co., Ltd., an associate of the Company, has completed the de-registration procedures with the administration for industry and commerce.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(6) Key financial information of important associates

31 December 2020

Item	2020				
	PetroChina Dalian LNG Co., Ltd.	CDC International Logistics Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.
Current assets	8,326,688.93	584,851,893.38	203,386,637.28	82,518,513.71	89,305,083.97
Non-current assets	3,454,483,465.32	604,566,507.06	1,645,570,203.12	446,167,603.88	521,180,784.43
Total assets	3,462,810,154.25	1,189,418,400.44	1,848,956,840.40	528,686,117.59	610,485,868.40
Current liabilities	95,955,004.55	460,876,945.54	392,054,407.60	70,895,526.46	61,886,061.02
Non-current liabilities	3,852,060.60	327,110,060.69	52,151,758.31	139,550,000.00	-
Total liabilities	99,807,065.15	787,987,006.23	444,206,165.91	210,445,526.46	61,886,061.02
Minority interests	-	-6,377,575.86	24,614,053.46	-	-
Equity attributable to shareholders of the parent company	3,363,003,089.10	407,808,970.07	1,380,136,621.03	318,240,591.13	548,599,807.38
Share of net assets based on shareholding percentage	672,600,617.82	122,342,691.02	241,523,908.68	127,296,236.45	175,551,938.36
Adjustments	-	-	-	-23,568,043.66	2,453,618.25
Carrying amount of investment in associates	672,600,617.82	122,342,691.02	241,523,908.68	103,728,192.79	178,005,556.61

Item	2020				
	PetroChina Dalian LNG Co., Ltd.	CDC International Logistics Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.
Revenue	1,053,759,206.58	909,553,407.03	374,571,484.83	39,581,155.96	154,019,995.42
Income tax expenses	161,978,697.52	610,709.83	1,265,844.11	-	16,068,578.30
Net profit/(loss)	486,691,245.85	-52,433,552.87	-7,645,252.17	-2,162,094.95	46,792,683.75
Other comprehensive income	-	-	-	-	-
Total comprehensive income	486,691,245.85	-52,433,552.87	-7,645,252.17	-2,162,094.95	46,792,683.75
Dividends received from associates in the year	126,997,246.88	-	-	-	9,600,000.00

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(6) Key financial information of important associates (continued)

31 December 2019

Item	PetroChina Dalian LNG Co., Ltd.	Dalian Port Group Financial Co., Ltd.	Sino Rail		Dalian Automobile
			Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Terminal Co., Ltd.
Current assets	32,934,830.40	8,348,389,784.28	183,252,259.46	9,674,285.46	85,472,581.69
Non-current assets	3,632,078,515.79	843,443,225.93	1,717,089,206.01	536,237,265.44	518,762,042.45
Total assets	3,665,013,346.19	9,191,833,010.21	1,900,341,465.47	545,911,550.90	604,234,624.14
Current liabilities	151,402,929.69	6,961,103,539.82	288,944,812.72	28,955,063.44	72,212,872.33
Non-current liabilities	-	-	200,177,236.29	194,700,000.00	-
Total liabilities	151,402,929.69	6,961,103,539.82	489,122,049.01	223,655,063.44	72,212,872.33
Minority interests	-	-	23,437,543.26	-	-
Equity attributable to shareholders of the parent company	3,513,610,416.50	2,230,729,470.39	1,387,781,873.20	322,256,487.46	532,021,751.81
Share of net assets based on shareholding percentage	702,722,083.30	892,291,788.16	242,861,827.81	128,902,594.98	170,246,960.58
Adjustments	-	-	-	-24,309,564.21	2,453,618.25
Carrying amount of investment in associates	702,722,083.30	892,291,788.16	242,861,827.81	104,593,030.77	172,700,578.83

Item	2019				
	PetroChina Dalian LNG Co., Ltd.	Dalian Port Group Financial Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.
Revenue	1,374,965,591.29	306,314,142.19	420,738,757.63	42,831,041.54	135,596,419.51
Income tax expenses	238,044,832.29	66,675,075.89	1,287,590.15	-	13,143,356.94
Net profit/(loss)	706,710,000.00	174,997,261.20	-14,266,785.49	-21,361,295.25	37,248,270.27
Other comprehensive income	-	-	-	-	-
Total comprehensive income	706,710,000.00	174,997,261.20	-14,266,785.49	-21,361,295.25	37,248,270.27
Dividends received from associates in the year	119,524,385.98	-	-	-	6,400,000.00

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

(7) Summary information of other unimportant joint ventures and associates

Item	31 December 2020	31 December 2019
Joint ventures:		
Aggregate carrying amount of investments	302,537,541.34	324,248,713.46
Aggregate amount of the following items calculated in the Group's equity proportion		
Net profit	30,712,534.71	46,360,841.22
Other comprehensive income	-	-
Total comprehensive income	30,712,534.71	46,360,841.22
Associates:		
Aggregate carrying amount of investments	182,905,660.48	319,014,681.33
Aggregate amount of the following items calculated in the Group's equity proportion		
Net profit	69,132,187.33	21,053,189.12
Other comprehensive income	-	-
Total comprehensive income	69,132,187.33	21,053,189.12

11. Investments in other equity instruments

Item	Changes in fair value accumulated in other comprehensive income	31 December 2020	31 December 2019	Dividend income	Reason for being designated as investments in other equity instruments
Jinzhou New Age Container Terminal Co., Ltd.	69,821,233.55	122,664,867.55	93,372,210.73	-	Non-trading equity instrument and will not be sold in foreseeable future
Qinhuangdao Port Xingangwan Container Terminal Co., Ltd.	-13,663,044.86	46,336,955.14	48,859,117.98	-	
Dalian Port Design and Research Institute Co., Ltd.	2,290,396.00	2,924,996.00	7,356,565.70	696,000.00	
Da-In Ferry Co., Ltd.	7,429,550.53	9,329,608.03	9,442,976.30	-	
Fujian Ninglian Port Co., Ltd.	-587,842.14	11,412,157.86	13,149,050.10	-	
Dalian Xin Beiliang Co., Ltd.	-4,785,345.31	11,399,054.69	17,602,644.14	438,967.00	
Total	60,504,947.77	204,067,639.27	189,782,564.95	1,134,967.00	

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

12. Investment properties

Investment properties measured at cost

2020

Item	Buildings	Land use rights	Terminal facilities	Total
I. Original value				
Opening	151,239,241.57	32,680,161.25	100,514,624.92	284,434,027.74
Transfer from construction in progress	746,464.43	-	379,016.00	1,125,480.43
Transfer from fixed assets	30,728,514.80	-	-	30,728,514.80
Transfer from intangible assets	-	866,254.24	-	866,254.24
Closing	182,714,220.80	33,546,415.49	100,893,640.92	317,154,277.21
II. Accumulated depreciation and accumulated amortisation				
Opening	36,729,130.59	7,653,839.91	46,231,261.30	90,614,231.80
Provision for the year	4,580,599.59	714,121.92	2,439,901.17	7,734,622.68
Transfer from fixed assets	15,873,576.42	-	-	15,873,576.42
Transfer from intangible assets	-	204,532.28	-	204,532.28
Closing	57,183,306.60	8,572,494.11	48,671,162.47	114,426,963.18
III. Provision for impairment				
Opening	-	-	-	-
Closing	-	-	-	-
IV. Net amount				
Opening	114,510,110.98	25,026,321.34	54,283,363.62	193,819,795.94
Closing	125,530,914.20	24,973,921.38	52,222,478.45	202,727,314.03

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

12. Investment properties (continued)

Investment properties measured at cost (continued)

2019

Item	Buildings	Land use rights	Terminal facilities	Total
I. Original value				
Opening	151,479,241.57	36,071,687.60	99,645,981.17	287,196,910.34
Transfer from construction in progress	–	–	868,643.75	868,643.75
Transfer to fixed assets	240,000.00	–	–	240,000.00
Transfer to intangible assets	–	3,391,526.35	–	3,391,526.35
Closing	151,239,241.57	32,680,161.25	100,514,624.92	284,434,027.74
II. Accumulated depreciation and accumulated amortisation				
Opening	33,039,443.79	7,629,681.63	43,808,378.78	84,477,504.20
Provision for the year	3,840,698.48	881,095.12	2,422,882.52	7,144,676.12
Transfer to fixed assets	151,011.68	–	–	151,011.68
Transfer to intangible assets	–	856,936.84	–	856,936.84
Closing	36,729,130.59	7,653,839.91	46,231,261.30	90,614,231.80
III. Provision for impairment				
Opening	–	–	–	–
Closing	–	–	–	–
IV. Net amount				
Opening	118,439,797.78	28,442,005.97	55,837,602.39	202,719,406.14
Closing	114,510,110.98	25,026,321.34	54,283,363.62	193,819,795.94

13. Fixed assets

Item	31 December 2020	31 December 2019
Fixed assets	16,008,238,933.05	16,611,742,844.36
Disposal of fixed assets	21,714,634.68	21,382,358.03
Total	16,029,953,567.73	16,633,125,202.39

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets

1) Breakdown of fixed assets

2020

Item	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
I. Original book value										
Opening balance	2,130,852,051.94	7,738,168,160.75	2,905,766,505.46	3,951,332,137.18	728,939,315.78	1,880,453,022.21	4,494,373,147.65	1,349,394,713.85	852,420,121.64	26,031,699,176.46
Increase in scope of combination										
Purchase	22,300,290.76	-	-	-	1,468,340.57	-	-	11,936.38	64,818.68	23,851,386.39
Transfer from construction in progress	180,000.00	170,383.76	-	21,520,272.59	4,541,290.48	-	1,755,057.54	4,252,663.53	11,903,540.38	44,323,228.28
Disposal or obsolescence	44,512,733.88	25,269,292.65	12,239,934.70	24,193,245.18	823,952.03	81,330,251.17	4,135,262.69	25,631,090.44	17,928,066.46	236,063,799.40
Transfer to investment properties	903,377.16	230,000.00	-	19,037,815.25	2,088,578.95	-	492,016.00	11,453,740.54	10,841,643.23	45,047,173.13
Decrease in scope of combination	30,728,514.80	-	-	-	-	-	-	-	-	30,728,514.80
	-	-	-	-	325,066.32	-	-	21,340,570.20	240,281.99	21,905,966.51
Closing balance	2,166,219,184.62	7,763,377,837.36	2,918,006,440.16	3,978,007,839.70	733,359,233.59	1,961,783,273.38	4,499,771,449.88	1,346,496,113.46	871,234,591.94	26,238,255,964.09
II. Accumulated depreciation										
Opening balance	571,223,200.13	1,694,398,176.20	1,280,782,725.39	2,410,717,285.18	376,205,099.55	701,980,976.05	1,086,023,726.12	850,634,046.26	468,020,877.22	9,419,956,332.10
Provision	63,174,433.08	165,694,210.92	104,737,716.63	212,569,215.04	27,843,649.75	66,382,802.17	110,977,360.43	73,300,987.04	51,736,088.64	876,416,263.70
Disposal or obsolescence	858,208.30	66,013.24	-	17,992,006.91	2,000,804.67	-	442,816.20	10,842,221.07	10,340,368.17	42,542,658.56
Transfer to investment properties	15,873,576.42	-	-	-	-	-	-	-	-	15,873,576.42
Decrease in scope of combination	-	-	-	-	176,935.00	-	-	7,581,663.37	180,731.41	7,939,323.78
Closing balance	617,665,848.49	1,860,026,373.88	1,385,490,442.02	2,605,294,493.31	401,872,009.63	768,363,776.22	1,176,558,270.35	905,511,148.86	509,234,866.28	10,230,017,031.04

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

1) Breakdown of fixed assets (continued)

2020 (continued)

Item	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
III. Provision for impairment										
Opening balance	-	-	-	-	-	-	-	-	-	-
Provision (Note)	-	-	-	-	-	-	-	13,765,697.89	-	13,765,697.89
Decrease in scope of combination	-	-	-	-	-	-	-	13,765,697.89	-	13,765,697.89
Closing balance	-	-	-	-	-	-	-	-	-	-
IV. Carrying amount										
Opening	1,559,629,851.81	6,043,769,984.55	1,625,013,780.07	1,540,614,852.00	352,733,216.23	1,178,472,046.16	3,428,349,421.53	488,760,667.59	384,400,024.42	16,611,742,844.36
Closing	1,548,559,336.13	5,939,351,463.48	1,539,515,996.14	1,372,713,346.39	331,487,223.96	1,193,419,895.16	3,328,213,179.53	440,984,964.60	361,989,725.66	16,008,298,893.05
Pledged net assets at the end of the year	-	-	-	-	-	-	-	-	-	-

Note: The main physical assets of the Company's subsidiary Senlida were seized by creditors, which led to the termination of its microwave log processing project and application for bankruptcy liquidation. As a result, an impairment provision of RMB13,765,697.89 (31 December 2019: Nil) was made for fixed assets based on the realizable value of the assets. On 22 July 2020, Senlida was taken over by the bankruptcy liquidation administrator appointed by the court, and it will no longer be included in the consolidation scope of the Group from that date. See Note VII. 2.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

1) Breakdown of fixed assets (continued)

2019

Item	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
I. Original book value										
Opening balance	2,105,051,416.23	7,643,406,685.82	2,873,707,915.58	3,954,573,901.79	728,236,382.33	1,880,453,022.21	4,458,248,938.35	1,235,438,580.82	828,815,818.02	25,767,932,654.15
Additions	3,501,126.59	651,709.22	-	18,635,672.76	2,465,078.02	-	3,619,959.59	5,665,521.79	7,120,576.14	42,059,644.11
Transfer from construction in progress	22,118,418.02	94,186,465.71	32,038,686.88	8,770,246.46	1,706,428.20	-	32,504,249.71	48,282,291.50	20,923,888.03	260,550,524.53
Transfer from investment properties	240,000.00	-	-	-	-	-	-	-	-	240,000.00
Disposal or obsolescence	53,908.90	276,700.00	-	30,647,663.85	3,468,582.77	-	-	191,660.26	4,440,110.55	39,083,646.33
Closing balance	2,130,852,051.94	7,738,168,160.75	2,905,746,605.46	3,951,332,137.18	728,939,315.78	1,880,453,022.21	4,494,373,147.65	1,349,394,713.85	852,420,121.64	26,031,689,176.46
II. Accumulated depreciation										
Opening balance	508,068,103.12	1,532,174,086.79	1,177,866,639.39	2,228,672,570.28	349,459,421.60	634,433,382.69	955,418,682.66	774,877,730.14	418,536,415.81	8,579,507,242.48
Provision	63,060,048.77	162,489,711.41	102,885,886.00	211,302,069.95	29,950,252.84	67,547,393.36	110,605,048.46	75,923,033.70	53,675,682.01	877,499,321.50
Transfer from investment properties	151,011.68	-	-	-	-	-	-	-	-	151,011.68
Disposal or obsolescence	55,963.44	256,632.00	-	29,257,355.05	3,203,574.89	-	-	166,717.58	4,192,000.60	37,141,243.56
Closing balance	571,223,200.13	1,694,398,176.20	1,280,752,725.39	2,410,717,265.18	376,206,089.55	701,980,976.05	1,066,023,736.12	850,634,046.26	466,020,897.22	9,419,956,382.10
III. Provision for impairment										
Opening balance	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
IV. Carrying amount										
Opening	1,596,983,313.11	6,111,232,589.03	1,695,641,079.19	1,725,901,331.51	378,776,970.73	1,246,019,639.52	3,502,830,255.69	520,660,830.68	410,279,402.21	17,168,425,411.67
Closing	1,559,628,851.81	6,043,769,984.55	1,625,013,780.07	1,540,614,852.00	352,733,216.23	1,178,472,046.16	3,428,349,421.53	488,760,667.59	384,400,024.42	16,611,742,844.36
Pledged net assets at the end of the year	-	-	-	-	-	86,670,647.87	-	-	-	86,670,647.87

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

2) As at 31 December 2020, there were no temporarily idle fixed assets.

3) Fixed assets leased out under operating leases

2020

Item	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
I. Original book value										
Opening balance	31,459,632.75	326,113,190.38	115,061,756.42	149,510,708.14	507,354,257.15	505,302,833.91	113,884,399.25	4,873,447.11	1,237,719.16	1,754,797,944.27
Increase in the year	4,781,166.66	46,533,914.66	-	10,770,824.41	-	-	2,776,505.83	153,800.00	160,340.63	65,176,552.19
Decrease in the year	12,163,183.81	-	396,310.79	27,993,144.37	5,327,710.62	6,785,993.28	4,613,017.52	438,026.79	-	57,717,387.18
Closing balance	24,077,615.60	372,647,105.04	114,665,445.63	132,288,388.18	502,026,546.53	498,516,840.63	112,047,887.56	4,589,220.32	1,398,059.79	1,762,257,109.28
II. Accumulated depreciation										
Opening balance	5,717,740.83	63,929,446.79	70,436,049.57	104,781,925.71	202,661,608.56	149,715,945.99	62,338,494.08	3,087,607.51	653,652.06	663,322,471.10
Increase in the year	2,489,567.55	12,997,555.46	6,963,369.89	15,794,645.17	19,432,563.40	20,921,399.88	3,826,716.87	323,594.55	220,643.82	82,950,028.59
Decrease in the year	781,662.82	-	-	25,917,226.68	4,888,388.13	6,275,854.04	187,067.47	176,047.18	-	38,206,246.32
Closing balance	7,405,645.56	76,927,002.25	77,399,419.46	94,659,344.20	217,225,783.83	164,361,461.83	65,978,145.48	3,235,154.88	874,295.88	708,066,253.37
III. Carrying amount										
Opening	25,741,891.92	262,183,743.59	44,625,706.85	44,728,782.43	304,692,648.59	355,586,887.92	51,545,905.17	1,785,839.60	584,067.10	1,091,475,473.17
Closing	16,671,970.04	295,720,102.79	37,266,026.17	37,629,043.98	284,800,762.70	334,155,378.80	46,069,742.08	1,354,065.44	523,763.91	1,054,190,855.91

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

3) Fixed assets leased out under operating leases (continued)

2019

Item	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
I. Original book value										
Opening balance	190,752,034.91	327,449,642.36	1,679,498.55	117,548,289.89	502,026,546.53	483,502,833.91	183,136,251.31	9,116,043.07	-	1,815,211,140.53
Increase in the year	6,144,136.54	108,503,385.00	113,382,257.87	31,962,418.25	5,327,710.62	21,800,000.00	39,052,360.94	4,714,423.86	1,237,719.16	332,124,912.24
Decrease in the year	165,436,538.70	109,840,336.98	-	-	-	-	108,304,213.00	8,957,019.82	-	392,638,108.50
Closing balance	31,459,632.75	326,113,190.38	115,061,756.42	149,510,708.14	507,354,257.15	505,302,833.91	113,884,399.25	4,873,447.11	1,237,719.16	1,754,797,944.27
II. Accumulated depreciation										
Opening balance	40,569,221.96	109,288,251.90	964,290.14	70,762,082.95	177,641,945.75	123,075,683.27	69,437,316.51	5,065,935.46	-	596,824,727.94
Increase in the year	2,537,416.70	17,706,419.58	69,471,759.43	34,019,842.76	25,019,682.81	26,640,282.72	8,353,400.41	2,992,080.99	653,652.06	187,384,497.46
Decrease in the year	37,388,897.83	63,065,224.69	-	-	-	-	15,452,222.84	4,980,408.94	-	120,886,754.30
Closing balance	5,717,740.83	63,929,446.79	70,436,049.57	104,781,925.71	202,661,608.56	149,715,945.99	62,338,494.08	3,087,607.51	653,652.06	663,322,471.10
III. Carrying amount										
Opening	150,182,812.95	218,161,390.46	715,208.41	46,786,206.94	324,384,600.78	380,427,150.64	113,698,934.80	4,030,107.61	-	1,218,386,412.59
Closing	25,741,891.92	262,183,743.59	44,625,706.85	44,728,782.43	304,692,648.59	355,586,887.92	51,545,905.17	1,785,839.60	584,067.10	1,091,475,473.17

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

13. Fixed assets (continued)

(1) Fixed assets (continued)

4) Fixed assets pending certificates of ownership

Item	Carrying amount as at 31 December 2020	Carrying amount as at 31 December 2019
Buildings	874,202,931.30	874,545,372.77

5) Others

Item	Amount
1. Original value of fixed assets fully depreciated in the year but still in use	1,731,189,952.61
2. Original value of temporarily idle fixed assets in the year	–
3. Disposal and retirement of fixed assets in the year	
(1) Original value of fixed assets disposed and retired in the year	45,047,173.13
(2) Net value of fixed assets disposed and retired in the year	2,504,514.57
(3) Gains and losses from disposal and retirement of fixed assets in the year	-1,219,289.42

(2) Disposal of fixed assets

Item	31 December 2020	31 December 2019
Buildings	1,215,716.42	1,376,339.56
Terminal facilities	10,843,723.45	10,678,907.45
Loading equipment	4,160,198.17	3,239,164.62
Transportation equipment	229,516.32	224,866.55
Storage facilities	1,276,572.44	1,276,572.44
Machinery and equipment	125,321.11	130,731.61
Other equipment	3,863,586.77	4,455,775.80
Total	21,714,634.68	21,382,358.03

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

14. Construction in progress

(1) Construction in progress

Item	31 December 2020			31 December 2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Dayao Bay No. 13-16 Berths in Phase II	722,441,503.06	-	722,441,503.06	721,798,253.63	-	721,798,253.63
No.19-21 Berths Construction in Progress	520,158,654.93	-	520,158,654.93	520,158,654.93	-	520,158,654.93
Xingang No. 18-21 Berths	351,516,342.18	-	351,516,342.18	351,587,042.76	-	351,587,042.76
Dayao Bay North Shore Automotive Logistics Centre	148,898,592.13	-	148,898,592.13	148,898,592.13	-	148,898,592.13
Microwave log processing system (Note)	-	-	-	31,329,529.96	-	31,329,529.96
Others	149,920,868.28	-	149,920,868.28	196,008,715.26	-	196,008,715.26
Total	1,892,935,960.58	-	1,892,935,960.58	1,969,780,788.67	-	1,969,780,788.67

Note: The major physical assets of Senlida were applied for seizure by creditors, which led to the termination of the microwave log processing project and application for bankruptcy liquidation. Therefore, an impairment provision of RMB24,256,173.96 (31 December 2019: Nil) was made for construction in progress based on the estimated realizable value of the assets. As at 22 July 2020, Senlida was taken over by the bankruptcy liquidation administrator appointed by the court and ceased to be included in the scope of combination of the Group since then. Please refer to Note VII. 2.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

14. Construction in progress (continued)

(2) Book balance and changes of construction in progress at the end of the year

2020

Item	Budget	Opening balance	Additions in the year	Transferred to fixed assets, intangible assets, investment properties and long-term prepaid expenses	Impact of change in scope of combination	Other decreases	Closing balance	% of budget	Progress of construction (%)	Accumulative amount capitalized of interests	Including: Interests capitalized in current year	Capitalization rate (%)	Source of funds
Dayao Bay No. 10-16 Berths in Phase II	3,783,000,000.00	721,788,253.63	643,249.43	-	-	-	722,441,503.06	93	93	237,311,095.64	-	-	Self-owned funds, loans from financial institutions and other sources
No.19-21 Berths Construction in Progress	2,515,823,200.00	520,158,654.93	-	-	-	-	520,158,654.93	21	21	70,396,661.32	-	-	Self-owned funds and loans from financial institutions
Xingang No. 10- 21 Berths	413,770,000.00	351,587,042.76	-	-	-	70,700.58	351,516,342.18	86	86	83,522,029.54	-	-	Loans from financial institutions and other sources
Dayao Bay North Berths	450,000,000.00	148,898,592.13	-	-	-	-	148,898,592.13	33	33	8,054,440.28	-	-	Self-owned funds and loans from financial institutions
Shore Automotive Logistics Centre	796,588,114.51	227,338,245.22	209,138,776.56	255,050,421.77	-31,329,529.96	176,201.77	149,920,868.28			6,090,158.98	1,313,900.96	5.27	
Others													
Total	7,959,181,314.51	1,969,780,788.67	209,782,025.99	255,050,421.77	-31,329,529.96	246,902.35	1,892,895,960.88			405,374,385.76	1,313,900.96		

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

14. Construction in progress (continued)

(2) Book balance and changes of construction in progress at the end of the year (continued)

2019

Item	Budget	Opening balance	Additions in the year	Transferred to fixed assets, intangible assets and investment properties	Other decreases	Closing balance	% of budget	Progress of construction (%)	Accumulative amount capitalized of interests	Including: Interests capitalized in current year	Capitalisation rate (%)	Source of funds
Dayao Bay No. 13-16 Berths in Phase II	3,783,000,000.00	722,159,172.16	-	-	360,918.53	721,798,253.63	93	93	237,311,095.64	-	-	- Self-owned funds, loans from financial institutions and other sources
No.19-21 Berths	2,515,823,200.00	512,046,432.65	8,112,222.28	-	-	520,158,654.93	21	21	70,396,661.32	5,095,449.25	4.54	Self-owned funds and loans from financial institutions
Construction in Progress	413,770,000.00	348,864,770.39	2,722,272.37	-	-	351,587,042.76	86	86	83,522,029.54	-	-	Loans from financial institutions and other sources
Xingang No. 18-21 Berths	461,050,000.00	114,906,114.55	36,854,661.63	151,760,976.18	-	-	100	100	-	-	-	Self-owned funds and loans from financial institutions
Dayao Bay North	450,000,000.00	148,898,592.13	-	-	-	148,898,592.13	33	33	8,054,440.28	-	-	Loans from financial institutions and other sources
Others	935,668,110.84	183,489,251.67	209,840,266.91	165,371,273.36	-	227,338,245.22			6,529,146.40	1,905,255.38	5.31	
Total	8,559,211,310.84	2,030,344,333.55	257,529,623.19	317,732,249.54	360,918.53	1,969,780,786.67			405,813,373.18	7,000,704.63		

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

15. Right-of-use assets

2020

Item	Right-of-use assets	Storage facilities	Buildings	Transportation equipment	Terminal facilities	Others	Total
I. Original value							
Opening balance	1,250,152,572.09	10,206,324.99	179,301,078.24	4,630,678.87	1,714,103,598.13	97,139,546.96	3,255,533,799.28
Increase in the year	-	-	739,518.84	526,060.97	-	2,778,242.35	4,043,822.16
Decrease in the year	-	-	41,811,643.38	588,989.16	-	4,083,665.63	46,484,298.17
Closing balance	1,250,152,572.09	10,206,324.99	138,228,953.70	4,567,750.68	1,714,103,598.13	95,834,123.68	3,213,093,323.27
II. Accumulated depreciation							
Opening balance	45,817,047.51	972,030.93	16,758,428.55	1,154,593.10	43,951,374.36	19,952,405.88	128,605,880.33
Provision for the year	37,849,741.02	1,944,061.92	22,306,386.92	880,987.00	43,951,374.36	10,615,516.53	117,548,067.75
Decrease in the year	-	-	22,153,263.16	562,787.90	-	3,919,284.83	26,635,335.89
Closing balance	83,666,788.53	2,916,092.85	16,911,552.31	1,472,792.20	87,902,748.72	26,648,637.58	219,518,612.19
III. Provision for impairment							
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
IV. Net amount							
Opening balance	1,204,335,524.58	9,234,294.06	162,542,649.69	3,476,085.77	1,670,152,223.77	77,187,141.08	3,126,927,918.95
Closing balance	1,166,485,783.56	7,290,232.14	121,317,401.39	3,094,958.48	1,626,200,849.41	69,185,486.10	2,993,574,711.08

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

15. Right-of-use assets (continued)

2019

Item	Right-of-use assets	Storage facilities	Buildings	Transportation equipment	Terminal facilities	Others	Total
I. Original value							
Opening balance	1,265,559,528.04	64,878,651.41	247,331,745.12	4,630,678.87	1,736,558,762.52	97,139,546.96	3,416,098,912.92
Increase in the year	-	10,206,324.99	72,503,924.53	-	-	-	82,710,249.52
Decrease in the year	15,406,955.95	64,878,651.41	140,534,591.41	-	22,455,164.39	-	243,275,363.16
Closing balance	1,250,152,572.09	10,206,324.99	179,301,078.24	4,630,678.87	1,714,103,598.13	97,139,546.96	3,255,533,799.28
II. Accumulated depreciation							
Opening balance	9,237,295.27	32,439,325.70	15,496,722.58	-	-	8,805,362.65	65,978,706.20
Provision for the year	36,635,118.34	7,459,896.07	22,763,444.28	1,154,593.10	44,611,820.37	11,147,043.23	123,771,915.39
Decrease in the year	55,366.10	38,927,190.84	21,501,738.31	-	660,446.01	-	61,144,741.26
Closing balance	45,817,047.51	972,030.93	16,758,428.55	1,154,593.10	43,951,374.36	19,952,405.88	128,605,880.33
III. Provision for impairment							
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
IV. Net amount							
Opening balance	1,256,322,232.77	32,439,325.71	231,835,022.54	4,630,678.87	1,736,558,762.52	88,334,184.31	3,350,120,206.72
Closing balance	1,204,335,524.58	9,234,294.06	162,542,649.69	3,476,085.77	1,670,152,223.77	77,187,141.08	3,126,927,918.95

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

16. Intangible assets

2020

Item	Land use rights	Container flat vehicle use rights	Software	Sea area use rights	Port facility use rights	Customer relationships	Port information platform	Total
	I. Original book value							
1. Opening balance	1,590,329,636.86	46,660,098.18	248,984,543.65	3,455,982.72	407,216,152.62	15,970,000.00	64,310,000.00	2,376,926,414.03
2. Increase in the year								
(1) Additions	-	-	2,603,252.92	-	-	-	-	2,603,252.92
(2) Increase in scope of combination	11,564,303.86	-	-	-	-	-	-	11,564,303.86
(3) Transfer from construction in progress	-	-	6,458,704.95	-	-	-	-	6,458,704.95
3. Decrease in the year								
(1) Disposal	-	-	1,480,000.00	-	-	-	-	1,480,000.00
(2) Decrease in scope of combination	-	-	281,184.41	-	-	-	-	281,184.41
(3) Transfer to investment properties	866,254.24	-	-	-	-	-	-	866,254.24
4. Closing balance	1,601,027,686.48	46,660,098.18	256,285,317.11	3,455,982.72	407,216,152.62	15,970,000.00	64,310,000.00	2,394,925,237.11
II. Accumulated amortisation								
1. Opening balance	263,522,443.70	39,642,571.14	148,888,401.83	3,455,982.72	123,617,539.33	15,970,000.00	64,310,000.00	659,406,938.72
2. Increase in the year								
(1) Provision	39,174,129.84	2,916,256.09	18,641,033.70	-	9,320,369.15	-	-	70,051,788.78
3. Decrease in the year								
(1) Disposal	-	-	1,480,000.00	-	-	-	-	1,480,000.00
(2) Decrease in scope of combination	-	-	111,089.68	-	-	-	-	111,089.68
(3) Transfer to investment properties	204,532.28	-	-	-	-	-	-	204,532.28
4. Closing balance	302,492,041.26	42,558,827.23	165,938,345.85	3,455,982.72	132,937,908.48	15,970,000.00	64,310,000.00	727,663,105.54
III. Provision for impairment								
1. Opening balance	-	-	-	-	-	-	-	-
2. Increase in the year	-	-	-	-	-	-	-	-
3. Decrease in the year	-	-	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-	-	-
IV. Carrying amount								
1. Closing balance	1,298,535,645.22	4,101,270.95	90,346,971.26	-	274,278,244.14	-	-	1,667,262,131.57
2. Opening balance	1,326,807,193.16	7,017,527.04	100,096,141.82	-	283,598,613.29	-	-	1,717,519,475.31

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

16. Intangible assets (continued)

2019

Item	Land use rights	Container flat vehicle use rights	Software	Golf membership	Sea area use rights	Port facility use rights	Customer relationships	Port information platform	Total
I. Original book value									
1. Opening balance	1,557,185,514.89	46,660,098.18	217,088,636.73	1,977,376.00	3,455,982.72	407,216,152.62	15,970,000.00	64,310,000.00	2,313,863,761.14
2. Increase in the year									
(1) Additions	-	-	5,348,241.79	-	-	-	-	-	5,348,241.79
(2) Transfer from construction in progress	29,752,595.62	-	26,560,485.64	-	-	-	-	-	56,313,081.26
(3) Transfer from investment properties	3,391,526.35	-	-	-	-	-	-	-	3,391,526.35
3. Decrease in the year									
(1) Disposal	-	-	12,820.51	1,977,376.00	-	-	-	-	1,990,196.51
4. Closing balance	1,590,329,636.86	46,660,098.18	248,984,543.65	-	3,455,982.72	407,216,152.62	15,970,000.00	64,310,000.00	2,376,926,414.03
II. Accumulated amortisation									
1. Opening balance	229,425,898.64	36,635,277.30	124,017,375.92	1,002,955.09	3,231,290.26	114,297,170.05	15,970,000.00	64,310,000.00	588,889,967.26
2. Increase in the year									
(1) Provision	33,239,608.22	3,007,293.84	24,874,658.47	5,731.80	224,692.46	9,320,369.28	-	-	70,672,354.07
(2) Transfer from investment properties	856,936.84	-	-	-	-	-	-	-	856,936.84
3. Decrease in the year									
(1) Disposal	-	-	3,632.56	1,008,686.89	-	-	-	-	1,012,319.45
4. Closing balance	263,522,443.70	39,642,571.14	148,888,401.83	-	3,455,982.72	123,617,539.33	15,970,000.00	64,310,000.00	659,406,938.72
III. Provision for impairment									
1. Opening balance	-	-	-	-	-	-	-	-	-
2. Increase in the year	-	-	-	-	-	-	-	-	-
3. Decrease in the year	-	-	-	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-	-	-	-
IV. Carrying amount									
1. Closing balance	1,326,807,193.16	7,017,527.04	100,096,141.82	-	-	283,598,613.29	-	-	1,717,519,475.31
2. Opening balance	1,327,759,616.25	10,024,820.88	93,071,260.81	974,420.91	224,692.46	292,918,982.57	-	-	1,724,973,793.88

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

16. Intangible assets (continued)

As at 31 December 2020 and 31 December 2019, the Group was not subject to any restrictions on its ownership of land use rights.

The Group's management believes that no provision for impairment of intangible assets is required at the balance sheet date.

As at 31 December 2020, the intangible assets for which the certificate of title had not been obtained are as follows:

Item	Carrying amount	Reason for not obtaining a certificate of title
Land use rights	812,909.29	Under process

17. Goodwill

The breakdown of goodwill is as follows:

2020

Investee	Source	Opening balance	Increase in the year	Decrease in the year	Closing balance
Liaoning Con-Rail International Logistics Co., Ltd.	Business combination	4,398,401.85	-	-	4,398,401.85
Dalian Jiye Logistics Co., Ltd.	Business combination	2,397,589.82	-	-	2,397,589.82
DCT Logistics Co., Ltd.	Business combination	6,218,460.29	-	-	6,218,460.29
Dalian Port Logistic Network Co., Ltd.	Business combination	7,419,238.63	-	-	7,419,238.63
Total		20,433,690.59	-	-	20,433,690.59
Provision for impairment of goodwill		-	-	-	-
Total net goodwill		20,433,690.59	-	-	20,433,690.59

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

17. Goodwill (continued)

2019

Investee	Source	Opening balance	Increase in the year	Decrease in the year	Closing balance
Liaoning Con-Rail International Logistics Co., Ltd.	Business combination	4,398,401.85	–	–	4,398,401.85
Dalian Jiye Logistics Co., Ltd.	Business combination	2,397,589.82	–	–	2,397,589.82
DCT Logistics Co., Ltd.	Business combination	6,218,460.29	–	–	6,218,460.29
Dalian Port Logistic Network Co., Ltd.	Business combination	7,419,238.63	–	–	7,419,238.63
Total		20,433,690.59	–	–	20,433,690.59
Provision for impairment of goodwill		–	–	–	–
Total net goodwill		20,433,690.59	–	–	20,433,690.59

The measurement basis for the recoverable amount of the above asset group is as follows:

The recoverable amount of the asset group (Liaoning Con-Rail International Logistics Co., Ltd., Dalian Jiye Logistics Co., Ltd., DCT Logistics Co., Ltd. and Dalian Port Logistic Network Co., Ltd.) was determined according to the present value of expected future cash flows of the asset group. The expected future cash flows were based on financial budgets covering a five-year period approved by management. Cash flows beyond the five-year period are estimated on the basis of fixed growth rate (as described in the table below), and calculated using cash flows expectation method. The main assumptions for the recoverable amount for such asset groups are as follows:

	Liaoning Con-Rail International Logistics Co., Ltd.	Dalian Jiye Logistics Co., Ltd.	DCT Logistics Co., Ltd.	Dalian Port Logistic Network Co., Ltd.
Discount rate	15%	15%	15%	20%
Growth rate	3%	3%	3%	3%

The discount rates adopted above are before-tax discount rates which reflect the specific risk related to the relevant asset group. The growth rates are determined with reference to the expected growth rate of the industry and do not exceed the average growth rate of the industry for a long term. The key assumptions made in determining cash flow projections also include budgetary gross margins, which are determined based on past experience and forecast on market developments by the management.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

17. Goodwill (continued)

After testing, the management of the Group believes that any reasonable change in the above assumptions will not result in the book value of each asset group that generates goodwill to be higher than its recoverable amount, so there is no need to make provision for impairment of goodwill.

18. Long-term prepaid expenses

The long-term prepaid expenses are listed as follows by item:

2020

Item	Opening balance	Increase in the year	Amortisation in the year	Closing balance
Public facilities in a bonded port	6,840,537.16	–	855,067.44	5,985,469.72
Decoration	2,674,763.31	412,282.96	1,304,435.44	1,782,610.83
Site development expenses	9,586,805.15	–	1,620,305.04	7,966,500.11
Environmental reconstruction expenses	19,487,754.26	–	1,197,833.40	18,289,920.86
Reconstruction of No.6 bridge	15,172,971.82	–	5,864,408.52	9,308,563.30
Berth dredging costs	–	11,341,799.99	1,512,240.00	9,829,559.99
Others	12,546,096.58	813,627.19	4,258,614.34	9,101,109.43
Total	66,308,928.28	12,567,710.14	16,612,904.18	62,263,734.24

2019

Item	Opening balance	Increase in the year	Amortisation in the year	Closing balance
Public facilities in a bonded port	7,695,604.60	–	855,067.44	6,840,537.16
Decoration	3,216,888.94	1,542,057.79	2,084,183.42	2,674,763.31
Site development expenses	11,207,110.19	–	1,620,305.04	9,586,805.15
Environmental reconstruction expenses	20,685,587.66	–	1,197,833.40	19,487,754.26
Reconstruction of No.6 bridge	21,046,380.34	–	5,873,408.52	15,172,971.82
Others	12,343,773.60	4,212,853.15	4,010,530.17	12,546,096.58
Total	76,195,345.33	5,754,910.94	15,641,327.99	66,308,928.28

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

19. Deferred income tax

(1) Deferred income tax assets before offsetting

Item	31 December 2020		31 December 2019	
	Deferred income tax assets	Deductible temporary differences and deductible losses	Deferred income tax assets	Deductible temporary differences and deductible losses
Unrealised profit of intra-group transaction	43,481,034.90	173,924,139.60	47,442,031.48	189,768,125.92
Depreciation of fixed assets	34,052,932.32	136,211,729.28	31,576,252.53	126,305,010.12
Provision for asset impairments	63,633,264.91	254,533,059.64	29,840,954.45	119,363,817.80
Accrued expenses	4,398,513.18	17,594,052.72	4,398,513.18	17,594,052.72
Changes in fair value of financial assets held for trading	-	-	1,261,612.50	5,046,450.02
Changes in fair value of other equity instrument investments	1,196,336.33	4,785,345.32	-	-
Right-of-use assets/Lease liabilities	30,715,464.56	122,861,858.24	18,460,021.07	73,840,084.28
Others	1,616,204.75	6,464,819.00	698,914.91	2,795,659.62
Total	179,093,750.95	716,375,003.80	133,678,300.12	534,713,200.48

1) Deductible temporary differences and deductible losses that are not recognised as deferred income tax assets

Item	31 December 2020	31 December 2019
Deductible losses	579,320,965.14	478,513,168.76
Deductible temporary differences	35,484,305.46	24,392,068.86
Total	614,805,270.60	502,905,237.62

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

19. Deferred income tax (continued)

(1) Deferred income tax assets before offsetting (continued)

2) Deductible losses that are not recognised as deferred income tax assets will expire in the following years

Year	31 December 2020	31 December 2019
2020	–	37,507,805.52
2021	45,583,069.03	48,824,770.86
2022	122,658,530.96	122,795,990.21
2023	150,588,729.67	152,320,016.58
2024	116,881,970.67	117,064,585.59
2025	143,608,664.81	–
Total	579,320,965.14	478,513,168.76

(2) Deferred income tax liabilities before offsetting

Item	31 December 2020		31 December 2019	
	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences
Depreciation of fixed assets	83,194,949.70	332,779,798.80	86,541,456.03	346,165,824.12
Changes in fair value of investments in other equity instruments	16,322,573.28	65,290,293.09	11,554,968.37	46,219,873.45
Realisation of business combination in stages	37,891,003.77	151,564,015.08	37,891,003.77	151,564,015.08
Others	10,534,283.44	42,137,133.80	10,366,645.12	41,466,580.51
Total	147,942,810.19	591,771,240.77	146,354,073.29	585,416,293.16

(3) Deferred income tax assets or liabilities presented at net amount after offsetting

Item	Offset amount of deferred income tax assets and liabilities at the end of the year	Remaining deferred income tax assets or liabilities after offset at the end of the year	Offset amount of deferred income tax assets and liabilities at the beginning of the year	Remaining deferred income tax assets or liabilities after offset at the beginning of the year
Deferred income tax assets	-34,867,260.64	144,226,490.31	-32,968,424.91	100,709,875.21
Deferred income tax liabilities	-34,867,260.64	113,075,549.55	-32,968,424.91	113,385,648.38

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

20. Other non-current assets

Item	31 December 2020	31 December 2019
Guarantee payment for land bidding	1,860,000.00	1,860,000.00
VAT input to be deducted	31,922,189.01	40,566,036.58
Total	33,782,189.01	42,426,036.58

21. Assets with restricted ownership or use right

Item	31 December 2020	31 December 2019
Cash at bank and on hand (Note 1)	5,286,529.35	3,642,890.79
Fixed assets (Note 2)	—	86,870,647.87
Total	5,286,529.35	90,513,538.66

Note 1: At at 31 December 2020, a bank deposit of RMB3,286,529.35 (31 December 2019: RMB1,620,000.00) was pledged as the Group's project performance guarantee.

At at 31 December 2020, a bank deposit of RMB2,000,000.00 (31 December 2019: RMB2,000,000.00) were pledged as the guarantee for purchase of electricity.

As at 31 December 2019, a bank deposit of RMB22,890.79 was pledged as collateral for the Group's project payment guarantee of RMB227,594.00. As at 31 December 2020, the guarantee has been settled in full.

Note 2: As at 31 December 2019, fixed assets with a carrying amount of RMB86,870,647.87 were pledged as collateral for long-term borrowings of RMB44,000,000.00 which were repaid in March 2020. As of 31 December 2020, the relevant release procedures for the collateral on the fixed assets above have been completed.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

22. Provision for asset impairments and provision for credit loss

2020

Item	Opening balance	Impact of change in scope of combination	Provision in the year	Reversal in the year	Write-off in the year	Closing balance
Provision for bad debts	135,304,831.43	-	132,853,746.91	64,363.55	-	268,094,214.79
Provision for decline in value of inventories	7,803,794.80	-	-	-	-	7,803,794.80
Provision for impairment of fixed assets	-	-13,765,697.89	13,765,697.89	-	-	-
Provision for impairment of construction in progress	-	-24,256,173.96	24,256,173.96	-	-	-
Total	143,108,626.23	-38,021,871.85	170,875,618.76	64,363.55	-	275,898,009.59

2019

Item	Opening balance	Provision in the year	Reversal in the year	Write-off in the year	Closing balance
Provision for bad debts	107,176,589.60	40,498,715.89	12,370,474.06	-	135,304,831.43
Provision for decline in value of inventories	7,803,794.80	-	-	-	7,803,794.80
Provision for impairment of contract assets	12,387,400.00	-	12,387,400.00	-	-
Total	127,367,784.40	40,498,715.89	24,757,874.06	-	143,108,626.23

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

23. Short-term borrowings

(1) Classification of short-term borrowings

Classification	31 December 2020	31 December 2019
Credit borrowings	150,000,000.00	497,000,000.00
Interest payable on short-term borrowings	142,083.34	660,595.83
Total	150,142,083.34	497,660,595.83

As at 31 December 2020, the annual interest rate for the borrowings above was 3.1% – 4.35% (31 December 2019: 4.35% – 5.70%).

(2) As of 31 December 2020, the Group had no overdue but unpaid short-term borrowings.

24. Accounts payable

(1) Breakdown of accounts payable

Ageing	31 December 2020		31 December 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	160,934,304.22	85.37	168,579,375.94	88.81
1 to 2 years (including 2 years)	6,533,857.15	3.47	11,362,810.29	5.98
2 to 3 years (including 3 years)	11,327,832.11	6.01	3,145,657.50	1.66
Over 3 years	9,715,326.39	5.15	6,729,671.90	3.55
Total	188,511,319.87	100.00	189,817,515.63	100.00

(2) Significant accounts payable aged over 1 year

Name of entity	Amount owed	Ageing	Reason for unsettlement
Dalian Enesky International Trade Co., Ltd.* (大連恩埃斯凱國際貿易有限公司)	8,000,000.00	2-3 years	Not yet settled

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

24. Accounts payable (continued)

(3) Amount by nature

Nature	31 December 2020	31 December 2019
Vessel rental and shipping freight	76,288,798.66	77,398,031.78
Payment for purchase of goods	5,756,723.41	6,968,059.69
Payment for purchase of supplementary materials	106,465,797.80	105,451,424.16
Total	188,511,319.87	189,817,515.63

25. Advances from customers

(1) Breakdown of ageing of advances from customers

Ageing	31 December 2020		31 December 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	3,154,967.98	100.00	7,070,884.59	100.00

As of 31 December 2020, the Group had no significant advances from customers aged over one year.

(2) Nature of advances from customers

Nature	31 December 2020	31 December 2019
Rental fees	3,154,967.98	7,070,884.59

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

26. Contract liabilities

(1) Contract liabilities

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

(2) Revenue recognized in the current year and included in the opening carrying amount of contract liabilities

Revenue recognized in the current year and included in the opening carrying amount of contract liabilities amounted to RMB32,740,959.12, including RMB9,526,585.84 from miscellaneous expenses, RMB8,850,000.00 generated from all-in charges for cargo handling due within one year, RMB6,571,282.70 from freight and contract liabilities of RMB7,793,090.58 generated from other contracts.

(3) Qualitative and quantitative analysis on relevant contract liabilities

Contract liabilities mainly represent payments received by the Group for providing port operations services to customers. The payment shall be collected in accordance with the payment time agreed in the contract. The Group recognizes contract revenue based on the progress of contract performance, and contract liabilities will be recognized as revenue after the Group has fulfilled its performance obligations. The increase in business volume of bulk and general cargo terminal and logistics services, bulk grain terminal and logistics and trade services resulted in the increase in contract liabilities of RMB17,621,648.37 as compared to the end of last year; container terminal and logistics and trade services have not yet competed due to the impact of COVID-19 epidemic, which resulted in the increase in contract liabilities of RMB13,247,409.93 as compared to the end of last year; and the increase in engineering consulting project in port value-added and ancillary services segment resulted in increase in contract liabilities of RMB7,004,852.16 as compared to the end of last year.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

27. Employee benefits payable

(1) Classification of employee benefits payable

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
I. Short-term employee benefits	234,468,765.83	1,460,646,807.31	1,441,000,119.68	254,115,453.46
II. Post-employment benefits – defined contribution plan	5,749,756.39	97,691,094.25	102,143,863.14	1,296,987.50
III. Termination benefits	–	782,732.90	782,732.90	–
Total	240,218,522.22	1,559,120,634.46	1,543,926,715.72	255,412,440.96

(2) Short-term employee benefits

Item	Opening balance	Increase in the year	Decrease in The year	Closing balance
I. Wages and salaries, bonus, allowances and subsidies	199,664,070.32	876,406,134.61	850,273,706.83	225,796,498.10
II. Staff welfare	–	62,863,014.86	62,863,014.86	–
III. Social insurance contributions	159,928.34	64,822,546.32	64,875,923.16	106,551.50
Including: Medical insurance	150,509.86	50,687,375.31	50,740,583.71	97,301.46
Work injury insurance	7,134.44	3,112,597.67	3,112,656.85	7,075.26
Maternity insurance	2,284.04	8,883,650.62	8,883,759.88	2,174.78
Others	–	2,138,922.72	2,138,922.72	–
IV. Housing funds	2,777.03	104,319,288.71	104,322,065.74	–
V. Labour union funds and employee education funds	1,279,900.43	21,516,762.41	21,286,631.88	1,510,030.96
VI. Labour costs	17,809,159.14	304,855,772.41	314,995,566.08	7,669,365.47
VII. Other short-term employee benefits	15,552,930.57	25,863,287.99	22,383,211.13	19,033,007.43
Total	234,468,765.83	1,460,646,807.31	1,441,000,119.68	254,115,453.46

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

27. Employee benefits payable (continued)

(3) Defined contribution plans

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
I. Basic pensions	265,801.92	62,615,324.45	62,616,781.25	264,345.12
II. Unemployment insurance	21,927.91	1,884,136.25	1,884,181.78	21,882.38
III. Payment of annuity (Note)	5,462,026.56	33,191,633.55	37,642,900.11	1,010,760.00
Total	5,749,756.39	97,691,094.25	102,143,863.14	1,296,987.50

Note: The Group entrusts an independent third party to operate a defined contribution pension plan that requires payment of fees to an independently managed fund. According to the pension plan, the maximum amount of corporate contributions shall be subject to the national regulations, which is 8% of the total salary of the Group in the previous year. The total contributions of enterprises and individual employees do not exceed 12% of the total salary of the Group in the previous year. The amount of corporate contributions of the Group this year is calculated based on 5% of the total salary of the previous year.

28. Taxes payable

Item	Opening balance	Provision in the year	Tax paid in the year	Closing balance
VAT	6,136,344.01	156,745,967.01	157,062,182.38	5,820,128.64
Corporate income tax	76,904,889.39	321,845,570.26	318,838,648.60	79,911,811.05
City maintenance and construction tax	377,449.41	10,585,853.58	10,655,272.56	308,030.43
Individual income tax	2,540,774.56	22,347,816.03	22,261,160.33	2,627,430.26
Educational surcharge	270,033.47	7,564,538.51	7,614,525.92	220,046.06
Environmental tax payable	965,353.53	4,257,383.27	4,081,757.44	1,140,979.36
Others	9,796,226.83	52,016,273.74	51,998,773.54	9,813,727.03
Total	96,991,071.20	575,363,402.40	572,512,320.77	99,842,152.83

29. Other payables

Item	31 December 2020	31 December 2019
Interest payable	—	1,003,902.03
Dividends payable	153,269,260.93	241,653,084.84
Other payables	504,978,427.22	667,924,909.63
Total	658,247,688.15	910,581,896.50

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

29. Other payables (continued)

(1) Interest payable

Item	31 December 2020	31 December 2019
Interest of long-term borrowings with instalment payments and principal due for maturity	–	1,003,902.03
Interest payable of short-term borrowings	–	–
Total	–	1,003,902.03

As of 31 December 2020, the Group had no significant interest payable.

(2) Dividends payable

Item	Name of entity	31 December 2020	31 December 2019
Dividends of ordinary shares	Singapore Dalian Port Investment Pte. Ltd.	73,256,442.62	134,380,881.40
	China Shipping Terminal Development Co., Ltd.	30,964,934.78	24,688,807.01
	Nippon Yusen Kabushiki Kaisha	19,300,255.07	35,404,193.75
	COSCO SHIPPING Ports (Dalian) Limited (Note)	12,256,366.36	22,482,955.16
	COSCO SHIPPING Ports Development Co., Ltd. (Note)	10,312,253.08	18,916,693.30
	Dalian Bonded Zhengtong Co., Ltd.	5,779,554.22	5,779,554.22
	NYK Bulk & Projects Carriers Ltd.	621,979.91	–
	United States Sankyo Holdings Limited	777,474.89	–
Total		153,269,260.93	241,653,084.84

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

As at 31 December 2020, the balance of dividends payable aged over 1 year amounted to RMB5,779,554.22, which are dividends postponed to be paid.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

29. Other payables (continued)

(3) Other payables

1) Other payables presented by nature

Item	31 December 2020	31 December 2019
Port construction and security fee	29,604,205.19	34,539,492.24
Project payment and quality guarantee	249,822,703.48	305,199,654.88
Land compensation	35,070,000.00	35,070,000.00
Borrowings from related parties	-	163,679,156.00
Deposit and security deposit	24,992,745.81	22,335,161.23
Freight	47,431,412.20	29,565,710.74
Others	118,057,360.54	77,535,734.54
Total	504,978,427.22	667,924,909.63

2) Ageing analysis of other payables

Ageing	31 December 2020		31 December 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	281,132,908.21	55.67	489,689,232.02	73.32
1 to 2 years (including 2 years)	88,324,707.92	17.49	76,083,762.56	11.39
2 to 3 years (including 3 years)	55,793,558.77	11.05	32,417,321.76	4.85
Over 3 years	79,727,252.32	15.79	69,734,593.29	10.44
Total	504,978,427.22	100.00	667,924,909.63	100.00

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

29. Other payables (continued)

(3) Other payables (continued)

3) Important other payables aged over one year

Name of entity	Amount owed	ageing	Reasons for non-repayment
Ocean Harvest Container Co., Ltd.	45,927,589.44	1-2 years	The condition for payment is unsatisfied
Muling Economic Development District Infrastructure Construction and Investment Co., Ltd.* (穆稜經濟開發區基礎設施建設投資有限公司)	14,006,954.00	Over 3 years	The condition for payment is unsatisfied
Port of Dalian Authority	17,594,052.70	2-3 years and over 3 years	The condition for payment is unsatisfied
Dalian Beiliang Enterprise Group Co., Ltd.	7,500,000.00	Over 3 years	The condition for payment is unsatisfied
Total	85,028,596.14		

30. Current portion of non-current liabilities

Item	31 December 2020	31 December 2019
Current portion of long-term borrowings	7,569,355.88	169,639,042.19
Including: Credit borrowings	7,569,355.88	159,575,181.08
Pledged borrowings	—	10,063,861.11
Current portion of long-term payables	32,557,811.11	7,500,000.00
Current portion of lease liabilities	61,338,885.75	61,418,218.86
Current portion of bonds payable	2,510,985,033.05	162,221,889.64
Total	2,612,451,085.79	400,779,150.69

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

31. Long-term borrowings

Type of borrowings	31 December 2020	31 December 2019
Credit borrowings	1,140,262,653.88	1,634,273,995.48
Pledged borrowings	–	44,063,861.11
Total	1,140,262,653.88	1,678,337,856.59
Less: Current portion of long-term borrowings	7,569,355.88	169,639,042.19
Including: Credit borrowings	7,569,355.88	159,575,181.08
Pledged borrowings	–	10,063,861.11
Long-term borrowings due after 1 year	1,132,693,298.00	1,508,698,814.40

On 31 December 2020, the annual interest rate of the above borrowings was 3%-4.9% (31 December 2019: 4.35%-4.9%).

The maturity date of long-term borrowings is analyzed as follows:

Item	31 December 2020	31 December 2019
Expired within 1 year (including 1 year)	7,569,355.88	169,639,042.19
Expired within 2 years (including 2 years)	154,155,844.00	286,690,722.46
Expired within 3 to 5 years (including 3 years and 5 years)	620,463,532.00	653,059,925.94
Over 5 years	358,073,922.00	568,948,166.00
Total	1,140,262,653.88	1,678,337,856.59

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

32. Bonds payable

Item	31 December 2020	31 December 2019
Corporate bonds	3,547,236,158.87	5,884,379,767.90

(1) Change in bonds payable

Name of bonds	Par value	Date of issuance	Duration	Issue size	Opening balance	Issuance in the year	Accrued		Repayment in the year	Closing balance
							interests at par value	Amortisation of premium/discount		
Corporate bond (Note 1)	100.00	23 May 2011	10 years	2,350,000,000.00	2,422,340,879.45	-	124,550,000.00	3,032,126.26	124,550,000.00	2,425,373,005.71
Corporate bond (Note 2)	100.00	26 April 2017	5 years	1,070,000,000.00	1,101,904,375.50	-	51,360,000.00	1,217,825.30	51,360,000.00	1,103,122,200.80
Medium-term note (Note 3)	100.00	3 August 2018	5 years	2,500,000,000.00	2,522,356,402.59	-	122,250,000.00	7,369,582.82	122,250,000.00	2,529,725,985.41
Total				5,920,000,000.00	6,046,601,657.54	-	298,160,000.00	11,619,534.38	298,160,000.00	6,058,221,191.92
Less: Current portion of bonds payable				162,221,889.64						2,510,985,033.05
Bonds payable due after										
1 year				5,884,379,767.90						3,547,236,158.87

Note 1: Under Regulatory Permission [2011] No. 699 approved by China Securities Regulatory Commission, the Company issued corporate bonds on 23 May 2011. The interest of such bonds is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 5.30%, which is payable every year. The related issuance expense amounts to RMB25,156,495.00. As at 30 June 2020, bonds payable with a par value of RMB2,350,000,000.00 (31 December 2019: RMB2,350,000,000.00) were secured with an unconditional and irrevocable guarantee provided by PDA Group, the parent company of the Company.

Note 2: Under Regulatory Permission [2016] No. 3075 approved by China Securities Regulatory Commission, the Company issued corporate bonds on 26 April 2017. The interest of such bonds is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 4.80%, which is payable every year. The related issuance expense amounts to RMB6,360,413.25.

Note 3: According to the Notice of Acceptance of Registration (ZhongShiXieZhu [2018] MTN360) issued by National Association of Financial Market Institutional Investors on 25 June 2018, the Company issued medium-term notes on 3 August 2018. The bond pays interest once a year at a fixed annual rate of 4.89%, and the relevant issuance fee is RMB38,056,000.00.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

33. Lease liabilities

(1) Lease liabilities

Item	31 December 2020	31 December 2019
Lease liabilities	6,641,130,506.70	6,908,271,639.80
Unrecognised finance costs	3,532,738,965.93	3,714,410,924.12
Less: Current portion of lease liabilities (Note VIII. 30)	61,338,885.75	61,418,218.86
Lease liabilities due after 1 year	3,047,052,655.02	3,132,442,496.82

(2) Term of lease liabilities

Item	Closing balance
The first anniversary after the balance sheet date	61,338,885.75
The second anniversary after the balance sheet date	62,932,186.36
The third anniversary after the balance sheet date	63,320,132.38
Years thereafter	2,920,800,336.28
Total	3,108,391,540.77

34. Long-term payables

Item	31 December 2020	31 December 2019
Bond underwriting fee	15,000,000.00	22,500,000.00
Equity repurchase (Note 1)	17,500,000.00	17,500,000.00
Borrowings from related parties (Note 2, 3)	44,127,811.11	–
Total	76,627,811.11	40,000,000.00
Less: Current portion of long-term payables	32,557,811.11	7,500,000.00
Long-term payables due after 1 year	44,070,000.00	32,500,000.00

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

34. Long-term payables (continued)

Note 1: China Development Fund Co., Ltd. (hereinafter referred to as "China Development Fund") increased the capital of RMB35,000,000.00 of Dalian Port Yidu Cold Chain Co., Ltd., a joint venture of Dalian Port Jifa Logistics Co., Ltd. (hereinafter referred to as "Jifa Logistics"), a subsidiary of the Group. After the capital increase, the shareholding ratio of Jifa Logistics decreased from 50% to 46.6%. According to the investment contract, Jifa Logistics has the obligation to unconditionally repurchase the shares held by the China Development Fund before the capital increase since 10 December 2030. The Group confirms the long-term payable according to the repurchase obligation.

Note 2: In the year, Dalian Jifa Shipping Management Co., Ltd., a subsidiary of the Group, obtained borrowings of RMB44,000,000.00 from Dalian Port Corporation Limited. The borrowings carried interest rate of 4.3% per annual with a term commencing from 17 March 2020 and ending on 8 September 2022 without collateral. According to the contract, Dalian Jifa Shipping Management Co., Ltd. will repay the principal in the amount of RMB10,000,000.00, RMB15,000,000.00 and RMB19,000,000.00 on 17 March 2021, 8 September 2021 and 8 September 2022, respectively.

Note 3: In the year, Dalian Gangrun Gas Co., Ltd., a subsidiary of the Group, obtained borrowings of RMB70,000.00 from its related party, Dalian FTZ Huarun Gas Co., Ltd. The borrowings was interest-free with a term of 24 months commencing from 23 August 2020.

The maturity date of long-term payable is analyzed as follows:

Item	31 December 2020	31 December 2019
Expired within 1 year (including 1 year)	32,557,811.11	7,500,000.00
Expired within 2 years (including 2 years)	26,570,000.00	7,500,000.00
Expired within 3 to 5 years (including 3 years and 5 years)	–	7,500,000.00
Over 5 years	17,500,000.00	17,500,000.00
Total	76,627,811.11	40,000,000.00

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

35. Deferred income

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
Government grants	549,490,699.73	7,000,000.00	45,464,954.13	511,025,745.60

Items involved in government grants are as follows:

Item	Opening balance	Increase in the year	Included in other income in the year	Included in non-operating income in the year	Decrease in others	Closing balance	Related to assets/income
Relocation compensation	363,233,718.59	-	27,031,975.66	-	-	336,201,742.93	Related to assets
Production safety	27,084,117.91	-	1,271,978.56	-	-	25,812,139.35	Related to assets
Sea-rail combined transport subsidies	12,297,938.19	-	2,191,030.92	-	-	10,106,907.27	Related to assets
Transport junction passenger station project	106,018,300.32	-	3,412,885.44	-	-	102,605,414.88	Related to assets
Operation subsidies	8,500,000.00	-	250,000.00	-	-	8,250,000.00	Related to assets
Log processing project	8,300,000.00	-	-	-	8,300,000.00	-	Related to assets
Energy conservation and emission reduction special fund	9,121,712.87	-	874,605.92	259,860.36	-	7,987,246.59	Related to assets
Vessel acquisition subsidies	517,478.20	-	517,478.20	-	-	-	Related to assets
Equipment reconstruction subsidies	9,449,891.15	6,000,000.00	560,947.31	-	-	14,888,943.84	Related to assets
Others	4,967,542.50	1,000,000.00	794,191.76	-	-	5,173,350.74	Related to assets
Total	549,490,699.73	7,000,000.00	36,905,093.77	259,860.36	8,300,000.00	511,025,745.60	

36. Other non-current liabilities

Item	31 December 2020	31 December 2019
All-in charges for cargo handling	87,355,256.65	104,394,136.00
Less: Current portion of other non-current liabilities	17,700,000.00	8,850,000.00
Other non-current liabilities due after 1 year	69,655,256.65	95,544,136.00

On 18 January 2013, the Company entered into a cooperation agreement with Chinatex Grains and Oils (Heilongjiang) Co., Ltd. Chinatex Grains and Oils (Heilongjiang) Co., Ltd. paid in advance the all-in charges for full-service logistics including distribution services and port operations to the Company with an amount of RMB112 million. The first seven years were the deduction period for prepaid the all-in charges for full-service logistics of the contract, the interest rate was with reference to the People's Bank of China Loan Rate and the last three years represent the preferential period. On 1 June 2016, the Company signed a supplementary agreement with Chinatex Grains and Oils (Heilongjiang) Co., Ltd., and the cooperation period was extended for three years, that is, the first year to the seventh year is the interest-bearing deduction period for prepaid the all-in charges for full-service logistics. The eighth to tenth years are non-interest-bearing deduction periods, and the eleventh to thirteenth years are preferential periods.

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VIII. Notes to items of the consolidated financial statements (continued)

37. Share capital

Item	Opening balance		Increase in the year	Decrease in the year	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
RMB-denominated ordinary shares	7,735,820,000.00	60	-	-	7,735,820,000.00	60
Foreign shares listed overseas	5,158,715,999.00	40	-	-	5,158,715,999.00	40
Total	12,894,535,999.00	100	-	-	12,894,535,999.00	100

As at 31 December 2020, 722,166,000 shares of foreign shares listed overseas were held by Dalian Port Corporation Limited through HKSCC Nominees Limited (31 December 2019: 722,166,000 shares).

38. Capital surplus

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
2020				
Capital premium	2,910,765,975.69	-	-	2,910,765,975.69
Including: Ordinary shares invested by shareholders	2,910,765,975.69	-	-	2,910,765,975.69
Other capital surplus	27,981,566.83	1,779,737.04	-	29,761,303.87
Including: Other changes in owners' equity after deducting net profit or loss, profit distribution, change in other comprehensive income of investees under equity method (Note)	18,018,282.86	1,779,737.04	-	19,798,019.90
Others	9,963,283.97	-	-	9,963,283.97
Total	2,938,747,542.52	1,779,737.04	-	2,940,527,279.56
2019				
Capital premium	2,910,765,975.69	-	-	2,910,765,975.69
Including: Ordinary shares invested by shareholders	2,910,765,975.69	-	-	2,910,765,975.69
Other capital surplus	24,427,530.63	3,554,036.20	-	27,981,566.83
Including: Other changes in owners' equity after deducting net profit or loss, profit distribution, change in other comprehensive income of investees under equity method (Note)	14,464,246.66	3,554,036.20	-	18,018,282.86
Others	9,963,283.97	-	-	9,963,283.97
Total	2,935,193,506.32	3,554,036.20	-	2,938,747,542.52

Note: The joint ventures and affiliates invested by the Group made appropriation to special reserves this year, resulting in an increase in the Group's capital reserve of RMB1,779,737.04 (2019: RMB3,554,036.20).

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

39. Other comprehensive income

Cumulative balance of other comprehensive income attributable to the parent company in the consolidated balance sheet is as follows:

31 December 2020

	Opening balance	Increase or decrease	Closing balance
Changes in fair value of other equity instrument investments	33,066,665.70	11,544,725.06	44,611,390.76
Differences on translation of foreign currency financial statements	37,876,693.23	2,069,058.34	39,945,751.57
Total	70,943,358.93	13,613,783.40	84,557,142.33

31 December 2019

	Opening balance	Increase or decrease	Closing balance
Changes in fair value of other equity instrument investments (Note)	-32,850,282.56	65,916,948.26	33,066,665.70
Differences on translation of foreign currency financial statements	38,774,283.33	-897,590.10	37,876,693.23
Total	5,924,000.77	65,019,358.16	70,943,358.93

Note: The shares of SINOTRANS SHIP were repurchased and delisted in January 2019, accordingly, the Group disposed such other equity instrument investments, and transferred other comprehensive income with an aggregate amount of RMB-41,215,576.63 to retained earnings.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

39. Other comprehensive income (continued)

The current amount of other comprehensive income in the consolidated income statement:

2020

	Amount incurred before tax	Less: Previously included in other comprehensive income, transferred to current profit and loss	Less: Previously included in other comprehensive income, transferred to current retained earnings	Less: Income tax	Attributable to shareholders of the parent company	Attributable to minority shareholders
Changes in fair value of other equity instrument investments	14,285,074.32	-	-	3,571,268.58	11,544,725.06	-830,919.32
Differences on translation of foreign currency financial statements	2,069,058.34	-	-	-	2,069,058.34	-
Total	16,354,132.66	-	-	3,571,268.58	13,613,783.40	-830,919.32

2019

	Amount incurred before tax	Less: Previously included in other comprehensive income, transferred to current profit and loss	Less: Previously included in other comprehensive income, transferred to current retained earnings	Less: Income tax	Attributable to shareholders of the parent company	Attributable to minority shareholders
Changes in fair value of other equity instrument investments	33,109,978.88	-	-	8,277,494.72	24,701,371.63	131,112.53
Differences on translation of foreign currency financial statements	-897,590.10	-	-	-	-897,590.10	-
Total	32,212,388.78	-	-	8,277,494.72	23,803,781.53	131,112.53

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

40. Special reserves

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
2020				
Safety production fee	38,503,545.54	60,815,255.58	28,342,390.26	70,976,410.86
2019				
Safety production fee	32,179,588.47	38,414,599.61	32,090,642.54	38,503,545.54

41. Surplus reserve

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
2020				
Statutory surplus reserve	895,555,636.91	78,155,097.18	–	973,710,734.09
Reserve fund	353,065.88	–	–	353,065.88
Discretionary surplus reserve	620,468.49	–	–	620,468.49
Total	896,529,171.28	78,155,097.18	–	974,684,268.46
2019				
Statutory surplus reserve	823,024,072.80	72,531,564.11	–	895,555,636.91
Reserve fund	353,065.88	–	–	353,065.88
Discretionary surplus reserve	620,468.49	–	–	620,468.49
Total	823,997,607.17	72,531,564.11	–	896,529,171.28

In accordance with the Company Law of the PRC and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital.

After the Company makes appropriation to the statutory surplus reserve, it can make appropriation to the discretionary surplus reserve. The discretionary surplus reserve can be used to make up for the loss in previous years or increase the paid-in capital after approval.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

42. Undistributed profits

Item	31 December 2020	31 December 2019
Closing balance in the previous year	1,930,530,105.98	1,584,535,562.22
Add: Undistributed profit at the beginning of the year after adjustment	-	-7,703,297.95
Among which: Changes in accounting policies	-	-7,703,297.95
Opening balance	1,930,530,105.98	1,576,832,264.27
Increase in the year	812,640,222.02	718,230,462.31
Among which: Net profit attributable to the parent company in the year	812,640,222.02	718,230,462.31
Decrease in the year	355,438,541.77	364,532,620.60
Among which: Appropriation to statutory surplus reserve in the year	78,155,097.18	72,531,564.11
Distribution of profits (note)	270,785,255.98	244,996,183.98
Appropriation to employees' bonus and welfare fund in subsidiaries	6,498,188.61	5,789,295.88
Other comprehensive income transferred to retained earnings	-	41,215,576.63
Closing balance in the year	2,387,731,786.23	1,930,530,105.98

Note: According to the resolution of the Board of Directors held on 26 March 2020 of the Company, the profit distribution for 2019 is calculated based on the number of ordinary shares outstanding 12,894,535,999 shares, and a cash dividend of RMB0.21 (including tax) is distributed to all shareholders for every 10 shares. Cash dividends of RMB270,785,255.98 were distributed. The above dividend distribution plan has been approved by the Company's shareholders meeting held on 29 June 2020.

43. Revenue and cost

Item	2020		2019	
	Revenue	Cost	Revenue	Cost
Principal operations	6,393,875,537.45	4,190,305,072.58	6,368,605,011.51	4,412,174,637.33
Other operations	263,581,756.13	231,805,291.47	277,302,264.68	242,765,722.95
Total	6,657,457,293.58	4,422,110,364.05	6,645,907,276.19	4,654,940,360.28

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

43. Revenue and cost (continued)

Revenue is as follows:

Item	2020	2019
Revenue arising from the transactions with the customers	6,529,750,811.09	6,531,860,273.93
Leasing income	127,706,482.49	114,047,002.26
Total	6,657,457,293.58	6,645,907,276.19

The composition of the revenue is as follows:

2020

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

Principal business segment	Commodity	Labour services or services	Others	Total
Container terminal and related logistics and trading services	7,854,489.53	2,381,163,504.44	114,686,290.69	2,503,704,284.66
Oil/liquefied chemicals terminal and related logistics and trading services	28,259,579.98	1,470,179,229.91	46,175,440.93	1,544,614,250.82
Bulk and general cargo terminal and related logistics services	561,962.70	1,105,471,785.76	13,542,290.75	1,119,576,039.21
Bulk grain terminal and related logistics and trading services	–	167,984,636.84	13,075,232.96	181,059,869.80
Passenger and roll-on/roll-off terminal and related logistics services	520,799.55	129,830,489.89	10,720,658.51	141,071,947.95
Port value-added and ancillary services	48,944,466.30	897,122,908.13	93,178,940.05	1,039,246,314.48
Automobile terminal and related logistics services and trading services	15,104,425.15	47,488,351.78	1,592,220.06	64,184,996.99
Others	–	45,881,063.73	18,118,525.94	63,999,589.67
Total	101,245,723.21	6,245,121,970.48	311,089,599.89	6,657,457,293.58

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

43. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2020 (continued)

Reporting segment	Commodity	Labour services or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	29,022,738.01	-	-	29,022,738.01
Revenue from electricity supply services	50,492,370.33	-	-	50,492,370.33
Revenue from commodity trading	21,730,614.87	-	-	21,730,614.87
Recognised over a certain period				
Revenue from agency services	-	647,252,592.90	-	647,252,592.90
Revenue from project construction and inspection services	-	135,794,647.87	-	135,794,647.87
Revenue from logistics services	-	932,271,238.96	-	932,271,238.96
Revenue from port operation services	-	4,192,556,393.90	-	4,192,556,393.90
Revenue from port management services	-	201,687,961.59	-	201,687,961.59
Revenue from tallying services	-	57,845,573.22	-	57,845,573.22
Revenue from information services	-	77,713,562.04	-	77,713,562.04
Others	-	-	183,383,117.40	183,383,117.40
Others				
Revenue from leasing services	-	-	127,706,482.49	127,706,482.49
Total	101,245,723.21	6,245,121,970.48	311,089,599.89	6,657,457,293.58

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

43. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2019

Major operating region	Commodity	Labour services or services	Others	Total
Dalian	295,944,581.86	5,916,854,857.70	325,880,107.73	6,538,679,547.29
Others	–	106,528,602.48	699,126.42	107,227,728.90
Total	295,944,581.86	6,023,383,460.18	326,579,234.15	6,645,907,276.19

Principal business segment	Commodity	Labour services or services	Others	Total
Container terminal and related logistics and trading services	102,759,988.26	2,451,754,461.75	116,691,788.67	2,671,206,238.68
Oil/liquefied chemicals terminal and related logistics and trading services	124,753,564.24	1,444,794,923.33	45,916,855.96	1,615,465,343.53
Bulk and general cargo terminal and related logistics services	1,068,576.64	956,625,229.75	22,170,315.32	979,864,121.71
Bulk grain terminal and related logistics and trading services	13,286,000.00	120,228,349.63	12,955,842.32	146,470,191.95
Passenger and roll-on/roll-off terminal and related logistics services	548,908.50	170,280,719.08	11,472,559.56	182,302,187.14
Port value-added and ancillary services	45,693,305.31	809,992,555.36	98,227,736.64	953,913,597.31
Automobile terminal and related logistics services and trading services	7,834,238.91	12,210,308.33	1,346,470.10	21,391,017.34
Others	–	57,496,912.95	17,797,665.58	75,294,578.53
Total	295,944,581.86	6,023,383,460.18	326,579,234.15	6,645,907,276.19

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

43. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2019 (continued)

Reporting segment	Commodity	Labour services or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	29,010,280.58	–	–	29,010,280.58
Revenue from electricity supply services	47,118,581.68	–	–	47,118,581.68
Revenue from commodity trading	219,815,719.60	–	–	219,815,719.60
Recognised over a certain period				
Revenue from agency services	–	671,795,203.70	–	671,795,203.70
Revenue from project construction and inspection services	–	113,808,913.69	–	113,808,913.69
Revenue from logistics services	–	970,755,785.78	–	970,755,785.78
Revenue from port operation services	–	3,995,280,973.35	–	3,995,280,973.35
Revenue from port management services	–	144,737,063.40	–	144,737,063.40
Revenue from tallying services	–	61,315,082.53	–	61,315,082.53
Revenue from information services	–	65,690,437.73	–	65,690,437.73
Others	–	–	212,532,231.89	212,532,231.89
Others				
Revenue from leasing services	–	–	114,047,002.26	114,047,002.26
Total	295,944,581.86	6,023,383,460.18	326,579,234.15	6,645,907,276.19

The revenue recognized in the current period for performance obligations that have been performed (or partially performed) in the previous period are as follows:

Item	2020	2019
Within 1 year	23,174,941.71	15,317,351.89

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

43. Revenue and cost (continued)

The information on performance obligations of the Group is as follows:

Sales of goods

Performance obligations are satisfied when delivering goods to customers. For old customers, the contract price is usually due and payable within 30 to 90 days after the goods are delivered; for new customers, prepayment is usually required.

Port operation services

Performance obligations are satisfied within the time frame of service provision. For old customers, the customer usually pays the contract price after the operation is completed and upon confirmed by the customer; for new customers, prepayment is usually required.

Logistics and agency services

Performance obligations are satisfied within the time frame of service provision. For old customers, the customer usually pays the contract price after the logistics service is completed and upon confirmed by the customer; for new customers, prepayment is usually required.

Engineering construction and supervision services

Performance obligations are satisfied within the time frame when the service is provided, and the contract price is usually paid within 30 days after the settlement of each project node. Under general circumstance, the customer retains a certain percentage of guarantee deposit, which is usually paid after the expiration of the warranty period.

The estimated time for the recognition of the total transaction prices allocated to the closing amount of the unfulfilled performance obligations is as follows:

The transaction price allocated to the unfulfilled (or partially unfulfilled) performance obligations at the end of the year and the estimated time for recognition as revenue are:

Item	31 December 2020	31 December 2019
Within 1 year	50,523,068.13	23,174,941.71

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

44. Taxes and surcharges

Item	2020	2019
Land use tax	17,446,747.59	20,201,870.84
Property tax	15,230,838.73	16,159,070.98
City maintenance and construction tax	10,585,853.58	7,961,478.83
Educational surcharge	7,564,538.51	5,706,831.77
Stamp duty	3,224,780.93	3,307,763.16
Vehicle and vessel use tax	1,680,074.91	1,621,204.69
Environmental protection tax	4,257,383.27	3,466,072.95
Total	59,990,217.52	58,424,293.22

45. Administrative expenses

Item	2020	2019
Payroll	418,366,881.10	465,217,404.78
Labour cost	19,343,248.45	19,660,040.73
Depreciation and amortisation	47,004,040.33	49,836,173.21
Business entertainment expenses	12,293,503.90	12,025,205.68
Office charges	4,367,914.94	5,970,137.80
Agency engagement expenses	55,043,913.60	17,028,029.64
Including: Audit fee	7,193,441.56	4,862,951.34
Property insurance premium	6,167,132.52	6,696,452.99
Water, power and other energy consumption cost	4,739,353.31	5,860,569.37
Others	67,918,303.22	76,623,238.18
Total	635,244,291.37	658,917,252.38

46. Research and development expenses

Item	2020	2019
Payroll	16,853,630.24	13,371,395.92
Depreciation and amortisation	1,366,820.94	1,297,787.05
Others	216,998.96	173,643.20
Total	18,437,450.14	14,842,826.17

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

47. Financial expenses

Item	2020	2019
Interest costs	390,066,026.60	500,860,948.16
Less: Capitalised interest expenses	1,313,900.96	7,000,704.63
Less: Interest income	45,357,545.91	62,587,427.37
Net foreign exchange losses (“-” for net gain)	1,641,423.32	-25,823,736.49
Interest expenses of lease liabilities	168,413,110.59	174,228,353.65
Others	472,764.85	1,213,915.58
Total	513,921,878.49	580,891,348.90

The amount of capitalised borrowing costs has been included in construction in progress.

48. Other income

Item	2020	2019
Government subsidies related to daily activities	77,842,149.60	90,435,361.38
Refund of commission for paying individual income tax	1,530,425.41	3,933,284.30
Additional deduction of VAT	15,741,673.57	11,983,994.85
Total	95,114,248.58	106,352,640.53

Government subsidies related to daily activities are as follows:

Item	2020	2019	Related to assets/income
Relocation compensation	27,031,975.66	29,562,016.86	Related to assets
Production safety fund	1,271,978.56	1,978.56	Related to assets
Vessel acquisition subsidies	517,478.20	–	Related to assets
Energy conservation and emission reduction special fund	874,605.92	59,527.40	Related to assets
Equipment reconstruction subsidies	560,947.31	541,628.00	Related to assets
Sea-rail combined transport subsidies	2,191,030.92	2,191,030.92	Related to assets
Transport junction passenger station project	3,412,885.44	3,412,885.44	Related to assets
Others related to assets	1,044,191.76	742,187.60	Related to assets
Operation subsidies	34,409,012.55	46,319,759.28	Related to income
Stable position subsidies	6,455,312.84	4,186,117.00	Related to income
Container subsidies	59,780.00	193,000.00	Related to income
Others related to income	12,950.44	3,225,230.32	Related to income
Total	77,842,149.60	90,435,361.38	

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

49. Investment income

Item	2020	2019
Investment income from long-term equity investments under the equity method	247,079,803.01	309,660,253.74
Investment income from disposal of subsidiaries	13,548,342.78	–
Investment income from disposal of long-term equity investments	–	295.00
Investment income from held-for-trading financial assets during the period of holding	53,190.00	103,993.00
Dividend income from other investments on hand in equity instruments	1,134,967.00	9,019,773.00
Investment income from disposal of held-for-trading financial assets	31,878,450.06	43,452,014.85
Others	5,372,800.06	2,832,334.24
Total	299,067,552.91	365,068,663.83

There were no major restrictions on the repatriation of investment income.

50. Gains on changes in fair value

Item	2020	2019
Financial assets at fair value through current profit or loss	-323,118.00	-930,957.50
Including: Investments in equity instruments held for trading	-323,118.00	-930,957.50

51. Credit impairment losses

Item	2020	2019
Impairment losses on accounts receivable	-120,215,016.74	-16,698,809.96
Impairment losses on other receivables	-11,773,887.89	-11,429,431.87
Impairment losses on contract assets	–	12,387,400.00
Impairment losses on long-term receivables	-800,478.73	–
Total	-132,789,383.36	-15,740,841.83

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

52. Impairment losses on assets

Item	2020	2019
Impairment losses on fixed assets	-13,765,697.89	–
Impairment losses on construction in progress	-24,256,173.96	–
Total	-38,021,871.85	–

53. Gain on disposal of assets

Item	2020	2019	Amount recognised as non-recurring profit or loss
Gain on disposal of non-current assets	9,120,803.74	4,115,594.45	9,120,803.74
Including: Gain on disposal of fixed assets	-335,654.07	148,338.29	-335,654.07
Gain on disposal of intangible assets	–	-937,117.83	–
Gain on disposal of right-of-use assets	9,456,457.81	4,904,373.99	9,456,457.81
Total	9,120,803.74	4,115,594.45	9,120,803.74

54. Non-operating income

Item	2020	2019	Amount recognised as non-recurring profit or loss
Government grants	3,260,520.36	7,066,486.69	3,260,520.36
Late fee	1,682,714.85	14,979.00	1,682,714.85
Income from refund of port construction handling fees	1,878,245.55	4,523,117.43	1,878,245.55
Insurance claims	1,570,941.20	30,502,717.69	1,570,941.20
Others	4,259,851.83	3,511,316.96	4,259,851.83
Total	12,652,273.79	45,618,617.77	12,652,273.79

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

54. Non-operating income (continued)

Details of government grants not related to daily activities are as follows:

Item	2020	2019
Production safety	-	1,270,000.00
Vessel acquisition subsidies	-	789,967.76
Energy conservation and emission reduction special fund	259,860.36	1,120,064.85
Operation subsidies	3,000,660.00	2,962,818.73
Others	-	923,635.35
Total	3,260,520.36	7,066,486.69

55. Non-operating expenses

Item	2020	2019	Amount recognised as non-recurring profit or loss
Losses on obsolescence of fixed assets	924,583.97	170,941.29	924,583.97
Late fee	23,953,579.27	18,791,025.93	23,953,579.27
Others	2,430,621.12	973,382.76	2,430,621.12
Total	27,308,784.36	19,935,349.98	27,308,784.36

56. Income tax expenses

(1) Income tax expenses

Item	2020	2019
Current income tax expenses	321,845,570.26	291,751,836.39
Deferred income tax expenses	-47,397,982.51	-24,510,507.99
Total	274,447,587.75	267,241,328.40

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

56. Income tax expenses (continued)

(2) The reconciliation of the accounting profit to the income tax expenses

Item	2020	2019
Accounting profit	1,225,264,813.46	1,162,173,233.48
Income tax expense at the rate of 25% (2019: 25%)	306,316,203.37	290,543,308.37
Tax impact of expenses not deductible for tax purposes	7,334,407.28	8,342,396.93
Tax impact of income not subject to tax	-78,805,524.79	-87,060,510.90
Tax impact of unrecognised deductible temporary differences and deductible losses in the year	38,675,225.35	30,437,438.21
Tax impact of utilisation of unrecognized deductible losses and deductible temporary differences in previous years	-1,734,609.15	-1,845,986.29
Effect of different tax rates applicable to subsidiaries	5,811,950.06	22,176,168.46
Effect of adjusting income tax in previous years	-3,150,064.37	4,648,513.62
Income tax expenses	274,447,587.75	267,241,328.40

57. Classification of expenses by nature

Item	2020	2019
Cost of goods sold	88,656,584.13	271,663,914.13
Payroll	1,559,120,634.46	1,679,818,819.94
Depreciation and amortisation	1,088,363,647.09	1,094,669,595.07
Agency costs	594,377,773.86	606,490,567.27
Rentals	86,129,185.48	90,824,885.61
Fuel expenses	149,623,485.84	205,877,329.34
Electricity expenses	64,767,455.27	67,426,719.24
Materials expenses	88,674,667.39	77,673,067.88
Repair charges	148,028,207.69	122,430,257.09
Out-sourced operation expenses	312,483,702.82	319,023,145.64
Insurance expenses	22,438,498.16	27,050,991.46
Business entertainment expenses	12,293,503.90	12,025,205.68
Agency engagement expenses	55,043,913.60	17,040,029.64
Production safety fund	69,559,400.31	46,324,554.55
Water expenses	10,380,918.24	10,221,816.52
Office expenses	9,452,417.65	8,433,372.84
Property management expenses	8,692,668.57	6,882,104.23
Travel expenses	6,890,060.62	9,930,751.39
Commuting cost	35,020,563.54	22,491,279.82
Other expenses	665,794,816.94	632,668,360.52
Total	5,075,792,105.56	5,328,966,767.86

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

58. Lease

(1) Lessor of operating leases

Item	2020	2019
I. Income		
Leasing income	127,706,482.49	114,047,002.26
II. Undiscounted lease receipts that will be received each year five consecutive fiscal years after the balance sheet date		
The first year	60,544,923.66	67,770,875.80
The second year	45,570,388.46	49,984,360.21
The third year	26,464,935.32	25,383,566.11
The fourth year	19,004,476.37	24,683,402.70
The fifth year	4,846,139.38	12,305,517.54
Over 5 years	467,200.00	934,400.00

- 1) The Group leases part of buildings for a lease term of 0.5-30 years, forming an operating lease. According to the lease contract, the rental is required to be adjusted every year according to the market rental situation. The Group also leases part of vessels, storage facilities, machinery and equipment, land use rights, etc., for a lease term of 1-30 years, forming an operating lease.
- 2) The Group is of the view that there was no improper use of lease assets, and the unguaranteed balance of such asset will not expose significant risks to the Group.
- 3) Income relating to operating leases amounted to RMB127,706,482.49 (previous year: RMB114,047,002.26); there was no income related to variable lease payments that were not included in the lease receipts.

(2) Lessee of leases

Item	Amount
Interest expenses of lease liabilities	168,413,110.59
Short-term lease expenses included in current profit or loss	84,442,710.65
Low-value asset lease expenses	168,582.29
Total cash outflows related to lease	313,432,194.10

Fixed assets under operating lease include buildings and land use rights, warehouse, vehicles, port and terminal facilities and other equipment leased from related parties and third parties by the Group. The Group has the option to renew or terminate the lease. The lease term includes the period covered by an option to renew the lease.

Please refer to Note VIII. 15 for details of right-of-use assets; refer to Note IV. 25 for details of short-term leases and low-value asset leases using simplified treatment; and refer to Note VIII. 33 for details of lease liabilities.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

59. 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.

The calculation of the basic EPS is as follows:

Item	2020	2019
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company		
Continuing operation	812,640,222.02	718,230,462.31
Shares		
Weighted average number of ordinary shares in issue	12,894,535,999.00	12,894,535,999.00
Basic earnings per share	0.06	0.06

In 2020 and 2019, there were no dilutive potential ordinary shares in issue.

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

60. Notes to the statement of cash flows

Item	2020	2019
Other cash received relating to operating activities		
Bank interest income received	48,035,940.21	85,724,068.12
Government grants received	34,474,269.02	48,582,278.53
Rentals received	18,517,749.85	18,208,124.25
Deposits and margins received	32,631,233.50	22,276,256.35
Income from refund of port construction handling fees	2,866,252.75	2,167,408.55
Others	31,641,839.90	20,135,090.14
Total	168,167,285.23	197,093,225.94
Other cash paid relating to operating activities		
Payment of operating cost, administrative expenses and other daily expenses	116,104,435.56	85,600,451.71
Payment of deposits and margins	36,796,287.21	43,170,607.71
Others	18,888,020.37	12,288,579.30
Total	171,788,743.14	141,059,638.72

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

60. Notes to the statement of cash flows (Continued)

Item	2020	2019
Other cash received relating to investing activities		
Receipt of fixed bank deposits of over six months	-	167,088,620.00
Cash received from restricted cash with financial institutions	2,234,715.21	2,919,400.00
Net cash from subsidiaries received	1,662,174.84	-
Borrowings from related parties	25,000,000.00	-
Others	79,847.50	-
	28,976,737.55	170,008,020.00
Other cash paid relating to investing activities		
Restricted cash with financial institutions	3,878,353.77	3,321,664.77
Borrowings from related parties	54,700,000.00	-
Others	9,222.24	-
	58,587,576.01	3,321,664.77
Other cash paid relating to financing activities		
Bonds issuance expense paid	7,500,000.00	7,500,000.00
Lease payment paid	-	237,668,246.94
Others	50,936.86	-
	7,550,936.86	245,168,246.94

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

61. Items of the consolidated statement of cash flows

Supplementary information to the statement of cash flows

Item	2020	2019
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	950,817,225.71	894,931,905.08
Add: Provision for credit impairments	132,789,383.36	15,740,841.83
Provision for assets impairments	38,021,871.85	–
Depreciation of fixed assets	876,416,263.70	877,439,321.50
Depreciation of investment properties	7,734,622.68	7,144,676.12
Amortisation of intangible assets	70,051,788.78	70,672,354.07
Provision for depreciation of right-of-use assets	117,548,067.75	123,771,915.39
Amortisation of long-term prepaid expenses	16,612,904.18	15,641,327.99
Amortisation of deferred income	-37,164,954.13	-39,941,287.39
Losses from disposal of fixed assets, intangible assets and other long-term assets (“-” for gain)	-9,120,803.74	-4,115,594.45
Losses on obsolescence of fixed assets (“-” for gain)	924,583.97	170,941.29
Financial expenses (“-” for gain)	558,806,659.55	642,264,860.69
Losses on investment (“-” for gain)	-299,067,552.91	-365,068,663.83
Losses or gains on changes in fair value (“-” for gain)	323,118.00	930,957.50
Decrease in deferred income tax assets (“-” for increase)	-42,327,221.40	-18,235,134.03
Increase in deferred income tax liabilities (“-” for decrease)	-5,077,703.74	-6,275,373.96
Decrease in inventories (“-” for increase)	26,871,883.35	44,422,744.46
Increase in special reserve (“-” for decrease)	34,625,883.43	8,736,947.56
Decrease in operating receivables (“-” for increase)	-414,909,248.87	-548,548,457.69
Increase in operating payables (“-” for decrease)	74,499,817.24	-113,092,298.62
Net cash flows from operating activities	2,098,376,588.76	1,606,591,983.51
2. Net changes in cash and cash equivalents:		
Cash at the end of the year	4,503,708,061.44	4,042,339,664.50
Less: Cash at the beginning of the year	4,042,339,664.50	5,554,545,244.33
Net increase in cash and cash equivalents	461,368,396.94	-1,512,205,579.83

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

62. Cash and cash equivalents

Item	2020	2019
Cash and cash equivalents	4,503,708,061.44	4,042,339,664.50
Including: Cash on hand	199,008.22	324,984.10
Bank deposits that can be readily drawn on demand	4,503,509,053.22	4,041,774,970.26
Other cash balances that can be readily drawn on demand	-	239,710.14

63. Monetary items denominated in foreign currencies

Item	Balance of foreign currency at the end of the year	Exchange rate	Equivalent RMB balance at the end of the year
Cash at bank and on hand			
Including : USD	8,665,029.06	6.5249	56,538,448.11
JPY	4,132.00	0.0632	261.14
HKD	506,469.03	0.8416	426,244.34
Accounts receivable			
Including : USD	2,351,350.58	6.5249	15,342,327.40
JPY	65,579,281.10	0.0632	4,144,610.57
KRW	33,850,000.00	0.0060	203,100.00
Other receivables			
Including : USD	543,535.18	6.5249	3,546,512.70
JPY	1,553,025.00	0.0632	98,151.18
Prepayments			
Including : USD	30,072.00	6.5249	196,216.79
Accounts payable			
Including : USD	1,588,694.97	6.5249	10,366,075.81
JPY	200,000.00	0.0632	12,640.00
Others payables			
Including : USD	7,248,130.33	6.5249	47,293,325.59
Contract liabilities			
Including : USD	483,895.24	6.5249	3,157,368.05
JPY	24,999.40	0.0632	1,579.96

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

64. Segment information

Operating segments

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

(1)	Oil/liquefied chemicals terminal and related logistics and trading services	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	loading and discharging, storage and transshipment of containers, leasing of terminals and various container logistics services, trading business and sales of properties;
(3)	Bulk and general cargo terminal and related logistics services	loading and discharging of ore, general cargo and provision of related logistics services and steel trading
(4)	Bulk grains terminal and related logistics and trading services	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	passenger transportation, general cargo roll-on and roll-off and provision of related logistics services
(6)	Port value-added and ancillary services	tallying, tugging, transportation, power supply, information technology and construction services
(7)	Automobile terminal and related logistics and trading services	loading and discharging of automobile and provision of related logistics and trade services

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 certain revenue and expenses attributable to headquarters. Segment assets and liabilities exclude certain assets and liabilities attributable to headquarters as these assets and liabilities are managed by the Group.

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

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

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

64. Segment information (continued)

Reportable segment information

2020

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

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

Notes to the Financial Statements (continued)

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VIII. Notes to items of the consolidated financial statements (continued)

64. Segment information (continued)

Reportable segment information (continued)

2019

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	1,615,465	2,671,206	979,864	146,470	182,302	953,914	21,391	75,295	-	6,645,907
Inter-segment revenue	969	6,010	1,030	283	139	180,605	-	10,059	-199,095	-
Cost of sales	988,986	1,916,663	712,377	160,133	135,942	630,728	25,194	84,917	-	4,654,940
Investment income from associates and joint ventures	181,429	18,066	20,244	-614	3,311	75,417	11,807	-	-	309,660
Credit impairment losses	-1,327	-4,582	18,651	-12,447	-407	5,923	-7	9,937	-	15,741
Depreciation and amortisation expenses	265,665	395,461	194,625	61,925	43,305	69,860	8,402	55,427	-	1,094,670
Total profit	685,741	540,032	145,925	-36,359	18,105	244,911	-7,137	-429,045	-	1,162,173
Income tax expenses	147,922	134,909	26,870	-7,348	4,011	35,750	-119	-74,754	-	267,241
Net profit	537,819	405,123	119,055	-29,011	14,094	209,161	-7,018	-354,291	-	894,932
Total assets	8,371,916	10,491,182	4,166,970	1,305,081	1,556,556	2,996,122	921,735	6,915,948	-1,627,235	35,098,275
Total liabilities	2,529,291	4,729,836	649,756	201,772	45,055	435,526	34,884	6,694,974	-1,627,235	13,693,859
Long-term equity investments in associates and joint ventures	1,641,200	718,375	153,771	37,318	339,723	913,350	342,718	-	-	4,146,455
Increase in non-current assets (i)	84,121	122,716	27,154	15,560	9,969	14,077	36,966	82,874	-	393,437

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

Notes to the Financial Statements (continued)

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IX. Interests in other entities

1. Interests in subsidiaries are discussed in Note VII. 1.
2. Interests in joint ventures and associates are discussed in Note VIII. 10.

X. Relationships and transactions with related parties

1. Related parties with controlling relationship

Name of related parties	Relationships with related parties
China Merchants Group Limited	Ultimate controlling party
Liaoning Port Group Limited	Indirect controlling shareholder
Dalian Port Corporation Limited	Parent company

2. For related information of subsidiaries, please refer to Note VII. 1.

3. For related information of joint ventures and associates, please refer to Note VIII. 10.

4. Main related parties that transacted with the Group but without control relationship:

Name of related parties	Relationship with the Group
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Subsidiary of the parent
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd.	Subsidiary of the parent
Dalian Port Security Services Co., Ltd.	Subsidiary of the parent
Dalian Port North Shore Container Terminal Co., Ltd.	Subsidiary of the parent
Dalian Port North Shore Automobile Terminal Co., Ltd.	Subsidiary of the parent
Dalian Port North Shore Investment and Development Co., Ltd.	Subsidiary of the parent
Dalian Port Real Estate Group Co., Ltd.	Subsidiary of the parent
Dalian Port Petty Loan Co., Ltd.	Subsidiary of the parent
PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd.	Subsidiary of the parent
Dalian Port Petroleum & Chemical Co., Ltd.	Subsidiary of the parent
Dalian Gangtai Insurance Brokers Co., Ltd.	Subsidiary of the parent
Dalian Port Investment and Financing Holding Group Co., Ltd.	Subsidiary of the parent
Dalian Port Wantong Logistics Co., Ltd.	Subsidiary of the parent
Dalian Port Real Estate Co., Ltd.	Subsidiary of the parent
Dalian International Cruise City Development Co., Ltd.	Subsidiary of the parent
Dalian Harbour City Construction Development Co., Ltd.	Subsidiary of the parent
Dalian Harbour Building Co., Ltd.	Subsidiary of the parent
Dalian Hongyu Building Co., Ltd.	Subsidiary of the parent
Dalian United King Port Auto Trade Co., Ltd.	Subsidiary of the parent
Dalian Port Huitong Occupational Training School	Subsidiary of the parent

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without control relationship: (continued)

Name of related parties	Relationship with the Group
Dalian Taiping Bay Port Company Limited	Subsidiary of the parent
Dalian Taiping Bay Construction Engineering Co., Ltd.	Subsidiary of the parent
Dalian Taiping Bay Investment & Development Co., Ltd.	Subsidiary of the parent
Dalian Taiping Bay Investment & Holding Co., Ltd.	Subsidiary of the parent
Dalian Taiping Bay Modern Agricultural Science and Technology Development Co., Ltd.	Subsidiary of the parent
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Subsidiary of the parent
Dalian Wanfeng Properties Co., Ltd.	Subsidiary of the parent
Dalian Wantong Ronghai Shipping Co., Ltd.	Subsidiary of the parent
Shenyang Kaiming Industrial Co., Ltd.	Subsidiary of the parent
Jinzhou Liaoxi PDA Properties Co., Ltd.	Subsidiary of the parent
Ocean Harvest Container Co., Ltd.	Subsidiary of the parent
Dalian Dagang Hongyu Housekeeping Service Co., Ltd. (大連大港宏譽家政服務有限公司)	Subsidiary of the parent
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	Subsidiary of the parent
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the parent
Dalian Creative Industry Project Development Co., Ltd.	Joint venture of the parent
Dalian Port Machinery Co., Ltd.	Joint venture of the parent
Dalian Port Machinery and Electric Co., Ltd.	Associate of the parent
Dalian Port Design and Research Institute Co., Ltd.	Associate of the parent
Dalian Gangming Port Automobile Inspection Co., Ltd.	Associate of the parent
Dalian Port Rixing Boiler Installation Co., Ltd.	Associate of the parent
Dalian Port Landscape Engineering Co., Ltd.	Associate of the parent
Dalian Port Industrial Co., Ltd.	Associate of the parent
Dalian Port Industrial Co., Ltd. (Xingang Gas Station)	Associate of the parent
Dalian Port Tongda Media Co., Ltd.	Associate of the parent
Dalian Harbour Engineering Co., Ltd.	Associate of the parent
Dalian Port Property Management Co., Ltd.	Associate of the parent
Dalian Port Xingang Construction Engineering Co., Ltd.	Associate of the parent
Dalian Gangxin Construction Engineering Co., Ltd.	Associate of the parent
Dalian Equity Trading Center Corp., Ltd.	Associate of the parent
Dalian Life Raft Inspection Co., Ltd.	Associate of the parent
Dalian Wanpeng Foundation Engineering Co., Ltd.	Associate of the parent
Dalian Yuxiang Marine Engineering Co., Ltd.	Associate of the parent
Dalian CITIC Harbour Investment Co., Ltd.	Associate of the parent
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Associate of the parent
Dalian Equipment Finance Lease Co., Ltd.	Associate of the parent
Datong Securities Co., Ltd.	Associate of the parent
Ganghe (Shanghai) Economic and Trade Co., Ltd.	Associate of the parent
Dalian Gangrong International Trade Co., Ltd.	Associate of the parent

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X. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without control relationship: (continued)

Name of related parties	Relationship with the Group
Beijing Yinggang Yaou International Supply Chain Management Co., Ltd.	Company controlled by the same ultimate party
Liaoning Harbour Engineering Technology Co., Ltd.	Company controlled by the same ultimate party
Panjin Port Group Co., Ltd. (盤錦港集團有限公司)	Company controlled by the same ultimate party
Shenyang Yinggang Lugang Service Co., Ltd.	Company controlled by the same ultimate party
Yingkou Port Engineering Design and Research Institute Co., Ltd.	Company controlled by the same ultimate party
Yingkou Port Liability Co., Ltd.	Company controlled by the same ultimate party
Yingkou Port Group Co., Ltd.	Company controlled by the same ultimate party
Yingkou Gangxin Technology Co., Ltd.	Company controlled by the same ultimate party
Yingkou New Century Terminal Co., Ltd.	Company controlled by the same ultimate party
China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平洋灣開發投資有限公司)	Company controlled by the same ultimate party
Beijing Yinggang Yaou International Supply Chain Management Co., Ltd.	Company controlled by the same ultimate party
Dandong Port Group Co., Ltd.	Company controlled by the same ultimate party
Dalian Sinotrans Logistics Co., Ltd.*	Company controlled by the same ultimate party
Hoi Tung (Shanghai) Company Limited*	Company controlled by the same ultimate party
China Marine Shipping Agency Liaoning Co., Ltd.*	Company controlled by the same ultimate party
Minghua (Shekou) Seaman Service Company Minghua International Conference Center (明華(蛇口)海員服務公司明華國際會議中心)*	Company controlled by the same ultimate party
Shandong Yantai Sinotrans Shipping Agency Co., Ltd. (山東煙台中外運船務代理有限公司)*	Company controlled by the same ultimate party
Shantou China Merchants Port Group Co., Ltd.*	Company controlled by the same ultimate party
Shenzhen Haiqin Engineering Supervision & Management Company Limited*	Company controlled by the same ultimate party
Sinotrans Shipping (Shenzhen) Limited*	Company controlled by the same ultimate party
Shenzhen China Merchants Daojiahui Technology Co., Ltd.*	Company controlled by the same ultimate party
Shenzhen Merchants Ro-Ro Transportation Co., Ltd.*	Company controlled by the same ultimate party
Shenzhen China Merchants Property Management Co., Ltd.*	Company controlled by the same ultimate party
Shenyang Sinotrans Logistics Co., Ltd.*	Company controlled by the same ultimate party
Shenyang Sinotrans & CSC Logistics Development Co., Ltd.*	Company controlled by the same ultimate party
Xia Men Bay China Merchants Terminals Co., Ltd.*	Company controlled by the same ultimate party
China Merchants Port Group Company Limited*	Company controlled by the same ultimate party
China Merchants Group Finance Co., Ltd.*	Company controlled by the same ultimate party
China Merchants Securities Co., Ltd. *	Company controlled by the same ultimate party
China Communications Import & Export Co., Ltd.*	Company controlled by the same ultimate party
Sinotrans Northeastern Co., Ltd.*	Company controlled by the same ultimate party
Sinotrans North China Co., Ltd.*	Company controlled by the same ultimate party
Sinotrans (Tangshan) Logistics Co., Ltd.(中外運(唐山)物流有限公司)*	Company controlled by the same ultimate party
Sinotrans Container Lines Co., Ltd.*	Company controlled by the same ultimate party
China Merchants Hoi Tung Trading Company Limited*	Company controlled by the same ultimate party
Liaoning Sinotrans Company*	Company controlled by the same ultimate party

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without control relationship: (continued)

Name of related parties	Relationship with the Group
Yingkou COSCO Shipping Container Service Co., Ltd.*	Company controlled by the same ultimate party
Sinotrans Sunny Express Co., Ltd.*	Company controlled by the same ultimate party
Sinotrans Integrated Logistics Co., Ltd.*	Company controlled by the same ultimate party
Sinotrans Liaoning Container Co., Ltd.*	Company controlled by the same ultimate party
Yingkou Gangfeng Hotel Co., Ltd.*	Company controlled by the same ultimate party
Yingkou Port Engineering Supervision Consulting Co., Ltd.*	Company controlled by the same ultimate party
Jilin Inland Port Logistics Co., Ltd.	Associate of the company controlled by the same ultimate party
Jilin Lugang Logistics (Yingkou) Co., Ltd. (吉林省陸港物流(營口)有限公司)	Associate of the company controlled by the same ultimate party
Yingkou Port Gaizhou Logistics Co., Ltd.	Associate of the company controlled by the same ultimate party
Yingkou Ocean Shipping Agency Co., Ltd.	Joint venture of the company controlled by the same ultimate party
Yingkou Container Terminals Company Limited	Joint venture of the company controlled by the same ultimate party

* The ultimate controller of these companies is China Merchants Group. These companies became the related parties of the Company since 30 September 2019 as the Company has been included in the scope of combination of China Merchants Group since 30 September 2019.

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows:

(1) Revenue and Expenses

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian Port Corporation Limited	Parent company	Revenue	Comprehensive services (Note 1)	Agreement	21,362,765.94	26,135,091.13
Liaoning Port Group Limited	Indirect controlling shareholder	Revenue	Comprehensive services	Agreement	7,135,227.04	8,259,645.49
Dalian Port Wantong Logistics Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	68,666,193.09	62,327,505.79
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	3,610,195.73	–
Dalian Hongyu Building Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	1,760,611.93	1,629,495.45
Dalian Wanfeng Properties Co., Ltd.	Subsidiary of the parent	Revenue	Supervision services	Agreement	1,272,467.57	3,238,596.07
Dalian Port Petroleum & Chemical Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	1,263,178.70	1,771,903.02
Dalian Taiping Bay Investment & Development Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	956,581.79	621,675.60
Dalian Harbour Building Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	700,490.34	799,693.75
Dalian International Cruise City Development Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	637,045.77	150,450.76
Dalian Port North Shore Automobile Terminal Co., Ltd.	Subsidiary of the parent	Revenue	Supervision services	Agreement	546,450.46	2,593,788.06
Dalian Taiping Bay Port Company Limited	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	331,043.18	–
Dalian Port North Shore Investment and Development Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	284,288.95	542,319.56
Dalian United King Port Auto Trade Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	60,636.08	63,327.78
Dalian Port Investment and Financing Holding Group Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	53,724.04	62,689.97
Dalian Port Real Estate Co., Ltd.	Subsidiary of the parent	Revenue	Telecommunication services	Agreement	50,833.62	56,256.27
Dalian Port North Shore Container Terminal Co., Ltd.	Subsidiary of the parent	Revenue	Telecommunication services	Agreement	32,660.42	36,434.00
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd.	Subsidiary of the parent	Revenue	Telecommunication services	Agreement	21,793.86	22,130.44

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian Port Petty Loan Co., Ltd.	Subsidiary of the parent	Revenue	Telecommunication services	Agreement	20,925.22	20,068.30
Dalian Harbour City Construction Development Co., Ltd.	Subsidiary of the parent	Revenue	Telecommunication services	Agreement	16,255.87	20,424.21
Dalian Wantong Ronghai Shipping Co., Ltd.	Subsidiary of the parent	Revenue	Telecommunication services	Agreement	10,578.52	13,711.92
Dalian Gangtai Insurance Brokers Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	10,566.04	55,053.41
Dalian Port Security Services Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	3,912.22	-
Dalian Port Real Estate Group Co., Ltd.	Subsidiary of the parent	Revenue	Telecommunication services	Agreement	2,264.15	10,329.73
PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	1,698.11	2,273.33
Dalian FTZ Yongdexin Real Estate Development Co., Ltd.	Subsidiary of the parent	Revenue	Telecommunication services	Agreement	1,495.90	1,975.44
Dalian Taiping Bay Construction Engineering Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	1,292.46	566.04
Dalian Taiping Bay Investment & Holding Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	566.04	566.04
Dalian Taiping Bay Modern Agricultural Science and Technology Development Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	566.04	-
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	566.04	566.04
Dalian Dagang Hongyu Housekeeping Service Co., Ltd. (大連大港宏譽家政服務有限公司) (Note 2)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	386.24	1,271.88
Shenyang Kaiming Industrial Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	-	1,132.08
China Oil Dock Management (Dalian) Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	78,195,917.99	69,009,217.91
Dalian Port Yidu Cold Chain Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	38,845,582.33	20,555,349.59
Dalian Changxing Island Port Investment and Development Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	20,224,711.87	25,055,131.24

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	11,524,362.39	-
Dalian Changxing Island Port Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	6,258,859.94	5,966,627.22
Odfjell Terminals (Dalian) Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	4,683,202.04	3,075,237.90
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	4,010,499.07	1,153,446.99
Dalian New Silk Road International Logistics Co., Ltd.	Joint venture	Revenue	Logistics services	Agreement	2,945,431.36	60,000.00
Liaoning Electronic Port Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	2,495,095.21	4,328,018.87
China United International Rail Containers (Dalian) Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	2,265,323.77	1,797,757.79
China United Tally (Dalian) Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	1,727,193.51	870,873.81
Dalian Vanguard International Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	1,724,394.52	2,054,317.29
Dalian United International Shipping Agency Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	1,240,104.74	1,099,056.63
China Shipping Gang Lian Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	849,056.60	966,129.18
Dalian Port PetroChina International Terminal Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	755,516.50	1,001,896.83
Weifang Senda Container Service Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	712,264.12	424,528.30
Dalian Jilong Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	685,600.79	1,447,369.19
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	552,016.05	4,528.30
Ha'ou International Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	471,698.11	-
Dalian Port Xiangyu Grain Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	197,025.54	114,571.29
Dalian Port Tongli Shipping Agency Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	142,725.93	142,748.91
Taicang Xinggang Tug Co., Ltd.	Associate	Revenue	Transportation services	Agreement	14,284,905.66	13,500,872.62
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	9,224,905.72	11,779,192.90
Dalian North Oil Petroleum Logistics Co., Ltd.	Associate	Revenue	Electrical services	Agreement	7,242,926.67	1,933,060.87
Dalian Automobile Terminal Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	27,014,293.92	2,648,809.83

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian Puji Storage Facility Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	1,452,869.89	1,592,268.71
Dalian Singamas International Container Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	1,446,942.22	718,760.64
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	Associate	Revenue	Transportation services	Agreement	1,147,924.80	1,584,017.14
PetroChina Dalian LNG Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	584,856.22	192,198.24
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	55,880.78	49,483.94
Dalian Port Group Financial Co., Ltd. (Note 2)	Associate	Revenue	Financial services	Agreement	46,936.43	373,285.46
Dalian Port Design and Research Institute Co., Ltd.	Associate of the parent	Revenue	Supervision services	Agreement	17,396,942.97	4,456,459.45
Ganghe (Shanghai) Economic and Trade Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	4,424,933.95	-
Dalian Port Industrial Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	1,971,002.08	1,815,126.45
Dalian CITIC Harbour Investment Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	1,383,018.04	-
Dalian Harbour Engineering Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	1,095,776.22	251,405.17
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	740,326.59	1,703,132.04
Dalian Port Machinery Co., Ltd.	Joint venture of the parent	Revenue	Comprehensive services	Agreement	602,538.48	587,102.42
Dalian Port Machinery and Electric Co., Ltd.	Associate of the parent	Revenue	Project construction	Agreement	536,310.63	2,542,694.21
Datong Securities Co., Ltd.	Associate of the parent	Revenue	Telecommunication services	Agreement	243,893.80	2,042,389.48
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the parent	Revenue	Comprehensive services	Agreement	176,944.79	88,944.58
Dalian Equity Trading Center Corp., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	175,345.63	-
Dalian Port Property Management Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	117,518.97	18,711.32
Dalian Creative Industry Project Development Co., Ltd.	Joint venture of the parent	Revenue	Telecommunication services	Agreement	45,938.65	53,271.53
Dalian Port Rixing Boiler Installation Co., Ltd.	Associate of the parent	Revenue	Telecommunication services	Agreement	43,265.79	15,670.75
Dalian Port Landscape Engineering Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	38,884.51	21,686.23
Dalian Gangxin Construction Engineering Co., Ltd.	Associate of the parent	Revenue	Project construction	Agreement	20,168.18	73,182.14

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian Port Xingang Construction Engineering Co., Ltd.	Associate of the parent	Revenue	Telecommunication services	Agreement	9,307.34	335,575.77
Dalian Equipment Finance Lease Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	3,396.23	3,396.23
Dalian Gangming Port Automobile Inspection Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	2,166.03	1,132.07
Dalian Wanpeng Foundation Engineering Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	1,441.28	-
Dalian Port Tongda Media Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	895.40	-
Dalian Port Industrial Co., Ltd. (Xingang Gas Station)	Associate of the parent	Revenue	Comprehensive services	Agreement	877.97	-
Dalian Gangrong International Trade Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	566.04	566.04
Dalian Yuxiang Marine Engineering Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	566.04	-
China Marine Shipping Agency Liaoning Co., Ltd.	Company controlled by the same ultimate party	Revenue	Transportation services	Agreement	50,604,205.47	22,465,186.40
Sinotrans Container Lines Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	30,449,212.36	7,921,371.11
Dandong Port Group Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	6,806,778.42	-
Yingkou Port Group Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	3,109,439.79	1,646,226.38
Yingkou Port Liability Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	2,248,003.69	-
Sinotrans (Tangshan) Logistics Co., Ltd. (中外運(唐山)物流有限公司)	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,603,728.15	-
Shenzhen Merchants Ro-Ro Transportation Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,522,761.30	138,490.56
Sinotrans Northeastern Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,387,032.08	100,678.89
Dalian Sinotrans Logistics Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	933,467.63	69,086.79

Notes to the Financial Statements (continued)

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In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Beijing Yinggang Yaou International Supply Chain Management Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	735,674.50	–
China Merchants Port Group Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	544,869.03	–
Shantou China Merchants Port Group Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	420,151.33	–
Yingkou New Century Terminal Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	370,136.93	–
Shenyang Yinggang Lugang Service Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	188,286.79	–
China Communications Import & Export Co., Ltd	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	179,954.29	–
Panjin Port Group Co., Ltd. (盤錦港集團有限公司)	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	150,943.40	–
Xia Men Bay China Merchants Terminals Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	103,571.68	–
Shenzhen Haiqin Engineering Supervision & Management Company Limited	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	33,962.26	–
China Merchants Group Finance Co., Ltd.	Company controlled by the same ultimate party	Revenue	Telecommunication services	Agreement	17,850.50	–
China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平灣開發投資有限公司)	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	8,059.43	–
Sinotrans Liaoning Container Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	7,778.87	–
Yingkou Port Engineering Supervision Consulting Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	3,773.58	–
Yingkou Port Engineering Design and Research Institute Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	3,675.47	–
Shenyang Sinotrans Logistics Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	2,238.67	–

Notes to the Financial Statements (continued)

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In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Yingkou Gangxin Technology Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	424,528.30
Sinotrans Shipping (Shenzhen) Limited	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	19,811.32
Sinotrans North China Co., Ltd.	Company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	188,809.77
Yingkou Container Terminals Company Limited	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	232,968.78	-
Jilin Inland Port Logistics Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Transportation services	Agreement	-	1,939,609.88
Total					482,526,836.06	330,861,944.43
Dalian Port Corporation Limited	Parent company	Expenses	Comprehensive services	Agreement	33,237,485.06	25,605,168.08
Liaoning Port Group Limited	Indirect controlling shareholder	Expenses	Comprehensive services	Agreement	5,673.87	-
Dalian Port Security Services Co., Ltd.	Subsidiary of the parent	Expenses	Security services	Agreement	6,445,905.65	2,886,756.51
Dalian Hongyu Building Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	5,011,847.45	3,590,727.99
Dalian Harbour Building Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	1,973,773.85	756,650.91
Dalian International Cruise City Development Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	853.20	-
Dalian Port North Shore Investment and Development Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	235.85	-
Dalian Port Huitong Occupational Training School	Subsidiary of the parent	Expenses	Training services	Agreement	-	281,214.56
Dalian Changxing Island Port Investment and Development Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	191,632,076.22	195,113,977.17
China Oil Dock Management (Dalian) Co., Ltd.	Joint venture	Expenses	Port services	Agreement	15,047,307.37	11,556,162.54

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian United International Shipping Agency Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	1,865,287.38	-
China United Tally (Dalian) Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	1,682,447.18	-
Dalian Port Tongli Shipping Agency Co., Ltd.	Joint venture	Expenses	Agency services	Agreement	887,694.83	1,139,149.89
Dalian Vanguard International Logistics Co., Ltd.	Joint venture	Expenses	Transportation services	Agreement	263,407.00	130,801.89
Dalian Changxing Island Port Co., Ltd.	Joint venture	Expenses	Electrical services	Agreement	208,175.09	245,329.81
Dalian Port Yidu Cold Chain Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	177,516.43	-
Dalian Jilong Logistics Co., Ltd.	Joint venture	Expenses	Transportation services	Agreement	58,869.48	405,460.46
China United International Rail Containers (Dalian) Co., Ltd.	Joint venture	Expenses	Transportation services	Agreement	-	3,084,334.21
Odfjell Dalian Port Consulting Co., Ltd.	Joint venture	Expenses	Training services	Agreement	-	178,485.44
Dalian Automobile Terminal Co., Ltd.	Associate	Expenses	Outsourcing services	Agreement	1,327,708.15	-
Dalian Wangepeng Port Engineering Testing Co., Ltd.	Associate	Expenses	Testing services	Agreement	502,916.62	-
Dalian Port Group Financial Co., Ltd. (Note 2)	Associate	Expenses	Financial services	Agreement	659.43	2,018.87
Dalian North Oil Petroleum Logistics Co., Ltd.	Associate	Expenses	Comprehensive services	Agreement	-	6,141,509.43
Dalian Port Industrial Co., Ltd.	Associate of the parent	Expenses	Comprehensive services	Agreement	35,102,496.66	33,280,778.50
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Associate of the parent	Expenses	Purchase of fuel	Agreement	29,208,480.70	30,199,732.93
Dalian Harbour Engineering Co., Ltd.	Associate of the parent	Expenses	Comprehensive services	Agreement	5,048,988.32	1,179,845.57
Dalian Port Xingang Construction Engineering Co., Ltd.	Associate of the parent	Expenses	Maintenance services	Agreement	4,646,956.84	4,847,953.33
Dalian Port Machinery and Electric Co., Ltd.	Associate of the parent	Expenses	Comprehensive services	Agreement	3,894,834.49	2,907,456.78
Dalian Port Landscape Engineering Co., Ltd.	Associate of the parent	Expenses	Comprehensive services	Agreement	2,439,212.38	2,316,032.18
Dalian Equipment Finance Lease Co., Ltd.	Associate of the parent	Expenses	Comprehensive services	Agreement	1,273,436.56	-
Dalian Port Property Management Co., Ltd.	Associate of the parent	Expenses	Property services	Agreement	879,234.66	964,080.84
Dalian Port Design and Research Institute Co., Ltd.	Associate of the parent	Expenses	Comprehensive services	Agreement	618,404.00	70,754.72
Dalian Port Rixing Boiler Installation Co., Ltd.	Associate of the parent	Expenses	Maintenance services	Agreement	411,702.52	1,799,029.72
Dalian Life Raft Inspection Co., Ltd.	Associate of the parent	Expenses	Maintenance services	Agreement	178,555.70	216,972.84

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the parent	Expenses	Purchase of fuel	Agreement	57,230,906.17	59,100,915.91
Dalian Port Machinery Co., Ltd.	Joint venture of the parent	Expenses	Maintenance services	Agreement	19,542,831.30	12,221,059.42
Shenzhen China Merchants Daojiahui Technology Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	3,183,386.03	-
Dandong Port Group Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	2,132,173.05	-
China Merchants Securities Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,500,000.00	-
Yingkou Gangxin Technology Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,113,207.52	-
Shandong Yantai Sinotrans Shipping Agency Co., Ltd. (山東煙台中外運船務代理有限公司)	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	924,971.34	-
Shenzhen China Merchants Property Management Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	873,940.06	600,268.66
Yingkou Port Engineering Supervision Consulting Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	693,849.06	-
China Merchants Hoi Tung Trading Company Limited	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	688,030.97	67,652.22
Shenzhen Haiqin Engineering Supervision & Management Company Limited	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	315,301.79	-
Yingkou Port Group Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	203,539.82	-
China Marine Shipping Agency Liaoning Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	153,705.00	374.00
Liaoning Harbour Engineering Technology Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	137,961.95	-
China Communications Import & Export Co., Ltd	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	115,127.81	24,997.39
Yingkou New Century Terminal Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	9,767.94	-

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Minghua (Shekou) Seaman Service Company Minghua International Conference Center (明華(蛇口)海員服務公司明華國際會議中心)	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	6,226.41	-
Yingkou Gangfeng Hotel Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	3,759.14
Sinotrans North China Co., Ltd.	Company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	176,537.13
Jilin Inland Port Logistics Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	2,484,316.71	-
Jilin Lugang Logistics (Yingkou) Co., Ltd. (吉林省陸港物流(營口)有限公司)	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,558,267.71	-
Yingkou Ocean Shipping Agency Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	49,880.13	-
Total					436,949,533.71	401,095,949.04

Note 1: Comprehensive services include handling, storage, agency, tallying, information, containers ancillary services, equipment and technology maintenance, water and electricity supply and other services.

Note 2: Dalian Port Group Financial Co., Ltd. was deregistered on 1 September 2020; and Dalian Dagang Hongyu Housekeeping Service Co., Ltd. (大連大港宏譽家政服務有限公司) was deregistered on 6 November 2020.

Notes to the Financial Statements (continued)

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In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts

Items	Name of related parties	31 December 2020	31 December 2019
Interest receivable	Dalian Changxing Island Port Co., Ltd.	253,925.21	3,425,024.59
Interest receivable	Dalian Vanguard International Logistics Co., Ltd.	30,570.84	–
Total		284,496.05	3,425,024.59
Contract liabilities	Dandong Port Group Co., Ltd.	3,466,038.51	–
Contract liabilities	Yingkou Gangxin Technology Co., Ltd.	854,883.16	–
Contract liabilities	Liaoning Port Group Limited	397,718.50	–
Contract liabilities	Dalian Port Corporation Limited	368,943.61	18,012.23
Contract liabilities	PetroChina Dalian LNG Co., Ltd.	331,978.77	331,978.77
Contract liabilities	Dalian Port Industrial Co., Ltd.	181,312.82	181,312.82
Contract liabilities	Dalian Sinotrans Logistics Co., Ltd.	131,939.60	128,697.40
Contract liabilities	Dalian Port Yidu Cold Chain Co., Ltd.	100,292.40	107.66
Contract liabilities	China United International Rail Containers (Dalian) Co., Ltd.	54,640.00	17,360.00
Contract liabilities	Dalian Singamas International Container Co., Ltd.	50,882.38	250.00
Contract liabilities	China Marine Shipping Agency Liaoning Co., Ltd.	50,000.00	39,958.06
Contract liabilities	Dalian Harbour Engineering Co., Ltd.	32,115.81	32,115.81
Contract liabilities	Dalian Port Property Management Co., Ltd.	21,020.28	21,020.28
Contract liabilities	Dalian Port Landscape Engineering Co., Ltd.	19,453.21	19,453.21
Contract liabilities	Dalian Wanpeng Port Engineering Testing Co., Ltd.	18,530.62	18,530.62
Contract liabilities	Dalian Port Rixing Boiler Installation Co., Ltd.	16,553.24	16,553.24
Contract liabilities	Dalian United International Shipping Agency Co., Ltd.	16,231.21	–
Contract liabilities	Dalian Puji Storage Facility Co., Ltd.	4,611.49	–
Contract liabilities	Dalian Port Xingang Construction Engineering Co., Ltd.	4,322.94	4,322.94
Contract liabilities	Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	4,061.76	4,061.76
Contract liabilities	Odfjell Terminals (Dalian) Co., Ltd.	2,809.91	2,809.91
Contract liabilities	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	2,161.47	6,420.47
Contract liabilities	Shenyang Sinotrans Logistics Co., Ltd.	754.00	984.00
Contract liabilities	Sinotrans Northeastern Co., Ltd.	–	31,617.00
Contract liabilities	Dalian Jilong Logistics Co., Ltd.	–	222,475.57
Total		6,131,255.69	1,098,041.75

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2020	31 December 2019
Prepayments	China United International Rail Containers (Dalian) Co., Ltd.	1,715,222.15	361,003.95
Prepayments	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	1,615,250.00	1,712,200.00
Prepayments	Dandong Port Group Co., Ltd.	331,682.19	–
Prepayments	Dalian Port Machinery and Electric Co., Ltd.	126,300.00	–
Prepayments	Dalian Port Machinery Co., Ltd.	36,669.00	36,669.00
Prepayments	Dalian Singamas International Container Co., Ltd.	21,852.91	–
Prepayments	Liaoning Electronic Port Co., Ltd.	21,619.50	21,619.50
Prepayments	Yingkou New Century Terminal Co., Ltd.	8,243.20	–
Prepayments	Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	8,100.00	–
Prepayments	Yingkou Container Terminals Company Limited	7,728.00	–
Total		3,892,666.95	2,131,492.45
Accounts receivable	Dalian Port Bulk Cargo Logistics Center Co., Ltd.	21,102,212.00	19,398,568.00
Accounts receivable	Dalian Port Yidu Cold Chain Co., Ltd.	18,741,698.35	3,592,596.70
Accounts receivable	Dalian Automobile Terminal Co., Ltd.	10,199,440.43	–
Accounts receivable	Dalian Changxing Island Port Co., Ltd.	5,827,570.40	1,782,145.94
Accounts receivable	Dalian Creative Industry Project Development Co., Ltd.	5,336,904.90	5,336,904.90
Accounts receivable	Yingkou Port Group Co., Ltd.	3,183,629.00	1,215,000.00
Accounts receivable	China Oil Dock Management (Dalian) Co., Ltd.	2,760,000.00	1,655,826.00
Accounts receivable	China Marine Shipping Agency Liaoning Co., Ltd.	2,686,290.00	12,549,719.51
Accounts receivable	Dalian Port Design and Research Institute Co., Ltd.	2,287,996.24	2,972,782.85
Accounts receivable	Liaoning Electronic Port Co., Ltd.	1,994,801.00	3,937,810.00
Accounts receivable	Sinotrans Container Lines Co., Ltd.	1,880,524.00	2,445,565.00
Accounts receivable	Dalian North Oil Petroleum Logistics Co., Ltd.	1,001,260.00	–
Accounts receivable	Dalian United International Shipping Agency Co., Ltd.	739,514.81	1,573,257.23
Accounts receivable	Yingkou Gangxin Technology Co., Ltd.	469,128.85	450,000.00
Accounts receivable	Dalian Vanguard International Logistics Co., Ltd.	315,000.00	5,223.50
Accounts receivable	Dalian Port Corporation Limited	272,113.00	18,786.53
Accounts receivable	China United Tally (Dalian) Co., Ltd.	215,000.00	–
Accounts receivable	Liaoning Port Group Limited	188,200.00	3,416,200.00
Accounts receivable	Xia Men Bay China Merchants Terminals Co., Ltd.	117,036.00	–
Accounts receivable	Dalian Taiping Bay Investment & Development Co., Ltd.	65,600.00	250,429.50

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2020	31 December 2019
Accounts receivable	Dalian Gangxin Construction Engineering Co., Ltd.	53,143.50	44,971.23
Accounts receivable	Dalian Port Wantong Logistics Co., Ltd.	46,182.00	724,437.57
Accounts receivable	Dalian Dagang China Shipping Container Terminal Co., Ltd.	46,119.00	–
Accounts receivable	China United International Rail Containers (Dalian) Co., Ltd.	42,017.00	1,967.00
Accounts receivable	Dalian Port Machinery and Electric Co., Ltd.	33,532.57	396,920.34
Accounts receivable	Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	26,373.00	151,043.00
Accounts receivable	Yingkou New Century Terminal Co., Ltd.	22,000.00	–
Accounts receivable	Dalian Harbour Engineering Co., Ltd.	18,161.87	190,578.07
Accounts receivable	Dalian Jilong Logistics Co., Ltd.	17,032.74	7,500.00
Accounts receivable	Dalian Port Property Management Co., Ltd.	16,816.36	584.15
Accounts receivable	Yingkou Container Terminals Company Limited	6,500.00	–
Accounts receivable	Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	5,163.00	76,462.00
Accounts receivable	Dalian Port Security Services Co., Ltd.	4,420.80	–
Accounts receivable	Sinotrans Northeastern Co., Ltd.	–	214,033.60
Accounts receivable	Dalian Changxing Island Port Investment and Development Co., Ltd.	–	450,000.00
Accounts receivable	Shenzhen Merchants Ro-Ro Transportation Co., Ltd.	–	58,300.00
Accounts receivable	Dalian Port Petroleum & Chemical Co., Ltd.	–	212,792.00
Accounts receivable	Dalian Sinotrans Logistics Co., Ltd.	–	123,299.60
Accounts receivable	Odfjell Terminals (Dalian) Co., Ltd.	–	365,178.00
Accounts receivable	Dalian CITIC Harbour Investment Co., Ltd.	–	47,506.35
Accounts receivable	Sinotrans North China Co., Ltd.	–	169,850.96
Accounts receivable	Dalian Port North Shore Automobile Terminal Co., Ltd.	–	131,700.00
Accounts receivable	Yingkou Port Liability Co., Ltd.	–	182,016.00
Accounts receivable	Dalian Port North Shore Investment and Development Co., Ltd.	–	151,982.39
Accounts receivable	Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	–	22,775.00
Total		79,721,380.82	64,324,712.92

Notes to the Financial Statements (continued)

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In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2020	31 December 2019
Other receivables	Dalian Changxing Island Port Investment and Development Co., Ltd.	78,903,440.58	80,041,594.96
Other receivables	Dalian Vanguard International Logistics Co., Ltd.	23,000,000.00	23,030,570.84
Other receivables	Dalian Changxing Island Port Co., Ltd.	11,673,488.77	40,921,576.55
Other receivables	Dalian Port Yidu Cold Chain Co., Ltd.	8,670,816.52	3,033,114.15
Other receivables	Dalian Port Corporation Limited	7,879,634.12	9,300,335.89
Other receivables	China Marine Shipping Agency Liaoning Co., Ltd.	3,960,722.60	11,685,785.00
Other receivables	Dalian Port Design and Research Institute Co., Ltd.	3,246,260.10	473,070.07
Other receivables	Dalian Port Machinery and Electric Co., Ltd.	2,533,094.35	2,330,177.63
Other receivables	Dalian Port Machinery Co., Ltd.	1,835,684.80	1,417,985.00
Other receivables	Dalian North Oil Petroleum Logistics Co., Ltd.	548,800.00	28,800.00
Other receivables	Dalian Wanfeng Properties Co., Ltd.	522,855.97	1,218,255.47
Other receivables	Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	470,656.00	1,394,013.00
Other receivables	Dalian Harbour Engineering Co., Ltd.	375,736.16	474,776.16
Other receivables	Jinzhou Liaoxi PDA Properties Co., Ltd.	360,500.00	360,500.00
Other receivables	Dalian Hongyu Building Co., Ltd.	323,634.00	56,224.00
Other receivables	Dalian United International Shipping Agency Co., Ltd.	296,475.20	1,099,240.50
Other receivables	Liaoning Port Group Limited	279,187.00	67,600.00
Other receivables	Dalian Automobile Terminal Co., Ltd.	261,030.35	36,712.90
Other receivables	Dalian Taiping Bay Investment & Development Co., Ltd.	249,325.35	43,020.50
Other receivables	Dalian Port North Shore Automobile Terminal Co., Ltd.	203,616.00	874,666.00
Other receivables	Dalian Port PetroChina International Terminal Co., Ltd.	176,769.85	45,165.41
Other receivables	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	130,000.00	90,000.00
Other receivables	Dalian Sinotrans Logistics Co., Ltd.	130,000.00	80,000.00
Other receivables	Odfjell Terminals (Dalian) Co., Ltd.	101,054.00	68,730.00
Other receivables	Dalian Port Wantong Logistics Co., Ltd.	100,000.00	1,999,139.77
Other receivables	Dalian Port Petroleum & Chemical Co., Ltd.	55,615.51	419,680.86
Other receivables	Yingkou COSCO Shipping Container Service Co., Ltd.	50,000.00	–
Other receivables	Dalian Dagang China Shipping Container Terminal Co., Ltd.	45,555.00	–
Other receivables	China Communications Import & Export Co., Ltd.	45,000.00	–
Other receivables	Dalian Port North Shore Investment and Development Co., Ltd.	41,846.00	182,270.00
Other receivables	Sinotrans Container Lines Co., Ltd.	32,914.40	94,370.00

Notes to the Financial Statements (continued)

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In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2020	31 December 2019
Other receivables	Dalian Port Petty Loan Co., Ltd.	21,600.00	–
Other receivables	Dalian Jilong Logistics Co., Ltd.	21,572.00	21,000.00
Other receivables	Dalian Port Xingang Construction Engineering Co., Ltd.	12,000.00	360,288.00
Other receivables	Dalian Gangxin Construction Engineering Co., Ltd.	10,821.80	10,821.80
Other receivables	Dalian Taiping Bay Port Company Limited	8,783.65	–
Other receivables	Yingkou Port Liability Co., Ltd.	3,000.00	–
Other receivables	Yingkou New Century Terminal Co., Ltd.	3,000.00	–
Other receivables	Dalian Shunde Jifa Supply Chain Management Co., Ltd.	–	366,305.19
Other receivables	Dalian Puji Storage Facility Co., Ltd.	–	160,917.12
Other receivables	Dalian Gangtai Insurance Brokers Co., Ltd.	–	20,000.00
Other receivables	Dalian Port Security Services Co., Ltd.	–	2,800.00
Other receivables	Dalian International Cruise City Development Co., Ltd.	–	9,000.00
Other receivables	Liaoning Sinotrans Company	–	50,000.00
Total		146,584,490.08	181,868,506.77
Long-term receivables	Dalian Puji Storage Facility Co., Ltd.	54,787,330.07	–
Long-term receivables	Dalian Changxing Island Port Co., Ltd.	26,500,000.00	–
Total		81,287,330.07	–
Advances from customers	Dalian CITIC Harbour Investment Co., Ltd.	–	43,103.39
Total		–	43,103.39
Interest payable	Dalian Port Corporation Limited	–	1,003,902.03
Total		–	1,003,902.03

Notes to the Financial Statements (continued)

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In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2020	31 December 2019
Accounts payable	Dalian Changxing Island Port Investment and Development Co., Ltd.	17,205,000.00	17,205,000.00
Accounts payable	Weifang Senda Container Service Co., Ltd.	1,890,156.96	–
Accounts payable	Yingkou Port Gaizhou Logistics Co., Ltd.	1,488,895.46	848,990.43
Accounts payable	China United International Rail Containers (Dalian) Co., Ltd.	1,272,998.35	1,326,346.15
Accounts payable	Yingkou Gangxin Technology Co., Ltd.	1,180,000.00	–
Accounts payable	Dalian Port Wantong Logistics Co., Ltd.	930,900.00	822,000.00
Accounts payable	China United Tally (Dalian) Co., Ltd.	885,712.84	–
Accounts payable	Dalian Singamas International Container Co., Ltd.	350,686.20	625,515.96
Accounts payable	Jilin Inland Port Logistics Co., Ltd.	347,832.00	51,624.10
Accounts payable	Dalian United International Shipping Agency Co., Ltd.	343,302.71	68,702.61
Accounts payable	Dalian Harbour Engineering Co., Ltd.	332,807.91	1,001,432.40
Accounts payable	Dalian Automobile Terminal Co., Ltd.	301,183.11	931,680.00
Accounts payable	Dalian Port Corporation Limited	240,433.79	69,000.00
Accounts payable	Dalian Port Machinery Co., Ltd.	224,079.73	266,152.35
Accounts payable	Dandong Port Group Co., Ltd.	155,470.00	–
Accounts payable	Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	153,690.00	431,451.94
Accounts payable	Dalian Life Raft Inspection Co., Ltd.	131,549.50	–
Accounts payable	Shandong Yantai Sinotrans Shipping Agency Co., Ltd.	71,130.17	–
Accounts payable	Dalian Vanguard International Logistics Co., Ltd.	26,450.00	12,082.00
Accounts payable	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	14,124.42	74,395.16
Accounts payable	Dalian Jilong Logistics Co., Ltd.	7,375.47	265,980.47
Accounts payable	Dalian Port Yidu Cold Chain Co., Ltd.	3,769.00	–
Accounts payable	Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	23.20	23.20
Accounts payable	Dalian Shunde Jifa Supply Chain Management Co., Ltd.	–	802,200.00
Accounts payable	Shenyang Yinggang Lugang Service Co., Ltd.	–	392,452.83
Accounts payable	Liaoning Harbour Engineering Technology Co., Ltd.	–	160,000.00
Accounts payable	Shenzhen China Merchants Property Management Co., Ltd.	–	52,602.78
Accounts payable	China Marine Shipping Agency Liaoning Co., Ltd.	–	17,975.22
Accounts payable	Sinotrans North China Co., Ltd.	–	16,950.00
Accounts payable	Sinotrans Sunny Express Co., Ltd.	–	6,500.00

Notes to the Financial Statements (continued)

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In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2020	31 December 2019
Accounts payable	Sinotrans Northeastern Co., Ltd.	-	3,950.01
Accounts payable	Dalian Sinotrans Logistics Co., Ltd.	-	249,022.94
Total		27,557,570.82	25,702,030.55
Other payables	Ocean Harvest Container Co., Ltd.	45,927,589.44	49,104,208.41
Other payables	Dalian Port Machinery and Electric Co., Ltd.	33,324,231.48	35,734,352.05
Other payables	Dalian Port Rixing Boiler Installation Co., Ltd.	13,241,678.47	15,440,633.36
Other payables	Dalian Harbour Engineering Co., Ltd.	8,672,322.00	33,991,427.17
Other payables	Dalian Port Machinery Co., Ltd.	6,716,728.62	3,409,616.00
Other payables	Hoi Tung (Shanghai) Company Limited	3,040,000.00	-
Other payables	Dalian Port Xingang Construction Engineering Co., Ltd.	3,027,913.25	4,985,225.31
Other payables	Dalian Port Corporation Limited	2,617,133.16	5,529,862.46
Other payables	Dalian United International Shipping Agency Co., Ltd.	1,975,566.07	600,500.00
Other payables	Dalian Port Design and Research Institute Co., Ltd.	973,018.98	48,634.00
Other payables	Dalian Port Yidu Cold Chain Co., Ltd.	942,100.00	164,070,696.00
Other payables	China Marine Shipping Agency Liaoning Co., Ltd.	736,000.00	742,774.50
Other payables	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	717,120.74	1,025,873.25
Other payables	Dalian Port Landscape Engineering Co., Ltd.	455,912.00	517,512.00
Other payables	Shenzhen Haiqin Engineering Supervision & Management Company Limited	334,219.90	-
Other payables	Sinotrans Container Lines Co., Ltd.	250,000.00	250,000.00
Other payables	Dalian Sinotrans Logistics Co., Ltd.	188,500.00	-
Other payables	Dalian Port Industrial Co., Ltd.	159,208.00	70,160.00
Other payables	Dalian CITIC Harbour Investment Co., Ltd.	150,000.00	300,000.00
Other payables	China United Tally (Dalian) Co., Ltd.	139,609.00	167,043.40
Other payables	Dalian Hongyu Building Co., Ltd.	75,453.05	-
Other payables	Dalian Changxing Island Port Investment and Development Co., Ltd.	63,600.00	63,600.00
Other payables	Dalian Wanpeng Foundation Engineering Co., Ltd.	50,000.43	50,000.43
Other payables	Dalian Wanpeng Port Engineering Testing Co., Ltd.	40,000.00	40,000.00
Other payables	China United International Rail Containers (Dalian) Co., Ltd.	20,000.00	-

Notes to the Financial Statements (continued)

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In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2020	31 December 2019
Other payables	Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	5,000.00	5,000.00
Other payables	Dalian Singamas International Container Co., Ltd.	700.00	700.00
Other payables	Dalian Automobile Terminal Co., Ltd.	540.00	–
Other payables	Dalian Jilong Logistics Co., Ltd.	–	10,000.00
Other payables	Dalian Wantong Ronghai Shipping Co., Ltd.	–	30,000.00
Other payables	Dalian Creative Industry Project Development Co., Ltd.	–	5,000.00
Other payables	Shenzhen China Merchants Property Management Co., Ltd.	–	96,700.66
Total		123,844,144.59	316,289,519.00
Long-term borrowings	Dalian Port Group Financial Co., Ltd.	–	34,000,000.00
Long-term borrowings	Dalian United International Shipping Agency Co., Ltd.	–	15,000,000.00
Total		–	49,000,000.00
Long-term payables	Dalian Port Corporation Limited	19,000,000.00	–
Total		19,000,000.00	–
Lease liabilities	Dalian Port PetroChina International Terminal Co., Ltd.	1,669,178,465.49	1,685,112,952.77
Lease liabilities	Dalian Port Corporation Limited	1,212,351,812.99	1,231,904,823.59
Lease liabilities	Dalian FTZ Yongdexin Real Estate Development Co., Ltd.	37,439,609.56	47,536,254.52
Lease liabilities	Dalian Harbour Building Co., Ltd.	19,220,163.90	23,616,291.80
Lease liabilities	Dalian Equipment Finance Lease Co., Ltd.	773,621.70	–
Lease liabilities	Dalian Automobile Terminal Co., Ltd.	712,551.31	–
Lease liabilities	Dalian Changxing Island Port Co., Ltd.	69,442.22	131,998.63
Total		2,939,745,667.17	2,988,302,321.31

Notes to the Financial Statements (continued)

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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2020	31 December 2019
Long-term borrowings due within one year	Dalian Port Group Financial Co., Ltd.	-	40,063,861.11
Long-term borrowings due within one year	Dalian United International Shipping Agency Co., Ltd.	-	21,770.90
Total		-	40,085,632.01
Long-term payables due within one year	Dalian Port Corporation Limited	25,057,811.11	-
Total		25,057,811.11	-
Lease liabilities due within one year	Dalian Port Corporation Limited	19,165,802.41	18,062,586.11
Lease liabilities due within one year	Dalian Port PetroChina International Terminal Co., Ltd.	15,648,772.97	14,866,780.32
Lease liabilities due within one year	Dalian Equipment Finance Lease Co., Ltd.	1,522,661.86	1,168,874.35
Lease liabilities due within one year	Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	1,255,403.34	1,304,445.87
Lease liabilities due within one year	Dalian Harbour Building Co., Ltd.	861,422.53	957,521.97
Lease liabilities due within one year	Dalian Changxing Island Port Co., Ltd.	40,000.00	51,428.57
Lease liabilities due within one year	Dalian Automobile Terminal Co., Ltd.	13,796.57	-
Lease liabilities due within one year	Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	-	3,278,558.50
Total		38,507,859.68	39,690,195.69

Except for short-term borrowings, long-term borrowings, lease liabilities, non-current liabilities due within one year and related party borrowings in long-term payables, other amounts due to related parties were interest free, unsecured and with no fixed maturity date.

Notes to the Financial Statements (continued)

2020
In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(3) Leasing with related parties

The Group as the lessor

Name of lessee	Type of the leased assets	Pricing method and decision-making procedure of related transactions	Leasing income recognised in the current year	Leasing income recognised in the previous year
China Oil Dock Management (Dalian) Co., Ltd.	Berth and stock yard	Agreement	14,260,000.00	14,260,000.00
China United International Rail Containers (Dalian) Co., Ltd.	Handling equipment	Agreement	4,786,479.87	4,990,363.36
Dalian Port Yidu Cold Chain Co., Ltd.	Handling equipment/ Stock yard	Agreement	3,919,599.20	3,804,582.93
Dalian Jilong Logistics Co., Ltd.	Stock yard	Agreement	1,217,626.47	5,066,435.09
Dalian Sinotrans Logistics Co., Ltd.	Stock yard/Buildings	Agreement	1,206,349.22	–
Dalian Port Industrial Co., Ltd.	Automobile/Buildings	Agreement	960,902.31	1,692,956.79
Dalian Harbour City Construction Development Co., Ltd.	Buildings	Agreement	624,045.18	525,524.95
Dalian North Oil Petroleum Logistics Co., Ltd.	Oil pipe and tank	Agreement	211,904.76	211,904.76
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Buildings	Agreement	155,339.81	–
Dalian Port Wantong Logistics Co., Ltd.	Buildings	Agreement	107,485.71	107,485.71
China United Tally (Dalian) Co., Ltd.	Communication equipment/Buildings	Agreement	103,197.93	106,212.48
Dalian Wantong Ronghai Shipping Co., Ltd.	Buildings	Agreement	65,714.29	147,619.05
Dalian CITIC Harbour Investment Co., Ltd.	Buildings	Agreement	43,103.39	51,724.20
Total			27,661,748.14	30,964,809.32

Notes to the Financial Statements (continued)

2020
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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(3) Leasing with related parties (continued)

The Group as the lessee

Name of lessor	Type of the leased assets	Pricing method and decision-making procedure of related transactions	Leasing expenses paid in the current year	Leasing expenses paid in the previous year
Dalian Port PetroChina International Terminal Co., Ltd.	Terminal facilities	Agreement	104,571,428.59	104,285,714.30
Dalian Port Corporation Limited	Land use rights/ Buildings	Agreement	94,062,206.41	90,176,394.74
Dalian Port Wantong Logistics Co., Ltd.	Vessels	Agreement	10,174,311.94	9,050,792.31
Dalian Port Industrial Co., Ltd.	Automobile/Handling equipment	Agreement	3,874,203.00	601,918.30
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Buildings	Agreement	3,684,001.30	4,864,948.80
Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	Buildings	Agreement	2,820,000.00	846,000.00
Dalian Harbour Building Co., Ltd.	Buildings	Agreement	2,023,818.93	3,847,498.63
Dalian Equipment Finance Lease Co., Ltd.	Office equipment	Agreement	1,273,436.56	1,380,221.61
Dalian Hongyu Building Co., Ltd.	Buildings	Agreement	702,588.72	1,404,484.62
Dalian Automobile Terminal Co., Ltd.	Buildings	Agreement	60,237.12	5,244.76
Dalian Changxing Island Port Co., Ltd.	Buildings	Agreement	48,000.00	51,428.57
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Office equipment	Agreement	7,328.57	–
Dalian Port Landscape Engineering Co., Ltd.	Office equipment	Agreement	–	70,754.72
Total			223,301,561.14	216,585,401.36

Notes to the Financial Statements (continued)

2020
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X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(4) Guarantees from related parties

Guarantees from related parties

Guarantor	Guaranteed amount	Commencement date	Termination date	Fully performed or not
2020				
Dalian Port Corporation Limited	2,350,000,000.00	23/5/2011	22/11/2021	No
2019				
Dalian Port Corporation Limited	2,350,000,000.00	23/5/2011	22/11/2021	No

The above related parties provided the Group with guarantees for bonds payable without any charge, please refer to Note VIII.32.

(5) Borrowings with lending from/to related parties

Borrowings from related parties

2020

Related party	Borrowing amount	Commencement date	Maturity date
Dalian Port Corporation Limited	44,000,000.00	17/3/2020	8/9/2022

2019

Related parties	Borrowing amount	Commencement date	Maturity date
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	8,000,000.00	21/1/2019	2/9/2019
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	8,000,000.00	1/2/2019	2/9/2019
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	8,000,000.00	8/3/2019	2/9/2019
Dalian Port Yidu Cold Chain Co., Ltd.	30,000,000.00	4/4/2019	30/9/2020

Notes to the Financial Statements (continued)

2020
In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(5) Borrowings with lending from/to related parties (continued)

Repayment

Related parties	2020	2019
Dalian Port Yidu Cold Chain Co., Ltd.	163,350,000.00	80,150,000.00
Dalian Port Group Financial Co., Ltd.	44,000,000.00	700,000,000.00
Dalian United International Shipping Agency Co., Ltd.	15,000,000.00	–
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	–	50,036,753.89
Total	222,350,000.00	830,186,753.89

Interest expenses on borrowings from related parties

Related parties	2020	2019
Dalian Port Corporation Limited	2,659,972.30	–
Dalian Port Yidu Cold Chain Co., Ltd.	2,288,350.51	11,551,787.23
Dalian Port Group Financial Co., Ltd.	447,027.77	16,324,687.80
Dalian United International Shipping Agency Co., Ltd.	320,625.00	722,395.86
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	–	1,171,766.59
Total	5,715,975.58	29,770,637.48

The borrowings from above related parties bear interest rates mutually agreed between the parties by reference to the interest rates of the same type of bank loans as stipulated by the People's Bank of China.

Notes to the Financial Statements (continued)

2020
In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(5) Borrowings with lending from/to related parties (continued)

Borrowings to related parties

2020

Related parties	Borrowing amount	Commencement date	Maturity date
Dalian Puji Storage Facility Co., Ltd.	54,700,000.00	6/1/2020	6/1/2023
Dalian Changxing Island Port Co., Ltd. (Note 1)	26,500,000.00	17/8/2019	17/8/2022
Dalian Vanguard International Logistics Co., Ltd. (Note 2)	23,000,000.00	28/6/2020	28/6/2021

Note 1: As at 13 March 2020, Asia Pacific Ports (Dalian) Co., Ltd., a subsidiary of the Company, signed a borrowing extension agreement with Dalian Changxing Island Port Co., Ltd. for extending the term of borrowing of RMB26,500,000.00 to 17 August 2022, with interest rate of 5.655% per annum.

Note 2: Dalian Port Jifa Logistics Co., Ltd., a subsidiary of the Group, signed a borrowing extension agreement with Dalian Vanguard International Logistics Co., Ltd. in the year for extending the term of borrowing of RMB23,000,000.00 to 28 June 2021, with interest rate of 4.35% per annum.

2019

Related party	Borrowing amount	Commencement date	Maturity date
Dalian Vanguard International Logistics Co., Ltd.	23,000,000.00	28/6/2019	28/6/2020

Notes to the Financial Statements (continued)

2020
In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(5) Borrowings with lending from/to related parties (continued)

Interest income on borrowings to related parties

Related parties	2020	2019
Dalian Puji Storage Facility Co., Ltd.	2,703,786.91	–
Dalian Changxing Island Port Co., Ltd.	1,146,727.57	1,809,180.54
Dalian Vanguard International Logistics Co., Ltd.	959,599.08	656,848.51
Dalian Automobile Terminal Co., Ltd.	928,991.71	–
Total	5,739,105.27	2,466,029.05

The borrowings to related parties bear interest rates mutually agreed between the parties by reference to the interest rates of the same type of bank loans as stipulated by the People's Bank of China.

(6) Transfer of assets of related parties

Acquisition of assets

Related parties	Content of transactions	2020	2019
Yingkou Port Group Co., Ltd.	Purchase of vessels	81,303,999.98	–
Dalian Port Machinery and Electric Co., Ltd.	Engineering construction	17,481,375.80	38,492,745.97
Dalian Port Rixing Boiler Installation Co., Ltd.	Engineering construction	8,305,317.32	5,351,807.48
Dalian Harbour Engineering Co., Ltd.	Engineering construction	6,872,960.80	8,136,727.70
Dalian Port Machinery Co., Ltd.	Engineering construction	3,593,881.42	1,109,495.57
Hoi Tung (Shanghai) Company Limited	Purchase of equipment	2,690,265.48	–
Dalian Port Xingang Construction Engineering Co., Ltd.	Engineering construction	894,610.30	9,159,019.39
Dalian Port Design and Research Institute Co., Ltd.	Engineering construction	620,587.74	238,679.24
Dalian Port Landscape Engineering Co., Ltd.	Engineering construction	511,820.97	–
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Engineering construction	393,278.80	–
Shenzhen China Merchants Daojiahui Technology Co., Ltd.	Engineering construction	80,708.83	–
Shenzhen China Merchants Property Management Co., Ltd.	Engineering construction	11,052.22	–
Total		122,759,859.66	62,488,475.35

Notes to the Financial Statements (continued)

2020
In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(7) Remuneration of key management

Item	2020	2019
Remuneration of key management	7,626,469.82	3,550,028.59

(8) Commitment between the Group and related parties

The commitments in relation to related parties contracted for by the Group but not yet necessary to be recognised on the balance sheet as at the balance sheet date are as follows:

Leases

Related parties	31 December 2020	31 December 2019
As lessee		
Dalian Port Corporation Limited	10,277,047.63	10,277,047.63
As lessor		
Dalian Dagang China Shipping Container Terminal Co., Ltd.	1,422,018.35	–
Dalian Port Industrial Co., Ltd.	339,414.54	–
Dalian Port Yidu Cold Chain Co., Ltd.	114,563.10	11,502,883.70
Dalian Port Corporation Limited	66,666.67	–
Dalian Jilong Logistics Co., Ltd.	–	1,278,507.78
Total	1,942,662.66	12,781,391.48

Capital commitments

Related parties	31 December 2020	31 December 2019
Acquisition of assets		
Dalian Harbour Engineering Co., Ltd.	6,876,844.30	–

Notes to the Financial Statements (continued)

2020
In RMB

X. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(9) Cash on hand and at bank placed in related parties

Related parties	31 December 2020	31 December 2019
China Merchants Group Finance Co., Ltd.	1,132,195,590.69	–
Dalian Port Group Financial Co., Ltd. (Note)	–	3,164,692,091.29

Note: According to the integration requirements of China Merchants Group Limited, the de facto controller of the Company, and the relevant requirements of the China Banking and Insurance Regulatory Commission, it is proposed to liquidate Dalian Port Group Financial Co., Ltd., an associate of the Company, and there is no balance of deposits placed in Dalian Port Group Financial Co., Ltd. at the end of the year.

The annual interest rate for the above deposits in 2020 was 0.35%-4.125% (2019: 0.525%-4.125%). The Group obtained deposit interest income of RMB19,009,316.10 (2019: RMB23,818,329.58) from the related parties.

As at 31 December 2020, the cash on hand and at bank deposited with the related parties included accrued interest of RMB1,915,840.27 (31 December 2019: RMB4,769,583.81).

XI. Financial instruments and risk management

The major financial instruments of the Group primarily include cash at bank and on hand, financial assets held for trading, notes receivable, accounts receivable, other receivables, long-term receivables, investments in other equity instruments, short-term borrowings, accounts payable, other payables, non-current liabilities due within one year, bond payable, long-term borrowings, lease liabilities, long-term payables, etc. For detailed descriptions of various financial instruments, please refer to the notes to the abovementioned items. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are summarized as follows. The management of the Group manages and monitors these risk exposures to ensure that the above risks are controlled within a limited scope.

Notes to the Financial Statements (continued)

2020
In RMB

XI. Financial instruments and risk management (continued)

1. Classification of financial instruments

Financial assets

	Financial assets at fair value through current profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
31 December 2020				
Cash at bank and on hand	-	4,511,746,815.91	-	4,511,746,815.91
Financial assets held for trading	903,950,958.91	-	-	903,950,958.91
Notes receivable	-	287,439,484.37	-	287,439,484.37
Accounts receivable	-	1,762,191,429.93	-	1,762,191,429.93
Other receivables	-	364,938,275.21	-	364,938,275.21
Long-term receivables	-	80,486,851.34	-	80,486,851.34
Investments in other equity instruments	-	-	204,067,639.27	204,067,639.27
Total	903,950,958.91	7,006,802,856.76	204,067,639.27	8,114,821,454.94
31 December 2019				
Cash at bank and on hand	-	4,051,413,174.71	-	4,051,413,174.71
Financial assets held for trading	304,951,193.83	-	-	304,951,193.83
Notes receivable	-	248,851,749.33	-	248,851,749.33
Accounts receivable	-	1,322,772,566.55	-	1,322,772,566.55
Other receivables	-	756,834,129.39	-	756,834,129.39
Investments in other equity instruments	-	-	189,782,564.95	189,782,564.95
Total	304,951,193.83	6,379,871,619.98	189,782,564.95	6,874,605,378.76

Notes to the Financial Statements (continued)

2020
In RMB

XI. Financial instruments and risk management (continued)

1. Classification of financial instruments (continued)

Financial liabilities

	31 December 2020	31 December 2019
	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Short-term borrowings	150,142,083.34	497,660,595.83
Accounts payable	188,511,319.87	189,817,515.63
Other payables	658,247,688.15	910,581,896.50
Non-current liabilities due within one year	2,612,451,085.79	400,779,150.69
Long-term borrowings	1,132,693,298.00	1,508,698,814.40
Bonds payable	3,547,236,158.87	5,884,379,767.90
Lease liabilities	3,047,052,655.02	3,132,442,496.82
Long-term payables	44,070,000.00	32,500,000.00
Total	11,380,404,289.04	12,556,860,237.77

2. Transfer of financial assets

Financial assets transferred but not fully derecognized

On 31 December 2020, the Group endorsed suppliers a bank acceptance for settlement of other payables with carrying amount of RMB3,779,998.22 (31 December 2019: RMB7,568,413.36). The Group is of the opinion that the Group retains nearly all the risks and rewards, including default risk related to it. Therefore, such other payables and other related payables settled will continuously be recognized in full. Subsequent to the endorsement, the Group will no longer retain use right, including the rights for selling, transferring or pledging such assets to other third parties. As at 31 December 2020, carrying amount of other payables settled by the Group totaled at RMB3,779,998.22 (31 December 2019: RMB7,568,413.36).

Financial assets transferred and derecognized fully but with continuous involvement

On 31 December 2020, carrying value of the bank acceptance endorsed to suppliers for settlement of accounts payable amounted to RMB12,600,466.00 (31 December 2019: RMB26,504,560.53). On 31 December 2020, the bank acceptance is due within 1 to 12 months. If acceptance banks dishonored the notes, endorses shall have the right to turn to the Group for recourse ("Continuous Involvement") according to the Law of Bill. The Group considered that substantially all the risks and rewards of the notes have been transferred. Therefore, the Group has derecognised carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuous Involvement and repurchase are equal to the carrying amounts of the notes. The Group believes that the fair value of Continuous Involvement is insignificant.

Notes to the Financial Statements (continued)

2020
In RMB

XI. Financial instruments and risk management (continued)

2. Transfer of financial assets (continued)

Financial assets transferred and derecognized fully but with continuous involvement (continued)

In 2020, the Group did not recognise gains or losses on the date of its transfer. The Group had no current or accumulated income or expense related to Continuous Involvement of financial assets which had been derecognised. Endorsement is recorded evenly during the period.

3. Objectives and policies of risk management

The Group is exposed to risks from various financial instruments in day-to-day operation, mainly including market risk (including foreign exchange risk, interest rate risk and price risk of investment in equity instruments), credit risk and liquidity risk. The major financial instruments of the Group primarily include cash at bank and on hand, equity investments, debt investments, borrowings, notes receivable and accounts receivable, and accounts payable. Risks in connection with such financial instruments, and the risk management strategies adopted by the Group to mitigate such risks are summarized as follows.

The Board of Directors is responsible for planning and establishing the risk management structure for the Group, and developing risk management policies and the related guidelines across the Group, and supervising the performance of risk management measures. The Group has developed risk management policies to identify and analyze risks affecting the Group. These risk management policies have clear regulations over specific risks, covering various aspects of market risk, credit risk and liquidity risk. The Group will evaluate the market environment and changes of the Group's operating activities on a regular basis to decide whether it is needed to update the risk management policies and systems. Risk management of the Group is carried out by the Risk Management Committee based on the policies as approved by the Board of Directors. Risk Management Committee identifies, evaluates and mitigates related risks by working closely with other business divisions of the Group. Internal Audit Department of the Group will review the risk management control and process regularly, and submit the review results to Audit Committee of the Group.

The Group diversifies risks of financial instruments through appropriate diversified investment and business portfolio, and mitigates concentration risk in any single sector, specific region or certain counterparties by formulating corresponding risk management policies.

Notes to the Financial Statements (continued)

2020
In RMB

XI. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(1) Market risk

1) Foreign exchange risk

The Group is exposed to trading exchange risk. Such risk arises from operating units carrying outsales or purchases with currency other than their functional currency. Approximately 4% of sales of the Group (2019: 4%) are denominated in currency other than the functional currency of operating units, while around 5% (2019: 6%) of cost is denominated in currency other than the functional currency of operating units.

The table below is a sensitivity analysis of exchange rate risk. It reflects the impact on net profit or loss and other comprehensive income net of tax when a reasonably possible change in exchange rate of foreign currency occurs, with all other variables held constant.

Item	Change in exchange rate	2020		2019	
		Impact on profit	Impact on shareholders' equity	Impact on profit	Impact on shareholders' equity
RMB	Strengthens by 1% against USD	-111,050.52	-111,050.52	148,772.61	148,772.48
RMB	Weakens by 1% against USD	111,050.52	111,050.52	-148,772.61	-148,772.48
RMB	Strengthens by 1% against JPY	-31,716.02	-31,716.02	-57,962.42	-57,962.42
RMB	Weakens by 1% against JPY	31,716.02	31,716.02	57,962.42	57,962.42
RMB	Strengthens by 1% against KRW	-1,523.25	-1,523.25	-1,304.42	-1,304.42
RMB	Weakens by 1% against KRW	1,523.25	1,523.25	1,304.42	1,304.42

2) Risk of change in exchange rate

Risk of changes in market interest rate exposed to the Group is primarily related to liabilities at variable interest rate.

In terms of management of interest rate exposures, the Group's policy is to manage its interest cost using a mix of fixed and variable rate debts to avoid interest rate risks.

Notes to the Financial Statements (continued)

2020
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XI. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(1) Market risk (continued)

2) Risk of change in exchange rate (continued)

The table below is a sensitivity analysis of interest rate risk. It reflects the impact on net profit or loss (through the impact on floating rate borrowings) and shareholders' equity when a reasonably possible change in interest rates occurs, with all other variables held constant.

Item	Increase of basis points	2020		2019	
		Increase of net profit or loss	Increase of shareholders' equity	Increase of net profit or loss	Increase of shareholders' equity
RMB	50	-4,832,892.08	-4,832,892.08	-5,920,441.67	-5,920,441.67
RMB	-50	4,832,892.08	4,832,892.08	5,920,441.67	5,920,441.67

3) Price risk of investment in equity instruments

Price risk of investment in equity instruments is the risk that fair value of equity securities is reduced due to change of stock index and value of individual stock. On 31 December 2020, the Group is exposed to price risk of investment in equity instruments arising from individual equity instrument investment classified as equity instrument investment at fair value through current profit or loss and equity instrument investment at fair value through other comprehensive income. Investments in equity instruments held by the Group are listed in stock exchanges in Shanghai and Shenzhen, and measured at market quotation on balance sheet date.

Notes to the Financial Statements (continued)

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In RMB

XI. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(1) Market risk (continued)

3) Price risk of investment in equity instruments (continued)

The following table demonstrates the sensitivity of net profit or loss and other comprehensive income net of tax to every 1% increase in the fair values (based on the carrying amount on the balance sheet date) of the equity instrument investments of the Group, with all other variables held constant.

	Carrying amount of equity instrument investments	Increase in net profit or loss	Increase in other comprehensive income net of tax	Total increase in shareholders' equity
31 December 2020				
Equity instrument investments				
Of which: Shanghai - equity instrument investment at fair value through current profit or loss	-	-	-	-
Shenzhen - equity instrument investment at fair value through current profit or loss	-	-	-	-
Unlisted equity instrument investments at fair value – equity instrument investment at fair value through other comprehensive income	204,067,639.27	-	1,530,507.29	1,530,507.29
31 December 2019				
Equity instrument investments				
Of which: Shanghai - equity instrument investment at fair value through current profit or loss	576,630.00	4,324.73	-	4,324.73
Shenzhen - equity instrument investment at fair value through current profit or loss	1,144,920.00	8,586.90	-	8,586.90
Unlisted equity instrument investments at fair value – equity instrument investment at fair value through other comprehensive income	189,782,564.95	-	1,423,369.24	1,423,369.24

Notes to the Financial Statements (continued)

2020
In RMB

XI. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(1) Market risk (continued)

4) Capital management

The Group's capital management mainly aims to ensure the Group's ability of operating as a going concern, and maintain healthy capital ratio to support business development and maximise shareholders' value.

The Group changes and adjusts the capital management structure based on changes of economic situation and risk characteristics of related assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements. In the year of 2020 and the year of 2019, the objective, policies or process of capital management are not changed.

The Group manages its capital using the leverage ratio, which is calculated by dividing net liabilities by the sum of adjusted capital and net liabilities. The Group's leverage ratio on the balance sheet date is as follows:

Item	31 December 2020	31 December 2019
Short-term borrowings	150,142,083.34	497,660,595.83
Non-current liabilities due within one year	2,612,451,085.79	400,779,150.69
Long-term borrowings	1,132,693,298.00	1,508,698,814.40
Bonds payable	3,547,236,158.87	5,884,379,767.90
Long-term payables	44,070,000.00	32,500,000.00
Lease liabilities	3,047,052,655.02	3,132,442,496.82
Other non-current liabilities	69,655,256.65	95,544,136.00
Less: Cash at bank and on hand	4,511,746,815.91	4,051,413,174.71
Financial assets held for trading	903,950,958.91	304,951,193.83
Other receivables – entrusted loans	–	49,530,570.84
Net liabilities	5,187,602,762.85	7,146,110,022.26
Shareholders' equity	22,021,099,734.81	21,404,415,590.73
Capital and net liabilities	27,208,702,497.66	28,550,525,612.99
Leverage ratio	19%	25%

Notes to the Financial Statements (continued)

2020
In RMB

XI. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk

The Group only has trade with recognized third party with good credit standing. Based on the Group's policies, customers who conduct credit transaction will be subject to credit review. In addition, the Group will continuously monitor balance of accounts receivable to ensure that the Group will not be exposed to significant risk of bad debts. In respect of the transactions not settled in the functional currency of related business division, the Group will not offer credit transaction conditions unless otherwise approved by the credit control department of the Group.

Since counterparties of cash at bank and on hand and bank acceptance notes receivables are banks with good reputation and high credit ratings, credit risk arising from these financial instruments is insignificant.

Other financial assets of the Group comprise of accounts receivable, other receivables and long-term receivables. Credit risk from such financial assets is from default of counterparties, and its maximum risk exposure is equivalent to the carrying amount of such instruments.

The Group's maximum credit risk exposure at each balance sheet date is the total amount charged to customers less the amount of impairment allowances.

Since the Group only trades with recognized third parties with good credit standing, no guarantee is required. Credit risk concentration is managed based on customers. As of 31 December 2020, the Group is exposed to certain credit risk concentration, as 73% (31 December 2019: 57%) and 80% (31 December 2019: 66%) of accounts receivables are respectively from the customer with the largest balance of account receivable and top five customers. Save as the amount of RMB1,430,051,551.00 due from Dalian Enaisikai International Trading Co., Ltd., the Group does not hold any security or other credit increment over balance of other receivables.

Criteria for determining significant increase in credit risk

The Group will evaluate whether credit risk in connection with financial instruments is increased significantly from initial recognition on each balance sheet date. When determining whether credit risk is increased significantly after initial recognition, the Group will consider obtaining reasonable information with supporting basis without paying extra cost or efforts, including qualitative and quantitative analysis over the historical data of the Group, external credit risk ratings and forward-looking information. Based on a single financial instrument or group of financial instruments with similar credit risk characteristics, the Group will determine estimated changes in default risks of financial instruments during the period of existence, by comparing the default risk of financial instruments on the balance sheet date and that upon initial recognition.

Notes to the Financial Statements (continued)

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XI. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk (continued)

Criteria for determining significant increase in credit risk (continued)

When one or more of the following quantitative and qualitative standards is triggered, credit risk in connection with financial instrument is increased significantly:

- (1) For quantitative standards, the probability of default in the remaining existence period after the reporting date is increased to a certain proportion as compared with that upon initial recognition;
- (2) For qualitative standards, there are significant adverse changes in operation or financial position of debtors and early-warning customer list.

Definition of assets with credit impairment

To determine whether there is credit impairment, the defining standards adopted by the Group are consistent with the objective of internal credit risk management for related financial instruments, by reference to the quantitative and qualitative indicators. When debtors are evaluated for credit impairment, the following factors will be taken into account:

- (1) significant financial difficulty of issuers or debtors;
- (2) breach of contract by debtors, such as default or overdue payment in interest or principal repayment;
- (3) a concession granted by the creditor to the debtor due to economic or contractual considerations related to the debtor's financial difficulty, which will not be granted under any other circumstances;
- (4) possible bankruptcy or other financial reorganization of the debtors;
- (5) disappearance of an active market for the financial asset due to financial difficulty of the issuer or the debtor;
- (6) purchase or creation of a financial asset at significant discount reflecting the fact of credit loss.

Credit impairment of financial assets may be a joint result of multiple events, rather than a single identifiable event.

Notes to the Financial Statements (continued)

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XI. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk (continued)

Parameters for measurement of expected credit losses

Impairment loss provision for different assets is measured based on 12 months or the whole existence period depending on whether there is a significant increase in credit risk and whether credit impairment is provisioned. Key parameters for measurement of expected credit losses include loss rate and risk exposure. The Group will take into account qualitative analysis on historical statistical data, such as counterparty rating, way of guarantee and types of collaterals and way of repayment, etc. and forward-looking information to build loss rate and risk exposure model.

Related definitions are as follows:

- Counterparty rating is to regularly study the counterparty's expected credit risk and assess its credit rating by giving consideration to relevant information of the counterparty's industry influence, the nature of company, operating indicators and deduction points indicators, which are divided into Grade A (high-quality enterprise), Grade B (common enterprise), Grade C (enterprise with bad credit) and Grade D (enterprise with significant risk) in order from good to bad;
- Loss rate is the expectation made for the degree of estimated loss suffered by the Group. Loss rate of the Group is adjusted based on the migration rate of historical aging model with reference to forward-looking information. The loss rate varies depending on the counterparty rating, method and priority for recourse and way of guarantee. Loss rate is the percentage of estimated loss of risk exposure, and calculated based on a period of next 12 months or the whole period of existence.
- Risk exposure is the amount that the Group should be compensated in the next 12 months or the remaining existence period upon default.

Forward-looking information will be involved in both the evaluation of significantly increased credit risk and the calculation of expected credit losses. By analysis of historical data, the Group identified the key economic indicators affecting the credit risk and the expected credit loss of each business type.

Notes to the Financial Statements (continued)

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XI. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk (continued)

Credit risk exposure

Risk exposure of accounts receivable classified based on internal rating of credit risk:

31 December 2020

	Unsecured			Secured		
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount
Accounts receivable	529,358,657.44	79,537,143.65	449,821,513.79	1,430,051,551.00	117,681,634.86	1,312,369,916.14
Including: Portfolio A	398,016,752.98	42,557.08	397,974,195.90	-	-	-
Portfolio B	42,148,867.03	50,907.67	42,097,959.36	-	-	-
Portfolio C	10,236,124.19	1,668,042.57	8,568,081.62	1,430,051,551.00	117,681,634.86	1,312,369,916.14
Portfolio D	78,956,913.24	77,775,636.33	1,181,276.91	-	-	-
Other receivables	435,013,232.76	70,074,957.55	364,938,275.21	-	-	-
Including: Portfolio A	275,511,041.34	20,846.68	275,490,194.66	-	-	-
Portfolio B	37,322,257.45	56,433.67	37,265,823.78	-	-	-
Portfolio C	84,156,809.35	34,111,476.83	50,045,332.52	-	-	-
Portfolio D	38,023,124.62	35,886,200.37	2,136,924.25	-	-	-

31 December 2019

	Unsecured			Secured		
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount
Accounts receivable	603,027,729.32	75,953,582.64	527,074,146.68	796,748,599.00	1,050,179.13	795,698,419.87
Including: Portfolio A	375,331,160.41	107,555.09	375,223,605.32	-	-	-
Portfolio B	132,571,953.16	232,989.02	132,338,964.14	796,748,599.00	1,050,179.13	795,698,419.87
Portfolio C	22,089,630.21	4,131,418.57	17,958,211.64	-	-	-
Portfolio D	73,034,985.54	71,481,619.96	1,553,365.58	-	-	-
Other receivables	815,135,199.05	58,301,069.66	756,834,129.39	-	-	-
Including: Portfolio A	603,015,020.19	32,702.24	602,982,317.95	-	-	-
Portfolio B	68,013,434.74	110,449.63	67,902,985.11	-	-	-
Portfolio C	116,260,093.43	32,686,515.09	83,573,578.34	-	-	-
Portfolio D	27,846,650.69	25,471,402.70	2,375,247.99	-	-	-

Notes to the Financial Statements (continued)

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XI. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(3) Liquidity risk

When managing the liquidity risks, the management of the Group believes that sufficient cash and cash equivalents should be maintained and monitored to meet the operating needs of the Group and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank loans and ensures compliance with loan agreements.

The following table summarises the maturity analysis of financial liabilities at undiscounted contractual cash flows:

Item	Carrying amount	Within 1 year	1-5 years	Over 5 years	Total
Non-derivative Financial Assets and Liabilities					
Short-term borrowings	150,142,083.34	150,713,424.66	-	-	150,713,424.66
Accounts payable	188,511,319.87	188,511,319.87	-	-	188,511,319.87
Other payables	658,247,688.15	658,247,688.15	-	-	658,247,688.15
Non-current liabilities due within one year	2,612,451,085.79	2,825,339,316.42	-	-	2,825,339,316.42
Long-term borrowings	1,132,693,298.00	48,279,493.97	907,484,323.84	377,169,019.51	1,332,932,837.32
Lease liabilities	3,047,052,655.02	-	512,206,492.97	3,368,787,275.37	3,880,993,768.34
Bonds payable	3,547,236,158.87	88,949,260.28	3,866,670,575.34	-	3,955,619,835.62
Long-term payables	44,070,000.00	-	26,570,000.00	17,500,000.00	44,070,000.00
Total	11,380,404,289.04	3,960,040,503.35	5,312,931,392.15	3,763,456,294.88	13,036,428,190.38

Notes to the Financial Statements (continued)

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XI. Financial instruments and risk management (continued)

4. Fair value

(1) Assets and liabilities measured at fair value

31 December 2020

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous fair value measurement				
Financial assets held for trading				
Debt instrument investments	-	-	903,950,958.91	903,950,958.91
Equity instrument investments	-	-	-	-
Investments in other equity instruments	-	-	204,067,639.27	204,067,639.27
Total	-	-	1,108,018,598.18	1,108,018,598.18

31 December 2019

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous fair value measurement				
Financial assets held for trading				
Debt instrument investments	-	-	303,229,643.83	303,229,643.83
Equity instrument investments	1,721,550.00	-	-	1,721,550.00
Investments in other equity instruments	-	-	189,782,564.95	189,782,564.95
Total	1,721,550.00	-	493,012,208.78	494,733,758.78

Notes to the Financial Statements (continued)

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XI. Financial instruments and risk management (continued)

4. Fair value (continued)

(2) Assets and liabilities disclosed at fair value

31 December 2020

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial liabilities				
Long-term borrowings	-	-	1,119,326,470.72	1,119,326,470.72
Bonds payable	-	-	3,570,482,468.51	3,570,482,468.51
Total	-	-	4,689,808,939.23	4,689,808,939.23

31 December 2019

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial liabilities				
Long-term borrowings	-	-	1,506,961,979.50	1,506,961,979.50
Bonds payable	-	-	5,933,757,380.47	5,933,757,380.47
Total	-	-	7,440,719,359.97	7,440,719,359.97

Notes to the Financial Statements (continued)

2020
In RMB

XI. Financial instruments and risk management (continued)

4. Fair value (continued)

(3) Fair value of financial instruments

The followings are the carrying amount and fair value of financial instruments except for the lease liability and financial instruments that the difference between the carrying amount and fair value is immaterial:

Item	Carrying amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial liabilities				
Long-term borrowings	1,132,693,298.00	1,508,698,814.40	1,119,326,470.72	1,506,961,979.50
Bonds payable	3,547,236,158.87	5,884,379,767.90	3,570,482,468.51	5,933,757,380.47

Management has assessed the cash at bank and on hand, notes receivable, accounts receivable, other receivables, short-term borrowings, accounts payable, together with non-current liabilities due within one year, etc. Their fair values approximate to their carrying amounts as the residual maturities of these instruments are not long.

The financial department of the Group is led by the financial manager and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial director and the Audit Committee. At each balance sheet date, the financial department analyses the movements in the fair value of the financial instrument and determines the major input applicable to the valuation. The valuation must be reviewed and approved by the financial manager. For the purposes of preparing interim and annual financial statements, the financial department discusses the valuation process and results with the Audit Committee twice a year.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale. The following methods and assumptions were used in the estimate of fair value.

Notes to the Financial Statements (continued)

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XI. Financial instruments and risk management (continued)

4. Fair value (continued)

(3) Fair value of financial instruments (continued)

The fair value of long-term and short-term borrowings, is calculated by discounting the future cash flows using the market yield currently available for other financial instruments with similar contract terms, credit risk and residual term as the discount rate. As at 31 December 2020 and 31 December 2019, the Group's exposure to non-performance risk associated with the long-term and short-term borrowings is assessed as insignificant.

The fair value of unlisted equity instrument investments is estimated using the valuation model. The assumptions used are not supported by the observable market price. The Group needs to make estimate for related assumptions and parameters. The Group believes that the fair value estimated using valuation techniques and its change are reasonable, and is the most applicable value on the balance sheet date.

For the fair value of the unlisted equity instrument investment, the Group estimated and quantified the potential impact of adopting other reasonable and possible assumptions as input in the valuation model: with the use of less favorable assumptions, the fair value decreased by approximately RMB20,406,763.93; with the use of more favorable assumptions, the fair value increased by approximately RMB20,406,763.93.

The following table summarises significant unobservable inputs for level 3 fair value measurement:

Item	Fair value at the end of the year	Valuation techniques	Unobservable inputs	Range (weighted average mean)
Debt instrument investments	31 December 2020 : 903,950,958.91	Cash flows discount method	Prepayment rate	31 December 2020 : 0%
		Cash flows discount method	Default probability	31 December 2020 : 0%
		Cash flows discount method	Default loss rate	31 December 2020 : 0%
	31 December 2019 : 303,229,643.83	Cash flows discount method	Prepayment rate	31 December 2019 : 0%
		Cash flows discount method	Default probability	31 December 2019 : 0%
		Cash flows discount method	Default loss rate	31 December 2019 : 0%
Equity instrument investments	31 December 2020 : 204,067,639.27	Listed company comparison method	Liquidity discount	31 December 2020 : 20-32%
	31 December 2019 : 189,782,564.95	Listed company comparison method	Liquidity discount	31 December 2019 : 20-30%

Notes to the Financial Statements (continued)

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XI. Financial instruments and risk management (continued)

4. Fair value (continued)

(3) Fair value of financial instruments (continued)

The reconciliation of continuous fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

	Balance at the beginning of the year	Transfer into Level 3	Transfer out of Level 3	Total gain or loss for the year			Purchase	Sale	Settlement	Balance at the end of the year	Assets held at the end of year
				Included in profit or loss	Included in comprehensive income	Included in other					
2020											
Equity instrument investments	189,782,564.95	-	-	-	14,285,074.32	-	-	-	-	204,067,639.27	-
Debt instrument investments	303,229,643.83	-	-	31,821,683.06	-	5,500,000,000.00	4,831,100,367.98	-	-	903,950,958.91	3,950,958.91
2019											
Equity instrument investments	156,672,566.07	-	-	-	33,109,978.88	-	-	-	-	189,782,564.95	-
Debt instrument investments	1,887,883,688.64	-	-	43,452,014.85	-	4,445,280,000.00	6,073,396,069.66	-	-	3,032,229,643.83	3,229,643.83

Notes to the Financial Statements (continued)

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XII. Capital commitments

Item	31 December 2020	31 December 2019
Capital commitments contracted but not yet recognized in the financial statements		
– Acquisition of assets	17,796,603.57	38,296,876.57
– Intangible assets	1,350,409.08	1,850,409.08
– Investments in associates, joint ventures and other investees	–	27,900,000.00
Approved by the Board but uncontracted		
– Acquisition of assets	21,006,600.00	–
– Intangible assets	3,700,000.00	–
Total	43,853,612.65	68,047,285.65

XIII. Non-adjustment events after the balance sheet date

1. The Company merges with Yingkou Port by absorption through share swap

On 6 January 2021, the Company's merge with Yingkou Port by absorption through share swap (the "Merger") has been approved by the Reply on Approval of Dalian Port (PDA) Company Limited's Merger with Yingkou Port Liability Co., Ltd. by Absorption and Proceeds (Zheng Jian Xu Ke [2020] No.3690) issued by China Securities Regulatory Commission, and has obtained approvals or consent as required by all other competent authorities before the Merger is completed. The record date for share swap under the Merger is 28 January 2021. Yingkou Port's shares held by all shareholders of Yingkou Port who are registered on the register of shareholders after market closes on the Record Date for Share Exchange will be converted into the Company's shares at a conversion rate of 1:1.5030, namely each Yongou Port share may exchange for 1.5030 A shares of the Company. On 29 January 2021, Shanghai Stock Exchange terminated the listing of Yingkou Port shares. This share swap involved the newly issued 9,728,893,454 A shares to the original shareholders of Yingkou Port, which was completed on 4 February 2021, and was listed for trading on 9 February 2021.

2. Information integration issues of the Company's subsidiaries

On 18 December 2020, the 7th (temporary) meeting of the sixth session of the Board of Directors of the Company in 2020 reviewed and approved the "Proposal on Deliberating the Information Integration Project of Dalian Port Logistics Network Co., Ltd." Dalian Port Container Development Co., Ltd. ("Dalian Container"), a wholly-owned subsidiary of the Company, and Dalian Port Jifa Logistics Co., Ltd. ("Jifa Logistics") acquired shares of China Merchants Holdings (International) Information Technology Company Limited ("CMHIT"), a subsidiary of China Merchants Group, at the consideration of the equity interests they held in Dalian Port Logistics Network Co., Ltd. ("DPN"), and signed an agreement on capital increase by subscription for equity interests of China Merchants Holdings (International) Information Technology Company Limited ("Capital Increase Agreement"). As at 31 December 2020, the closing conditions stipulated in the Capital Increase Agreement have not yet been fully fulfilled. As of the date of this financial report, the transaction has been completed.

Notes to the Financial Statements (continued)

2020
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XIII. Non-adjustment events after the balance sheet date (continued)

3. Profit distribution after the balance sheet date

In accordance with the resolution approved at the Board meeting of the Company dated on 25 March 2021, the profit distribution plan for 2020 will be made based on 22,623,429,453 shares and a cash dividend of RMB0.30 (tax inclusive) per 10 shares is proposed to be distributed to all shareholders. Total amount of dividend to be distributed will be RMB678,702,883.59. The resolution is pending for approval at the general meeting of the Company.

XIV. Emoluments of directors, supervisors and senior management

Item	2020	2019
Director's fee	650,000.00	650,000.00
Other emoluments:		
Salaries and allowances	8,483,592.70	5,128,526.90
Pension plan contribution	224,597.76	216,995.48
Total	9,358,190.46	5,995,522.38

1. Independent non-executive directors

The fees paid to independent non-executive directors are as follows:

	2020	2019
Wang Zhifeng*	100,000.00	200,000.00
Sun Xiyun*	100,000.00	200,000.00
Law Man Tat	250,000.00	250,000.00
Li Zhiwei**	100,000.00	–
Liu Chunyan**	100,000.00	–
Total	650,000.00	650,000.00

* Sun Xiyun retired as an independent non-executive director of the Company at the expiration of his term in June 2020, Wang Zhifeng retired as an independent non-executive director of the Company at the expiration of his term in June 2020, and has been serving as an independent supervisor of the Company since the same month.

** Li Zhiwei and Liu Chunyan have been serving as independent non-executive directors of the Company since June 2020.

There are no other arrangements of remunerations payable to independent non-executive directors for the current year (In 2019: Nil).

Notes to the Financial Statements (continued)

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XIV. Emoluments of directors, supervisors and senior management (continued)

2. Executive directors, non-executive directors and supervisors

	2020	2019
Salaries and allowances:		
Executive directors:		
Wei Minghui	1,369,577.55	794,079.38
Sun Dequan**	1,012,131.55	-
Zhang Yiming*	-	-
Qi Yue**	-	-
Non-executive directors:		
Cao Dong	-	-
Yuan Yi	-	-
Li Jianhui*	-	-
Qi Yue**	-	-
Na Danhong**	-	-
Xu Song*	-	-
Yim Kong*	-	-
Bai Jingtao*	-	-
Zheng Shaoping*	-	-
Yin Shihui*	-	-
Supervisors:		
Jia Wenjun	-	480,683.63
Qi Yue**	-	-
Jia Ming**	-	-
Kong Xianjing*	50,000.00	100,000.00
Wang Zhifeng	50,000.00	-
Jiao Yingguang*	-	563,197.38
Zhang Hong**	437,209.42	-
Lu Yongkui*	-	557,314.38
Liu Xianfeng**	505,122.42	-
Total	3,424,040.94	2,495,274.77

Notes to the Financial Statements (continued)

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XIV. Emoluments of directors, supervisors and senior management (continued)

2. Executive directors, non-executive directors and supervisors (continued)

	2020	2019
Pension plan contribution:		
Executive directors:		
Wei Minghui	23,151.12	35,117.76
Sun Dequan**	23,151.12	—
Zhang Yiming*	—	—
Qi Yue**	—	—
Non-executive directors:		
Cao Dong	—	—
Yuan Yi	—	—
Li Jianhui*	—	—
Qi Yue**	—	—
Na Danhong**	—	—
Xu Song*	—	—
Yim Kong*	—	—
Bai Jingtao*	—	—
Zheng Shaoping*	—	—
Yin Shihui*	—	—
Supervisors:		
Jia Wenjun	—	24,062.88
Qi Yue**	—	—
Jia Ming**	—	—
Kong Xianjing*	—	—
Wang Zhifeng	—	—
Jiao Yingguang*	—	35,117.76
Zhang Hong**	19,694.40	—
Lu Yongkui*	—	35,117.76
Liu Xianfeng**	19,694.40	—
Total	85,691.04	129,416.16

* Zhang Yiming and Bai Jingtao resigned from respective positions in the Company in March 2019, Zheng Shaoping and Yin Shihui resigned as non-executive directors of the Company in March 2019, Xu Song and Yim Kong resigned from respective positions in the Company in December 2019, Jiao Yingguang and Lu Yongkui resigned as employee representative supervisors of the Company in March 2020, Li Jianhui retired as a non-executive director of the Company at the expiration of his term in June 2020, and Kong Xianjing retired as an independent supervisor of the Company at the expiration of his term in June 2020.

Notes to the Financial Statements (continued)

2020
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XIV. Emoluments of directors, supervisors and senior management (continued)

2. Executive directors, non-executive directors and supervisors (continued)

** Zhang Hong and Liu Xianfeng have been the employee representative supervisors of the Company since March 2020, Sun Dequan has been an executive director of the Company since April 2020, Jia Ming has been a supervisor of the Company since June 2020, and Na Danhong has been a non-executive director of the Company since June 2020; Qi Yue retired as a supervisor of the Company at the expiration of his term in June 2020, and has been serving as the vice chairman and a non-executive director of the Company since the same month to November 2020, and as the vice chairman, an executive director and deputy general manager of the Company since November 2020.

3. Senior management

	2020	2019
Salaries and allowances:		
Sun Dequan	1,012,131.55	–
Tai Jingang	724,320.38	–
Yin Kaiyang	680,495.55	–
Luo Dongxi	656,687.55	–
Wang Ping	513,471.55	458,175.38
Zhang Tie	669,656.55	–
Wang Huiying	522,011.38	332,549.76
Lee, Kin Yu Arthur	1,292,908.80	1,316,454.60
Wei Minghui*	1,369,577.55	794,079.38
Xing Jianfei**	–	384,144.76
Wang Jilu**	–	60,201.22
Zhao Qiang**	–	81,726.41
Total	7,441,260.86	3,427,331.51
Pension plan contribution:		
Sun Dequan	23,151.12	–
Tai Jingang	23,151.12	–
Yin Kaiyang	23,151.12	–
Luo Dongxi	23,151.12	–
Wang Ping	23,151.12	35,117.76
Zhang Tie	23,151.12	–
Wang Huiying	23,151.12	20,337.92
Lee, Kin Yu Arthur	–	–
Wei Minghui*	23,151.12	35,117.76
Xing Jianfei**	–	20,377.92
Wang Jilu**	–	7,369.92
Zhao Qiang**	–	4,375.80
Total	185,208.96	122,697.08

Notes to the Financial Statements (continued)

2020
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XIV. Emoluments of directors, supervisors and senior management (continued)

3. Senior management (continued)

- * Wei Minghui resigned as the general manager of the Company in December 2019 and remained as an executive director of the Company. He has been the chairman of the Company since December 2019.
- ** Wang Jilu resigned from relevant position in the Company in February 2019, Zhao Qiang and Xing Jianfei resigned from respective positions in the Company in April and December 2019, respectively.

During the year, there was no agreement for a director, supervisor or senior management to waive or agree to waive the emoluments for the year (In 2019: Nil).

4. The top five highest paid individuals

The top five highest paid individuals of the Group in 2020 include two directors (the top five highest paid individuals of the Group in 2019 include 1 director). The aggregate emoluments are as follows:

	2020	2019
Salaries and allowances	5,142,084.35	4,342,047.97
Social security	295,330.68	353,978.06
Total	5,437,415.03	4,696,026.03

Emolument bands

	2020	2019
RMB0 – RMB1,000,000	2 persons	4 persons
RMB1,000,000 – RMB1,500,000	3 persons	1 person

Notes to the Financial Statements (continued)

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XV. Notes to key items in the parent company's financial statements

1. Accounts receivable

(1) General information on accounts receivable

Item	31 December 2020	31 December 2019
Accounts receivable	1,661,836,746.98	1,046,780,966.07
Less: Credit loss provision	183,175,964.77	57,883,280.43
Total	1,478,660,782.21	988,897,685.64

(2) Overall aging of accounts receivable

Item	Amount as at the end of the year			Amount as at the beginning of the year		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	801,400,805.26	48.23	54,790,479.75	860,092,218.71	82.16	2,378,286.33
1 to 2 years (including 2 years)	674,076,848.36	40.56	58,958,903.86	132,716,514.20	12.68	2,603,596.77
2 to 3 years (including 3 years)	132,669,740.20	7.98	16,259,235.00	2,806,813.34	0.27	1,934,588.51
Over 3 years	53,689,353.16	3.23	53,167,346.16	51,165,419.82	4.89	50,966,808.82
Total	1,661,836,746.98	100.00	183,175,964.77	1,046,780,966.07	100.00	57,883,280.43

(3) The movements in provision for bad debts of accounts receivable are as follows:

	Balance as at the beginning of the year	Provision for the year	Recovery/reversal during the year	Write-off during the year	Balance as at the end of the year
2020	57,883,280.43	125,292,684.34	-	-	183,175,964.77
2019	36,601,556.85	21,281,723.58	-	-	57,883,280.43

Notes to the Financial Statements (continued)

2020
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XV. Notes to key items in the parent company's financial statements (continued)

1. Accounts receivable (continued)

(4) Details of accounts receivable of which provision for bad debts is made are as follows:

As at 31 December 2020, details of the Company's accounts receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

Rating	Book balance of estimated default	Expected credit loss	Expected credit loss for the entire duration
Portfolio A	160,611,169.86	0.00%-0.10%	18,203.97
Portfolio B	1,165,414.00	0.10%-0.30%	1,165.41
Portfolio C	1,434,041,574.40	0.30%-50.00%	118,319,283.58
Portfolio D	66,018,588.72	50.00%-100.00%	64,837,311.81
Total	1,661,836,746.98		183,175,964.77

As at 31 December 2019, details of the Company's accounts receivable of which provision for bad debts is made according to its credit risk rating are as follows:

Rating	Book balance of estimated default	Expected credit loss	Expected credit loss for the entire duration
Portfolio A	173,082,288.75	0.00%-0.10%	17,419.42
Portfolio B	813,388,382.60	0.10%-0.30%	1,066,894.26
Portfolio C	3,935,192.00	0.30%-50.00%	1,055,941.60
Portfolio D	56,375,102.72	50.00%-100.00%	55,743,025.15
Total	1,046,780,966.07		57,883,280.43

Notes to the Financial Statements (continued)

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XV. Notes to key items in the parent company's financial statements (continued)

1. Accounts receivable (continued)

(5) Information on the top five entities by the amounts of accounts receivable

Name of entity	Relationship with the Group	Amount	Aging	Provision for credit loss	Percentage of total accounts receivable (%)
Dalian Enaisikai International Trading Co., Ltd.	Customer	1,430,051,551.00	Within 3 years	117,681,634.86	86.06
Vale International SA	Customer	47,774,446.00	Within 1 year	4,777.45	2.87
Shenyang Oriental Steel Co., Ltd.	Customer	48,854,764.10	Over 5 years	48,854,764.10	2.94
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	Related party	21,102,212.00	Within 1 year	2,110.22	1.27
Dalian China Railway Foreign Service International Freight Forwarding Co., Ltd. (大連中鐵外服國際貨運代理有限公司)	Customer	8,014,205.86	Within 1 year	801.42	0.48
Total		1,555,797,178.96		166,544,088.05	93.62

2. Other receivables

Item	31 December 2020	31 December 2019
Dividends receivable	1,320,010,477.44	1,407,912,587.46
Other receivables	69,542,756.97	80,851,933.67
Total	1,389,553,234.41	1,488,764,521.13

Notes to the Financial Statements (continued)

2020
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XV. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(1) Dividends receivable

1) Presentation of dividends receivable

Investee	31 December 2020	31 December 2019
China United Tally (Dalian) Co., Ltd.	371,505.94	415,597.59
Dalian Automobile Terminal Co., Ltd.	9,600,000.00	6,400,000.00
Taicang Xinggang Tug Co., Ltd.	2,142,855.00	–
Dalian Port Group Financial Co., Ltd.	–	153,604,658.42
Dalian Port Container Development Co., Ltd.	1,307,896,116.50	1,247,492,331.45
Total	1,320,010,477.44	1,407,912,587.46
Less: Provision for credit loss	–	–
Carrying amount	1,320,010,477.44	1,407,912,587.46

The Company's management believed that provision for impairment of dividends receivable as at balance sheet date was not necessary.

2) Significant dividends receivable aged more than 1 year

Investee	Amount as at the beginning of the year	Amount as at the end of the year	Reason for failure of recovery
Dalian Port Container Development Co., Ltd.	1,091,933,945.12	1,110,120,390.16	Deferred payment

Notes to the Financial Statements (continued)

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XV. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Other receivables

1) Analysis by nature

Nature of amount	31 December 2020	31 December 2019
Receivables from income of entrusted management services	88,076,780.52	87,244,199.59
Others	23,178,723.08	24,078,120.43
Sub-total	111,255,503.60	111,322,320.02
Less: Credit loss provision	41,712,746.63	30,470,386.35
Total	69,542,756.97	80,851,933.67

2) Analysis by aging

Item	31 December 2020			31 December 2019		
	Book balance	Percentage (%)	Provision for credit loss	Book balance	Percentage (%)	Provision for credit loss
Within 1 year (including 1 year)	32,749,196.31	29.45	980,887.11	32,246,700.71	28.97	1,212,873.62
1 to 2 years (including 2 years)	4,255,029.09	3.82	3,408,690.31	65,737,024.53	59.05	17,786,277.71
2 to 3 years (including 3 years)	64,444,683.42	57.92	27,824,279.43	2,839,910.00	2.55	1,983,465.40
Over 3 years	9,806,594.78	8.81	9,498,889.78	10,498,684.78	9.43	9,487,769.62
Total	111,255,503.60	100.00	41,712,746.63	111,322,320.02	100.00	30,470,386.35

Notes to the Financial Statements (continued)

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XV. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

3) Details of the Company's other receivables of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

31 December 2020

Rating	Book balance of estimated default	Expected credit loss	Expected credit loss over the next 12 months	Expected credit loss for the entire duration
Portfolio A	31,013,746.99	0.00%-0.10%	3,149.59	–
Portfolio B	100,000.00	0.10%-0.30%	50.00	–
Portfolio C	61,912,684.80	0.30%-50.00%	–	24,650,475.23
Portfolio D	18,229,071.81	50.00%-100.00%	–	17,059,071.81
Total	111,255,503.60		3,199.59	41,709,547.04

31 December 2019

Rating	Book balance of estimated default	Expected credit loss	Expected credit loss over the next 12 months	Expected credit loss for the entire duration
Portfolio A	28,546,473.63	0.00%-0.10%	2,866.92	–
Portfolio B	215,878.32	0.10%-0.30%	427.56	–
Portfolio C	69,385,113.60	0.30%-50.00%	–	18,438,204.40
Portfolio D	13,174,854.47	50.00%-100.00%	–	12,028,887.47
Total	111,322,320.02		3,294.48	30,467,091.87

Notes to the Financial Statements (continued)

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XV. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

- 4) *Movements in provision for bad debts of expected credit loss in relation to other receivables over the next 12 months and the entire duration are as follows:*

31 December 2020

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	3,294.48	18,438,204.40	12,028,887.47	30,470,386.35
Opening balance in the current year				
- Transfer to stage II	-	-	-	-
- Transfer to stage III	-24.02	-2,101,306.27	2,101,330.29	-
Provision in the year	-	8,313,577.10	2,928,854.05	11,242,431.15
Reversal in the year	70.87	-	-	70.87
Closing balance	3,199.59	24,650,475.23	17,059,071.81	41,712,746.63

31 December 2019

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	23,110,408.74	636,817.25	6,711,718.99	30,458,944.98
Opening balance in the current year				
- Transfer to stage II	-10,553,090.00	10,553,090.00	-	-
- Transfer to stage III	-384.50	-	384.50	-
Provision in the year	-	7,248,297.15	5,316,783.98	12,565,081.13
Reversal in the year	12,553,639.76	-	-	12,553,639.76
Closing balance	3,294.48	18,438,204.40	12,028,887.47	30,470,386.35

Notes to the Financial Statements (continued)

2020
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XV. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

- 4) *Movements in provision for bad debts of expected credit loss in relation to other receivables over the next 12 months and the entire duration are as follows: (continued)*

In 2020, the provision for bad debts amounted to RMB11,242,431.15 (2019: RMB12,565,081.13), and the bad debt provision recovered or reversed amounted to RMB70.87 (2019: RMB12,553,639.76).

- 5) *Other receivables of the top five debtors by closing balances*

31 December 2020

Name of entity	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)	Provision for credit loss	Nature or description
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	77,156,780.52	Within 3 years	69.36	24,032,507.98	Income receivable for entrusted management service
Dalian Changxing Island Port Co., Ltd.	Related party	10,920,000.00	Over 5 years	9.82	9,750,000.00	Income receivable for entrusted management
Dalian Steel Logistics Park Co., Ltd.	Subsidiary	7,034,717.34	Within 5 years	6.32	7,034,717.34	Rental fees
Dalian Port Corporation Limited	Related party	6,000,000.00	Within 1 year	5.39	600.00	Subsidy
Dalian Port Pilotage Station	Third party	3,408,748.58	Within 1 year	3.06	340.87	Maintenance fee for public facilities
Total		104,520,246.44		93.95	40,818,166.19	

Notes to the Financial Statements (continued)

2020
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XV. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

5) Other receivables of the top five debtors by closing balances (continued)

31 December 2019

Name of entity	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)	Provision for credit loss	Nature or description
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	76,324,199.59	Within 2 years	68.56	15,621,644.72	Income receivable for entrusted management service
Dalian Changxing Island Port Co., Ltd.	Related party	10,920,000.00	Over 5 years	9.81	9,781,200.00	Income receivable for entrusted management
Dalian Steel Logistics Park Co., Ltd.	Subsidiary	7,034,717.34	Within 4 years	6.32	2,101,330.29	Rental fees
Dalian Port Corporation Limited	Third party	5,935,683.83	Within 1 year	5.33	593.57	Maintenance fee for public facilities
Dalian Port Pilotage Station	Related party	3,826,362.59	Within 1 year	3.44	382.64	Stock income
Total		104,040,963.35		93.46	27,505,151.22	

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Opening balance	Increase in the year	Decrease in the year	Other increase (decrease)	Impact of change in scope of combination	Closing balance
Investment in subsidiaries	4,560,286,140.45	260,619,525.68	-10,000,000.00	-	31,931,668.81	4,842,837,334.94
Investment in joint ventures	1,149,640,325.76	-	-	-17,452,049.29	-31,931,668.81	1,100,256,607.66
Investment in associates	2,276,590,850.40	-	-929,962,963.00	-2,447,183.53	-	1,344,180,703.87
Total	7,986,517,316.61	260,619,525.68	-939,962,963.00	-19,899,232.82	-	7,287,274,646.47

Notes to the Financial Statements (continued)

2020
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XV. Notes to key items in the parent company's financial statements (continued)

3. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments

2020

Investee	Changes in the year							Closing balance of impairment provision		
	Opening balance	Impact of change in consolidation scope	Increase in investment	Decrease in investment	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity		Declaration of distribution of cash dividend and profit	Provision for impairment
Subsidiaries										
Dalian Port Container Development Co., Ltd.	3,201,948,622.38	-	-	-	-	-	-	-197,775,726.34	-	3,201,948,622.38
Asia Pacific Ports (Dalian) Co., Ltd.	-	-	260,619,525.68	-	-	-	-	-	-	260,619,525.68
Asia Pacific Ports Company Limited	76,155,000.00	-	-	-	-	-	-	-	-	76,155,000.00
Dalian EDZ Jin Xin Petro-chemistry Co., Ltd.	6,629,301.65	-	-	-	-	-	-2,328,063.11	-	-	6,629,301.65
Dalian Jifa Shipping Management Co., Ltd.	419,011,554.73	-	-	-	-	-	-	-	-	419,011,554.73
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	-	-	-	-	-	-6,919,126.13	-	-	14,259,172.03
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	-	-	-	-	-	-	-	-	18,278,125.97
Dalian Port Telecommunications Engineering Co., Ltd.	6,137,212.61	-	-	-	-	-	-3,312,405.00	-	-	6,137,212.61
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	-	-	-	-	-	-	-	-	53,156,426.75
Dalian Port Lushun Harbour Service Co., Ltd.	217,580,000.00	-	-	-	-	-	-	-	-	217,580,000.00
Dalian Harbour ECL Logistics Co., Ltd.	-	31,931,668.81	-	-	-	-	-1,022,236.24	-	-	31,931,668.81
Dalian Port Grain and Oil Trading Co., Ltd.	25,000,000.00	-	-	-	-	-	-	-	-	25,000,000.00
Dalian Steel Logistics Park Co., Ltd.	8,000,000.00	-	-	-	-	-	-	-	-	8,000,000.00
Dalian Gangrun Gas Co., Ltd.	5,100,000.00	-	-	-	-	-	-	-	-	5,100,000.00
Dalian Hajia Automobile Terminal Co., Ltd.	200,000,000.00	-	-	-	-	-	-	-	-	200,000,000.00
Dalian Diangsiwei Caravan Co., Ltd.	51,000,000.00	-	-	-	-	-	-	-	-	51,000,000.00
Dalian Port Group Zhuanghe Terminal Co., Ltd.	42,000,000.00	-	-	-	-	-	-	-	-	42,000,000.00
Dalian Zhuanghe Gangying Investment Co., Ltd.	80,000,000.00	-	-	-	-	-	-	-	-	80,000,000.00
Dalian Port Haiheng Ship Management Co., Ltd.	4,825,626.54	-	-	-	-	-	-741,900.64	-	-	4,825,626.54
Dalian Hongyang International Logistics Co., Ltd.	10,000,000.00	-	-	-10,000,000.00	-	-	-	-	-	-
Dalian Port Power Supply Co., Ltd.	121,205,097.79	-	-	-	-	-	-6,594,103.86	-	-	121,205,097.79
Sub-total	4,560,266,140.45	31,931,668.81	260,619,525.68	-10,000,000.00	-	-	-218,693,561.32	-	-	4,842,837,334.94

Notes to the Financial Statements (continued)

2020
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XV. Notes to key items in the parent company's financial statements (continued)

3. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

2020 (continued)

Investee	Changes in the year										
	Opening balance	Impact of change in consolidation scope	Increase in investment	Decrease in investment	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity	Declaration of distribution of cash dividend and profit	Provision for impairment	Closing balance	Closing balance of impairment provision
Joint ventures											
Dalian Port Tongji Shipping Agency Co., Ltd.	1,213,114.02	-	-	-	238,799.99	-	-	-350,000.00	-	1,101,914.01	-
Dalian Harbour ECI Logistics Co., Ltd.	31,943,743.61	-31,931,668.81	-	-	-	-	-12,074.80	-	-	-	-
Odjell Terminals (Dalian) Co., Ltd.	165,965,277.50	-	-	-	24,694,683.21	-	-	-22,500,000.00	-	168,159,960.71	-
Dalian Port PetroChina International Terminal Co., Ltd.	236,553,790.29	-	-	-	29,276,249.77	-	-	-29,000,000.00	-	236,830,040.06	-
China United Tally (Dalian) Co., Ltd.	3,150,876.54	-	-	-	1,109,029.28	-	16,506.94	-371,505.93	-	3,906,906.83	-
China Oil Dock Management (Dalian) Co., Ltd.	19,843,325.81	-	-	-	19,121,226.16	-	-	-8,487,465.19	-	30,477,086.78	-
Dalian Chengxing Island Port Co., Ltd.	138,942,816.08	-	-	-	-4,954,714.60	-	451,960.00	-	-	134,440,061.48	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	14,928,483.72	-	-	-	10,053,254.93	-	-18,436.42	-8,724,682.66	-	16,138,619.57	-
Odjell Dalian Port Consulting Co., Ltd.	921,128.76	-	-	-	405,464.94	-	-	-	-	1,326,593.72	-
Dalian Chengxing Island Port Investment and Development Co., Ltd.	394,017,406.66	-	-	-	-24,691,548.78	-	1,294,748.99	-	-	370,620,606.87	-
Odjell Chengxing Terminals (Dalian) Co., Ltd.	8,081,200.67	-	-	-	-96,055.27	-	-	-	-	7,985,145.40	-
Dalian Port Xiangyu Grain Logistics Co., Ltd.	37,317,843.08	-	-	-	-1,502,510.47	-	-	-	-	35,815,332.61	-
China Shipping Gang Lian Co., Ltd.	96,861,319.00	-	-	-	-3,406,979.98	-	-	-	-	93,454,339.02	-
Sub-total	1,149,640,325.76	-31,931,668.81	-	-	50,246,899.78	-	1,734,704.71	-69,433,653.78	-	1,100,256,607.66	-
Associates											
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	44,505,541.15	-	-	-	15,059,371.36	-	-	-20,000,000.00	-	39,564,912.51	-
Taicang Xinggang Tug Co., Ltd.	10,144,666.43	-	-	-	4,679,906.66	-	-	-2,142,855.00	-	12,681,717.99	-
PetroChina Dalian LNG Co., Ltd.	702,722,083.30	-	-	-	97,339,249.17	-	-462,467.77	-126,997,246.88	-	672,600,617.82	-
Dalian North Oil Petroleum Logistics Co., Ltd.	73,291,607.84	-	-	-	8,029,909.41	-	139,781.99	-4,000,000.00	-	77,461,299.24	-
Sino Rail Bohai Train Ferry Co., Ltd.	242,861,827.81	-	-	-	-1,337,919.13	-	-	-	-	241,523,908.68	-
CDC International Logistics Co., Ltd.	138,072,756.88	-	-	-	-15,730,065.86	-	-	-	-	122,342,691.02	-
Dalian Port Group Financial Co., Ltd.	892,291,788.16	-	-	-	37,671,174.84	-	-	-	-	-	-
Dalian Automobile Terminal Co., Ltd.	172,700,578.83	-	-	-	14,979,658.80	-	-68,681.02	-9,600,000.00	-	178,005,556.61	-
Sub-total	2,276,590,850.40	-	-	-	160,684,285.15	-	-391,366.80	-162,740,101.88	-	1,344,180,703.87	-
Total	7,986,517,316.61	-	260,619,525.68	-939,962,963.00	210,931,164.93	-	1,343,337.91	-450,867,316.98	-	7,287,274,646.47	-

Notes to the Financial Statements (continued)

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XV. Notes to key items in the parent company's financial statements (continued)

3. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

2019

Investee	Changes in the year							Closing balance of impairment provision		
	Opening balance	Impact of change in consolidation scope	Increase in investment	Decrease in investment	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity		Declaration of distribution of cash dividend and profit	Provision for impairment
Subsidiaries										
Dalian Port Container Development Co., Ltd.	3,201,948,622.38	-	-	-	-	-	-	-155,558,386.33	-	3,201,948,622.38
Asia Pacific Ports Company Limited	76,155,000.00	-	-	-	-	-	-	-	-	76,155,000.00
Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd.	6,629,301.65	-	-	-	-	-	-	-2,765,953.84	-	6,629,301.65
Dalian Jifa Shipping Management Co., Ltd.	419,011,554.73	-	-	-	-	-	-	-	-	419,011,554.73
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	-	-	-	-	-	-	-6,323,011.02	-	14,259,172.03
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	-	-	-	-	-	-	-	-	18,278,125.97
Dalian Port Telecommunications Engineering Co., Ltd.	6,137,212.61	-	-	-	-	-	-	-1,678,050.00	-	6,137,212.61
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	-	-	-	-	-	-	-	-	53,156,426.75
Dalian Port Lushun Harbour Service Co., Ltd.	217,580,000.00	-	-	-	-	-	-	-	-	217,580,000.00
Dalian Port Grain and Oil Trading Co., Ltd.	25,000,000.00	-	-	-	-	-	-	-	-	25,000,000.00
Dalian Steel Logistics Park Co., Ltd.	8,000,000.00	-	-	-	-	-	-	-	-	8,000,000.00
Dalian Gangrun Gas Co., Ltd.	5,100,000.00	-	-	-	-	-	-	-	-	5,100,000.00
Dalian Haijia-Automobile Terminal Co., Ltd.	200,000,000.00	-	-	-	-	-	-	-	-	200,000,000.00
Dalian Dlangsiui Caravan Co., Ltd.	51,000,000.00	-	-	-	-	-	-	-	-	51,000,000.00
Dalian Port Group Zhuanghe Terminal Co., Ltd.	42,000,000.00	-	-	-	-	-	-	-	-	42,000,000.00
Dalian Zhuanghe Gangxing Investment Co., Ltd.	80,000,000.00	-	-	-	-	-	-	-	-	80,000,000.00
Dalian Port Haiheng Ship Management Co., Ltd.	4,825,626.54	-	-	-	-	-	-	-553,732.17	-	4,825,626.54
Dalian Hongyang International Logistics Co., Ltd.	10,000,000.00	-	-	-	-	-	-	-	-	10,000,000.00
Dalian Port Power Supply Co., Ltd.	121,205,097.79	-	-	-	-	-	-	-4,970,950.40	-	121,205,097.79
Sub-total	4,560,286,140.45	-	-	-	-	-	-	-171,850,066.76	-	4,560,286,140.45

Notes to the Financial Statements (continued)

2020
In RMB

XV. Notes to key items in the parent company's financial statements (continued)

3. Long-term equity investments (continued) (2) Breakdown of long-term equity investments (continued)

2019 (continued)

Investee	Changes in the year										Closing balance of impairment provision
	Opening balance	Impact of change in consolidation scope	Increase in investment	Decrease in investment	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity	Declaration of distribution of cash dividend and profit	Provision for impairment	Closing balance	
Joint ventures											
Dalian Port Tongji Shipping Agency Co., Ltd.	1,157,737.63	-	-	-	355,376.39	-	-	-300,000.00	-	1,213,114.02	-
Dalian Harbour ECU Logistics Co., Ltd.	31,867,289.81	-	-	-	1,135,818.05	-	9,128.23	-1,068,492.48	-	31,943,743.61	-
Odjfell Terminals (Dalian) Co., Ltd.	164,438,966.96	-	-	-	25,935,449.92	-	590,860.62	-25,000,000.00	-	185,965,277.50	-
Dalian Port PetroChina International Terminal Co., Ltd.	232,170,584.40	-	-	-	28,973,479.39	-	409,726.50	-25,000,000.00	-	236,553,790.29	-
China United Tally (Dalian) Co., Ltd.	3,274,054.99	-	-	-	371,505.93	-	-79,086.79	-415,597.59	-	3,150,876.54	-
China Oil Dock Management (Dalian) Co., Ltd.	5,013,298.47	-	-	-	14,830,027.34	-	227,131.39	-	-	19,843,325.81	-
Dalian Changxing Island Port Co., Ltd.	127,195,959.05	-	-	-	11,519,725.64	-	63,117.02	-10,787,468.44	-	138,942,816.08	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	16,828,152.50	-	-	-	8,724,682.64	-	-	-	-	14,828,483.72	-
Odjfell Dalian Port Consulting Co., Ltd.	1,133,761.95	-	-	-	-212,633.17	-	-	-	-	921,128.78	-
Dalian Changxing Island Port Investment and Development Co., Ltd.	437,730,043.64	-	-	-	-44,211,926.33	-	499,289.35	-	-	394,017,406.66	-
Odjfell Changxing Terminals (Dalian) Co., Ltd.	9,023,496.96	-	-	-	-942,296.29	-	-	-	-	8,081,200.67	-
Dalian Port Xiangyu Grain Logistics Co., Ltd.	37,931,417.68	-	-	-	-613,574.60	-	-	-	-	37,317,843.08	-
China Shipping Gang Lian Co., Ltd.	91,053,318.99	-	-	-	5,898,000.01	-	-	-	-	96,951,319.00	-
Sub-total	1,158,818,093.03	-	-	-	51,673,634.92	-	1,720,166.32	-62,571,568.51	-	1,149,640,325.76	-
Associates											
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	35,729,600.86	-	-	-	10,895,241.48	-	20,698.81	-2,140,000.00	-	44,505,541.15	-
Taicang Xinggang Tug Co., Ltd.	7,970,321.02	-	-	-	3,718,196.92	-	-	-1,543,851.51	-	10,144,666.43	-
PetroChina Dalian LNG Co., Ltd.	679,743,611.61	-	-	-	141,342,000.00	-	1,160,857.67	-119,524,385.98	-	702,722,083.30	-
Dalian North Oil Petroleum Logistics Co., Ltd.	72,828,582.52	-	-	-	4,463,025.32	-	-	-4,000,000.00	-	73,291,607.84	-
Sino Rail Bohai Train Ferry Co., Ltd.	245,045,841.35	-	-	-	-2,496,687.46	-	312,673.92	-	-	242,861,827.81	-
CDC International Logistics Co., Ltd.	139,320,757.64	-	-	-	-1,246,000.76	-	-	-	-	138,072,756.88	-
Dalian Port Group Financial Co., Ltd.	975,897,542.10	-	-	-	69,998,904.48	-	-	-153,604,658.42	-	892,291,788.16	-
Dalian Automobile Terminal Co., Ltd.	168,617,411.76	-	-	-	11,919,446.49	-	163,720.58	-8,000,000.00	-	172,700,578.83	-
Sub-total	2,325,153,666.86	-	-	-	238,592,126.47	-	1,657,950.98	-288,812,895.91	-	2,276,590,850.40	-
Total	8,044,257,892.34	-	-	-	290,265,761.39	-	3,378,117.30	-523,234,541.18	-	7,986,517,316.61	-

Notes to the Financial Statements (continued)

2020
In RMB

XV. Notes to key items in the parent company's financial statements (continued)

4. Revenue

Item	2020		2019	
	Revenue	Cost	Revenue	Cost
Principal operations	3,473,590,285.48	2,224,437,025.09	3,188,272,305.11	2,160,461,617.94
Other operations	304,212,941.31	174,745,678.44	319,300,725.73	181,867,223.59
Total	3,777,803,226.79	2,399,182,703.53	3,507,573,030.84	2,342,328,841.53

5. Investment income

Item	2020	2019
Investment income from long-term equity investments under the cost method	218,693,561.32	171,850,086.76
Investment income from long-term equity investments under the equity method	210,931,184.93	290,265,761.39
Investment income from disposal of long-term equity investments	-3,438,131.87	—
Investment income from held-for-trading financial assets during the period of holding	53,190.00	103,993.00
Investment income from disposal of held-for-trading financial assets	31,878,450.06	43,452,014.85
Others	26,034,916.44	21,418,194.17
Total	484,153,170.88	527,090,050.17

There are no material restrictions on the repatriation of investment income of the Company.

Notes to the Financial Statements (continued)

2020
In RMB

XV. Notes to key items in the parent company's financial statements (continued)

6. Supplementary information to the statement of cash flows of parent company

Item	2020	2019
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	781,550,971.83	725,315,641.10
Add: Provision for credit impairment	136,598,137.21	8,905,764.95
Depreciation of fixed assets	538,395,937.64	538,200,351.33
Depreciation of right-of-use assets	85,766,668.97	85,711,093.95
Amortisation of intangible assets	21,824,435.11	21,300,892.44
Amortisation of long-term prepaid expenses	4,864,969.88	3,394,370.02
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gain)	-2,070,687.68	-170,872.06
Losses on obsolescence of fixed assets ("-" for gain)	723,312.69	83,016.98
Financial expenses ("-" for gain)	459,651,359.11	504,755,327.71
Losses on investment ("-" for gain)	-484,153,170.88	-527,090,050.17
Losses on changes in fair value ("-" for gain)	323,118.00	930,957.50
Decrease in deferred income tax assets ("-" for increase)	-44,603,591.30	-16,950,479.07
Amortisation of deferred income	-35,246,618.25	-37,748,625.27
Decrease in inventories ("-" for increase)	350,336.84	4,705,838.84
Increase in special reserve ("-" for decrease)	9,093,655.30	6,915,839.84
Decrease in operating receivables ("-" for increase)	-718,211,866.96	-579,193,449.50
Increase in operating payables ("-" for decrease)	94,733,587.34	-78,981,906.02
Net cash flows from operating activities	849,590,554.85	660,083,712.57
2. Net changes in cash and cash equivalents:		
Cash at the end of the year	2,890,267,651.51	2,666,892,626.45
Less: Cash at the beginning of the year	2,666,892,626.45	3,802,220,542.48
Net increase in cash and cash equivalents	223,375,025.06	-1,135,327,916.03

XVI. Approval of financial statements

These financial statements were approved by the Board of Directors of the Company on 25 March 2021.

Supplementary Information to the Financial Statements

2020
In RMB

I. Statement of non-recurring profit or loss

In accordance with “Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – Non-recurring Profit/Loss (2008)” issued by China Securities Regulatory Commission, the non-recurring profit or loss for 2020 of the Group are set out as follows:

Item	2020	2019	Remarks
Profit or loss on disposal of non-current assets	9,120,803.74	3,944,653.16	
Government grants charged to profit or loss for the current period (other than government grants which are closely related to corporate business and granted based on a fixed amount or a fixed quantity unified by the state on an ongoing basis)	43,387,925.93	40,819,666.33	
Except for the effective hedging activities related to the Group’s ordinary operation, profit or loss arising from changes in fair value of financial assets at fair value through current profit or loss and financial liabilities at fair value through current profit or loss, and investment income from disposal of financial assets at fair value through current profit or loss and financial liabilities at fair value through current profit or loss	31,555,332.06	42,625,050.35	
Profit or loss from outward entrusted loans	1,462,082.72	2,466,029.05	
Capital occupation fee charged to non financial enterprises included in current profits and losses	4,277,022.55	–	
Non-operating income and expenses other than aforesaid items	-17,917,030.93	18,787,722.39	
Other profit or loss item under the definition of non-recurring profit or loss	13,548,342.78	295.00	
Sub-total	85,434,478.85	108,643,416.28	
Effect of income tax	15,832,928.85	27,189,031.95	
Effect of minority interests (after tax)	5,494,139.34	15,018,122.95	
Total	64,107,410.66	66,436,261.38	

Supplementary Information to the Financial Statements (continued)

2020
In RMB

II. Return on net assets and earnings per share

2020

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	4.24%	0.06
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	3.90%	0.06

2019

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	3.86%	0.06
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	3.50%	0.05

No dilutive potential ordinary shares have been issued by the Company.

Financial Highlights for the Past Five Financial Years

RMB'000	2020	2019	2018	2017	2016
Revenue and Profit					
Revenue	6,657,457	6,645,907	6,754,445	9,031,643	12,814,484
Gross profit	2,235,347	1,990,967	1,612,710	1,463,441	1,387,422
Operating profit	1,239,921	1,136,490	859,396	711,284	610,752
Total profit	1,225,265	1,162,173	875,480	727,158	778,013
Net profit	950,817	894,932	681,981	574,292	612,683
Net profit attributable to shareholders of the parent company	812,640	718,230	523,316	500,780	531,013
Basic earnings per share (RMB)	0.063	0.056	0.041	0.039	0.042
Assets and Liabilities					
Cash and bank balances	4,511,747	4,051,413	5,757,831	7,507,917	6,741,279
Current assets	7,999,012	6,890,986	9,559,480	10,439,083	9,162,323
Non-current assets	26,526,830	28,207,289	25,756,103	26,146,192	22,739,742
Borrowings	7,228,841	8,220,756	12,124,862	13,415,605	10,549,202
Current liabilities	4,039,933	2,377,417	5,701,990	9,193,179	6,147,463
Non-current liabilities	8,464,809	11,316,442	8,753,277	6,772,298	6,648,287
Total assets	34,525,842	35,098,275	35,315,583	36,585,276	31,902,065
Net assets	22,021,100	21,404,416	20,860,316	20,619,798	19,106,315
Capital and Equity					
Share capital	12,894,536	12,894,536	12,894,536	12,894,536	12,894,536
Equity attributable to shareholders of the parent company	19,353,013	18,769,790	18,276,366	18,059,929	17,773,317
Minority interests	2,668,087	2,634,626	2,583,950	2,559,869	1,332,998
Shareholders' equity	22,021,100	21,404,416	20,860,316	20,619,798	19,106,315
Net assets per share (RMB)	1.50	1.46	1.42	1.40	1.38

Environmental, Social and Governance Report

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Environmental, Social and Governance Report

About the Report

The report is a true reflection of Liaoning Port Co., Ltd. active implementation of its Environmental, Social and Governance (“ESG”) responsibilities to achieve comprehensive and coordinated sustainability. The forward-looking statements described herein such as the business plans or development strategies shall not constitute any substantial commitment to investors.

Reporting Period

Unless otherwise stated, the report covers information for the period from 1 January 2020 to 31 December 2020.

Scope of the Report

Unless otherwise stated, the report covers ESG-related information of the domestic operations of Liaoning Port Co., Ltd. and its main subsidiaries.

Sources of Data

All data and information included in the report were collected from the relevant data collection and statistics system of Liaoning Port Co., Ltd., the qualitative and quantitative information collection tools used in the report preparation, and ESG practice cases reported by the main subsidiaries operating in China.

Basis of the Report

The report strives to highlight its characteristics in the industry in compliance with the widely-adopted standards for ESG reporting. This ESG report is prepared in accordance with the *ESG Reporting Guide* set out in Appendix 27 to the *Listing Rules of The Stock Exchange of Hong Kong Limited* and strictly complies with the requirements of the *ESG Reporting Guide* on the four principles of “General Disclosure”, “Materiality”, “Quantitative”, “Balance” and “Consistency” as well as “Directors’ Responsibilities”. The report aims to systematically introduce to readers the Company’s performance on ESG in 2020. It is advised to read the content pertaining to governance together with the *Corporate Governance Report* in the annual report.

Note on Names

For the sake of convenience, Liaoning Port Co., Ltd. is also referred to as “Liaoning Port”, the “Company”, or “We” in this report.

Formats of the Report

The report is written in both Chinese and English and can be downloaded at <http://www.hkexnews.hk>.

Environmental, Social and Governance Report

1. ESG Management System

Liaoning Port adheres to the concept of sustainable development and actively perfects its ESG management system. The Company integrates the ESG concept into its management and operation by taking the initiative to understand stakeholders' expectations and demands and strengthening the integrity of all employees.

1.1 ESG Governance and Management

In adherence to the ESG concept of “green and sustainable development”, Liaoning Port proactively resumes its ESG responsibilities while pursuing economic benefits. We operate in a honest, value-producing, safe and environmentally-friendly fashion, and uphold the corporate culture featuring virtue, honesty and self-improvement. The Company also strives to be resource-saving and environmentally-friendly, gives top priority to people, increases value for customers, pays attention to community needs and actively contributes to community development, so as to achieve the common development of the Company, society and environment.

In order to effectively promote the implementation of ESG-related work, Liaoning Port has continually improved its ESG management system by establishing an ESG management structure under the leadership of the Board and with the involvement of various functional departments and subsidiaries based on the current management structure. Under such an organisational structure, the Board is responsible for formulating the overall ESG strategy and making decisions on major ESG management issues. Each functional department is responsible for mapping the working plan, managing ESG-related issues and supervising the implementation, and each subsidiary is responsible for implementing various assignments during operation. In 2020, the ESG management system was comprehensively and effectively enforced and the ESG management concept was further implemented.

In December 2020, the Company held its annual ESG meeting, which made detailed arrangements for ESG-related work including personnel interviews, surveys and communication with stakeholders, and information and data collection. *The Environmental, Social and Governance Report for 2020* was deliberated at the Second Board Meeting in 2021. All directors carefully reviewed the report and gave valuable comments and suggestions.

1.2 Communication with Stakeholders

While expanding its business operations, Liaoning Port is committed to enhancing the company's long-term value to protect the interests of all stakeholders. The Company attaches great importance to communication with its stakeholders and listens to opinions on improving projects and key fields and actively responds. Through diversified communication channels, Liaoning Port invites all stakeholders to offer advice on our governance and development. The channel of communication, stakeholders' major concerns and expectations and measures taken by the Company are as follows.

Environmental, Social and Governance Report

Stakeholders	Expectations and Requirements	Communication Channels
Government and regulators	<ul style="list-style-type: none"> Implementation of national laws, regulations and policies Local economic development Local employment Industrial development Emissions compliance Energy conservation Environmental protection 	<ul style="list-style-type: none"> Document submitting Policy consultation Issue reporting Collaborative negotiation Information disclosure
Shareholders & investors	<ul style="list-style-type: none"> Investment returns Operational compliance 	<ul style="list-style-type: none"> Regular announcements Issue reporting Shareholders' meeting
Employees	<ul style="list-style-type: none"> Protection of rights and interests Production safety Occupational health Remuneration and welfare Career development 	<ul style="list-style-type: none"> Communication conferences Face-to-face communication Social media
Clients & partners	<ul style="list-style-type: none"> Responsibility fulfillment Integrity Product and service quality 	<ul style="list-style-type: none"> Business communication Customer feedbacks Seminars
Suppliers	<ul style="list-style-type: none"> Green procurement Operational compliance Product responsibility 	<ul style="list-style-type: none"> Supplier assessment Phone calls and emails
Media and non-governmental organisations	<ul style="list-style-type: none"> Emissions Energy conservation Environmental protection Local economic development Local employment Industrial development 	<ul style="list-style-type: none"> Press conferences and exchanges Social media Official websites
Community and the public	<ul style="list-style-type: none"> Community Environment Public welfare projects Information disclosure 	<ul style="list-style-type: none"> Official websites Community interaction and public welfare activities Social media

Environmental, Social and Governance Report

1.3 Compliance with the Principles in the ESG Reporting Guide

Materiality: To clarify the key areas of ESG practice and information disclosure, Liaoning Port identified its key ESG issues based on the *ESG Reporting Guide* and conducted a materiality assessment to ensure that the well-directed report covered all material topics that are of concern to Liaoning Port and its stakeholders.

The Company invited all stakeholders to participate in the identification and materiality assessment of ESG topics. Through employee interviews, on-site visits and questionnaire surveys, the Company fully understands the issues and concerns of employees and other stakeholders.

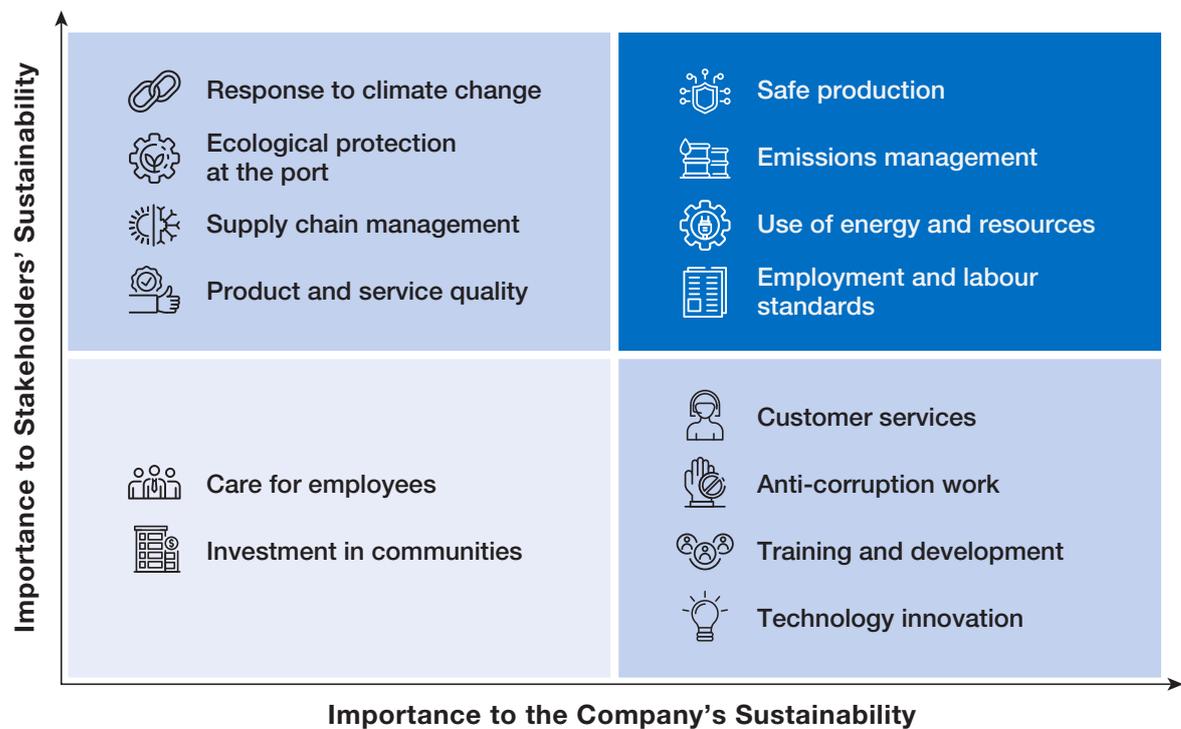
The Selection of ESG Topics

Source of Topics

- Management suggestions
- Analysis and suggestions of experts
- Analysis of social media information
- Research by peer benchmarks
- ESG-related standards and guidelines

Selection Standards

- Making contributions to sustainability
- Common issues of concerns for stakeholders
- Stipulated in ESG-related guidelines
- Required by the strategic development of the Company



2020 Materiality Matrix of ESG Topics

Environmental, Social and Governance Report

Quantitative: The Company created collecting tools for ESG indicators of its domestic subsidiaries and regularly collects quantitative key indicators of all major environmental aspects and some social aspects listed in the *ESG Reporting Guide*, which is summarised and disclosed in this report. For detailed information, please refer to each chapter of this report.

Balance: The report was reviewed and confirmed by the Board of Directors of the Company, and the contents of the report are objective and open. The contents disclosed can be accessed via our official information disclosure channels and public social media.

Consistency: The Company standardised the disclosure standards, specified ESG indicators listed in the *ESG Reporting Guide* and created tools for collecting data from domestic subsidiaries, providing a basis for consistency in subsequent report disclosures and laying a foundation for the disclose of comparative data over the years.

1.4 Integrity

We firmly stick to a corporate culture that features integrity and strictly abide by the *Guidelines for Integrity and Self-discipline of Communist Party of China (CPC)*, *Regulations on Internal Supervision of CPC*, *Regulations on Disciplinary Actions of CPC*, *Regulations on Party Accountability*, *Rules on Inspection for CPC Disciplinary Supervision Organs (Trial)* and other laws and regulations. The Company formulated 13 documents including *Liaoning Port's Rules for the Prevention and Control of Integrity Risks*, *Liaoning Port's Measures for Promoting the Development of Integrity Culture*, and *Liaoning Port's Collaborative Measures for the Construction and Supervision of Integrity*. Such regulations provided clear guidelines for professional behaviours of executives and employees, specified their respective roles in anti-corruption work, consolidated the supervision and inspection mechanism and system and monitored relevant risks to prevent corruption.

The Company has established effective reporting procedures for preventing corruption and handled reportings timely. In 2020, the Company witnessed zero lawsuits regarding corruption.

In 2020, to further strengthen the Company's anti-corruption training, the Company invited 156 senior executives and discipline inspection cadres to participate in an anti-corruption education conference and "Integrity Training Week" activities so as to raise anti-corruption awareness and create an anti-corruption and anti-fraud atmosphere throughout the Company.

Environmental, Social and Governance Report

2. Sustainable Operation

Liaoning Port Co., Ltd. is dedicated to providing customers with high-quality products and services. We continue to improve our R&D and innovation capabilities, actively obtain customer feedback, and manage the supply chain with the industry's sustainable development philosophy of building a responsible and sustainable enterprise.

2.1 Product Responsibility

As a leading port logistics business entity in Northeast Asia, we believe that providing more value for our customers is our responsibility and offer the best services as our standard. We continue innovating customised services to improve our quality and efficiency and build a brand full of development potential and international competitiveness.

Construction of Systems

The Company operates strictly in line with laws and regulations including the *Law of the People's Republic of China on Safeguarding Consumer Rights and Interests*, *Advertising Law of the People's Republic of China*, *Railway Law of the People's Republic of China*, and *Regulations of the People's Republic of China on Transportation*. We also specified and developed internal regulations based on our operational characteristics including *Regulations on the Management of Special Goods Transportation*, *Regulations on Freight Service Quality*, *Rules on Customer Satisfaction Evaluation* and *Regulations on Information Safety Management*.

The internal regulations listed above standardised our procedures for improving services, respecting intellectual property rights, and protecting customers' privacy and information security. In 2020, all subordinate branches of the Company achieved certification of the ISO9001 management system.

Business Innovation

Liaoning Port continues to create new products and increase its functions. We proactively responded to the Belt and Road Initiative, dual circulation strategy, construction of Liaoning Free Trade Zone and other national strategies. We promoted the construction of the New Silk Road Economic Belt in Northeast China, and continue to explore the market potential and opportunities for north-south transportation in emerging shipping areas in Southeast Asia and the Far East of Russia. The Company has conducted business at major ports in Southeast Asia and further optimised the container-shipping network in Dalian despite the influence of the pandemic and port congestion on China-Europe freight train services.

Environmental, Social and Governance Report

In 2020, we enhanced the diversity of products and services with our advantages in ports by adhering to market orientation and deepening cooperation with others.

Bonded Mixed Ore

We actively applied to Dalian Customs for a package of services including bonded mixed ore supervision and intelligent supervision of mineral commodity production and deepened our cooperation with foreign mines. With such efforts, the Company became the first port to launch multi-national bonded mining, contributing to the diversified and healthy development of the bonded mining industry in China.

Construction of the “Commercial Vehicle Transport Centre”

Through our positive actions, active communication, and unremitting efforts, we successfully launched an export project for BMW Brilliance and opened the first foreign trade container train for commercial automobiles on the basis of the collaborative logistics chain system we built for years. We were able to offer border-crossing transport for Toyota Auto, won the exclusive supply of FAW Hongqi and FAW Toyota in East China and launched 5 more trains for domestic commercial vehicle trade.

Bonded Crude Blending

We took the initiative to cooperate with Dalian Customs and asked for their support and guidance, making us the only port certified for bonded crude blending in Northeast China.

Construction of the “RO-RO Passenger Hub-Port in Bohai Bay Area”

With the 30,000-ton Ro-Ro berth, the largest Ro-Ro passenger ship in Asia and the first domestic Ro-Ro cargo ship becoming available, we officially launched the pilot “ship + train” programme. Various measures were taken to promote the construction of the RO-RO Passenger Hub-Port in Bohai Bay Area.

Business Upgrades during the Pandemic

In response to the COVID-19 emergency in Dalian, the Company began establishing a platform to share information on cold chain foods by digital means and completed platform construction at the end of December 2020. The platform is expected to manage and control the flow of cold chain foods, disinfection of goods, work records of operators, and disinfection of vehicles and places under supervision. Through data collection, the source and flow of goods can be recorded. By sharing information with the Market Supervision Administration and the Transportation Bureau, information of the whole process can be found by simply inputting key words like the plate number or container number. Information of personnel, vehicles and surroundings are registered on the platform and each operation is recorded in real time for traceability. The platform serves as a great support for pandemic control and workflow scheduling.

Environmental, Social and Governance Report

2.2 Research and Innovation

Liaoning Port proactively promotes basic innovation and encourages innovative development. We developed the *Rules on the Management of Scientific and Technological Innovation Projects* based on the *Law of the People's Republic of China on Progress of Science and Technology* and introduced advanced technologies at home and abroad. By such means, we strive to strengthen our research on port equipment, engineering facilities, information application, safety, environmental protection, energy, measurement, standards, handling technology and tools and undertake key research projects on shipping production, engineering construction and technical equipment, etc. The Company also endeavours to promote the application of new technologies, products, materials and skills in various fields.

Construction of Smart Ports

Liaoning Port and its subsidiaries continue to work on the construction of smart ports to improve efficiency. In 2020, the Company completed an automation project for the berths and block yards in Dayaowan Port and launched construction of "Smart Port 2.0 for Dayaowan". We endeavour to build a smart port of our own characteristics through the construction of smart operation, smart business, smart chain ecosystem and smart sensing via digital infrastructure.

Case: Liaoning Port promoted the "Integrated Smart Systems for Ocean Shipping Tally Project" to improve smart port construction

Since 2019, Liaoning Port has continued to promote the project "Integrated Smart Systems for Ocean Shipping Tally", and has completed equipment installation and platform development of 14 quayside cranes with successful running test results in the second base of the container terminal. The installation of high-definition cameras has helped us automatically identify the container number, container location and trailer number, and monitor the loading and unloading procedures from different angles in real time. As at the end of 2020, the Company had achieved expected accuracy above 95% in both container number recognition and container positioning. The project has changed the traditional tallying mode, reduced safety risks and improved the operation quality and efficiency.

Intellectual Property Management

Liaoning Port strictly abides by the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China* and other laws and regulations regarding intellectual property rights, and shows sincere respect for all intellectual achievements. The Company strictly regulates compliance procedures such as for patent application, authorisations and transfers, and strictly regulates the use of external trademarks and patents. In addition, the Company promotes employee awareness of protecting intellectual property rights through training and publicity. As at the end of 2020, the Company had been granted 23 patents and is currently applying for 11 more.

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We participated in the “Competition for Science and Technology Award of China Ports” and “Harbours Association” in 2020 and our research project on “Digital Ecosystem Construction of Shipping Logistics Based on Block Chain and Cloud Computing” won first prize. We also launched 4 innovative projects and selected 129 excellent proposals and projects during the “Competition of Scientific Proposals and Technological Progress” in 2020.

2020 R&D and Innovation Performance of the Company

Ongoing research projects in 2020		4
Investment in R&D	RMB ten thousand	65.06

2.3 Customer Service

While coordinating pandemic prevention and control at all ports, stabilising the collection and distribution system and serving the local economy and communities, the Company performed well in communication with customers and service quality to ensure the smooth operation of upstream and downstream supply chains. We also proactively introduced multiple policies for pandemic prevention and fee reduction. Through targeted fee reduction and preferential measures, we lowered the import and export costs for customers and improved the overall service, boosted customers’ confidence and made an early strike in work and production resumption.

Improvement of Service Efficiency

Focusing on the goal of building the Dalian International Shipping Centre for Northeast Asia, Liaoning Port made every effort to promote the “11+7” cooperation projects between Dalian Customs and our ports and innovate policies for customs clearance and trade facilitation. The Company gained support for its quick inspection and release of containers in international transit, supervision of ship maintenance and upgrades, and construction of the consolidation and inspection centre and three cold chain centres. We improved the service at Dalian Port, raised the efficiency of customs clearance and increased the throughput. We enhanced our value-added service capabilities for automobiles, completed the upgrade of the BMW Brilliance warehouse of 21,000 square metres and provided them with one-stop value-added services such as warehousing, charging, car washing, tire pressure monitoring, and equipment maintenance, so as to make customers more satisfied with our services.

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Privacy Protection

Liaoning Port attaches great importance to the protection of customer privacy. We identified our own business segments, identified business sectors with higher privacy risks, and adopted privacy protection measures. For the passenger transport business, the Company requires all branches to follow the *Regulations on Real-Name Management for Waterway Passenger Transport* issued by the Ministry of Transport and preserve confidentiality on passengers' personal information collected through the real-name method.

Liaoning Port strengthened customer privacy protection in passenger transport

As Liaoning Port's businesses involves personal information of passengers, the Company continues to strengthen its protection of passengers' privacy and business data by replacing the 11th to 16th digits of the ID number on tickets with "*". To avoid information leakage, all business data of the Company is stored using disk arrays in internal networks, which are isolated from the external networks through multiple firewalls.

2.4 Supply Chain Management

In order to further regulate supplier management, the Company established a standardised and effective supplier management system. We formulated the *Management Rules for the Procurement of Commodities and Services*, *Management Rules for the Procurement of Construction Projects* and *Guidelines on the Authorisation and Approval of Financial Activities*, and require all departments and subordinate branches to strictly implement the supplier review and approval process in accordance with the documents. Suppliers of materials and equipment directly used for on-site production at hazardous chemical branches (including hazardous cargo operations branches) are required to have certification of the Occupational Health and Safety Management System and Quality Management System. The Company adopts an integrity management system for suppliers and procurement personnel and ask all business branches to develop methods to assess the performance of suppliers. At the beginning of each month, the material supply centre publishes the list of newly-introduced suppliers. Meanwhile, a complaint hotline was set up, through which employees can report non-compliance behaviours in the procurement process.

Furthermore, the Company formulated the *Agreement on the Management of Safe Production, Occupational Health, and Environmental Protection*. While selecting product and service suppliers, we consider suppliers' environmental and social risk management and exclude those who fail to meet our requirements for ESG management. In our daily work, we also pay close attention to suppliers' performance in environmental and social risk management and actively publicise and enhance the concept of environmental and risk management among them, in a bid to promote suppliers in improving the CSR performance of the industry value chain.

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Requirements for Environmental and Social Risk Management of Suppliers

- Suppliers, especially suppliers of engineering services, should take the initiative to learn and abide by the laws and regulations regarding environmental protection and properly balance production and environmental protection. They should advocate clean production and material recycling, eliminate pollution from the source and implement the principle of “whoever pollutes shall clear it up”.
- Suppliers should attach importance to the prevention and control of pollution caused by wastewater, waste gas and solid wastes to protect the environment. They should also include environmental protection, an important element, in their daily production and management and pay equal attention to production and environmental protection.
- Suppliers must strictly follow the environmental protection management systems and shall be held accountable for accidents caused by violations of the systems.
- Suppliers should prevent pollution caused by hazardous wastes. In case of any pollution incidents or other sudden pollution incidents in the process of collection, transportation, storage, utilisation and disposal of hazardous waste, the supplier shall immediately take measures to prevent or reduce the harm of such incidents, timely report them to the management of the Company and the local environmental protection department.
- Suppliers should not overload their vehicles when transporting pollutants.

3. Green Operation and Environmental Protection

Liaoning Port puts environmental protection as its top priority, strives to promote the ecology of the port and develops and utilises resources appropriately so as to create a world-class green port. We uphold the principle of “ecology first for green development”, protect the ecological environment, strengthen targeted treatment for environmental pollution and enhance the preciseness of pollution control. With scientific measures and the guidance of relevant laws and regulations, we have met the requirements for pollution control and created a law-abiding culture within the Company.

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3.1 Environmental Management

We strictly abide by laws and regulations regarding environmental protection such as the *Law of the People's Republic of China on Environmental Protection*, *Law of the People's Republic of China on Environmental Impact Assessment*, *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, *Law of the People's Republic of China on the Prevention and Control of Water Pollution* and *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*. In order to resume our responsibilities of environmental protection and further standardise pollution prevention and control work at all levels, the Company formulated regulations including the *Regulations on Environmental Protection Accountability*, *Rules for the Management of Ecological and Environmental Protection*, *Hazardous Waste Management Measures and Accountabilities* and *Measurements for Environmental Protection Management*. Through the formulation and implementation of such regulations, we keep up with the requirements for environmental protection at all levels, set clear goals and directions, focus on solving key problems and improve the decision-making and management of environmental protection. Environmental protection work is conducted in an orderly and rule-based manner.

Construction of the Environmental Protection System

The Company adopts a two-level management policy for ecological and environmental protection, namely, one at the headquarters and another at subordinate branches. All branches implement their responsibilities in environmental protection in line with relevant laws and regulations. Based on the principles of “undertook responsibility for both of the Party and the government”, “one position, dual responsibilities”, “management by local directors and level-by-level responsibility” and “authority equals responsibility”, we established a responsibility system and accountability regulations that require environmental protection to permeate development, industry and production.

Leaders' Responsibilities of Environmental Protection Management

CPC and executive leaders at each branch (Chairman and GM)	Overall responsibility as the Chief Officer for environmental protection
Leaders in charge of environmental protection (Safety Director)	Direct leadership and overall supervision of environmental protection work
Other leaders (Deputy Secretaries and Secretary of the Disciplinary Committee of CPC)	Direct leadership of environmental protection work in businesses in his or her charge
Functional departments (heads of the departments)	Management of environmental protection in all duties of the department

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Liaoning Port implements the national, provincial and municipal requirements stipulated in laws, regulations and policies related to ecological and environmental protection and promotes its ecological civilisation construction. We established and perfected the environmental protection system by applying and managing environmental protection facilities in our production, improving the management and operation procedures, ensuring their stability and keeping records for their running status and maintenance.

The Company includes the performance on environmental protection in the safe production assessment of each subordinate branch by setting annual goals of environmental protection for them and specifying requirements of the assessment. With clear assignments and hierarchical checks, the tasks are completed at all levels.

Environmental Monitoring and Inspection

To fight against pollution and standardise emission management, the Company formulated the *Work Plan for Environmental Monitoring in 2020*, which clearly states the required frequency and indicators for monitoring pollution sources. The Company and its subordinate branches complete the effective monitoring of air, wastewater, noises, soils and the marine environment, and make detailed records. The monitoring reflects the real status and ecology and environment changes at the Port in real-time and helps the Company achieve standard emissions throughout the year.

For branches that should be managed by classified emission permits of fixed pollution sources, the Company applies for emission permits to the ecological and environmental authority within national, provincial and municipal time limits. The Company also regularly reports the implementation status for data review and filing. In 2020, all 19 branches within the Company obtained emission permits, including 5 branches under key management, 5 under simplified management and 9 under registration management.

In order to investigate hidden environmental risks, the Company launched 4 special environment inspections, starting with key tasks such as standardised management of hazardous waste, dust prevention, and sewage discharge. A total of 56 problems were identified. Branches with problems began rectification through supervising, tracing and summarising key problems. In September 2020, after inspecting our oil and container terminals in Dalian Bay, the Ecological and Environmental Protection Inspection Team of Liaoning Province spoke highly of the Company for the performance in basic management and on-site management.

Environmental Risks and Emergency Management

The Company revised regulations on environmental emergency management, incorporate environmental risks into daily management, and identify and assess risks to improve response capabilities for environmental emergencies. All subordinate branches develop their own emergency plans in accordance with the requirements for enterprises on environmental emergency plan management and report incidents to local authorities. They also establish and perfect their inspection and governance system of hidden environmental dangers, regularly carry out inspections and make corresponding records as required by laws, regulations and government departments.

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The Company formulated emergency drill plans to improve personnel's capabilities in emergency response and ensure employees handle emergencies properly with prepared resources. We make sure all emergency plans can be immediately implemented and effective measures can be taken in case of any environmental emergency or hidden danger. We also require all branches to report incidents to the Division of Safety and Environmental Protection of the Company and local authorities and inform residents nearby to minimise possible influence and harm.

3.2 Emissions Management

The Company formulated the *Accountabilities and Measurements for Environmental Protection Management* in 2020 based on a series of documents such as the *Action Plan for the Comprehensive Treatment of the Bohai Sea* and the *Three-year Action Plan for Winning the Battle for the Protection of Blue Sky*. Through overall coordination and comprehensive measures, we strengthen the control of emission sources, promote the prevention and control of air, water, noise, solid waste pollution, prevent all kinds of environmental emergencies and improve the environment around the ports. By advocating a green development concept, the Company closely integrates environmental protection and industrial structure adjustment, identifies environmental factors, controls pollution sources, and optimises the production skills and procedures. We also apply new technologies, materials, skills and products and exhibit the use of obsolete technologies and equipment to protect the environment. In 2020, our investment in environmental protection approached RMB32.10 million.

2020 Emissions and Wastes of the Company

Indicators	Amount
Wastewater discharged (tons)	215,410.5
COD emissions (tons)	8.53
NOX emissions (tons)	168.90
SO ₂ emissions (tons)	766.83
CO ₂ emissions (tons)	163,563.35
Hazardous wastes disposed of (tons)	434.22
Total amount of hazardous waste generated per 10,000 income (kg/RMB10,000 income)	0.65
The rate of hazardous waste treated properly (%)	100
Non-hazardous waste (tons)	4,800.65
Total amount of waste generated per RMB10,000 income (kg/RMB10,000 income)	7.2

Note: the scope of the Company's environmental key performance indicators in 2020 includes the main operating businesses and subsidiaries in China.

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Wastewater Emissions

All discharge branches of the Company set up pollutant outlets in accordance with laws and regulations, and strictly implement the standardised management requirements. We have taken the following measures to reduce wastewater discharge.

- We established a drainage system based on the principle of “rain and sewage flow diversion, clean and waste water diversion and reuse of reclaimed wastewater” to improve the treatment capacity for pollutants, achieved separate collection and treatment and enhanced the reclamation of wastewater. We strengthened our maintenance and management of facilities to guarantee stable operation and improved our response to emergencies to ensure pollutants were discharged in compliance with the standards.
- We ensure that branches engage in container repairing and washing have the corresponding capability to dispose of pollutants and properly handle solid wastes and fluids in the production process according to the management procedures for hazardous wastes.
- We prohibit all branches to discharge water pollutants or discharge pollutants without or in violation of the discharge permits, or through underground pipes, seepage pits or rainwater outlets.

Waste Gas Emissions

The Company formulated *Countermeasures of Heavily-Polluted Weather* in line with relevant laws and regulations and reported it to local authorities. We have taken the following measures to reduce the emission of waste gas.

- We continue to improve the bulk stevedoring of coal and mineral dust, construction site enclosure, covering, cleaning, spraying and other dust pollution control measures and strengthened our management of dust removal facilities to prevent dust from entering the sea. We also implement the task of prevention and reduction of volatile organic compounds pollution and construct and use oil and gas recovery devices for gas stations and loading trailers in accordance with regulations. Operations like paint spraying, plastic coat spraying and sandblasting in the open air which emitted toxic and harmful volatile organic compounds into the atmosphere are largely restricted. We widely apply clean energy, improved central heating in production and daily life, and forbid the use of coal boilers within the ports.
- We make sure all diesel vehicles and non-road mobile machinery meet the access requirements for environmental protection, diesel vehicles qualify in environmental protection tests with complete records of fuel, maintenance and urea use, and they all reach gas emission standards.

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Solid Wastes

The Company reduces, recycles and treats solid wastes in accordance with the principle of classified collection and comprehensive utilisation, and takes measures to prevent dispersion, loss and leak during the collection, storage, transportation, utilisation and disposal of solid wastes.

The Company strictly abides by the *Law of the People's Republic of China on Environmental Protection*, the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, *Regulations on Environmental Protection of Dalian*, and *Measures for the Prevention and Control of Hazardous Waste Pollution of Dalian*. To strengthen the management of hazardous wastes, prevent pollution and safeguard the health of employees and the public, the Company formulated the *Measures for Management of Hazardous Wastes* and strictly controls the discharge of wastes listed in the *National Directory of Hazardous Wastes* or recognised as hazardous by national identifying standards and methods.

The Company entrusts qualified professional agencies to transfer and handle hazardous waste and medical waste and reported relevant information in the “Internet+” Supervision System for Solid and Hazardous Wastes of Liaoning, including the types, amount, movements, storage and disposal of hazardous wastes.

Noise Pollution

The Company strictly controls noise pollution at the ports and takes effective measures to reduce traffic noises. We installed silencing devices on vibratory and loud equipment to control the noise caused by equipment and environmental noise within the field within the standard limits.

3.3 Energy Conservation and Reduction in Emission

The Company strictly follows the *Law of the People's Republic of China on Energy Conservation*, implements government and industrial requirements and standardises its work on saving energy. We formulated the *Energy Conservation Management Measures* based on the actual energy use and set up a special leading team for energy conservation and environmental protection at each subordinate branch responsible for decision making and leadership in related work.

The Company continues to optimise its energy structure by proactively replacing conventional energy with new resources and making full use of new technologies and energy such as central heating, solar energy and water-source (air-source) heat pumps. We require all branches to use energy-saving equipment and products for new and renovation projects and forbid them to use obsolete equipment or energy-consuming products. All branches worked hard to keep up with the development of energy-saving technologies, carry out exchange activities, and promote and prioritise the use of new effective technologies, equipment, materials and skills to improve energy efficiency. The Company also established an energy-saving target responsibility system and implements an energy-saving assessment and evaluation system, incorporating the results into the performance assessment system of the Company to promote energy conservation.

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2020 Resource and Energy Consumption of the Company

Indicators	Consumption
Total comprehensive energy consumption (tce)	87,828.08
Total comprehensive energy consumption per RMB10,000 income (tce/RMB10,000 income)	63,237.02
Crude oil (tons)	39,919.30
Electricity (MWh)	19,231.10
Gasoline (tons)	572.77
Diesel (tons)	19,403.69
Steam (tons)	69,594.96
Water (tons)	2,067,809
Water consumption per RMB10,000 income (tons/RMB10,000 income)	3.11

Note: the total amount of energy consumption includes direct and indirect energy consumption, which is calculated according to the conversion factor of the national standard of the *People's Republic of China – General Rules for Calculation of Comprehensive Energy Consumption (GB/T2589-2008)*.

In 2020, the Company's greenhouse gas emissions are as follows:

Greenhouse gas emissions (tons)	373,840.62
Scope 1 – Direct greenhouse gas emissions (tons)	168,485.88
Scope 2 – Indirect greenhouse gas emissions (tons)	205,372.22
Greenhouse gas emissions per RMB10,000 income (Tons/RMB10,000 income)	0.56

Note: the Company's greenhouse gas mainly are carbon dioxide, methane and nitrous oxide. The greenhouse gas emissions are calculated according to the *Baseline Emission Factors of China's Regional Power Grid for Emission Reduction Projects in 2017* published by the Ministry of Ecology and Environment of China and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (revised in 2019)* published by the Intergovernmental Panel on Climate Change (IPCC).

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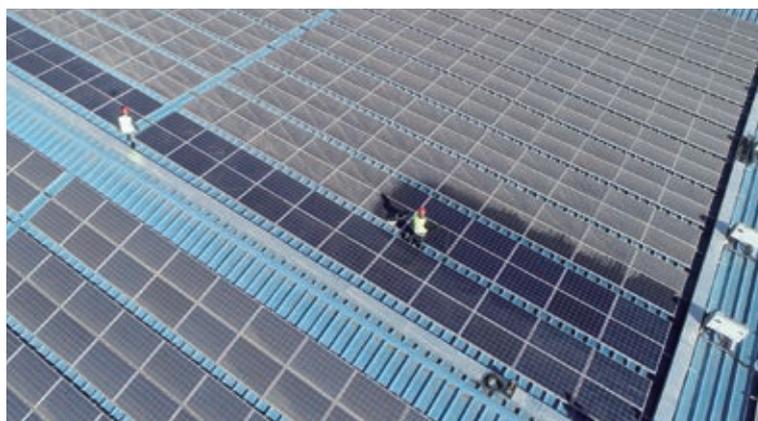
Transformation Projects for Energy Conservation

In 2020, the Company launched the following transformation projects for energy conservation.

- Transformation project of hybrid energy savings for yard cranes on container terminals in Dalian Bay. The Company replaced the high-power fuel generator set on equipment with the “120AH lithium-ion battery set + 80KW fuel generator set” to achieve normal functioning of yard cranes. It realised full capacity, the highest speed and the goal of all-day operation in transformed yard cranes, saving 60% of fuel consumption on a year-on-year basis.
- Transformation projects of green lighting. The Company replaced corridor lights and lampposts that needed repairing with LED and ceramic metal halide lights to increase the proportion of green energy-saving lights and reduce power consumption for lighting. We transformed over 300 sets of lights and 50 sets of lampposts in 2020.
- Transformation project of the solar system in complex buildings in ore terminals in Dalian Bay, saving nearly 200,000 kWh per year.
- Total replacement of tank wall insulation boards and partial replacement of heat preservation cotton for 2 tanks at the oil terminal in Dalian Bay, saving steam by 130 tons of standard coal equivalent (tce) annually.

The Use of New Energy

The Company built a set of photovoltaic power generation systems on the roof of warehouses and other buildings in Dalian Bay and Dayaowan Bay with a capacity of 5.3 megawatts and an annual generating capacity of 7,000 MWh, saving energy by 1,804 tce each year. In 2020, the output of the distributed photovoltaic power station in Dalian Bay was 2,339.6 MWh and the output in Dayaowan reached 4,292.8 MWh.



Photovoltaic Power Generation Systems on Roofs

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The seawater-source heat pump is a better choice for energy consumption as it does not consume disposable energy or discharge hazards and has the advantages of power-saving, high efficiency and fast heating at low temperatures. In 2020, the Company used the seawater-source heat pump at Dalian Bay Transportation Hub for heating in the winter and cooling in the summer by using the heat energy contained in seawater.

Green Offices

The Company applies new energy-saving technologies to improve energy efficiency and reduce consumption, and strengthens the control of central air conditioners. Major energy-consuming equipment include:

- Lowering the processing temperature of the air conditioning system;
- Unplugging the hot water circulating pumps during the day;
- Adjusting the time for switching on and off the central air conditioners according to weather conditions. For instance, when the temperature in the passenger area is high (above 26°C with humidity over 70%), the main air conditioner and ventilator in the operating area will be turn on.

Energy Conservation Publicity

- For “National Low-Carbon Day”, the Company held its “30th National Energy Conservation Promotion Week” with the theme of “Lucid Water and Lush Mountains, Energy Conservation and Efficiency” and activity theme of “Green and Low-Carbon, Well-off in an All-Round Way”. All branches organised various publicity activities on the themes, which further raised employee awareness of saving energy, changed conventional concepts of energy conservation and achieved great effects.
- We organised employees to participate in the “Third Micro-Video, Photography and Essay Competition of Stories on Energy Conservation” jointly held by the National Energy Conservation Centre of China, China Association for Campus Management, China Academy of Information and Communications Technology, Scientific Research Institute of Ministry of Transport, People’s Pictorial, Alliance of Internet + Energy Conservation, etc. The branches and employees showed great enthusiasm during the competition and submitted numerous works concerning the energy-saving culture, among which the micro-videos named “Low-Carbon and Environmental Protection” and “Enter into Green Offices” won third prize and the Excellence Award respectively.

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3.4 Responding to Climate Change

In light of its port business and geographical location, the Company pays close attention to the potential impact of climate change. Tracing our own operations, we recognise and respond to potential climate risks.

We analysed the impact that entity risks and transformation risks of climate change may have on the Company and explained the responses. The results are as follows.

Risks on entity
– urgent

Risk: With the location's proximity to the coast, the Company's business is likely to be affected by typhoons. The destructive strong winds and rainfall caused by typhoons can seriously affect the Company's operations. We closely analyse meteorological information, collect typhoon observation data, and release forecasting during periods of high typhoon incidence.

Response: In 2020, the Company formulated and issued the *Typhoon Prevention and Flood Prevention Work Plan*, closely tracked weather information, issued 265 weather warnings, re-examined 167 key parts, reconfirmed controlling measures, and consolidated the lines of defense in the key parts.

Risk: Due to the intensification of extreme global climate and that the Company's ports are located in higher latitudes of China, severe freezing due to extreme cold weather may occur, which will substantially impact the business.

Response: The Company will focus on issuing ice condition notifications upon freezing weather. The port is equipped with icebreakers to ensure the safety of the ships. The Company will analyse the historical data of extreme cold weather and consider more comprehensive prevention measures based on the frequency of extreme cold weather.

Risks on entity
– chronic

Risk: Due to its proximity to the coast, the Company's business is affected by sea level rise during certain periods of time. Port inundation and water environment change caused by sea level rise will affect the Company's operations in the future.

Response: Since the Company has sufficient time to respond to the potential impact of sea level rise and has time to take sufficient measures to alleviate the impact of sea level rise, we believe that the risks caused by sea level rise are not decisive to have an actual impact on existing operations.

Transformation risks – policy

Risk: In 2020, China proposed an ambitious national carbon emission reduction target, aiming to reach a carbon dioxide emissions peak before 2030 and achieve carbon neutrality before 2060. China will further tighten relevant carbon emission policies, which will lead to increased compliance costs for the Company.

Response: The Company began changing its existing business' high carbon emissions and high-energy consumptions, and has actively carried out technological transformation by using shore power and introducing the use of new energy. The measures above ensure the Company's stable operation is in line with relevant regulations when policies are tightened in the future.

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3.5 Environment Protection

The Company integrates the concept of green and low-carbon in the production and operation and adopts energy-conservation and emission-reduction measures in terms of organisation, management, technology, etc. The Company attaches importance to scientific and technological innovation, takes social responsibility for environmental protection, and targets building a green and low-carbon port, and undertakes the upgrading towards the fifth-generation port characterised by green and intelligence. In accordance with the green development concept of “resource-saving and environmentally friendly”, the Company adheres to scientific, safe, clean and sustainable development, and strives to build an ecological green port. The Company has achieved effective outcomes. In 2020, the Company organised its container terminals to actively participate in the evaluation of green port ratings by the China Ports Association.

In addition, the Company has invested more in relevant education and training. It regularly organises special training and educational lectures on ecological protection for environmental management personnel of its departments, increasing the understanding of ecological environmental protection laws and policies, and carries out promotion and training of the ecological and environmental protection, as well as related technology promotions in public. The Company had organised “Environment Day” events and environmental protection training to expand the horizons of environmental protection management personnel. In addition, the Company has strengthened the exchange of experiences in order to gradually deepen the awareness of environmental protection of all employees, and enhanced the sense of responsibility and awareness of the urgency of environmental protection. For instance, the Changxing Island Oil Terminal not only made banners and other promotional materials on Environment Day but also made and distributed the environment protection knowledge guidebook to all employees, which was quite effective. In 2020, the Company won the honor of Dalian Advanced Company of Ecological and Environment Publicity and Education for its proactive performance in environmental protection publicity.

Case Study: Special Training on Ecological and Environment Protection Management

On 6 November 2020, the Company organised a specialised workshop on ecological and environmental protection management, focusing on the thorough analysis of newly-revised laws and regulations on solid wastes, ecological and environmental protection abiding by laws, management of hazardous waste and its environment, pollution control, and response to heavily polluted weather, and inspection on enforcement of environmental protection, which effectively improved employees’ awareness of ecological and environmental protection, strengthened management team’s proficiency and improved the employees’ understanding of newly revised laws and regulations and corporate environmental management models under the new permit system of pollutant discharge.

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4. Guarantee of Health and Safety

The Company adheres to the value of “safety is the top responsibility”, promoting the construction of a safety management system, deepening safety management and control, building a strong safety line of defense, and steadily promoting safety management. The company fully recognises the importance of occupational health and safety, achieves the safety management and control of the entire production process, cultivates employees to form a good safety culture, effectively protects the lives and health of the employees, achieving the goal of production safety and employee safety, and setting a good image in the entire industry.

4.1 Safety Management System

Liaoning Port complies with production safety laws and regulations, such as the *Production Safety Law of the People's Republic of China*, *Emergency Response Law of the People's Republic of China*, *Requirements for the Provision of Emergency Rescue Materials for Hazardous Chemical*, *Interim Regulations on the Investigation and Treatment of Hidden Hazards in Work Safety*, *Regulations on Work Safety of Liaoning Province*, and *Dalian City Production Safety Accident Emergency Plan*, etc., and has established a series of safety management systems such as the *Safety Production Responsibility Guidance*, *Labour Outsourcing Team Safety Management Regulations*, *Construction Project Occupational Disease Protection Facilities*, and *“Three Simultaneous” Management System*. We continue to modify the safety management system, and comprehensively promote the four systems including the safety in production responsibility system for all employees, the safety commitment announcement system, the risk prevention and control reliability report system, and the daily inspection, weekly report, monthly dispatch, quarterly notification, and annual summary report system. The implementation of this mechanism has greatly specified safety management and ensured the stability and continuity of production and operation. In 2020, the Company achieved the management goals of zero accidents in production and zero occurrences of occupational diseases.

4.2 Production Safety Management

Liaoning Port is dedicated to “containing major accidents and eliminating general accidents”, and adheres to the basic principle of “if it is not safe, there is no production”. Also, the Company innovates and upgrades the management methods, adheres to regular supervision, and implements preventions from the beginning, and regulates systematically, implements policies comprehensively to improve the overall corporate safety management level.

Hidden danger investigations and management

Liaoning Port investigates all hazard sources. We refer to the internal *Implementation of Safety Commitment Announcement (Interim) Measures* and *Safety in Production Conference Guidance*, and require all producing and operating subsidiaries in the port to establish a mechanism of the level-by-level judgment of safety risks and a level-by-level reporting system, and implement risk assessment. For the crucial safety risks identified, we established a specific control plan to implement dynamic management. In 2020, the Company further specified the management regulations such as *Safe in Production Responsibility Guidance*, *Regulations on the Safety Management of Major Hazards*, *Regulations on the Inspection and Management of Potential Hazards in Work Safety Accidents*, *Measures for the Management of Work Safety Targets*, *Measures for Work Safety Rewards and Punishments*, *Company Team Safety Management Measures*. We attached great importance to the investigation of hidden dangers and take practical actions to improve the safety protection capabilities of employees.

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The Company establishes a safety responsibility management model, clarifies the subject of safety responsibility according to the combination of the professional division of labour and regional management, ensures that the responsibility for land and equipment management is assigned to people, and continues to improve the safety in production responsibility assessment system. In the daily production and operation process, the Company conducts risk identification training to improve the professional ability of relevant personnel, so that hidden dangers can be discovered and rectified in time.

The company refers to the *Guidelines for the Identification and Control of Port Safety Risks* of the Ministry of Transport of the People's Republic of China to manage and control various risks at different levels. The Company establishes an internal expert database, conducts on-site investigations, organises pilot programmes, and clarifies the standards for safety risk management. It also organises regular progress reporting conferences, has intensive discussions and reviews to effectively guarantee the implementation of various measures, promotes daily operations like “pre-operation morning shifts and pre-shift meetings”, and develops daily work so that the results of risk determination, evaluation and classification can be applied to production.

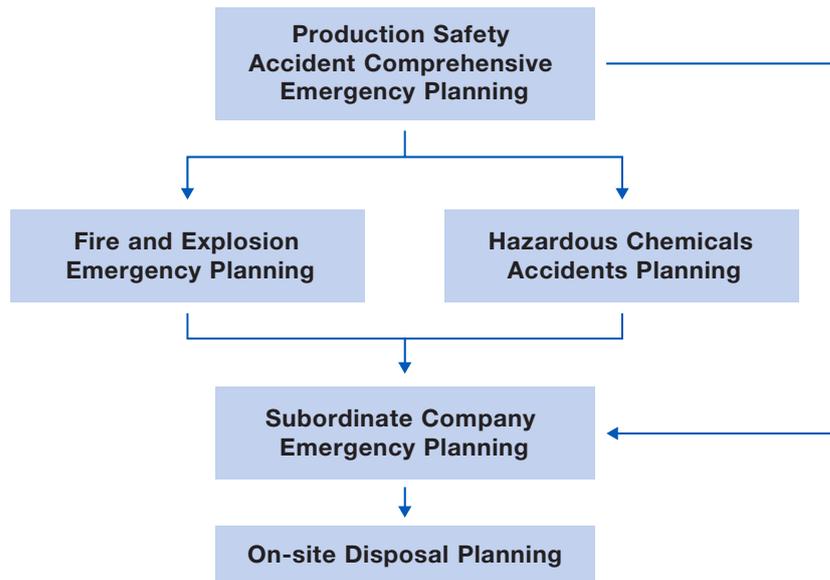
In 2020, the Company issued the *Safety Incident Reporting, Investigating and Handling Measures*, clarifying that the CPC Committee Secretary and Chairman of the Committee on Safety Production are the first people responsible for work safety, implementing the CPC's work safety policy, and comprehensively improving the company's safety culture construction. We improved the Company's accident response capabilities by systematically analysing the types of accidents, possibility of accidents, the impact scope and severity with the safety accident risk analysis checklist. We effectively strengthened the ability to detect hidden dangers, which will reduce production safety accidents, making minimising production casualties a top priority. The Company analyses details, organises professional capabilities, analyses safety risks in the areas where the subordinate companies are located, and consider both the production preservation and local ecological environment protection so that the emergency management measures in the safety risk analysis list are clear, specific and practical.

Safety Emergency Management

In order to respond to potential emergencies in a timely manner, the Company has established a wholesome emergency management system, improved the emergency management system, and improved the level of emergency management. The Company complies with the *Production Safety Law of the People's Republic of China* and *Emergency Response Law of the People's Republic of China* and other laws and regulations, compiles with the *Comprehensive Emergency Planning for Production Safety Accidents*, continuously promotes the standardisation of emergency procedures, and comprehensively improves the ability to prevent and respond to safety accidents. The Company organises special and comprehensive emergency plan drills, strengthens the awareness of front-line employees with regards to standards and regulations, and improves emergency response capabilities. We continue to improve several crucial capabilities building such as emergency response, emergency command, emergency rescue, and accident reporting, and comprehensively improve the Company's emergency command and decision-making level. In 2020, the Company issued the *Management Measures for the Accountability of Production Safety Accidents* to fully guarantee production safety.

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Based on the main types of accidents in the Company's production and operation, we formulated an emergency planning system for production safety accidents, and give full play to the principles of emergency work-people-oriented and reducing harm. As such, we practice it with unified leadership and multi-level responsibility. We strictly adhere to the laws and regulations and continuously strengthen our management. We combine self-rescue and social rescue. Meanwhile, the Company continuously strengthens its emergency response capabilities, has established an emergency commanding headquarters, formed an emergency headquarters composed of emergency offices and expert teams, and amass professional capabilities. All the resources are gathered in five aspects: production commanding, rescue, alert evacuation, technical support, and logistics support to specify the emergency management work to ensure safety.



Production Safety Accident Emergency Planning System

Case study: Safety emergency drill

In 2020, the Company continued to carry out safety emergency drills and strengthened the building of emergency rescue teams. We planned safety incident scenarios and inspected the specialised capabilities of departments and personnel in safety handling, information reporting, facility utilisation, etc. Depending on the emergency support mechanism, the Company continued to improve its emergency response planning system, conducted full-service training in strict and difficult ways, and effectively improved the comprehensive capabilities of the emergency rescue team.

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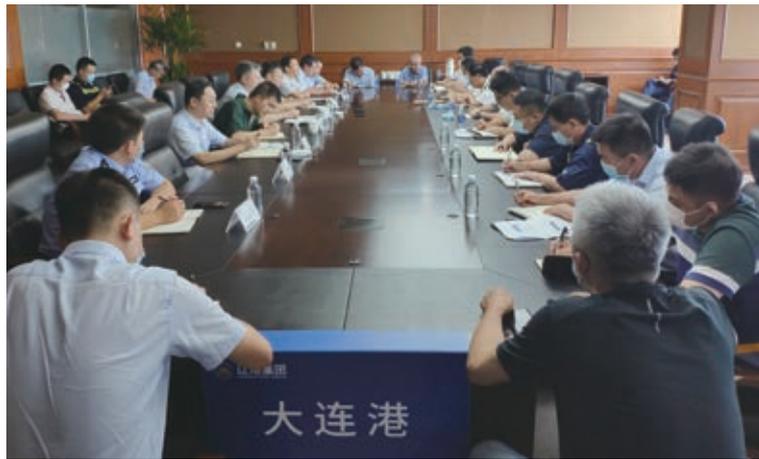


2020 Safety Emergency Drills

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Safety Rectification of Hazardous Chemicals

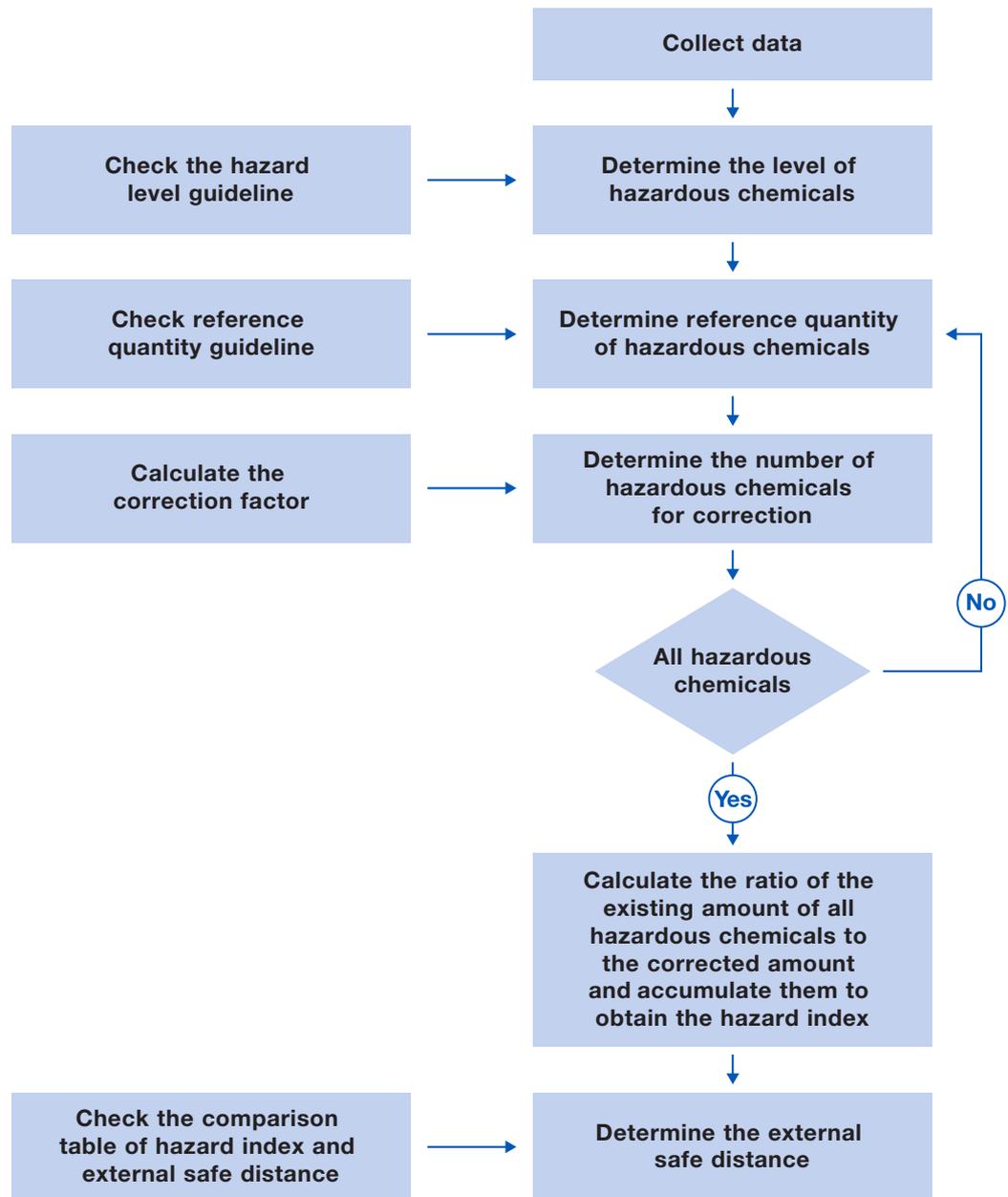
Liaoning Port adheres to the guideline of “risk prevention and control & source tracing” to deepen the special rectification of hazardous chemical safety. We attach importance to the technical status of equipment and facilities in the process of hazardous chemicals transshipment, promptly discover and tackle hidden dangers, and continuously improve the level of the intrinsic safety of equipment and facilities. We also strengthen business management and require front-line employees to implement operational details strictly. We comply with safety operating procedures, and relevant management and supervisory personnel intensify the on-site management. On 6 August 2020, the Company held a special rectification on the safety of hazardous chemicals to ensure the safe, standardised, and orderly operations of hazardous chemicals and took full actions to effectively ensure stable safety in the port.



2020 Special Rectification Conference on Hazardous Chemical Safety

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In 2020, the Company quantified the risk criteria of hazardous chemicals, comprehensively incorporated the personal and socially acceptable risk standards of chemical production and storage devices into normalised management, improved the management capabilities of hazardous chemicals, and ensured the safety of personnel, production, equipment and the environment. The company implemented multi-level and classified management of different chemicals, clarified the hazard levels of hazardous chemicals, and organised relevant personnel to clarify the Company's response measures to ensure safety in the port.



Assessment Process of Hazard Index Method

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4.3 Ensuring the Occupational Health of Employees

Liaoning Port pays great attention to the occupational health and safety of employees, continuously facilitating the construction of occupational health and safety management system, and strives to provide employees with a healthy and safe working environment. The Company complies with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, *National Occupational Hygiene Standards of the People's Republic of China*, *Occupational Health Surveillance Management Measures*, *Classification Catalogue of Occupational Disease Hazard Factors* and other laws or regulations, and formulates internal occupational health management regulations based on its own business characteristics. In 2020, the Company revised and issued the *Occupational Disease Hazard Management Measures*, the *Three Simultaneous Supervision and Management Regulations for Occupational Disease Protection Facilities in Construction Projects*, and the *Labour Protection Products Management Regulations* to strengthen occupational health protection.

For positions with occupational health hazards, with reference to the *Management Regulations on Work Protection Products*, we take special protective measures to equip employees with work necessities including safety helmets, protective glasses, reflective clothing, work protection supplies, purchase protective equipment, and post hazard warnings. We organise safety education and trainings, strengthen professional knowledge capacity buildings and self-protection awareness, and carry out regular physical examinations and occupational health monitoring.

In 2020, we incorporated the prevention and control of occupational disease hazards into the management assessment of safety in production goals; implemented a management model with clear management, clear responsibilities, and thorough investigation; and as a responsible Company, actively prevented and reduced the damage or impact of occupational disease hazards to workers health through daily follow-up management of occupational disease prevention.

2020 Occupational Health and Safety Indicators

Indicator	Unit	Completion in 2020
Work-related death	person	0
Percentage of physical examination	%	92.68%
Percentage of occupational health examination	%	100%

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4.4 Creating a Safety Culture

Liaoning Port actively carries out safety and occupational health education and strengthens the Company's safety culture through various forms of activities and safety training. Centered on the actual needs of different positions, we actively conduct safe production education and trainings, adhere to the principles of practicality and effectiveness, strengthen employee cohesion, instill safety concepts, and improve the Company's safety culture. In 2020, a total of 3,706 people participated in the occupational health and safety training organised by the Company.

Case study: Training of Registered Safety Engineers

The Company thoroughly implements the spirit of the "Three-year Action Plan for National Work Safety Special Rectification", continuously strengthens the building of a professional and technical personnel team for work safety, and implements the content of strict adherence and strengthening of responsibilities. In October 2020, the Company organised and carried out a pre-examination training for registered safety engineers to improve the Company's directors' professional knowledge and enable the production technology and management teams to implement the philosophy of safety. The training required relevant responsible personnel to follow the red-line in their daily work, focus strictly on safety, and fully implement safety practices.



2020 Training for Key Safety Personnel

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Case Study: “Youth Work Safety Demonstration Position” Event

During the “Youth Safe Production Demonstration Positions” event, the Company strengthened its safety education for young employees and enhanced safety production awareness. In 2020, the loading and unloading teams of the 22-berth terminal in the first operation area of the oil terminal in Dalian Bay were awarded “National Youth Safety Production Demonstration Post”.



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In June 2020, we launched “Safety Production Month” with the theme of “Eliminating Hidden Dangers of Accidents and Strengthening Safety Preventions”. Through special events such as “Inspection and Remediation in Progress”, we analysed typical accident cases to prevent production safety accidents. Meanwhile, we offered an online class called “Safety Production – Everyone Talks”, focusing on the implementation of responsibilities, hidden danger investigations, risk management and control, emergency response, etc., to enhance safety awareness of all employees, and improve the level of enterprise safety production.



2020 Safety Production Month “Inspection and Remediation in Progress” Special Event

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5. Contributing to Employee Development

Liaoning Port upholds the corporate value of “people-oriented, customer-oriented, and responsibility-first”, treats employees as the most valuable wealth, adheres to legal employment, guarantees employees’ rights and interests, and continuously improves the employee training system to provide employees with more development opportunity. The Company is committed to creating a fair, harmonious and inclusive working environment. With the goal of cultivating industry leaders, caring for the physical and mental health of the employees, the Company strives to develop results that benefit all employees, and helps employees fulfill their self-worth.

5.1 Employee Employment

Liaoning Port strictly abides by *Labour Law of the People’s Republic of China*, *Labour Contract Law of the People’s Republic of China* and other laws and regulations, insists on employment in accordance with the law, and has established *Labour Contract Management Measures* and *Collective Contract Regulations* and other internal regulations. We follow the principles of fairness, equality, voluntariness, consensus, honesty and credibility and protect employees’ rights and interests in accordance with the law. The Company strictly prohibits and resists any form of child labour or forced labour, insists on equal employment, and provides equal job opportunities for all employees. As at 31 December 2020, the total number of employees in Liaoning Port was 6,152.

2020 Employment Breakdown of Liaoning Port Co, Ltd Company Limited

Category		Employee Count
Total		6,152
By job type	Management employees	1,015
	Tech employees	1,290
	Production employees	3,119
	Others	728
By gender	Male employees	4,942
	Female employees	1,210
By age	<=30	428
	31~50	3,974
	>=51	1,750

The Company respects and supports the freedom of association, assembly and joining labour unions enjoyed by employees in accordance with the law. The company has established labour union organisations at all levels in accordance with the *Labour Union Law of the People’s Republic of China* to supervise the performance of the Company’s responsibilities and obligations, protect the legitimate rights and interests of employees, and communicate with the company management on behalf of employees. At the same time, the Company’s legal compliance department communicates closely with labour unions at all levels to jointly protect the legitimate rights and interests of employees.

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The Company fully protects the legitimate rights and interests of employees. Based on the employees' position, the Company establishes a salary adjustment mechanism and incentive mechanism consisting of two parts: monthly basic salary and annual performance bonus, together with vacation, social insurance and other benefits, to fully stimulate employees' motivation, and contribute to employees and the Company's mutual progress. In addition to the five social insurances and one housing fund stipulated by law, the Company provides additional benefits such as supplementary medical insurance, free physical check, birthday gift, wedding gift, holiday benefits, and rental subsidies for employees.



Employment Compensation Breakdown of Liaoning Port Co., Ltd.

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5.2 Employee Fostering

Liaoning Port attaches great importance to the career development of employees and has built a multi-level training system based on the concept of shared growth between employees and the Company to provide opportunities for each employee to become the backbone of the Company. The Company improves its employee growth and development system, raises its professional knowledge and vocational skills, stimulates its potential abilities and creativity, and has built a learning enterprise platform.

The Company organises internal trainings in accordance with *Administrative Staff Training Management Measures*, recruits experts or sends employees to participate in external trainings, and develops multi-category and multi-level training programmes. In addition, the Company encourages employees to participate in formal training for an academic degree, implements rotations for new employees, improves the training system for young employees, provides technical support including transfer and promotion professional trainings, and helps employees achieve diversified career development. The Company conducts training evaluations to ensure the effectiveness of various types of training at all levels. Also, the Company evaluates the training contents, trainers, and outcome after each training programme, and thereby adjusting the training plan and specific training content for the next year, so that employees can gain practical, efficient, systematic and forward-looking training programmes.

Oriental Training Programmes	Guide newly recruited employees towards general development of the company, company culture, safety regulations, employee compliance, position-oriented training, career development planning and guidance
Adjustness Training for the Position	Provide professional skills training for career development to employees based on job knowledge and ability requirements
Position Certification Training	Conduct job qualification training for employees who must be certified to work for a specific position
Transfer Training	Provide additional training for employees who transfer so they can adapt to the requirements of the new position
Promotion Training	Provide knowledge and skillset training for promoted employees so they can adapt to the higher demands of the new position

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Main Training Types of the Company

The Company adheres to employee cultivating, selecting, leading, and echelon training modes, has built a national vocational skills education and training base, and established a mobile phone APP learning platform for employees' to improve their vocational skills. As at December 2020, the Company had invested more than RMB3.6 million in training and carried out 670 trainings, which has covered topics such as corporate culture, safety in production, laws and regulations, finance, human resources, quality and efficiency improvement, quality system, IT technology, the port business, equipment & facilities, fire prevention emergency, etc. Due to the COVID-19 pandemic, the Company transformed part of the training programmes into online training, and offered pandemic prevention and control knowledge and skills, mental health and other related trainings, so that employees can continue to learn in a safe environment during the pandemic.

2020 Employee Training Hour Count

Average hours trained		Hours	85
By job type	Management	Hours	84
	Technology	Hours	72
	Production	Hours	118
	Others	Hours	65
By gender	Male employees	Hours	82
	Female employees	Hours	88

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Case study: The Company Stock Shares Legal Forum – Interpretation of Hot Issues of the “Civil Code”

The 23rd Stock Legal Forum in Liaoning Port invited experts to conduct interpretation trainings on hot topics of the *Civil Code of the People’s Republic of China* (referred to as the “*Civil Code*”). The training centered around the *Civil Code* promulgated in May 2020 and officially implemented in January 2021. The *Civil Code* is the basic law of the market economy and basic code of conduct for citizens. It has also become the “encyclopedia of social life”. Experts discussed the main content of the *Civil Code* and how it relates to daily life, interpreted hot topics, carried out related law public education, and helped the Company’s relevant managers and employees understand and abide by the law.



2020 Training on Hot Topics of the Civil Code

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In 2020, the Company strengthened its youth employee training programme including the “Youth Civilisation” and “Youth Role Model” programmes, built a growth platform for young employees, encouraged young employees to continue to move forward, and promoted high-quality development of the company. In 2020, Yuan Yongwen won the bronze prize in the “16th Revitalisation Cup National Young Worker Skills Competition”; Class 4 of Automobile Terminal in Dalian Bay obtained the provincial honor of “Youth Civilisation”; three youth groups won the municipal “Youth Civilisation Honors”; and 18 youths at the grass-roots level were nominated as “Youth Role Model” in Dalian. The Company’s young skilled elites have achieved excellent results in national and provincial port skills competitions.

Competition	Hosting Organisation	Honor Awarded
2020 National Finals of Port Fluid Handling Skills Competition	Hosted by the Ministry of Transport and co-hosted by China Ports Association	4th place group award; 8th and 9th places individual awards
The 12th National Transport Industry Shandong Port – Yantai Port Cup Port Passenger Carrier Vocational Skills National Finals	Co-hosted by the Ministry of Transport, the Ministry of Human Resources and Social Security, and the All-China Federation of Trade Unions and the Central Committee of the Communist Youth League	6th, 11th and 14th places individual awards
The First National “Liaoning Port Cup” Ro-Ro Driver Professional Skills Exchange Competition	Co-hosted by the National Committee of China Seamen’s Construction Trade Union and China Ports Association	1st place group award; Special contribution prize; 1st place individual award (1 person); 2nd place individual award (3 people)

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Winning 8th and 9th Place in the 2020 National Finals of Port Fluid Handling Skills Competition

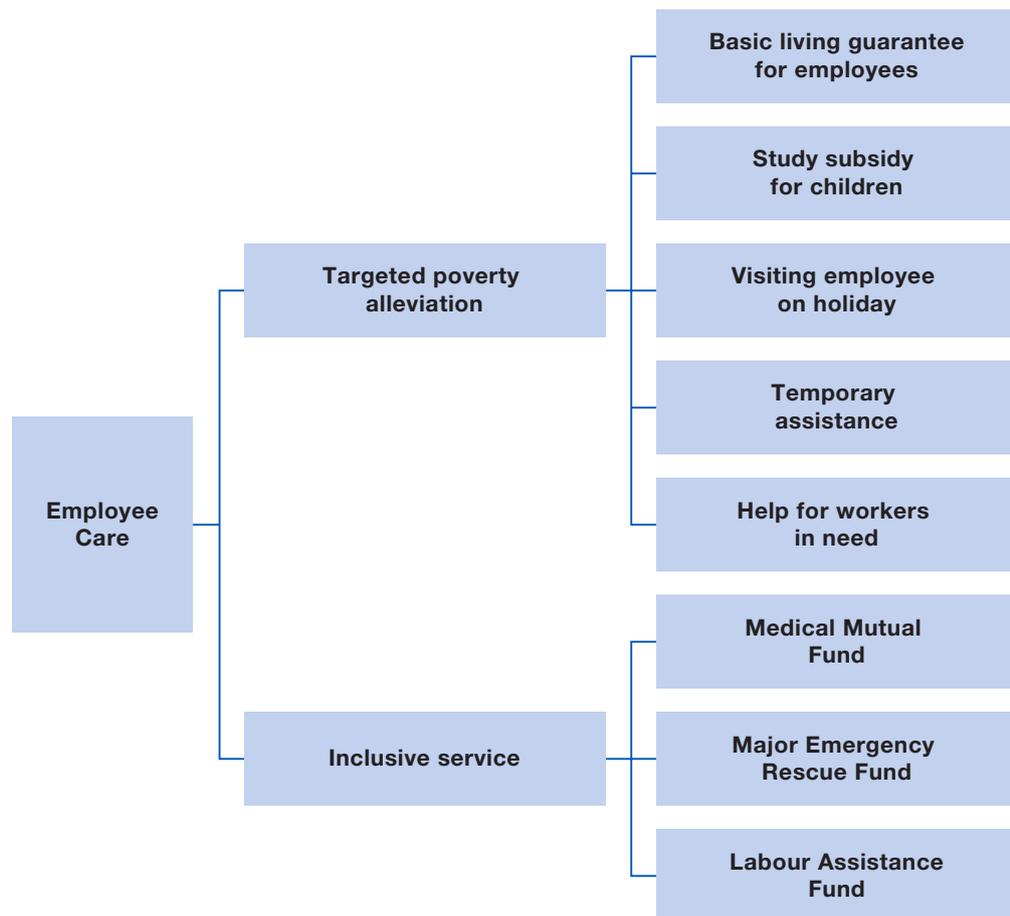


Winning 1st Place in the First National “Liaoning Port Cup” Ro-Ro Car Driver Professional Skills Exchange Competition

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5.3 Care for Employees

Liaoning Port listens to employee demands, cares for and helps employees in need, organises diversified cultural and sports activities, and helps employees solve problems both in work and life. The Company fully assumes its corporate democratic management advantages, builds “Homes of all Employees”, and listens to employees’ voices. In addition, adheres to the combination of targeted poverty alleviation and inclusive services to ensure the basic lives of employees and their families, and promotes the construction of “female employees special care room” to care for female employees.



Employee Care System

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In 2020, the Company held the “Sending Coolness in Summer and Warmth in Winter” event to care for the physical and mental health of employees in the way of employee health and recuperation. The Company currently provides health insurance and specialised women medical examinations to more than 4,000 female employees, and cares for female career development. During the COVID-19 pandemic outbreak in Dalian, the Company organised psychological support to its workers via phone and WeChat, carried out more than 100 psychological support and counseling for quarantined employees, and provided more than 30 hypnotic decompression classes and life education psychological counseling training for the employees.

Case study: Special Care Room for Female Employees

The Company’s “Special Care Room for Female Employees” is a special care space for female employees. The Company cares for the health of female employees and established a special care room for breastfeeding and pregnant women for their convenience; we also launched heart-to-heart talks and decompression activities to help female employees to change their mindset and relieve their stress during the pandemic.



Employee Healthcare During the Pandemic

In July 2020, Dalian had a new local outbreak of the COVID-19 pandemic. The Company established a special committee instantly to build a strong line of defense against the pandemic, guaranteed production and operation, cared for the physical and mental health of employees, and minimised the impact of the pandemic. We thoroughly implemented the provincial and municipal pandemic prevention work, quickly carried out comprehensive deployment and control, took multiple measures and made every effort to organise production, coordinate port units, shippers and customers, and ensure normal port operations. As at December 2020, the Company had no confirmed cases or suspected cases, and production has been stable and orderly in the port.

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The Company has strengthened its confidence in the battle against the pandemic, did a great job in safe production and carried out relevant pandemic prevention work to protect the health of employees while actively assisting regional pandemic prevention. We upgraded the control of pandemic prevention in the port area, resolutely preventing the importation of the pandemic, and made every effort to ensure port operations. The Company actively cared about the needs of employees, provided employees and their families with necessary anti-pandemic materials, carried out special training, psychological counseling, and other work to protect employees' physical and mental health. For employees who were isolated at home and unable to work in the passenger transport company, the labour union took the lead to offer diversified psychological counseling work to help employees go through difficult times. The passenger transport company also sent a letter to the quarantined employees, which provided pandemic prevention and control tips to strengthen employee knowledge building. Meanwhile, the passenger transport company used the WeChat platform to establish a "care group for passenger transportation employee who were staying at home", which expressed care to relevant employees through the WeChat group.



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6. Giving Back to Society with love

Liaoning Port has always adhered to the dedication of “serving the society and giving back to the society” and actively participates in voluntary work of poverty alleviation and donation. Confronted by the sudden pandemic, the Company responded quickly, called on all employees to participate in pandemic prevention work, ensured port operations, and supported the front-line of the fight against the pandemic.

6.1 Social Welfare

Liaoning Port actively carries out poverty alleviation work and other voluntary activities, contributing to supporting local economy, education and medical care. The Company carries out a spectrum of philanthropic activities such as assistance in difficulties, volunteer medical consultations, voluntary blood donation, etc.; purchased poverty alleviation products amounting to RMB100,000 through consumption alleviation and held the “Donating Books and Clothes and Igniting Hope” event, which was dedicated to donating books and clothes to children in poverty-stricken areas. In 2020, The Company participated in philanthropic activities for a total of 6,126 hours, with a total of 1,021 people participating, and a cumulative donation of RMB102,400.

Case Study: Donating Agricultural Products to Poverty-Stricken Areas

Liaoning Port actively carries out targeted poverty alleviation work in Yi, Hui and Miao Autonomous County in Weining of Guizhou Province, Qichun County of Hubei Province, Yecheng County and Shache County of Xinjiang Uygur Autonomous Region through consumption poverty alleviation to help the poor.

In June 2020, 18 tons of “27° Nong” vegetables purchased by the Company in designated poverty alleviation counties were sent from Weining, Guizhou to Dalian and Yingkou, Liaoning, and were transported by refrigerated trucks throughout the journey. The “27°Nong” is a consumer-poverty alleviation agricultural branding originated from a designated poverty alleviation county at the national level. The Company distributed these agricultural products to employees who were fighting on the front line of pandemic prevention and control and resumption of work and production. Labour unions at all levels also actively purchased good-quality vegetables, grains, dried fruits, honey and other specialty agricultural products aiming at poverty alleviation, and actively promoted those brands to union members, to provide employees with high-quality agricultural products.



Procurement of Agricultural Products to Help Underdeveloped Counties

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6.2 Joint Efforts to Fight Against the Pandemic

Since the outbreak of the COVID-19 pandemic in 2020, the Company has responded quickly to fulfill its social responsibilities, reduce expenses and cut profits, donate goods and materials, and organise employees to support various pandemic preventions and controls.

As a node for the transportation and logistics of goods for the national economy and people, the Company actively fulfills its social responsibilities to ensure the green passage of pandemic prevention goods. The Company promptly opened green transshipment channels for pandemic prevention materials, coordinated more advantageous resources to help ships loaded with pandemic prevention goods, and freed ships from waiting at the berth and from obstruction in operation; introduced the *Notice on Container Company's Policy of Paying for Nucleic Acid Testing Fees to Trailer Drivers in the Bigger Terminal* to provide trailer drivers with nucleic acid testing fees and actively reducing and relieved the worries of the drivers and customers. The Company efficiently completed the transshipment for ships of pandemic prevention materials and related raw materials, and transported those materials to the front line of pandemic prevention in the shortest time.

During the pandemic, the Company's employees also actively participated in anti-pandemic volunteer work organised by the community and social welfare organisations. More than 200 volunteers of the Company assisted in environmental disinfections, goods transporting and shipping, goods procurement, and transportation coordination, to show employee responsibility through practical actions. Wu Qingwei, an employee of Liaoning Port Co., Ltd. Real Estate Company, was awarded the title of "Dalian City's 2020 Outstanding Young Volunteer in Fighting the COVID-19 Pandemic".

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Case Study: Liaoning Port Co., Ltd. Organised a “Youth Commando” to Support Pandemic Prevention and Control

After the outbreak of the COVID-19 pandemic, the Company mobilised a large number of Communist Youth League members to form 24 youth commandos throughout the port. While ensuring their health and safety, 800 youth team members took the initiative to participate in pandemic prevention and control work to ensure production and operation activities were not disrupted. In July 2020, during the second wave of the COVID-19 pandemic in Dalian, hundreds of youths took action quickly. One youth group and an individual youth were awarded by the Dalian Youth League Committee. The Company also purchased goods benefitting poverty-stricken areas worth RMB102,400 and sent those to front-line employees of pandemic prevention.



Liaoning Port Youth Commando



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

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