DALIAN PORT (PDA) COMPANY LIMITED
大連港股份有限公司

(A sino-foreign joint stock limited company incorporated in the People's Republic of China)
(於中華人民共和國註冊成立之外商投資股份有限公司)
(Stock Code 股份代號：2880)

Annual Report 年報 2009

Contents

Company Profile*

Dalian Port (PDA) Company Limited (the "Company") (stock code of 2880), established in Dalian City, Liaoning Province, the People's Republic of China (the "PRC") on 16 November 2005, was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 28 April 2006.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in four business segments, namely: (1) the provision of terminal and related logistics services for oil/liquefied chemicals; (2) the provision of terminal and logistics services for containers; (3) the provision of terminal and logistics services for automobiles; and (4) the provision of port value-added services.

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 its deep water and ice-free port conditions, Dalian port is able to operate its terminal throughout the year.

The Group is one of the major oil and container terminal operators in the PRC. The Group is the largest oil terminal operator, largest container terminal operator, and the largest automobile terminal operator in the Three Northeastern Provinces of China (collectively, Heilongjiang Province, Jilin Province and Liaoning Province) in terms of annual throughput.

In terms of oil/liquefied chemicals terminal and related logistics services, the Group is the first terminal operator approved by the Ministry of Communication of the PRC to conduct trans-shipment services of imported crude oil for petrochemical enterprises in Dalian and Bohai Rim. The Group currently operates a 300,000 dwt terminal which is one of the largest crude oil berths in China. Another newly constructed 300,000 dwt crude oil terminal will be put into operation in the first half of 2010. With these two terminals in operation, the Group will be able to meet the growing demand of import and trans-shipment of crude oil. Xingang of Dalian, where the Group's oil/liquefied chemicals terminal is located, is the largest oil storage base in China. In terms of container terminal and related logistics services, by relying on the Group's mature intermodal transportation network, it maintains its leading position in the industry of container transportation for foreign trade in northeastern China. The rapid growth of domestic trade is a strong driving force for the development of the Group's container business for domestic trade. The Dayao Bay port area in Dalian, the third bonded harbour area approved by the State Council of the PRC, has brought a positive impact on the Group's business growth. In terms of automobile terminal and related logistic services business, Dalian Port is one of the four automobile ports approved by the Chinese government to conduct automobile import business. Benefited from the rapid growth of automobile production and sales in China and the revitalization of the automobile manufacturing base in the Three Northeastern Provinces, the Group's automobile terminal business has been growing steadily. The Group is the only port value-added services provider in Dalian port offering services such as tugging, tallying and IT. The Group has the largest tugging fleet in China, and has extended its tugging services beyond Dalian port to other ports of China.

The Group intends to fully 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 centre in Northeastern Asia and the development of Liaoning Coastal Economic Zone. The Group aims to become a major international port operator in Northeast Asia and to maximize return for the shareholders of the Company.

* The business performance of the Group, as described in this report, is the aggregate of all operating entities in which the Group has equity interests irrespective of the percentage of equity interests held by the Group.

Corporate Information

Board of Directors

Executive Directors

Mr. Sun Hong (Chairman)
Mr. Zhang Fengge
Mr. Jiang Luning
Ms. Su Chunhua

Non-executive Directors

Mr. Lu Jianmin
Mr. Xu Jian

Independent Non-executive Directors

Mr. Zhang Xianzhi
Mr. Ng Ming Wah, Charles
Mr. Wang Zuwen

Joint Company Secretaries

Ms. Ma Jinru
Mr. Lee, Kin Yu Arthur

Registered Office

Xingang Commercial Building
Dayao Bay
Dalian Free Trade Zone
PRC

Place of Business in PRC

No.1, Gangwan Street
Zhongshan District
Dalian, Liaoning
PRC

Place of Business in Hong Kong

8th Floor, Gloucester Tower, The Landmark
15 Queen's Road
Central
Hong Kong

Legal Counsel

as to Hong Kong law
Morrison & Foerster
as to PRC law
Jingtian & Gongcheng, Beijing

Auditors

International Auditors

Ernst & Young

PRC Auditors

Ernst & Young Hua Ming

Stock Code

2880

Hong Kong Share Registrar

Computershare Hong Kong Investor Service Limited
Shops 1806-07, 18th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

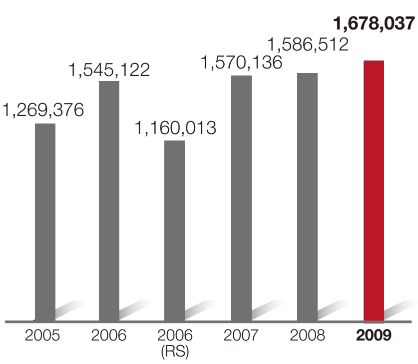
Principal Bankers

Industrial and Commercial Bank of China
Agriculture Bank of China
China Construction Bank
Bank of China
Bank of Communications

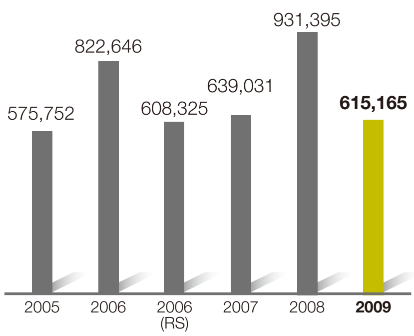
Financial Highlights

	2009 RMB'000	2008 RMB'000	Change (%)
Income Statement			
Revenue	**1,678,037**	1,586,512	5.8%
Gross profit	**752,374**	698,601	7.7%
Operating profit	**615,165**	931,395	-34.0%
Profit attributable to equity holders	**609,268**	779,614	-21.9%
Earnings per share – basic (RMB cents)	**20.82**	26.64	-21.9%
Balance Sheet			
Cash and bank balances	**1,021,116**	670,011	52.4%
Net current assets	**862,102**	445,612	93.5%
Total assets	**11,111,087**	10,187,747	9.1%
Borrowings	**3,061,046**	2,220,110	37.9%
Gearing ratio	**30.2%**	23.7%	27.4%
Net assets value per share (RMB)	**2.31**	2.24	3.1%
Return on equity	**9.3%**	12.8%	-27.3%
Cash Flow Statement			
Net cash generated from operating activities	**672,419**	561,493	19.8%
Net cash (used in)/generated from investing activities	**(929,773)**	30,308	-3167.7%
Net cash generated from /(used in) financing activities	**608,187**	(453,944)	-234.0%
Net increase in cash and cash equivalents	**350,833**	137,857	154.5%

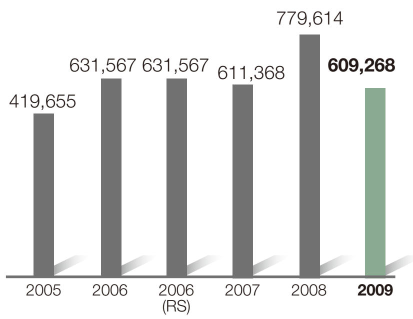
Revenue



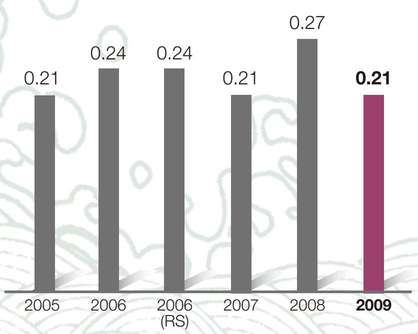
Operating profit



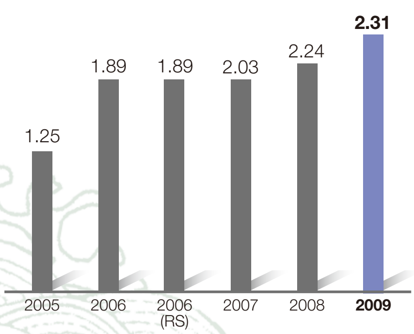
Profit attributable to equity holders



Earnings per share – basic



Net assets value per share



Chairman's Statement

Sun Hong
Chairman

I am pleased to present the annual report of the Group for the year ended 31 December 2009 on behalf of the Board.

Operating Results and Dividend

In 2009, the global economy was adversely affected by the global financial crisis resulted from the subprime lending crisis in the United States and experienced a serious slowdown since the World War Two. It was also the most difficult year for the Chinese economy in the new century. Many countries launched unprecedented stimulus packages one after the other and have yielded significant outcome. Emerging economies became the first coming out of the recession and took the lead in the recovery of the global economy. Chinese government has implemented and continued to improve the comprehensive stimulus plan with a aim to tackle the global financial crisis, which has reversed a sliding economy, and the Chinese economy recovered in 2009 and moved towards a favorable direction. In 2009, the development plan for the Liaoning Coastal Economic Zone has been recognised as a part of Chinese national development strategy and Dalian Port Corporation Limited ("PDA"), the controlling shareholder of the Company has also been confirmed a leading role in the development of Dalian into a shipping centre in Northeastern Asia, thus, the policy for the Group's business development has become more favourable.

The port throughput is usually regarded as a barometer reflecting macro economic growth. In 2009, the port industry encountered many difficulties and challenges. The significant decline in import and export trade caused a drop in foreign trade in the port industry. As the same time, the pickup of the Chinese domestic economy has driven the recovery of the port industry in China. The changes of domestic and international economy had various impacts on the Group's businesses. Fortunately, with an objective analysis of the domestic and international macro economic situations, the Group has actively adjusted business strategies, strengthened its market sensibility, continuously improved services, and explored new customers for achieving business development in an unfavourable situation. By leveraging the advantages of its geographic location, terminal operation efficiency, bonded ports related policies and hinterland intermodal transportation network, the Group has achieved sound growth in its principal business and satisfactory operating results. In 2009, the Company's profit attributed to equity holders was RMB609,268,000, a decrease of 21.9% over 2008. However, if the net gains on disposal of assets and the effects of asset impairment were excluded in 2008, the Company's profit attributable to shareholders in 2009 would have increased by 10.4% as compared with that in 2008.

The Board has proposed to pay a final dividend of RMB25 cents per share (including tax) in cash out of the Company's retained distributable profit as at 31 December 2009.

Review

As the largest oil, container and automobile terminal operator in northeastern China, the Group strives to provide its customers with quality and highly efficient services in relation to its oil/liquefied chemicals terminal, container terminal, automobile terminal and related logistics services, and port value-added services including tugging, tallying and IT services. In 2009, the Group's throughput handled via its oil/liquefied chemicals terminal and automobile terminal achieved sound growth. The Group's port value-added services business had steady growth and the throughput handled via its container terminal achieved a slight growth as compared with 2008.

In respect of oil/liquefied chemicals terminal and related logistics business, the Group achieved an increase of 14.1% over 2008 in terms of throughput, of which the crude oil throughput increased by 20.8%. In 2009, the Group expanded its oil handling business and maintained cooperation with its existing customers. At the same time, leveraging its scale advantages in its bonded storage operation, the Group actively expand trans-shipment business and explored new customers. As a result, the Group further enhanced its position as an international oil distribution center. Meanwhile, the Group continued the construction of new terminals and storage tanks as scheduled in order to build good foundation for its further development of oil business. The new 300,000 dwt crude oil terminal, jointly constructed by the Group and PetroChina International Dalian Co., Ltd. ("PetroChina International") was ready for trial operation at the end of 2009. The second phase of the crude oil storage tanks project of Dalian PetroChina International Storage Co., Ltd., an associate of the Company, completed construction and 14 oil storage tanks (with a total capacity of 1.25 million cubic meters) were put into operation at the end of 2009. In addition, PetroChina's 12 commercial refined oil storage tanks and five commercial crude oil storage tanks built within the Group's terminal area were put into trial operation at the end of 2009. By the end of 2009, the crude oil storage tanks at Xingang of Dalian, where the Group's oil/liquefied chemicals terminal is located, have attained a total capacity of approximately nine million cubic meters. Additional 13 crude oil storage tanks including four invested by the Group and nine invested by PetroChina, are under construction. Commencement of operations of the above port facilities will bring new driving forces for the Group's business development in 2010, which the board believes will help the Group achieve sustainable and stable development in the future.

In respect of container terminal and related logistics business, the Group handled approximately 5.5 million TEUs in 2009, a slight increase of 0.6% compared to 2008. In 2009 the Group's container terminal and related logistics business encountered many difficulties. Adversely impacted by the global financial crisis, Chinese foreign trade declined significantly and the container transportation market for foreign trade was declined accordingly. With objectively analysing market changes, the Group actively adjusted cargo solicitation strategies, strengthened communications and cooperation with shipping lines and cargo owners, and enhanced container cargo solicitation for domestic trade and trans-shipment business. At the same time, the Group continued to focus on the construction of logistics network in its hinterland in northeastern China to provide its customers with individualized services. As a result, while the Chinese ports experienced a decline in container throughput in 2009, the Group's container throughput achieved slight growth in the same period. In the second half of 2009, we also observed a recovery in the Group's foreign trade container business, which is always a significant component of its container business.

In respect of automobile terminal and related logistics business, the Group achieved a high growth of 211% in throughput in 2009. The Group enhanced communications with automobile manufacturers and logistics operators and actively promoted its terminal services and logistics solutions so that it has successfully attracted two regular automobile shipping routes for domestic trade automobiles to call its automobile terminal. The Group also actively solicited cargos and has gradually established an automobile logistics supply route between southern China and northern China. Facing significant decline in the imported automobile volume, the Group enhanced cargo solicitation for export business. The export shipping routes via our automobile terminal gradually became mature, which further strengthened the position of the Group as a base port for automobile export. In addition, the Group also took the advantages of its valued-added service functions and proactively expanded its bonded automobile storage business.

In respect of port value-added services, the Group's tugging business, which is closely linked with the overall development of port services, shipbuilding and ocean engineering industries in Dalian, recorded significant growth in 2009. In terms of tugging market outside Dalian port, the Group maintained its leading position among all ports in China. Meanwhile, the Group's IT services has achieved significant improvement in project operation and expanded into markets outside Dalian port. The Group's overall strength in IT services has been enhanced.

A Shares Issue and Acquisition of Certain Operations and Assets from PDA

The board of the Company proposed to proceed with an initial public offering of A Shares (the "A Shares IPO") in China and acquisition of certain operations and assets (the "Acquisition") from the Company's controlling shareholder, PDA, with the purpose to explore new funding channels, optimize capital structure and build foundation for consolidation of port resources in China in the future. The proposal has been approved by the shareholders of the Company.

Prospects

According to the forecast of certain major international economic organizations, the global economy will steadily rebound and Chinese economy will continue to remain stable and fast growth in 2010. In terms of the port industry, although there are still some uncertain factors, the overall environment for the port industry will become better in 2010 as compared with that in 2009.

In 2010, the Group will continue to implement the policy of expanding markets externally and enhancing management internally and pay attention to speed and efficiency in its business development to achieve stable improvement in operation. In respect of market development and customer services, the Group will continue to monitor and analyse the changing market conditions in order to meet the needs of economic growth, adjust operation strategies as appropriate and strive to enlarge market shares, The Group will further enhance port services, improve intermodal transportation system to provide better services to its customers. In respect of internal management, the Group will enhance budget and cost control management, promote the consolidation of corporate internal resources and continue to improve its soft power. We will also capture the great opportunities of revitalising northeastern China and developing Liaoning Coastal Economic Zone into a shipping centre in Northeastern Asia and to ensure the Group's stable business growth.

In addition, the Group will also strive to expedite the process of the IPO of A Shares and the Acquisition so as to optimize capital structure of the Company, expand its funding channel, and establish a platform to facilitate the Company's participation in the expected consolidation of port operations in China in the future. At the same time, the Group will expand its scale of operations, generate business synergy, enhance its capability to withstand economic fluctuations and improve its overall competitiveness in the port industry in China.

Chairman's Statement

Lastly, on behalf of the Board, I would like to express my gratitude to the shareholders of the Company and business partners of the Group for their support and encouragement for the past year, and at the same time, my most sincere thanks to all the staff of the Group for their dedication and contribution.

Dalian Port (PDA) Company Limited
Chairman
Sun Hong

15 March 2010

Business Milestones in 2009

JAN

Mitsui O.S.K. Lines introduced a container shipping lane to Southeast Asia with the Group's container terminal as a port of call.

MAR

The Company entered into a joint venture contract with PetroChina Company Limited and Dalian Construction Investment Company for the formation of a joint venture enterprise to invest in, construct, manage and operate an LNG terminal and a receiving station in Xingang, Dalian, the PRC. The joint venture enterprise was established in the same month.

Regular automobile Ro-Ro shipping routes for domestic trade commenced operation at the Group's automobile terminal.

Announcement of annual results for 2008.

APR

Pacific International Lines Ltd. introduced a container shipping route to East Africa with the terminal of Dalian Container Terminal Co., Ltd. as a port of call. This shipping route is the first direct trunk route to Africa from the Dalian port.

MAY

The Company successfully issued the first tranche of 2009 medium-term notes, a total principal amount of RMB1.5 billion with a maturity of five years and a fixed interest rate of 4.28% per annum.

JUN

The Company successfully issued the second tranche of 2009 medium-term notes, a total principal amount of RMB1.0 billion with a maturity of five years and a fixed interest rate of 4.28% per annum.

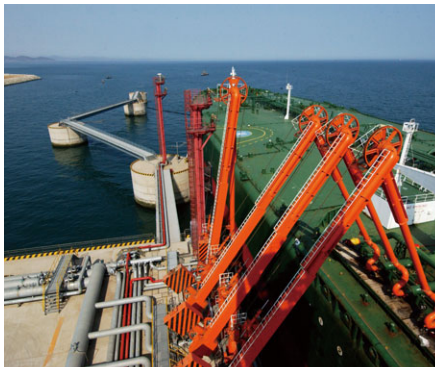
JUL

Two newly constructed tugboats with a horse power of 4,800 each were delivered.

The second phase of the dry bulk containerization project was completed. The bulk grain containerization technique developed by the Group has a leading position among all dry bulk containerization projects among all ports in China.

The Northeastern Logistics Information System was implemented. The standardized Depot System, which extends to the major hinterland conjunctions in Northeastern China, has integrated with the information exchange with the Multi-modal Transportation Service platform. This has allowed for logistics tracking for customers during the whole process of container transportation in the sea-to-rail intermodal and has made real-time information sharing possible for the system participants.

Business Milestones in 2009



AUG

Announcement of interim results for 2009.

SEP

The Board of the Company resolved to issue A Shares in the PRC and proceed with the Acquisition to acquire certain operations and assets from the Company's controlling shareholder, PDA.

The Group commenced construction of four crude oil storage tanks (with a total capacity of 600,000 cubic meters).

OCT

Two newly constructed tugboats with a horse power of 4,200 each were delivered.

NORASIA CONTAINER LINES LTD. introduced a container shipping lane to the Persian Gulf with the Group's container terminal as a port of call. The shipping lane to the Persian Gulf which call the Group's terminals increased to two lanes, therefore the Group is able to provide its customers with more convenient services.

NOV

The shareholders of the Company approved the A Shares IPO and the Acquisition, at the extraordinary general meeting (the "EGM"), the H shareholders class meeting and the domestic shareholders class meeting.

DEC

The second phase of the storage tanks project (with a total capacity of 1.25 million cubic meters) of Dalian PetroChina International Storage Co., Ltd. was put into operation.

A new 300,000dwt crude oil terminal, jointly constructed by the Group and PetroChina International was ready for trial operation.

No. 17 berth, a refined oil terminal within the Group's oil/liquefied chemical terminal area at Xingang, Dalian was put into trial operation.

PetroChina Company Limited's twelve refined oil storage tanks (with a total capacity of 240,000 cubic meters) constructed within the Group's oil/liquefied chemicals terminal area at Xingang, Dalian were put into operation.

Management Discussion and Analysis

Management Discussion and Analysis

Summary

In 2009, the global economy encountered serious challenges due to the global financial crisis. The Chinese economy also faced many difficulties. Benefited from the unprecedented economic stimulus policies implemented by major economies, the global economy showed signs of recovery in the second half of 2009. Chinese government has implemented and continued to improve the comprehensive stimulus package plan aiming to tackle the global financial crisis, which has reversed a sliding economy, and the Chinese economy recovered in 2009 and moved toward a favorable direction. In 2009, China's GDP increased by 8.7%, but its foreign trade value decreased by 13.9% as compared with that for 2008.

The Group is principally engaged in four business segments, namely: the provision of oil/liquefied chemicals terminal and related logistics services ("Oil Segment"), the provision of container terminal and related logistics services ("Container Segment"), the provision of automobile terminal and related logistics services ("Automobile Terminal Segment"), and the provision of port value-added services ("Value-added Services Segment").

In 2009, the macro economy and industries which were relevant to the Group's principal business were as the following:

Oil Segment: International crude oil price gradually rebounded. In 2009, China imported a total of approximately 204 million tonnes of crude oil, an increase of 13.9% over 2008. Such growth rate was higher than the growth rate of 9.6% for 2008.

Container Segment: The GDP of Heilongjiang Province, Jilin Province and Liaoning Province (the "Three Northeastern Provinces") increased by 11.1%, 13.5% and 13.1% over 2008, respectively, while the foreign trade value in the Three Northeastern Provinces decreased by 29.9%, 11.9% and 13.1%, respectively.

The above data indicated that the overall macro economy in the Group's hinterland in the Three Northeastern Provinces had achieved sound growth in 2009 and the growth in GDP of each of the Three Northeastern Provinces was above the average level in China. However, their respective foreign trade value declined to a certain extent due to the adverse impacts of the global financial crisis. In 2009, benefited from the recovery of the overall macro economy, the Group's principal business achieved steady growth, among which the throughput in the Oil Segment and Automobile Terminal Segment had recorded significant growth. In 2009, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 39.8 million tonnes, an increase of 14.1% over 2008, of which 22.5 million tonnes was imported crude oil, an increase of 11.9%. In terms of container throughput, the Group handled approximately 5.5 million TEUs, an increase of 0.6% over 2008, of which approximately 4.4 million TEUs was handled by the Group at Dalian port, a slight increase of 0.4%. In addition, the Group handled a total of 50,248 vehicles, an increase of 211% over 2008.

The profit attribute to equity holders of the Company in 2009 was RMB609,268,000, a decrease of 21.9% over 2008. If the net gains on disposal of assets and the effects of asset impairment were excluded in 2008, the profit attributable to equity holders of the Company in 2009 would have increased by 10.4% as compared with that in 2008.

The business performance of the Group described in this report, such as throughput data, is the aggregate of all operating entities in which the Group has equity interest irrespective of the percentage of equity interest held by the members of the Group.

Overall analysis of results

In 2009, the profit attributable to equity holders of the Company amounted to RMB609,268,000, representing a decrease of 21.9% as compared with RMB779,614,000 in 2008. Such decrease was mainly due to the substantial decrease of gains on disposal of assets. If the net gains on disposal of assets (including property, plant and equipment, non-current assets held for sale, as well as prepaid lease payments) and the effects of asset impairment were excluded in 2008, the profit attributable to equity holders of the Company in 2009 would have increased by 10.4% as compared with that in 2008. Such increase was mainly attributed to the significant growth of the Oil Segment. However, the Group's overall performance was dragged down by the weak performance of the Group's associates and jointly controlled entities in its Container Segment amid the global economic downturn in 2009.

Management Discussion and Analysis

In 2009, the Company's basic earnings per share were RMB20.82 cents, representing a decrease of 21.9% from RMB26.64 cents in 2008.

In 2009, the Group's revenue amounted to RMB1,678,037,000, representing an increase of 5.8% from RMB1,586,512,000 in 2008. The revenue increase was mainly driven by the growth of income from the Oil Segment and the tugging business of the Value-added Services Segment.

In 2009, the Group's cost of sales and services amounted to RMB925,663,000 which increased by 4.3% as compared with RMB887,911,000 in 2008. The increase in cost of sales and services in the current year was mainly due to the increase of depreciation of new assets, as well as the increase in fuel, utilities and staff costs caused by the growth of business.

In 2009, the Group's gross profit was RMB752,374,000 which increased by 7.7% from RMB698,601,000 in 2008. The gross margin reached 44.8% which was 0.8% higher than that in 2008. Such improvement was mainly due to the high-margin Oil Segment which accounted for a large portion of the revenue mix in the current year.

In 2009, the Group's other income was RMB37,585,000, and in 2008 it was RMB452,224,000. The decrease was mainly due to the significant decrease of income from disposal of assets.

In 2009, the Group's finance costs amounted to RMB74,221,000, representing a decrease of 15.4% from RMB87,761,000 in 2008. The decrease was mainly caused by a decrease of the monthly average balance of short-term bank loans resulted from the Company's issuance of medium-term notes and an interest rate decrease for long-term bank loans during the current year.

In 2009, the Group's income tax expense amounted to RMB61,840,000 which decreased by 70.4% from RMB209,321,000 in 2008. The decrease was mainly due to the decrease in income from disposal of assets and the deductible net loss arising from the relocation of certain oil terminal assets in 2009.

Assets and liabilities

As of 31 December 2009, the Group's total assets and net assets reached RMB11,111,087,000 and RMB6,757,210,000, respectively, and its net asset value per share was RMB2.31, representing an increase of 3.1% over that as at 31 December 2008.

As of 31 December 2009, the Group's total liabilities amounted to RMB4,353,877,000, of which total outstanding bank and other borrowings accounted for RMB3,061,046,000.

Financial resources and liquidity

In 2009, the Group's net cash flows generated from operating and financing activities amounted to RMB672,419,000 and RMB608,187,000, respectively. With the stable cash inflows from its operating activities and the proceeds from the issuance of medium-term notes during the year, the Group has maintained a sound financial position and a reasonable capital structure throughout the year. The Group will apply these cash inflows to fund the Group's capital expenditure and other investments.

As at 31 December 2009, the Group had a balance of cash and cash equivalents of RMB1,021,116,000 which represented an increase of RMB351,105,000 as compared with that as at 31 December 2008. Such increase was mainly due to the surplus of cash inflows from operating and financing activities.

As at 31 December 2008, the Group's bank and other borrowings amounted to RMB2,220,110,000. During 2009, the Group issued an aggregate of RMB2,500,000,000 five-year medium-term notes with an annual interest rate of 4.28%, obtained new bank loans of RMB744,317,000, and repaid an aggregate of RMB2,380,111,000 bank and other loans. As at 31 December 2009, the Group's bank and other borrowings amounted to RMB3,061,046,000 of which RMB3,001,046,000 was due after one year and RMB60,000,000 was due within one year. The Group's gearing was 30.2% as at 31 December 2009 (23.7% as at 31 December 2008).

As at 31 December 2009, the Group's unutilized banking facilities amounted to RMB4,530,000,000.

Management Discussion and Analysis

As at 31 December 2009, the Group had net current assets of RMB862,102,000, representing an increase of RMB416,490,000 as compared with that as at 31 December 2008. The Group's current ratio was 2.3 as at 31 December 2009 (1.5 as at 31 December 2008).

During 2007, the Group entered into an interest rate swap contract with a financial institution with a principal amount of approximately USD 52.9 million. Such contract was classified as a derivative financial instrument and recognized in the balance sheet at its fair value as at 31 December 2009.

During 2009, the Group was not considered to have significant exposure to fluctuations in exchange rates and did not enter into any foreign exchange hedging contracts.

Use of proceeds

Net proceeds of the global offering of 966 million H shares (the "IPO") by the Group in 2006 amounted to approximately RMB2,385,343,000. As at 31 December 2009, the Group had utilized approximately RMB2,319,743,000 of the net proceeds and the balance of the net proceeds was RMB65,600,000.

There has been no material change in the proposed use of proceeds from the IPO as stated in the Company's prospectus dated 18 April 2006. As at 31 December 2009, the details of the use of proceeds were as follows:

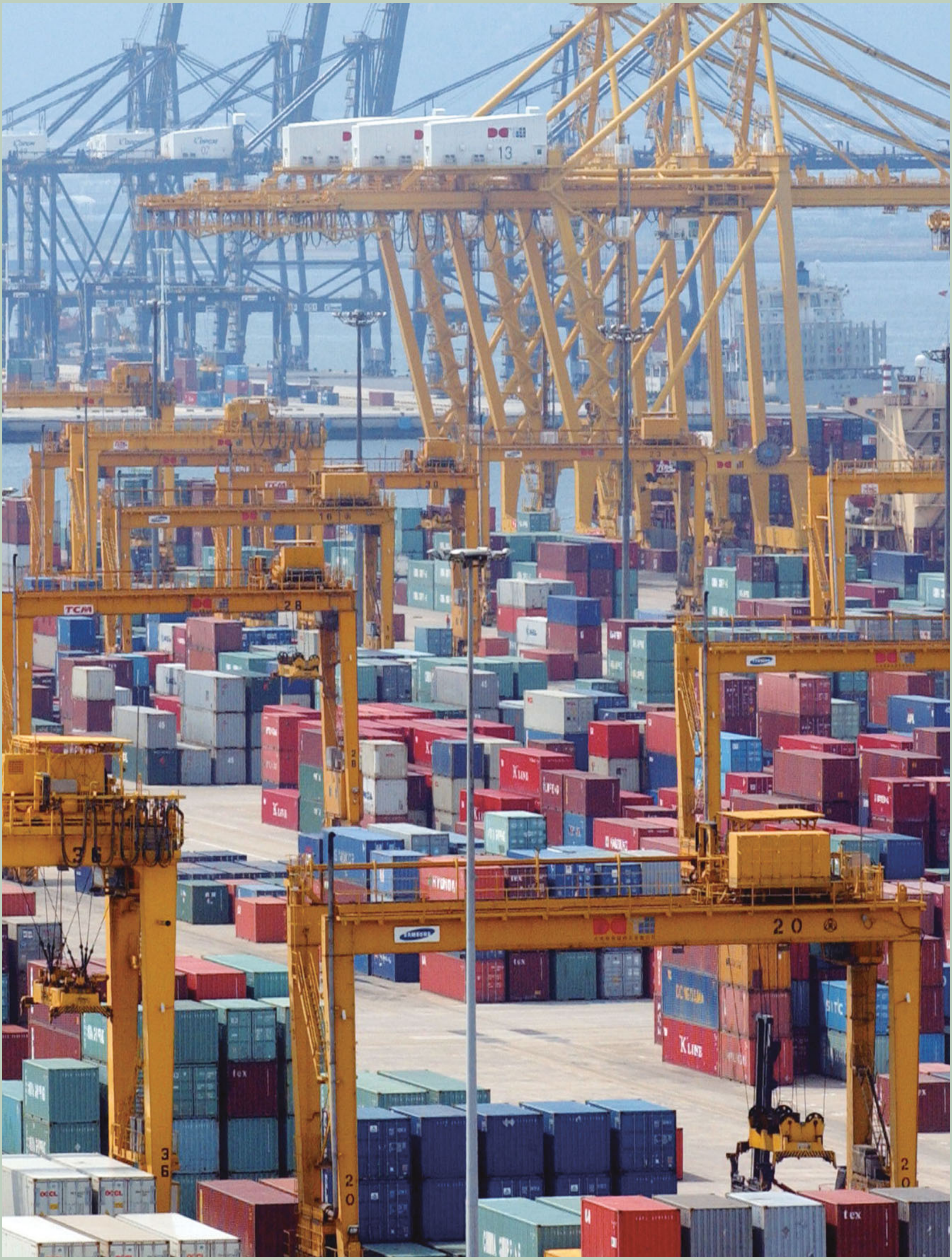
Projects	Proceeds from IPO	Use of proceeds as of 31 December 2009	Balance
Construction of four new container berths at Dayaowan	400,000,000	400,000,000	0
Construction of twelve crude oil storage tanks at Xingang, Dalian	680,000,000	614,400,000	65,600,000
Purchase of eight tugboats	270,000,000	257,000,000	0
Repayment of a long-term bank loan	850,000,000	850,000,000	0
General working capital	185,343,000	198,343,000	0
Total	2,385,343,000	2,319,743,000	65,600,000

RMB13,000,000 previously designated to fund the purchase of eight tugboats was re-allocated as working capital and the remaining RMB65,600,000 designated for the construction of 12 crude oil storage tanks will be used for future payment of construction.

Capital expenditure

In 2009, the Group's capital expenditure amounted to RMB671,800,000 which was mainly funded by the surplus cash generated from operating activities and the proceeds from the issuance of medium-term notes.

Business Review



Business Review

The performance analysis of each business segment in 2009 is as follows.

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2009 and its comparative results in 2008:

	2009 ('000 tonnes)	2008 ('000 tonnes)	Increase/ (Decrease)
Crude oil	**28,302**	23,426	20.8%
Refined oil	**10,628**	10,294	3.2%
Liquefied chemicals	**863**	1,143	(24.5%)
Total	**39,793**	34,863	14.1%

In 2009, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 39.8 million tonnes, an increase of 14.1% over 2008.

In 2009, the Group's crude oil throughput increased by 20.8% over 2008, to approximately 28.3 million tonnes, of which the Group's imported crude oil throughput increased by 11.9%, to approximately 22.5 million tonnes. The Group's crude oil business achieved sound growth due to the functional advantages of its storage tank facilities. On one hand, the Group actively promoted closer cooperation with its domestic and foreign petroleum customers to expand crude oil trans-shipment business, which resulted in significant growth in the trans-shipment business. On the other hand, the increase in crude oil demand in China driven by the recovery of Chinese economy also contributed to the growth in the Oil Segment. In addition, the increase in the Group's imported crude oil throughput is also due to the fill-up of the national strategic oil reserve base located in Dalian.

In 2009, the Group's refined oil throughput amounted to approximately 10.6 million tonnes, an increase of 3.2% over 2008. The steady recovery of Chinese economy led to an increase in refined oil consumption. At the same time, the Group worked closely with petroleum trading companies, railway companies and shipping lines so as to manage the transportation of refined oil via the Group's oil terminal more effectively which led to an increase in the Group's refined oil throughput.

In 2009, the Group's liquefied chemicals throughput amounted to approximately 863,000 tonnes, a decrease of 24.5% over 2008. Such decrease was due to a decrease in demand for chemical products resulted from a significant slowdown in certain export-oriented manufacturing industries using chemicals as raw materials. In addition, one of the Group's major customers switched to purchasing some of its raw materials on domestic market instead of overseas market, which also contributed to the decrease in the Group's liquefied chemicals throughput.

In 2009, the volume of crude oil imported through the Group's terminal accounted for 99.8% (99.5% in 2008) of the total amount of crude oil imported in Dalian and 89% (96% in 2008) of the total amount of crude oil imported in the Three Northeastern Provinces. The total oil/liquefied chemicals throughput amounted for 71% (71% in 2008) of the total oil/liquefied chemicals throughput of Dalian and 52% (52% in 2008) of the total oil/liquefied chemicals throughput of the Three Northeastern Provinces. The decrease in our market share of imported crude oil throughput in the Three Northeastern Provinces was mainly due to the commencement of operation of Yingkou port's new crude oil berth in 2009.

In 2009, the revenue from oil/liquefied chemicals terminal and logistics services amounted to RMB905,522,000, representing an increase of RMB235,497,000 or 35.1% as compared with that in 2008. Such increase was mainly due to the growth of oil storage revenue resulted from the increase of the Group's oil storage capacity with the addition of new oil storage tanks during the year as well as the Group's strengthening cooperation with domestic and foreign oil trading companies. In 2009, the Group's oil storage revenue was RMB313,000,000, representing an increase of RMB134,790,000 as compared with that in 2008 and accounting for 34.6% (26.6% in 2008) of the total revenue of the Oil Segment. In 2009, the increased throughput of imported crude oil also led to a year-on-year increase in the Group's oil handling income.

In 2009, the revenue from oil/liquefied chemicals terminal and logistics services accounted for 54.0% (42.2% in 2008) of the Group's total revenue.

In 2009, the gross profit from the oil/liquefied chemicals terminal and logistics services amounted to RMB477,560,000, representing an increase of 26.4% as compared with RMB377,840,000 in 2008, and accounted for 63.5% (54.1% in 2008) of the Group's total gross profit. The gross profit margin of the Oil Segment is 52.7% (56.4% in 2008). Such decrease in the gross margin was to a large extent due to a significant increase in the revenue of oil storage business and the low-margin oil sales in 2009.

In 2009, the Group's major measures taken and the progress of major projects related to the Group's Oil Segment were as follows:

- The Group's crude oil trans-shipment business achieved sound growth in 2009. The Group actively expanded crude oil trans-shipment business through attracting foreign petroleum customers while enhancing cooperation with domestic petroleum customers. Leveraging its scale advantages in its crude oil storage business, the Group successfully attracted its existing petroleum customers to gradually increase their oil trans-shipment via the Group's oil terminals. In 2009, the Group's volume of international trans-shipment crude oil amounted to approximately 1.2 million tonnes, an increase of 274% over 2008. As a result, the Group has further promoted its position as an international oil distribution centre.

- The Group's oil business was constrained to a certain extent by the shortage of storage tanks. In 2009, the Group proceeded with the construction of oil storage tanks as scheduled to enhance its scale advantages and to meet the demand of business development. The second phase of the storage tanks project of Dalian PetroChina International Storage Co., Ltd., a joint venture of the Group and PetroChina International, was completed and 14 storage tanks (with a total capacity of 1.25 million cubic meters) were put into operation at the end of 2009, which helped the Group to improve its services and to further expand its trans-shipment business. In addition, in 2009 the Group commenced the construction of four crude oil storage tanks (with a total capacity of 600,000 cubic meters), and such storage tanks are expected to be put into operation in July 2010.

- The new 300,000 dwt crude oil terminal, jointly constructed by the Group and PetroChina International, was ready for trial operation at the end of 2009 and will be put into trial operation in the first half of 2010. The commencement of operation of such terminal will help the Group meet the rapidly growing demand of VLCC operation and provide its customers with more convenient and better services. It will also help the Group to build closer cooperation with its strategic partners so as to promote the sustainable development of its business.

- No. 17 berth, a refined oil berth was put into trial operation at the end of 2009. Its designed annual handling capacity is 710,000 tonnes per annum. This new berth will mainly serve China Shipping & Sinopec Supplies Co., Ltd. for its operation of oil depot located in Xingang, Dalian. The Group will also provide services to other customers in refined oil transportation industry via No. 17 berth.

- The Company, PetroChina Company Limited ("PetroChina") and Dalian Construction Investment Company jointly established a joint venture enterprise to invest in, construct, manage and operate a LNG terminal and a receiving station in Xingang, Dalian. The first phase of the project is expected to be completed and put into trial operation in 2011 or 2012. The designed annual handling capacity of the first phase of the project is 3 million tonnes of LNG.

- In 2009, PetroChina commenced construction of 12 commercial refined oil storage tanks (with a total capacity of 240,000 cubic meters) and 14 commercial crude oil storage tanks (with a total capacity of 1.4 million cubic meters) within the Group's oil terminal facilities. At the end of 2009, 12 refined oil tanks and five crude oil tanks were put into trial operation. The remaining nine crude oil tanks are scheduled to be put into operation in March 2010. The commencement of operation of the above-mentioned storage tanks will help increase the handling volume of the Group's oil business in the future.

Container Segment

The following table sets out the container throughput handled by the Group in 2009 and its comparative results in 2008:

		2009 ('000TEUs)	2008 ('000TEUs)	Increase/ (Decrease)
Foreign Trade	Dalian	**3,593**	3,767	(4.6%)
	Other Ports (note 1)	**99**	109	(9.2%)
	Sub-total	**3,692**	3,876	(4.7%)
Domestic Trade	Dalian	**823**	632	30.2%
	Other Ports (note 1)	**970**	944	2.8%
	Sub-total	**1,793**	1,576	13.8%
Total	Dalian	**4,416**	4,399	0.4%
	Other Ports (note 1)	**1,069**	1,053	1.5%
	Total	**5,485**	5,452	0.6%

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

In 2009, in terms of container throughput, the Group handled a total of approximately 5.5 million TEUs, a slight increase of 0.6% over 2008. In Dalian, the Group handled approximately 4.4 million TEUs, a slight increase of 0.4%, of which the container throughput for foreign trade decreased by 4.6% and the container throughput for domestic trade increased by 30.2%. The decrease in the container throughput for foreign trade was mainly due to a significant slowdown of foreign trade in the Group's hinterland in northeastern China caused by the global financial crisis. However, the decline of the container throughput for foreign trade moderated in the second half of 2009. The significant increase in the Group's container throughput for domestic trade attributed mainly to the rapid development of domestic trade in China and the Group's enhancement in domestic cargo solicitation and its improvement in its containerization project for domestic cargoes in its hinterland.

The container volume of sea-to-rail intermodal transportation handled by the Group reached 253,000 TEUs, an increase of 7.7%. The volume of trans-shipment containers handled by the Group was 487,000 TEUs, an increase of 44.9% as compared with that in 2008.

In 2009, the Group's container terminal business represented 96% (97% in 2008) of the total market share in Dalian and 65% (68% in 2008) of that in the Three Northeastern Provinces. The Group's container throughput for foreign trade accounted for 100% (100% in 2008) of Dalian's total volume for foreign trade and 97% (96% in 2008) of that of the Three Northeastern Provinces.

In 2009, the revenue from container terminal and logistics services amounted to RMB384,212,000 which represented a decrease of RMB188,586,000 or 32.9% as compared with that in 2008. Such decrease was mainly caused by the decrease of rental income from container berths leasing business as certain container berths were disposed of in 2008, the decrease of container logistics services revenue caused by the worsening global economy and the decrease of the sale of properties held for sale in 2009.

In 2009, the revenue from container terminal and logistics services accounted for 22.9% (36.1% in 2008) of the Group's total revenue.

In 2009, the gross profit from container terminal and logistics services amounted to RMB91,813,000 which decreased by 43.6% as compared with RMB162,688,000 in 2008, accounted for 12.2% (23.3% in 2008) of the Groups' total gross profit, and represented a gross margin of 23.9% (28.4% in 2008). Such decrease in gross margin was mainly caused by the decrease of the high-margin rental income from container berths leasing business. The Group implemented effective cost saving measures in 2009 to cope with the global economic downturn so that the decrease in the Group's gross margin in the Container Segment slowed down.

In 2009, the major measures taken and the progress of major projects related to the Group's Container Segment were as follows:

- Facing export slowdown and decline in container throughput for foreign trade caused by the global financial crisis, the Group appropriately adjusted its business development strategies and enhanced its container cargo solicitation for domestic trade. As a result, the Group's container throughout for domestic trade achieved sound growth. By extending its reach of container shipping lanes for domestic trade and continuously improving the intermodal transportation network in its hinterland in northeastern China, the Group has built up a cost-efficient logistics network for domestic trade customers. At the same time, the Group promoted its dry bulk cargo containerization projects to increase its container handling volume for domestic trade.

- In terms of container business for foreign trade, the Group made more efforts to attract trunk routes to further promote its position as a container hub. At the same time, taking advantages of its geographical location and terminal operation efficiency, the Group enhanced cargo solicitation and cooperation with shipping lines to attract them to distribute and store empty containers, trans-ship containers at and change vessels via the Group's container terminal. Under the unfavourable market conditions, the Group successfully entered into a new market which is not part of the Group's existing hinterland and attracted new customers for its container business so that it successively avoided significant decline of container volume for foreign trade.

- The Group continued to promote the construction of its inland container logistics network in northeastern China. The Dalian Railway Container Logistics Centre and the Muling Logistics Centre are under construction. The Group started the preparation work for the Harbin Railway Container Logistics Centre and the Daqing Logistics Centre in 2009. With commencement of construction or operation of more railway container logistics centres, inland dry ports and specialized depots as scheduled in northeastern China and the operation of the Multi-modal Transportation System at the major conjunctions, the Group improved the efficiency of its container intermodal transportation network so that it is able to provide more convenient services for its hinterland customers and maintain its customers and its cargo volume.

- The Group consolidated its certain internal business resources, including its three container logistics enterprises (which primarily engaged in domestic trade cargo agent services, foreign trade cargo agent services and railway transportation services, respectively) to simplify its handling process, improve the overall efficiency and service quality, and maximize the utilization of inland logistics resources within the Group's hinterlands.

Automobile Terminal Segment

The following table sets out the throughput handled by the Group in 2009 and its comparative results in 2008:

		2009	2008	Increase/ (Decrease)
Vehicles (units)	Foreign Trade	**13,446**	9,815	37.0%
	Domestic Trade	**36,802**	6,328	481.6%
	Total	**50,248**	16,143	211.3%
Equipments (tonnes)		**26,822**	55,743	(52.0%)

In 2009, the Group handled a total of 50,248 vehicles, a significant increase of 211.3% over 2008.

In terms of automobiles for foreign trade, due to the adverse impact of the global financial crisis, the volume of imported vehicles via the Group's terminal declined sharply. Facing unfavorable economic situations, the Group redeployed its surplus shipping capacity for foreign trade and enhanced communication with automobile manufacturing enterprises in its hinterland and successfully secured a large number of automobiles being exported via the Group's terminal. In 2009, the Group's automobile export business achieved sound growth.

In terms of domestic trade business, two automobile shipping routes for domestic trade with the Group's automobile terminal as a port of call commenced operation in the first half of 2009. The steady operation of these shipping routes established an automobile logistics channel between southern China and northern China. At the same time, following the implementation of a series of favorable stimulus policies for automobile consumption launched by the Chinese government, the sales of automobile achieved significant growth in China. The Group closely monitored the market demands and automobile logistics trends and enhanced cargo solicitation. In 2009, the automobile terminal business for domestic trade achieved strong growth.

The number of equipments handled by the Group in 2009 decreased over that in 2008 due to a significant decrease in 2009 in demand for import of construction equipments via the Group's terminal. Such decrease in demand resulted from no new projects around the Group's terminals commencing construction in 2009

In 2009, the Group's vehicle throughput accounted for 92% (67% in 2008) of the total volume handled by all ports in the Three Northeastern Provinces.

During 2009, the Group's share of loss in relation to its automobile terminal and logistics services amounted to RMB7,435,000, representing an decrease of RMB2,901,000 as compared with RMB10,336,000 in 2008. The increase of trans-shipment volume contributed to the decrease of the loss of the Automobile Terminal Segment. However, this business improvement was partly offset by the weak demand for auto Ro-Ro services in an unfavorable economic environment in 2009.

In 2009, the Group took the following major measures:

- At the end of March, Guangzhou Honda's automobile Ro-Ro shipping project for domestic trade commenced operation with regular weekly services and the Group's automobile terminal became the only base port of Guangzhou Honda in the northeastern China. In March, Shanghai Ansheng Automotive Shipping Co., Ltd. also commenced the operation of an automobile shipping route for domestic trade to ship vehicles manufactured by Shanghai Automobile Industry Corporation (Group) to northern China via the Group's terminal. The operation of these two shipping routes opened an automobile logistics channel between southern China and northern China with Dalian as a base port. It also made it more convenient for automobile manufacturing enterprises in the northeastern China to transport their products to southern China and promoted the automobile trading between southern China and northern China.

- In March, Hafei Automobile Group commenced a monthly service to the Mediterranean Sea via the Group's automobile terminal for exporting automobiles. In October, it added one shipping route to Brazil. In addition, other automobile manufacturing enterprises and trading companies in northeastern China also expanded their export business via the Group's automobile terminal. The Group's position as a base port for automobile export in northeastern China has been strengthened and promoted.

- The automobile inspection booths for imported vehicles built within the Group's automobile terminal area were put into operation in April. The Group's automobile terminal became the first Ro-Ro terminal integrated with automobile inspection booths in China. Such operation added a new function to the Group's terminal and created a new source of revenue.

- At the end of 2009, the construction of the railway sidings in the Group's automobile terminal was completed. Such facilities are expected to be put into operation together with the Dalian Railway Container Logistics Centre in the first half of 2010, which will help the Group improve its automobile terminal's intermodal transportation network.

- The Group proceeded with construction of two 2,300-car Ro-Ro vessels as planned. These two vessels are expected to be put into operation at the end of 2010 and in the first half of 2011, respectively.

Value-added Services Segment

In 2009, since the overall port business in Dalian had sound performance, the Group achieved satisfactory growth in terms of tugging business. However, the Group's tallying business declined due to the negative impact of the macro economy. With the recovery of the macro economy in the second half of 2009, the Group's tallying business improved during the same period. The Group's IT services provided supports to the development of its terminal and related logistics businesses, at the same time, its competitiveness has been improved.

Tugging

- In 2009, port services, ocean engineering and shipbuilding industries achieved steady development in Dalian. The Group enhanced communication with its customers and provided high-quality tugging services, which led to sound growth in the Group's tugging business in Dalian.

- For markets outside Dalian port, the Group closely monitored market trend and properly adjusted its strategies so that it optimized market structure, stabilized long-term customer relationship and developed potential new customers. Currently, the Group has leased 12 tugboats under long-term lease to other ports outside Dalian and remained its leading position amongst all port operators in China.

- The Group proceeded with construction of the eight newly ordered tugboats as planned. Four of them were delivered and put into operation in 2009.

Tallying

- The total tallying throughput handled by the Group was approximately 31.5 million tonnes, a decrease of 6.0% as compared with 2008.

IT

- With the implementation of certain major projects including TOP+ (container terminal operation system) and the logistics information system in northeastern China developed by the Group's IT enterprises, the overall competitiveness of the Group's IT services has been improved.

- Currently, the Group's IT services has expanded to Rizhao port in Shandong Province and Qinhuangdao port in Hebei Province of China, which helped enhance the Group's brand image.

In 2009, the revenue from port value-added services amounted to RMB384,976,000, which represented an increase of RMB46,403,000 or 13.7% over 2008. This revenue increase was mainly attributable to the increasing demands for tugboat services as a result of the throughput growth in Dalian port and the development of shipyards located in the proximity of Dalian.

In 2009, the revenue from port value-added services accounted for 22.9% (21.3% in 2008) of the Group's total revenue.

In 2009, the gross profit from port value-added services amounted to RMB186,920,000 which increased by 21.7% from RMB153,561,000 in 2008, accounted for 24.8% (22.0% in 2008) of the Groups' total gross profit, and represented a gross margin of 48.6% (45.4% in 2008). Such increase in gross margin was mainly due to the decrease of low-margin IT business in the overall revenue mix of this segment during the current year.

Others

A Shares Issue and Assets Acquisition

On 30 September 2009, the board of the Company resolved to propose, subject to the approval by the shareholders of the Company and the relevant Chinese authorities, to conduct the A Shares IPO, to offer and issue not more than 1,200 million ordinary shares in China in order to expand its funding channel, optimize capital structure and establish a platform for the Company to participate in the expected consolidation of port operations in China. On the same date, the board also resolved to proceed with the Acquisition to acquire from PDA, the assets and liabilities in respect of all of PDA's (i) ore terminal and related logistics services; (ii) general cargo terminal and related logistics services; (iii) bulk grain terminal and related logistics services; (iv) passenger and roll-on, roll-off terminal and related logistics services; and (v) ancillary port operations (the "Target Assets"). The consideration of the Acquisition equals to the appraised net asset value of the Target Assets as at 30 June 2009 as adjusted with reference to the audited net asset value of the Target Assets as at the proposed completion audit date. The Company will issue not more than 1,200 million shares to settle the consideration in whole or in part.

The A Shares IPO and the Acquisition have been approved by the shareholders, respectively, at the EGM, the H shareholders class meeting and the domestic shareholders class meeting held on 30 November 2009.

Human Resources

In view of the external operational environment in 2009, the Group maintained its management philosophy of "expanding markets externally and enhancing management internally" and attached great importance to enhancing its employees' team work, incentive and building up its management fundamental and management flow. The Group has devised a human resource management system to meet the needs of the Group's strategic development and provided intellectual supports and safeguards for business restructuring. At the same time, the Group actively took measures to continue the enhancement of its employees' marketing awareness, competitive awareness and service awareness. The Group has enriched its marketing team, established business development reward fund, and encouraged its employees' motivation of market expansion in order to expand the Group's market share and competitiveness. In 2009, the Group also implemented measures to reduce expenditure. By consolidating the organizational structure of its terminal businesses, building a platform for labor resources sharing, and other various measures including labor services outsourcing, linking employees' salary with the Company's business performance, suspension of annual remuneration adjustment and employees' leave rotation, the Group effectively achieved a balanced allocation of human resources, significantly reduced the total labor cost of the Group and its invested businesses, and achieved the Group's expected targets in terms of cost management.

As at 31 December 2009, the Group had a total of 2,422 full-time employees. The Group and its invested businesses together had a total of 3,967 employees. The Group undertakes review of its employee remuneration policy annually by taking into account the Group's financial performance, staff annual appraisal results, and the labor market in Dalian.

Investor Relations

The Company pays particular attention to communicating with its shareholders and the capital market in a timely manner. The Company adheres to the principles of regularity, fairness and transparency to allow its shareholders and the capital market to have a good understanding of the Company's operations and strategies for future development, which will enhance their understanding and recognition of the Company.

The Company provides its shareholders and investors with information and business performance data mainly in the following manners:

- The Company delivers interim and annual reports to its shareholders;
- In accordance with the continuing disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company publishes announcements and circulars on both the Stock Exchange's website and the Company's website; and
- The Company arranges annual general meetings and extraordinary general meetings.

In 2009, the Company maintained effective and regular communications with its shareholders and the capital market through the following channels:

- Following the annual result announcement for financial year 2008 and the interim result announcement for the first half of 2009, our management conducted roadshows, respectively. The management introduced the Company's business results to over 200 investors and answered investors' questions by organizing analyst presentations, press release and 37 one-on-one meetings;
- In November, after the dispatch of the circular regarding the A Shares IPO and the Acquisition on 15 October, 2009, our management conducted roadshows in the United States, Hong Kong and Singapore, respectively, to introduce the details of the A Shares IPO and the Acquisition to 24 shareholders of the Company and the potential investors through 20 one-on-one meetings to enable the investor and the Company's shareholders to better understand the benefits of such proposals to the Company and the shareholders. As a result, such proposals were approved by the shareholders at the EGM; and
- During the year, the Company's management met with more than 50 investors in Dalian and arranged various site visits. Meanwhile, the management also communicated with more than 80 investors via conference calls. Such arrangements allowed the Company's management to maintain regular communication with investors.

Corporate Social Responsibility

The Group is committed to supporting environmental protection and sustainable development of ocean ecology and safety initiatives in its daily operations and abides by the relevant PRC laws and regulations to fulfill its corporate social responsibilities.

The Group takes energy saving management as an important part of its daily management. During its daily operation, the Group made efforts to research on and promote the most economic and energy-efficient operational techniques. Based on its operational needs of each business segment, the

Group implemented energy saving measures at each step of operation and has effectively reduced energy consumption. In 2009, within the Oil Segment, the Group implemented measures to reduce consumption of steam and electricity. In the Container Segment, the Group promoted use of electricity instead of fuel in connection with its operating yard cranes and saving energy in connection with its operating engines. In operating its tugging business, the Group has carried out measures such as economic speed, economic shipping lanes and energy-saving sailing. In addition, the Group also promoted use of electricity during its procurement of equipments and design of terminal facilities.

At the beginning of 2009, based on ISO14001 standard and OHSAS18001 standard, the Group established an environmental and occupational health safety management system and put it into operation in connection with the Group's operation of liquefied chemicals terminal. In late August of 2009, such system passed verification by Det Norske Veritas ("DNV").

Facing challenges of the economic crisis, the Group strictly abides by the relevant policies and regulations launched by the relevant government authorities. In 2009, with the harmonic labor relation, the Group performed well in terms of economic value and social value, and undertook its social responsibilities as a large-scaled corporation. Therefore, the Group was granted the titles of "Dalian Top Ten High Profit-making Sino-Foreign Joint Corporation" and "Integrity Corporation in Compliance with the Labor Security Laws and Regulations – AA Level" by Dalian municipal government and the title of "Harmonic Labor Relation Corporation" by the government of Dalian Free Trade Zone.

In the most difficult economic situations since World War Two, the Group and its invested businesses still actively participated in the activities of helping the poor and donating love to the society. In 2009, the Group continued to participate in the activities of helping poor areas with their public infrastructure constructions in order to drive economic and social development in those areas. Dalian Container Terminal Co., Ltd. ("DCT"), one of the Group's invested businesses, donated RMB200,000 to establish the second Hope primary school—Mopan Village Centre Hope Primary School. DCT also provided financial assistance to five poor university students of Dalian Marine University with the total annual grant of RMB15,000. The other invested enterprises also dedicated their loves to the society in various ways and performed their social responsibilities.

Prospects for 2010

At the turn of the year, many international organizations, including the United Nations, IMF, and OECD, published their 2010 global economic forecast. Their views on the trend of the global economy were almost the same. They all believed that, driven by the major Asia-Pacific economies, the global economy would slowly recover in 2010. Chinese economy, leading the recovery, would achieve steady and fast growth in 2010.

In 2010, the port and shipping industry are facing challenges and opportunities at the same time. It is a critical year for the world economy to cope with the financial crisis. Some uncertainties remain in the macro economic environment. However, the world economy is gradually recovering, which will drive the overall port and shipping industry to continue to recover and return to a steady growth track. In addition, the relevant Chinese authorities may promulgated the terms of the "Restructuring and Rejuvenation Program of the Logistics Industry" in the near future and the policy for the development of the logistics industry will become more favorable, which will help promote the rejuvenation and development of the logistics industry.

2010 will also be a critical year for the Group. The Group will closely monitor market changes so as to capture opportunities to promote the steady development of its core businesses. In terms of market development, while enhancing cooperation with existing domestic and foreign strategic partners, the Group will try to build relationships with new customers so as to enlarge market share. The Group will continuously improve its efficiency of terminal services and port logistics services so as to increase its revenue sources. In terms of financial control, the Group will continuously reduce operational costs and implement various measures to avoid unreasonable expenses. In terms of investment in and development of new port and logistics facilities, the Group will strive to make appropriate plans and improve the efficiency of implementation with an aim to improve port service functions and provide more value-added services for its customers. Meanwhile, the Group will proceed with construction of new port facilities to meet the needs of future business development.

Business Review

In terms of the oil/liquefied chemicals terminal and related logistics services, the Group will well arrange the operational schedule of new crude oil terminal and storage tanks to improve its terminal services capability and enhance its scale advantage. While strengthening its business development efforts and expanding its trans-shipment business, the Group will explore cooperation with well-known foreign suppliers for oil products in various fields so as to provide its customers with better value-added services and increase the Company's profitability. In terms of the container terminal and related logistics services, the Group will continue to improve intermodal transportation network, explore cargo solicitation in its hinterland, provide individualized port logistics services to stabilize and even enlarge its market share. The Group will continue to focus on "increasing volume by lanes" to expand its foreign trade business. For the development of domestic trade business, the Group will continue to focus on "increasing lanes by volume". With regard to its automobile terminal and related logistics services, the Group will focus its efforts on increasing the number of shipping routes. The Group will enhance cargo solicitation in its hinterland so as to improve the utilization rate of its terminal facilities and achieve steady business growth while stabilizing its existing market share. In terms of value-added services, the Group will continue to focus on expanding market share outside Dalian while continuing to provide high-efficient and quality services to its customers in Dalian.

In addition, the Group will try to expand its operation scale and scope to become an integrated terminal operator in Dalian to further improve its operation efficiency and enhance its profitability and resilience to risks.

Oil Segment

- A new 300,000 dwt crude oil terminal will be put into operation in the first half of 2010, which will help the Group better meet the needs of large-scaled vessels so as to provide more efficient and convenient services to its customers.

- The Group will proceed with construction of new crude oil storage tanks. Four crude oil storage tanks (with a total capacity of 600,000 cubic meters) will be put into operation in July 2010. The expected commencement of such operation will provide better support to the Group's crude oil trans-shipment business.

- The Group will continue to take advantages of its bonded crude oil storage capacity to explore new customers while maintaining its business relationship with existing customers to increase crude oil trans-shipment volume.

- PetroChina's commercial refined oil storage tanks and commercial crude oil storage tanks constructed within the Group's oil terminal will be gradually put into operation in the near future. The Group will closely monitor the operation of such storage tanks in order to provide high-efficient and convenient services to its customers and increase the Group's oil throughput.

- While continuously expanding the scale of its oil storage tanks area, the Group will take more auto-controlled measures to enhance safety management in its storage tanks area. In addition, the Group will upgrade the existing sewage treatment system to enhance environmental protection.

- The Company is planning to further expand strategic cooperation with its business partner in the liquefied chemicals terminal and enhance cooperation in certain projects, including studying and exploring the investment opportunities in other ports in China in relation to the development of its liquefied chemical terminal business, and probing into the joint construction of a specialized training centre to utilize its partner's experiences and training resources to provide trainings to its employees in the Oil Segment in respect of advanced techniques, safety and environmental protection skills and help them obtain professional qualification.

Container Segment

- The Group will improve its marketing system so as to further enhance its market development.

- In terms of container transportation for foreign trade, the Group will ensure steady operation of the existing trunk routes and seek to introduce new trunk routes.

- In terms of container transportation for domestic trade, the Group will improve the inland container intermodal transportation system and enhance the shipping channels for domestic trade between southern China and northern China so as to provide better services to its customers. At the same time, the Group will continue to promote the large-scaled dry bulk cargo containerization projects so as to increase its container throughput for domestic trade.

- The Group will continue to proceed with construction of its hinterland container intermodal transportation system. The Dalian Railway Container Logistics Centre and the Muling Logistics Centre will be put into trial operation in the first half of 2010 and by the end of 2010, respectively. The Group is also proceeding with the project of the Harbin Railway Container Centre, which is expected to commence construction in the first half of 2010.

- The third phase of the Group's container terminal in Dayao Bay will be put into operation in 2010. The Group will fully utilize its advanced energy-saving facilities, the improved container logistics network and the advanced information system with proprietary technology for the implementation of its dry bulk containerization projects, provide its customers with more convenient and better services, and expand cooperation with its strategic partners.

- The Group will proceed with the business synergy and resource consolidation among its three container terminals in Dayao Bay so as to optimize resource utilization, reduce cost, improve operation efficiency, enlarge scale advantages, and enhance its service and brand name.

Automobile Terminal Segment

- The Group will continue to enhance cargo solicitation for the transportation between southern China and northern China so as to stabilize and promote the development of automobile shipping routes between southern China and northern China.

- The Group will enhance communication and cooperation with its customers so as to strengthen its automobile Ro-Ro export business for foreign trade in its hinterland in northeastern China and to promote its terminal as a base port.

- The Group will enhance cooperation with some automobile manufacturing enterprises including Chery Automobile Co., Ltd. and Ro-Ro transportation service providers in order to achieve constructive cooperation in terms of terminal operation, logistics network and transportation fleet.

- The Group will take the advantages of its automobile terminal and intermodal transportation system to promote cargo solicitation and expand value-added services.

- The Group will continue to enhance coordination with the government and port authorities to acquire more support in terms of policy and fund so as to improve its competitiveness.

- The Group will enhance communication with Japanese and Korean automobile enterprises and international shipping lines to explore cross-boarder and trans-shipment business so as to strengthen its position as an international transportation hub.

Value-added Services Segment

- The Group will make great efforts to expand into new markets and lease more tugboats to other ports outside Dalian while maintaining its existing tugging business market share.

- Four tugboats and two pilot transportation boats are under construction and will be delivered in 2010. The Group will be well prepared for the delivery of such tugboats and make appropriate adjustment in the deployment of resources of the tugboat fleet.

- The Group will consolidate its internal IT resources in order to enhance the overall competitiveness and brand recognition.

- Leveraging on its Multi-modal Transportation Service platform and Call Centre, the Group will further deploy IT technology to support the development of its port business and improve its customer services.

- The Group's Automobile Terminal Information System ("ATIS") will be implemented. The ATIS was independently developed by the Group's IT enterprise and is able to meet the requirements of business models and operational techniques of an international specialized automobile Ro-Ro terminal. The ATIS has achieved links with wireless systems and information exchange with external monitor systems.

Report of the Directors

The board of directors (the "Board") hereby presents its report and the audited consolidated financial statements of the Group (the "financial statements") for the year ended 31 December 2009.

Principal activities and geographical analysis of operations

As at the date of this report, the Group is principally engaged in four business segments: (i) the provision of oil/liquefied chemicals terminal and logistics services; (ii) the provision of container terminal and logistics services; (iii) automobile terminal and logistics services, and (iv) the provision of port value-added services.

The principal activities of its subsidiaries are set out in note 1 to the financial statements.

Details of the analysis of the Group's operating results by business segments for the year ended 31 December 2009 are set out in note 7 to the financial statements.

Results and appropriations

The results of the Group for the year ended 31 December 2009 are set out in the consolidated income statement of the financial statements.

The Board now recommends the payment of a final dividend of RMB25 cents per share (including tax) in cash out of the Company's retained distributable profit as at 31 December 2009, aggregating to approximately RMB731,500,000, to shareholders whose names appear on the registers of members of the Company on 19 May 2010.

Pursuant to the provisions of the Articles of Association (the "Articles") of the Company, the dividend distribution plan of the Company is subject to approval of general meeting. Accordingly, the aforesaid dividend distribution proposal will be implemented following the approval of the Company's forthcoming annual general meeting for 2009.

Financial highlights for the past five financial years

Financial highlights of the Group's results and assets and liabilities for the past five financial years are 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 Group during the year are set out in note 44 to the financial statements.

Distributable reserves

As at 31 December 2009, the Company's reserves available for distribution were RMB1,416,333,000, which was the lower of the two amounts calculated in accordance with the generally accepted accounting principles of the People's Republic of China (the "PRC GAAP") and the International Accounting Standards.

Report of the Directors

Bank loans and other borrowings

As at 31 December 2009, the total amount of outstanding bank loans and other borrowings of the Group was RMB3,061,046,000. Details of the relevant loans are set out in note 38 to the financial statements.

Capitalisation of interest

As at 31 December 2009, the total amount of interest capitalised of the Group was approximately RMB54,052,000.

Property, plant and equipment

Details of the movements in the property, plant and equipment of the Group during the year ended 31 December 2009 are set out in note 19 to the financial statements.

Investment properties

Details of the properties held for investment purpose of the Group during the year ended 31 December 2009 are set out in note 21 to the financial statements.

Share capital

The share capital structure of the Company as at 31 December 2009 are set out in the table below:

Class of shares	Number of shares	Percentage (%)
Domestic Shares	1,863,400,000	63.68
H Shares	1,062,600,000	36.32
Total	2,926,000,000	100

Details of the movements in share capital of the Company during the year are set out in note 43 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 shares

During the year ended 31 December 2009, none of the Company and any of its subsidiaries purchased, redeemed or sold any listed securities (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd. (the "Listing Rules")) of the Company.

Report of the Directors

Directors and supervisors

The directors and supervisors of the Company in office up to the date of this report are:

Executive directors

Mr. Sun Hong (Chairman)
Mr. Zhang Fengge
Mr. Jiang Luning
Ms. Su Chunhua

Non-executive directors

Mr. Lu Jianmin
Mr. Xu Jian

Independent non-executive directors

Mr. Wang Zuwen
Mr. Zhang Xianzhi
Mr. Ng Ming Wah, Charles

The Company has received, from each of the independent non-executive directors, Mr. Wang Zuwen, Mr. Zhang Xianzhi and Mr. Ng Ming Wah, Charles, an annual confirmation of his independence. The Company considers all of the independent non-executive directors are independent of the Company.

Supervisors

Mr. Fu Bin
Mr. Zhang Guofeng
Mr. Diao Chengbao
Ms. Fu Rong
Ms. Xu Jinrong
Ms. Gui Yuchan

Pursuant to the Articles of the Company, the directors and supervisors of the Company are appointed for a term of no more than three years.

Directors' and supervisors' service contracts

During the year ended 31 December 2009, each of the directors and supervisors of the Company has a service contract with the Company for a term of not more than three years, which can be terminated by either party by giving a prior written notice of three months to the other party.

Save as disclosed 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).

Report of the Directors

Directors’ and supervisors’ interests in contracts

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

As at 31 December 2009, none of the directors, supervisors, senior management and their respective associates had any interests and short positions in shares, underlying shares and 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 its subsidiaries or its holding company or the subsidiaries of the Company’s holding company, was 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 and 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 of the Company are determined in accordance with their duties and responsibilities, subject to the approval of general meeting.

Details of the directors’ and supervisors’ remuneration are set out in note 13 to the financial statements.

Five highest paid individuals

For the year ended 31 December 2009, information in respect of the five highest paid individuals of the Group is set out in note 14 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 any such contract subsisted 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:

Non-exempt connected transaction under Listing Rules 14A.31

(I) On 18 March 2009, the Company, entered into a joint venture contract (the "JV Contract") with PetroChina Company Limited ("PetroChina") and Dalian Construction Investment Corporation ("Dalian Construction Investment") (note 1) relating to the formation of an joint venture enterprise (the "JV Enterprise") for the purposes of investing in, constructing, managing and operating an LNG terminal in Xingang, Dalian, the PRC for a term of 50 years. The JV Enterprise is owned as to 75% by PetroChina, 20% by the Company, and the remaining 5% by Dalian Construction Investment.

The registered capital of the JV Enterprise is RMB2.6 billion. The Company is responsible for contributing 20% of the registered capital, which is RMB520 million. Such amount of registered capital was required to be paid in two installments. The first installment of RMB200 million was paid on 25 March 2009 and the second installment of RMB320 million shall be paid within 30 days after the first anniversary of establishment of the JV Enterprise.

Dalian Construction Investment is a substantial shareholder of a non wholly-owned subsidiary of the Company, therefore, a connected person of the Company. As a result, the transaction contemplated under the JV Contract constituted a connected transaction for the Company, as defined under Rule 14A.13 of the Listing Rules.

(II) On 30 September 2009, the Company entered into an conditional acquisition agreement (the "Acquisition Agreement") to acquire (the "Acquisition") from PDA, the assets and liabilities in respect of all of PDA's (i) ore terminal and related logistics services; (ii) general cargo terminal and related logistics services; (iii) bulk grain terminal and related logistics services; (iv) passenger and roll-on, roll-off terminal and related logistics services; and (v) ancillary port operations (the "Target Assets"). The consideration (the "Final Consideration") equals to the total of RMB2,805 million, being the appraised net asset value of the Target Assets as at 30 June 2009 (the "Initial Consideration") and the final adjustment amount, which is the audited net asset value of the Target Assets as at the proposed completion audit date (the "Completion Audit Date") less the audited net asset value of the Target Assets as at 30 June 2009 (both as audited pursuant to the China Accounting Standards) and further deducting any amount by which (i) the depreciation, amortisation and other expenses in respect of the Target Assets for the period from 1 July 2009 to the Completion Audit Date calculated on the basis of their appraised value as at 30 June 2009 would exceed (ii) the corresponding amounts for the same period calculated on the basis of their audited net asset value as at such date.

Subject to the approval of the China Securities Regulatory Commission and the Shanghai Stock Exchange, the Company will settle the Initial Consideration by direct placement to PDA of a number of ordinary shares of the Company (the "Consideration Shares") as determined pursuant to the formula set out below:

$$\text{Number of Consideration Shares} = \frac{\text{Initial Consideration}}{\text{Issue Price}}$$

The Issue Price means the issue price for the A Share IPO (as defined below the section headed "Chairman's Statement" in this annual report) which will be determined by the Board on the basis of the results of the cumulative bidding price consultation and the prevailing conditions of the PRC securities market at the time when the A Share IPO takes place.

As PDA is the controlling shareholder of the Company, the Acquisition constitutes a connected transaction for the Company.

Upon completion of the Acquisition, the Group will be enlarged and its business scope will be substantially expanded to cover the provision of terminal services for oil/liquefied chemicals, containers, automobile, ore, general cargo and bulk grain as well as passengers and roll-on, roll-off, in addition to certain port value-added services and ancillary port operations. The Company will be able to operate all the major port operations at Dalian port as an integrated port services operator and establish a platform for its future participation in the consolidation of port resources in China.

Non-exempt continuing connected transactions under Listing Rules 14A.33

I. Existing continuing connected transaction

The following table sets out a summary of the Group's existing non-exempt continuing connected transactions in 2009.

	Connected transactions	Connected Persons	Cap for 2009 (RMB'000)	Actual amount for 2009 (RMB'000)
A	Construction supervision services	Dalian Port Harbour Construction Superintendence and Consulting Company Limited	6,200	1,532
B	Project management services	Dalian Port Construction Management Company Limited	9,820	5,464
C	Terminal facilities design and construction services	PDA and/or it's associates (collectively "PDA Group")	305,300	83,042
D	Maintenance services	PDA Group	2,940	166
E	Comprehensive services	PDA Group	54,950	36,343
F	Property leasing	PDA Group	5,950	5,921
G	Steam and heat supply services	PDA Group	5,090	1,687
H	Security services	PDA Group	8,000	7,133
I	Purchase of diesel oil	Dalian Marine Fuel Logistics & Sales of PetroChina Co., Ltd.	16,000	0
Total			414,250	141,288

The actual amount of these transactions did not exceed the respective caps in 2009.

A. *Construction supervision services*

The construction supervision services were provided by Dalian Port Harbour Construction Superintendence and Consulting Company Limited ("Superintendence Company") (note 3) to the Group pursuant to the Construction Supervision Services Agreement dated 17 October 2008.

As disclosed in the Company's announcement dated 17 October 2008, the cap for the construction supervision services for the year ended 31 December 2009 was RMB6,200,000. The actual amount of the transactions is RMB1,532,000.

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

- The price at which the relevant services are to be provided by Superintendence Company shall be fair and reasonable;

- The terms and conditions on which such services are to be provided by Superintendence Company should be no less favourable to the Company than those offered by independent third parties;

- The pricing principles for the provision of the relevant services shall be the price determined with reference to the relevant pricing policy prescribed by the relevant governmental authority ("State price"); and where there is no State price, then according to the price at which the same or comparable types of services are provided from independent third parties in the ordinary course of business; and

- The Construction Supervision Services Agreement has a term of three years ending on 31 December 2011. The Company shall have the right to terminate the agreement by giving at least 3 months' prior notice.

B. *Project management services*

The project management services were provided by Dalian Port Construction Management Company Limited ("DCM") (note 4) to the Group pursuant to the Project Management Services Agreement dated 17 October 2008. The relevant annual cap for the year ended 31 December 2009 is RMB9,820,000. The actual amount of the transaction was RMB5,464,000.

The major terms of the Project Management Service Agreement are as follows:

- The pricing principles for the provision of the relevant services shall be the price determined with reference to the relevant pricing policy prescribed by the relevant governmental authority ("State price"); and where there is no State price, then according to the price at which the same or comparable types of services are provided from independent third parties in the ordinary course of business;

- The project management services mainly include provision of management of construction process, budget control services and quality control services in connection with the Company's development of terminals and other related projects;

- The terms and conditions (including the pricing and payment terms) are no less favorable to the Company than terms available from independent third parties;

- The Project Management Services Agreement has a term of three years ending on 31 December 2011. The Company shall have the right to terminate the agreement by giving at least 3 months' prior notice.

C. *Terminal facilities design and construction services*

The terminal facilities design and construction services were provided by the PDA and/or its relevant associates to the Group pursuant to the Terminal Facilities Design and Construction Services Agreement dated 17 October 2008. The cap for the terminal facilities design and construction services for the year ended 31 December 2009 was RMB305,300,000. The actual amount of the transaction for the year is RMB83,042,000.

The main terms and conditions of the Terminal Facilities Design and Construction Services Agreement are as follows:

- The terms and conditions on which such services are to be provided by PDA and/or its relevant associates should be fair and reasonable and no less favourable to the Company than those offered by independent third parties;

- The pricing principles for the provision of the relevant services shall be the price determined with reference to the relevant pricing policy prescribed by the relevant governmental authority ("State price"); where there is no State price, then according to the price at which the same or comparable types of services are provided from independent third parties in the ordinary course of business ("market price"); and where the project is subject to public bidding, the pricing principle established during the bidding; and

- The Terminal Facilities Design and Construction Services Agreement has a term of three years ending on 31 December 2011. The Company shall have the right to terminate the agreement by giving at least 3 months' prior notice.

D. *Maintenance services*

The maintenance services were provided by PDA and/or its relevant associates to the Group pursuant to the Maintenance Services Agreement dated 17 October 2008.The cap for the maintenance services for the year ended 31 December 2009 was RMB2,940,000. The actual amount of the transaction is RMB166,000.

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

- The price at which the relevant services are to be provided by PDA and/or its relevant associates shall be fair and reasonable;

- The terms and conditions on which such services are to be provided by PDA and/or its relevant associates should be no less favourable to the Company than those offered by independent third parties;

- The pricing principles for the provision of the relevant services shall be the price determined with reference to the relevant pricing policy prescribed by the relevant governmental authority ("State price"); and where there is no State price, then according to the price at which the same or comparable types of services are provided from independent third parties in the ordinary course of business ("market price"); and

- The term of the Maintenance Services Agreement is three years ending on 31 December 2011. The Company shall have the right to terminate the agreement by giving at least 3 months' prior notice.

E. *Comprehensive services*

The comprehensive services were provided by PDA and/or its relevant associates to the Group pursuant to the Comprehensive Services Agreement dated 17 October 2008.The cap for the comprehensive services for the year ended 31 December 2009 was RMB54,950,000. The actual amount of the transaction is RMB36,343,000.

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

- The terms and conditions on which such services are to be provided by PDA and/or its relevant associates should be fair and reasonable and no less favourable to the Company than those offered by independent third parties;

- The pricing principles for the provision of the relevant services shall be State price; where there is no State price, then according to relevant market price; and where there is no relevant market price, then according to contract price; and

- The term of the Comprehensive Services Agreement is three years ending on 31 December 2011. The Company shall have the right to terminate the agreement by giving at least 3 months' prior notice.

F. *Property leasing*

The Group leased certain pieces of land, premises, buildings and warehouse from PDA and/or its relevant associates pursuant to the Property Leasing Agreement dated 17 October 2008.The relevant cap for the year ended 31 December 2009 was RMB5,950,000. The actual amount of the transaction is RMB5,921,000.

The main terms and conditions of the Property Leasing Agreement are as follows:

- The rental for the leased properties is to be agreed by the parties by reference to market price;

- The Properties Leasing Agreement has a term of three years ending on 31 December 2011. The Company shall have the right to terminate the agreement by giving at least 3 months' prior notice.

G. *Steam and heat supply services*

Pursuant to the Steam and Heat Supply Agreement dated 17 October 2008, the Company supplied steam and heat to PDA and/or its relevant associates in 2009.The cap for the year ended 31 December 2009 was RMB5,090,000. The actual amount of the transaction was RMB1,687,000.

The main terms and conditions of the Steam and Heat Supply Agreement are as follows:

- The Company shall have the right to terminate the agreement by giving at least 30 days' prior notice;

- The price shall be determined with reference to the relevant pricing policy prescribed by the relevant governmental authority; where there is no such pricing policy, then according to the price at which the same or comparable types of services are provided to independent third parties in the ordinary course of business; and

- The terms and conditions (including the pricing and payment terms) are no less favourable to the Company than terms available from independent third parties.

H. *Security services*

The security services were provided by PDA and/or its relevant associates pursuant to the Security Services Agreement pursuant dated 17 October 2008. The cap for the year ended 31 December 2009 was RMB8,000,000. The actual amount of the transaction was RMB7,133,000.

Pursuant to the Security Services Agreement, the fees for the provision of security services shall be made in accordance with the price set by the relevant government authorities. The Group shall pay such services fees in cash.

The major terms of the Security Services Agreement are as follows:

- The Company has the right to terminate by giving at least 90 days' prior notice;

- The security services mainly include construction and maintenance of security services facilities and provision security services in connection with the Company's operations of oil terminals at Xin gang, Dalian; arranging training services and domestic and international exchange services for security staff of the Company;

- The terms and conditions (including the pricing and payment terms) are no less favorable to the Company than terms available from independent third parties.

I. *Purchase of diesel oil*

On 17 October 2008, the Company (for itself and on behalf of its subsidiaries) entered into the Diesel Oil Purchase Agreement with Dalian Marine Fuel Logistics & Sales of PetroChina Co., Ltd ("DMF") (note 5) in connection with the purchase of diesel oil by the Group from DMF for the three years ending 31 December 2011. The cap for the year ended 31 December 2009 was RMB16,000,000. The actual amount of the transaction was nil as the Group did not purchase diesel oil from DMF in 2009 due to its having been offered by independent third parties with a more favourable terms (including the price and payment terms).

The major terms of the Diesel Oil Purchase Agreement are as follows:

- The quality of the diesel oil supplied by DMF shall conform to the state regulated standards;

- The price for each purchase under the Diesel Oil Agreement shall be determined with reference to the state price of diesel oil and the consideration shall be settled in cash; and

- The terms and conditions (including the pricing and payment terms) on which the diesel oil are to be provided by DMF should be no less favorable to the Group than those offered by independent third parties to the Group. The Company and/or its subsidiaries has the right to purchase diesel oil from an independent third party where the terms (including the pricing and payment terms) offered by such independent third party are more favorable than those offered by DMF.

Notes:

Note 1 Dalian Construction Investment, being a substantial shareholder of a non wholly-owned subsidiary of the Company, is a connected person of the Company.

Note 2 PDA is the controlling shareholder of the Company and holds 62.09% of the Company's shares.

Note 3 Dalian Port Harbour Construction Superintendence and Consulting Company Limited is a subsidiary of PDA in which PDA holds 75% of its equity interests.

Note 4 Dalian Port Construction Management Company Limited is a wholly owned subsidiary of PDA.

Note 5 DMF, being an associate of PDA, is a connected person of the Company.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive directors of the Company have reviewed the above continuing connected transactions and confirmed that those transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the relevant agreements governing the relevant transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditors of the Company to perform certain agreed-upon procedures in respect of the Group's continuing connected transactions as mentioned in A to I above for the year ended 31 December 2009. The auditors have reported their factual findings on these procedures to the Board with a letter and made a confirmation in accordance with Rule 14A.38 of the Listing Rules.

The Board confirmed that the Company has compiled with the disclosure requirements with respect to the aforementioned connected transactions in accordance with Chapter 14A of the Listing Rules.

II. Proposed continuing connected transaction

In anticipation of the Acquisition and to regulate the continuing business relationship between the enlarged Group immediately following completion of the Acquisition (the "Enlarged Group") and PDA and/or its associates, on 30 September 2009, the Company and certain other members of the Enlarged Group have entered into various framework agreements (the "Framework Agreements") with PDA in relation to provision of construction supervision services, construction management services, property lease, mutual supply of goods and services and terminal facilities design and construction services (collectively, the "Proposed Continuing Connected Transaction") upon completion of the Acquisition. These agreements have been approved by the Board on 30 September 2009 and the shareholders of the Company at the extraordinary general meeting held by the Company on 30 November 2009, respectively, and will come into effect upon the completion of the Acquisition, which is expected to take place in 2010.

The major terms of the Framework Agreements are substantially similar to the respective existing continuing connected transaction agreements described above in the subsection headed "Connected Transaction – Non-exempt continuing connected transactions under Listing Rules 14A.33 – I. Existing continuing connected transaction", except for the term and the annual caps for the respective Proposed Continuing Connected Transaction. The initial term of the Framework Agreements will be from the completion of the Acquisition to 31 December 2012. Upon expiration of the initial term, subject to compliance by the Company with applicable requirements under the Listing Rules, the Framework Agreements will be renewed automatically for a further term of three years. The approved annual caps for three years ending 31 December 2012 for the respective Proposed Continuing Connected Transaction are set out in the table below:

	Proposed annual cap for the year ending 31st December		
	2010 (RMB)	**2011** (RMB)	**2012** (RMB)
Construction Supervision Services	11,000,000	13,000,000	14,000,000
Construction Management Services	16,000,000	16,000,000	14,500,000
Property Lease	23,863,000	25,248,000	26,770,000
To be provided by the Enlarged Group to PDA and/or its associates	49,840,000	44,561,000	43,403,000
To be provided by PDA and/or its associates to the Enlarged Group	66,023,000	67,060,000	65,727,000
Terminal Facilities Design and Construction Services	123,030,000	88,490,000	50,350,000

Major customers and suppliers

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

The largest supplier as a percentage of the Group's purchases	13.36 %
The top five suppliers as a percentage of the Group's purchases	39.35 %
The largest customer as a percentage of the Group's turnover	15.18 %
The top five customers as a percentage of the Group's turnover	50.82 %

None of the directors, supervisors, their respective associates or any shareholders of the Company (which to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in the top five customers or suppliers of the Group.

Retirement benefit scheme

Details of the Group's retirement benefit scheme are set out in note 49 to the financial statement.

Substantial shareholders' interests

As at 31 December 2009, so far as 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	Capacity	As a % of relevant class of share capital[1]	As a % of total share capital[2]
Dalian Port Corporation Limited	Domestic shares	1,816,815,000 (long position)	Beneficial owner	97.50%	62.09%
Nippon Yusen Kabushiki Kaisha	H shares	114,800,000 (long position)	Interest of controlled corporation	10.80%	3.92%
N.Y.K. Line Group (Hong Kong) Limited	H shares	114,800,000 (long position)	Interest of controlled corporation	10.80%	3.92%
N.Y.K. Line (Hong Kong) Limited	H shares	114,800,000 (long position)	Beneficial owner	10.80%	3.92%
Capital Research and Management Company	H shares	94,774,000 (long position)	Beneficial owner	8.92%	3.24%
FIL Limited	H shares	84,784,000 (long position)	Beneficial owner	7.98%	2.90%
JPMorgan Chase & Co.	H shares	75,109,372 (long position) 75,021,342 (lending pool)	Beneficial owner	7.07% (long position) 7.06% (lending pool)	2.57% (long position) 2.56% (lending pool)
Macquarie Group Limited	H shares	54,584,000 (long position)	Beneficial owner	5.13%	1.87%
Schroder Investment Management (Hong Kong) Limited	H shares	54,234,000 (long position)	Beneficial owner	5.10%	1.85%
GE Asset Management Incorporated	H shares	53,111,413 (long position)	Beneficial owner	5.00%	1.82%

1. The relevant class of share capital: Domestic shares-1,863,400,000 shares, H shares-1,062,600,000 shares.
2. Total share capital: 2,926,000,000 shares

Save as disclosed above, as at 31 December 2009, so far as known to the directors of the Company, no other 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.

Sufficiency of public float

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

Corporate governance

As a listed company on the 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" of this annual report.

Auditors

The financial statements have been audited by Ernst & Young Hua Ming and Ernst & Young, respectively as the Company's domestic and international auditors, who will retire at the forthcoming annual general meeting. The Board will propose a resolution to re-appoint them as the auditors of the Company at the forthcoming annual general meeting for shareholders' approval.

Other matters

Implementation of the Non-Competition Agreement

On 23 March 2006, the Company and PDA entered into the Non-Competition Agreement, pursuant to which PDA provided certain non-competition undertakings in favor of the Company and granted certain first rights of refusal and option to the Company in respect of the business of PDA and future business opportunities. Under the same agreement, the independent non-executive directors of the Company was granted with the right on behalf of the Company to review at least on an annual basis the implementation of said agreement and determine the exercise of any of the aforesaid first rights or options.

The independent non-execution directors have conducted a review and made necessary enquiries for the year 2009 and confirm that PDA has been in compliance with the provisions of the Non-Competition Agreement and there was no breach on the side of PDA.

Proposed Issue of A Shares and Acquisition

On 30 September 2009, the Board resolved to proceed with an issue (the "A Shares IPO") in China of (i) not more than 1,200 million public A Shares to qualified public A Share investors; and (ii) not more than 1,200 million consideration shares to PDA in respect of the Initial Consideration for the Acquisition with the purpose to explore new funding channels, optimize capital structure and build foundation for consolidation of port resources in China in the future. The proposal has been approved by the shareholders of the Company at the extraordinary general meeting, the domestic shareholders class meeting and the H shareholders class meeting held on 30 November 2009.

On the same date, the Board also approved the Acquisition of the Target Assets from PDA as described in the subsection headed "Connected Transaction – Non-exempt connected transactions under Listing Rules 14A.31".

By Order of the Board

Sun Hong
Chairman

Dalian, PRC
15 March 2010

Corporate Governance Report

Introduction

Dalian Port (PDA) Company Limited (the "Company") understands the significance 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 strives to improve its corporate governance practices since its establishment, and adopted the code provisions (the "Code Provisions") set out in the Code on Corporate Governance Practices (the "Corporate Governance Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices. In addition, the Company has adopted a series of measures to maintain a high standard of corporate governance.

A. No deviation from the Code Provisions

The board of directors (the "Board") monitors and reviews the existing corporate governance practices on a regular basis with the aim of fostering a sound standard of corporate governance. The Company has complied in all respects with the Corporate Governance Code without any deviation from the Code Provisions.

B. The Board

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

1. Board composition

As at the date of this report, the Board of the Company consists of four executive directors, two non-executive director and three independent non-executive directors. They were elected or re-elected at the annual general meeting of the Company on 18 June 2008. The Directors currently in office as at the date of this report are as follows:

Executive directors

– Mr. Sun Hong (Chairman)
– Mr. Zhang Fengge
– Mr. Jiang Luning (General Manager)
– Ms. Su Chunhua (Chief Accountant)

Non-executive director

– Mr. Lu Jianmin
– Mr. Xu Jian

Independent non-executive directors

– Mr. Wang Zuwen
– Mr. Zhang Xianzhi
– Mr. Ng Ming Wah, Charles

As at the date of this report, each director has entered into a service agreement with the Company for a term of no more than three years starting immediately after the date of conclusion of the annual general meeting for 2007, which is June 19, 2008.

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

All independent non-executive directors have confirmed to the Company their independence during the reporting period as required under Rule 3.13 of the Listing Rules. The Company considers such directors to be independent during the reporting period.

The Company believes that the board composition is reasonable and adequate for safeguarding the interests of 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 relationship with the Company, there was 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 4 regular board meetings each year, to 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 14 days shall be given to every director for a regular board meeting. For an extraordinary board meeting, a notice of at least 5 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 is the presentation of at least half of the total number of the directors. The directors may attend the board meeting in person, or appoint another director in writing as his proxy to attend the board meeting. The company secretary is responsible for preparing and keeping the minutes of board meetings and ensuring that such minutes are available for inspection by any director.

During the reporting period, the Board held a total of nine board meetings. The attendance rates of the directors at those board meetings during the reporting period are as follows:

Member of the Board	Attendance/ Total number of meetings	Attendance rate (approximately)
Mr. Sun Hong	9/9	100%
Mr. Zhang Fengge	9/9	100%
Mr. Jiang Luning	9/9	100%
Ms. Su Chunhua	9/9	100%
Mr. Lu Jianmin	8/9	89%
Mr. Xu Jian	8/9	89%
Mr. Zhang Xianzhi	9/9	100%
Mr. Ng Ming Wah, Charles	8/9	89%
Mr. Wang Zuwen	6/9	67%

3. Powers exercised by the Board and the management

The powers and 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 mechanism for internal control and good corporate governance.

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 internal management structure, determining other material business and administrative matters and monitoring the performance of the senior management.

The Board is also responsible for the preparation of the accounts for each financial period to give a true and fair view of the financial status, the results and the cash flows of the Company for that period. In preparing the accounts for the year ended 31 December 2009, the directors have selected appropriate accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable; and have prepared the accounts on a going concern basis.

The management, under the leadership of the General Manager of the Company (who is also an executive director), is responsible for implementing the resolutions approved by the Board and administering the Company's day-to-day operation and management.

To ensure the efficient operation of the Company, the management is required to submit regular reports on the Company's operations to the Board. The Board reviews and approves such reports which are used in assessing and monitoring the performance of the management. Management are from time to time brought into formal and informal deliberations with the Board in relation to the relevant issues on operations and business of the Company, and provide sufficient information in a timely manner so that the Board is able to make an informed decision.

4. Chairman and General Manager

The posts of Chairman and General Manager of the Company are segregated and held by different persons to ensure their respective independence of responsibility and accountability and the balance of power and authority between them. The Chairman, Mr. Sun Hong, plays a critical 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 Mr. Jiang Luning, the General Manager, is responsible for the day-to-day management of the Company's operations, including organizing implementation of strategies set by the Board, making day-to-day decisions and coordinating overall business operations.

5. Nomination, appointment and removal of directors

The Company has formulated a formal and transparent procedure for the appointment of new directors to the Board. Nomination 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 approval of the shareholders at the Company's general meetings.

Removal of members of the Board and their remuneration are also subject to the approval of the shareholders at the Company's general meetings.

6. Board Committees

The Board has established an Audit Committee and a Nomination and Remuneration Committee in accordance with the requirements of the Listing Rules.

Audit Committee

The Audit Committee consists of two independent non-executive directors and one non-executive director, namely Mr. Zhang Xianzhi, Mr. Ng Ming Wah, Charles and Mr. Lu Jianmin. Mr. Zhang Xianzhi serves as the chairman.

The primary duties of the audit committee include making recommendations to the Board on the appointments and removals of external auditors, coordinating with external auditors, leading internal audits, reviewing the Company's financial information and monitoring the Company's reporting processes and internal control systems.

During the reporting period, the Audit Committee held five meetings. The attendance of Audit Committee is set out below:

Member of the Audit Committee	Attendance/ Total number of meetings	Attendance rate
Mr. Zhang Xianzhi	5/5	100%
Mr. Ng Ming Wah, Charles	5/5	100%
Mr. Lu Jianmin	5/5	100%

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of two independent non-executive directors and one executive director. As at the date of this report, the members of The Nomination and Remuneration Committee are Mr. Wang Zuwen, Mr. Ng Ming Wah, Charles and Mr. Sun Hong. Mr. Wang Zuwen serves as the chairman.

The primary duties of the Nomination and Remuneration Committee are to study and formulate the criteria and procedures of selection and appraisal, the remuneration and benefits policy and compensations of directors and senior management of the Company, and to make recommendations to the Board on human resources structure, planning and remuneration system.

During the reporting period, the Nomination and Remuneration Committee held two meetings. The attendance of the Nomination and Remuneration Committee is set out below:

Member of the Nomination and Remuneration Committee	Attendance/ Total number of meetings	Attendance rate
Mr. Wang Zuwen	2/2	100%
Mr. Ng Ming Wah, Charles	2/2	100%
Mr. Sun Hong	2/2	100%

To enhance the professionalism and efficiency of the Board's decision-making on the material projects for business development and to meet the Company's needs for development, the Board has also set up the Strategy Development Committee and the Financial Management Committee.

Strategy Development Committee

The Strategy Development Committee currently consists of three directors, namely Mr. Xu Jian, Mr. Wang Zuwen and Mr. Jiang Luning. During the reporting period, Mr. Xu Jian serves as the chairman.

The primary duties of the Strategy Development Committee are to review and formulate the strategic directions and development plans of the Company, to study material market developments and operation strategies, to review major investments, financing options, capital operation and asset restructuring.

During the reporting period, the Strategy Development Committee held two meetings. The attendance of the Strategy Development Committee is set out below:

Member of the Strategy Development Committee	Attendance/ Total number of meetings	Attendance Rate
Mr. Xu Jian	2/2	100%
Mr. Wang Zuwen	2/2	100%
Mr. Jiang Luning	2/2	100%

Financial Management Committee

The Financial Management Committee consists of three directors, namely Mr. Zhang Fengge, Mr. Zhang Xianzhi and Ms. Su Chunhua. Mr. Zhang Fengge serves as the chairman.

The primary duties of the Financial Management Committee are to review the Company's financial and accounting system and internal control system, to check its internal financial regulations, annual budget and final account proposals as well as profit distribution plan of the Company, and to investigate financial risk management, financing, investment and other capital operations of the Company.

During the reporting period, the Financial Management Committee held one meeting. The attendance of the Financial Management Committee is set out below:

Member of the Financial Management Committee	Attendance/ Total number of meetings	Attendance Rate
Mr. Zhang Fengge	1/1	100%
Mr. Zhang Xianzhi	1/1	100%
Ms. Su Chunhua	1/1	100%

7. Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules (the "Model Code") as the Company's code of conduct and rules governing dealings by its directors in the securities of the Company. In response to the enquiry on all directors of the Company, the directors confirmed that they have complied with the required standards set out in the Model Code during the reporting period.

C. Auditors

Ernst & Young Hua Ming and Ernst & Young, was appointed as the Company's domestic and international auditors, respectively, by the shareholders at the annual general meeting for the year 2008.

During the reporting period, the fees payable to the auditors for audit service to the Group (with the meaning ascribed to it under Independent Auditor's Report) are approximately RMB1,862,000.

D. Senior management's interests in shares

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

E. Internal controls

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

The Board considers that, during the reporting period, the internal control system of the Company was adequate. 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 an Audit Committee as part of the internal control system of the Company. Details of the Audit Committee are set out in Part B. 6 of this report.

The Company has also set up an internal audit function by appointing qualified personnel to strengthen the internal control of the Company. The role of the internal auditor 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 practices and procedures of the Company and its subsidiaries. The internal auditor has conducted an internal audit of the Company and its subsidiaries according to the annual plan for the reporting period.

2. Other internal control procedures

The Company has formulated and approved the "Connected Transaction Management Rules" 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" providing the responsibilities and procedure for disclosure of significant matters and price sensitive information of the Company to ensure that the disclosures are in compliance with the Listing Rules.

The Company has adopted a governance mechanism which is more stringent and prudent than Corporate Governance Code. The Board has also set up a Financial Management Committee in order to eliminate the financial management risks of the Company and to improve its internal controls system as necessary. Details of the Financial Management Committee are set out in Part B. 6 of this report.

In order to effectively avoid any operation risks resulting from misconduct and corruption in the ordinary course of business and allow the Board to obtain necessary information about the Company in 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.

F. Management functions

The powers and responsibilities of the Board and the management have been clearly defined under the Articles of Association of the Company. Such clear division of the duties of the Board and the management has ensured the orderly and effective operation of the Company. Please refer to Part B.3 of this report for more details.

G. Shareholder's rights

The shareholders of the Company enjoy such rights as obtaining information and documents of the Company in accordance with the provisions of the Articles of Association. The primary responsibilities of the Secretary to the Board, who is appointed by the Board, include ensuring that the Company has complete organisational documents and records and that any person who has the right to obtain the Company's relevant records and documents can promptly obtain such records and documents.

The shareholders of the Company are encouraged to contact the Secretary to the Board whenever they have such needs.

When the Company convenes an annual general meeting, any shareholder holding 5% or more of the total voting shares of the Company has the right to propose new motions in writing for consideration, and the Company shall place such proposals on the agenda if they fall under the authority of the general meeting.

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

H. General meeting

The general meeting is the authority of the Company and shall exercise its powers and discharge its functions in accordance with the Articles of Association of the Company and applicable laws and regulations. The general meetings comprise annual general meetings and extraordinary general meetings and are normally convened by the Board.

During the reporting period, the annual general meeting for the year 2008 was held on 19 June 2009, at which the following resolutions are considered and approved:

a. The report of the Board of directors for the year 2008.

b. The report of the Supervisory Committee for the year 2008.

c. The report of the auditors and audited financial statements of the Company for the year ended 31 December 2008.

d. The final dividend distribution for the year ended 31 December 2008.

e. The appointment of Ernst & Young Hua Ming, as the PRC auditors of the Company, and Ernst & Young, as the international auditors of the Company, both of which shall hold office until the conclusion of the next annual general meeting, and authorising the Board of directors to fix their remunerations, respectively.

f. The general mandate for the Board of directors to issue shares.

In addition, the Company held two extraordinary general meetings in 2009. The first extraordinary general meeting in 2009 was held on 23 January 2009, at which the special resolution on the issue of bonds was considered and approved by the shareholders. On 30 November 2009, the Company held the second extraordinary general meeting in 2009 to consider the proposal on the initial public offering and issue of ordinary shares of the Company in China, the proposed acquisition of the assets and liabilities in respect of all of Dalian Port Corporation's (i) ore terminal and related logistics services; (ii) general cargo terminal and related logistics services; (iii) bulk grain terminal and related logistics services; (iv) passenger and roll-on, roll-off terminal and related logistics services; and (v) ancillary port operations, the possible continuing connected transactions, and other relevant proposals All of the proposals have been approved by the shareholders of the Company. On the same date, the Company held the first class meeting of holders of domestic shares in 2009 and the first class meeting of holders of H shares in 2009 to consider and approve the proposal on the initial public offering and issue of ordinary shares of the Company in China. Both the holders of H shares and the holders of domestic shares of the Company approved such proposals.

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

Joint Company Secretaries:	Ms. Ma Jinru	(Tel: 86 411 82798466)
	Mr. Lee Kin Yu, Arthur	(Tel: 86 411 82798908)
		(Fax: 86 411 82798108)

Company website: www.dlport.cn

Report of the Supervisory Committee

The Supervisory Committee is pleased to present the Report of the Supervisory Committee for the year ended 31 December 2009.

I. Work undertaken by the Supervisory Committee for the year 2009

1. During the year 2009, all the members of the Supervisory Committee strictly abided by the Company Law of the People's Republic of China (the "Company Law"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Articles of Association of the Company (the "Articles of Association") and the requirements of other applicable laws and regulations and the principles of integrity and diligence in performing their duties and supervisory functions to safeguard the interests of all the shareholders and the Company.

2. During the year 2009, the Supervisory Committee held one meeting at which it approved the Report of the Supervisory Committee for the year 2008.

II. The Supervisory Committee has the following opinions on the work undertaken by the Company during the year 2009

1. The company has complied with the applicable laws and regulations in all material aspects and been operated in accordance with procedures and requirement applicable to the companies listed on the Stock Exchange. All the decision making procedures which the Company underwent during the year was in compliance with the Articles of Association and the applicable laws, regulations and the Listing Rules.

2. The directors and the senior management of the Company have been acting diligently and committed to their work and have duly implemented the resolutions approved by the shareholders at the general meetings and by the board of directors. None of the directors and the senior management has violated the Company Law, the Listing Rules and the Articles of Association nor impaired the interests of the Company.

3. During the reporting period, the financial position of the Company was healthy. Due to the Company's internal rules and regulations having been strictly implemented and continuously improved, its operations remained normal during the same period.

4. During the reporting period, the connected transactions (including the continuing connected transactions) of the Company were conducted in accordance with the relevant written contracts the terms of which, including the prices, are normal commercial terms and fair and reasonable. The transactions are not detrimental to the interests of the shareholders nor led to any loss of the Company's assets.

By Order of the Supervisory Committee
Dalian Port (PDA) Company Limited
Fu Bin
Chairman

Dalian, China
15 March 2010

Profiles of Directors, Supervisors and Senior Management

Executive Directors

Mr. Sun Hong (孫宏先生), aged 47, has been appointed as an executive director and the chairman of the board of the Company since November 2005. He is responsible for business strategy and overall development of the Group. After joining Port of Dalian Authority in 1984, he held the positions of the chairman of Dalian Container Terminal Co., Ltd., Dalian Port Jifa Logistics Co., Ltd., Dalian Port and Harbour Development Company Limited and Dalian Automobile Terminal Company Limited respectively. He is currently a director and the general manager of Dalian Port Corporation Limited, and also serves as the chairman of the board of Dalian Port Container Co., Ltd., Dalian Port Jifa Logistics Co., Ltd., Dalian Portnet Co., Limited., and Dalian International Logistics Park Development Co., Ltd., as well as a director of Dalian Prologis-Jifa Development Co., Ltd, Asia Pacific Ports Company Limited, Asia Pacific Carriers Limited, Asia Pacific Ports Investment Company Limited, and Harbour Full Group Limited. He is a representative to the Eleventh National People's Congress. He has obtained a master of business administration degree from the State University of New York at Buffalo in U.S. and a bachelor's degree from the college of electronics engineering of Dalian Maritime University majoring in shipping wireless telecommunications. Mr. Sun also obtained a master degree in port management from the Antwerp Port Engineering and Consulting Centre in Belgium. He is a senior economist. Mr. Sun has more than twenty-five years of experience in managing port business and extensive experience in business and management. He was honoured as one of the "Ten Outstanding Young Entrepreneur in Liaoning Province'' and "the First National Labor Models of the Logistics Industry in 2007".

Mr. Zhang Fengge (張鳳閣先生 (alias) 張風閣先生), aged 56, was appointed as a non-executive director of the Company in November 2005 and has been re-designated as an executive director of the Company in April 2007. He joined Port of Dalian Authority in 1972. He is currently a deputy general manager and the chief accountant of Dalian Port Corporation Limited. Mr. Zhang also serves as a director of Asia Pacific Ports Company Limited, Asia Pacific Ports Investment Company Limited and Harbour Full Group Limited as well as the chairman of the supervisory committee of Dalian China Oil Dock Management Co., Ltd.. Mr. Zhang graduated from the faculty of water transport management of Shanghai Maritime University majoring in water transport finance and accounting and a master degree course in accountancy at the Dongbei University of Finance and Economics. He is a professor-level senior accountant. Mr. Zhang has nearly forty years of experience in port business and extensive experience in finance and financial management. He was awarded the honour of "2006 PRC CFO of the Year" and was honoured as a pioneer of accountant of the State in 2008.

Mr. Jiang Luning (姜魯寧先生), aged 47, has been appointed as an executive director and the general manager of the Company since November 2005. After joining Port of Dalian Authority in 1984, he held the positions of a director of Dalian Container Terminal Co., Ltd., Odfjell Terminals (Dalian) Limited and Dalian China Oil Dock Management Co., Ltd., a director and the chairman of Dalian Port Container Co., Ltd.. He currently serves as the chairman of Dalian Port Container Terminal Co., Ltd., Dalian Container Terminal Co., Ltd., Dalian Automobile Terminal Company Limited, Dalian Gangyue Automobile shipping Management Company Limited, and Asia Pacific Ports (Dalian) Company Limited. He also serves as the deputy chairman of Dalian International Container Terminal Co., Ltd. as well as a director of Dalian Port Container Co., Ltd., Dalian Port Jifa Logistics Co., Ltd., Dalian International Logistics Park Development Co., Ltd., Asia Pacific Ports Company Limited, Asia Pacific Carriers Limited, Asia Pacific Ports Investment Company Limited, and Harbour Full Group Limited. He completed a Beijing international master of business administration programme at Peking University, obtained a master degree from Fordham University in U.S. and graduated from Shanghai Maritime University with a bachelor degree in water transportation management and engineering. He is a senior economist. Mr. Jiang has more than twenty-five years of practical experience in port planning, construction and operations, as well as the management of international finance projects and Sino-foreign joint venture projects and extensive experience in many aspects such as corporate operation, management and capital operations.

Profiles of Directors, Supervisors and Senior Management

Ms. Su Chunhua (蘇春華女士), aged 47, has been appointed as an executive director and the chief accountant of the Company since November 2005. She joined Port of Dalian Authority in 1988. Ms. Su is currently a director of Dalian Port Jifa Logistics Co., Ltd., Dalian Port Container Co., Ltd., Dalian Gangyue Automobile shipping Management Company Limited, Asia Pacific Ports Company Limited, Asia Pacific Ports Investment Company Limited, Harbour Full Group Limited, and Asia Pacific Ports (Dalian) Company Limited, Dalian Container Terminal Co. Ltd., Dalian Port Container Terminal Co., Ltd. and Dalian Automobile Terminal Company Limited. She also acts as a supervisor of Dalian ETDZ Jin Xin Petrochemistry Company Limited, Dalian Jifa Bohai Rim Container Lines Co., Ltd. and Dalian International Logistics Park Development Co., Ltd.. She serves as a member and deputy secretary general of the third standing committee of the Dalian Association of Chief Financial Officers. Ms. Su graduated from Dalian Maritime University with a master degree in engineering, majoring in transportation planning and management, and from the faculty of water transport management of Shanghai Maritime University with a bachelor degree in water transport finance and accounting, majoring in economics. She is a senior accountant and has more than twenty years of experience in finance and financial management.

Non-executive Directors

Mr. Lu Jianmin (盧建民先生), aged 58, has been appointed as a non-executive Director of the Company since November 2005. After joining Port of Dalian Authority in 1975, he held the positions of the chairman of Dalian Port Industrial Company Limited and Dalian Port Rixing Industrial Company Limited, respectively. He is currently a deputy general manager of Dalian Port Corporation Limited and also serves as the deputy chairman of Dalian China Oil Bunker Transportation and Sail Co., Ltd.. He was a representative to the Twelfth and Thirteenth National People's Congress of Dalian Municipality. He is a senior accountant. Mr. Lu has more than thirty-five years of experience in port business and extensive experience in finance, financing, corporate management and operation.

Mr. Xu Jian (徐健先生), aged 45, has been appointed as a non-executive Director of the Company since June 2008. After joining Port of Dalian Authority in 1988, he held the positions of a deputy manager of Dalian Harbour Construction Superintendence and Consulting Co., Ltd., the general manager of Dalian Gangwan Engineering Company, the commander in chief for the Key Engineering Projects of Dalian Port and the assistant to the general manager of Dalian Port Corporation Limited. He is currently a deputy general manager of Dalian Port Corporation Limited, the deputy chairman of Dalian Port PetroChina International Terminal Co., Ltd. and a deputy president of China Water Transportation Construction Association. Mr. Xu graduated from Tianjing University majoring port and sea-route engineering. He is a senior engineer of port engineering and has extensive experience in port planning and construction. He was awarded with "2006 Dalian 5.1 Labor Medal".

Profiles of Directors, Supervisors and Senior Management

Independent Non-executive Directors

Mr. Zhang Xianzhi (張先治先生), aged 53, has been appointed as an independent non-executive director of the Company since November 2005. Mr. Zhang has a doctorate degree in economics. He is a professor of finance and accounting, a tutor of doctorate postgraduates and a State grade lecturer. He was a senior visiting scholar at the New York State University, and a senior research scholar at the University of Cambridge. He is the deputy dean of the Accountancy College at Dongbei University of Finance and Economics and the head of its internal control and risk management research centre (a key research base in Liaoning Province for human and social sciences) and also serves as an independent non-executive director of Lingyuan Iron & Steel Co., Ltd. (stock code:600231). He is also a visiting professor of Dongwu University (Taiwan), a part-time professor of Dalian University of Technology, Shandong University of Science and Technology and Hangzhou Dianzi University. Mr. Zhang is a common chairman of the Annual Conference of Finance of China , a deputy chairman of Liaoning Institute of Chief Accountants and the chairman of Dalian Enterprises Finance Researching Association. He is a non-practicing member of China Institute of Certified Public Accountants, and has more than twenty-six years of experiences in finance and financial management. He obtained a number of research findings in the areas of analysis of financial statement and internal control. Mr. Zhang is an expert entitled to special allowance of the State Council. He was honoured as a State Self-reliance Model, a pioneer of accountant of the State, a labor model of Liaoning Province, and an excellent expert of Dalian City.

Mr. Wang Zuwen (王祖溫), aged 55, has been appointed as an independent non-executive director of the Company since June 2008. Mr. Wang graduated from Harbin University of Technology with a master's degree in engineering. In 1987, he studied in Japan and graduated from Sophia University with a doctor degree in engineering, majoring in mechanical engineering. He is a professor, a tutor of doctorate postgraduates. Mr. Wang is currently the president of Dalian Maritime University, and also holds a number of community positions, including the chairman of the International Association of Maritime Universities, a director of the board of World Maritime University, an academician of International Eurasian Academy of Sciences, the deputy chairman of China Institute of Navigation, a member of Chinese Mechanical Engineering Society, the chief commissioner of the Fluid Power Transmission & Control Committee of Chinese Mechanical Engineering Society, a member of the editor committee of "Chinese Journal of Mechanical Engineering" and a director of its board. Mr. Wang is currently a representative to the Eleventh National People's Congress. He was honoured as one of the "Ten Most Outstanding Young People in Harbin", "Outstanding Returnees of State" , "the Outstanding Expert in Liaoning Province" and "Dalian 5.1 Special Award for Laborers".

Mr. Ng Ming Wah, Charles, aged 60, was appointed to the Board as an independent non-executive Director in November 2005. Mr. Ng graduated from Loughborough University in England in 1972 with a B.Sc. degree in Electronic and Electrical Engineering and from London Graduate School of Business Studies in England in 1974 with a M.Sc. degree in Business Studies. He is a director of Somerley Limited, the principal business of which is the provision of corporate financial advisory services. Mr. Ng has over 30 years of experience in corporate finance and investment banking. He is currently a non-executive director of Goldlion Holdings Limited (stock code: HK533), and an independent non-executive director of each of China Everbright Limited (stock code: HK165) and China Molybdenum Co., Ltd. (stock code: HK3993). Mr. Ng was also an independent non-executive director of Stone Group Holdings Limited (stock code: HK409) from September 2004 to November 2009 and Zhaojin Mining Industry Company Limited (stock code: HK1818) from October 2004 to April 2007. In addition, Mr. Ng is a member of the Board of Governors of Hong Kong Arts Centre.

Profiles of Directors, Supervisors and Senior Management

Supervisors

Mr. Fu Bin (付彬先生), aged 52, has been appointed as a supervisor and the chairman of the Supervisory Committee of the Company since November 2005. He joined Port of Dalian Authority in 1980. He is currently a director and a deputy general manager of Dalian Port Corporation Limited, as well as the chairman of the board of Dalian Jingangwan Grains and Logistics Company Limited, China United Tally Co., Ltd. Dalian, Dalian Ocean Shipping Tally Co., Ltd., Odfjell Terminals (Dalian) Ltd., Changxing Island Terminal Co., Ltd. and China Shipping Ganglian Maritime Co., Ltd., the deputy chairman of Dalian China Oil Dock Management Co., Ltd.. Mr. Fu obtained a master of business administration degree from the Hong Kong Baptist University. He is a senior economist. Mr. Fu has extensive experience in corporate management and internal control.

Mr. Zhang Guofeng (張國峰先生), aged 55, has been appointed as a supervisor of the Company since November 2005. He joined Port of Dalian Authority in 1975. Mr. Zhang is currently a supervisor and the head of financial planning department of Dalian Port Corporation Limited. He also holds the positions of a director of Dalian Harbour Construction Superintendence and Consulting Co., Ltd., Dalian China Oil Dock Management Co., Ltd., Dalian Port Industrial Company Limited, Dalian Port Rixing Industrial Company Limited and Dalian Port Real Estate Group Company Limited, as well as the positions of a supervisor of Dalian Port Wantong Logistics Company Limited, Dalian Port Wantong Shipping Company Limited, Dalian Changxing Island Terminal Co., Ltd., Dalian Port PetroChina International Terminal Co., Ltd., Dalian Wantong Ronghai Shipping Company Limited, China Shipping Ganglian Maritime Co., Ltd., Dalian Port Construction and Management Co., Ltd. and Weihai Port Joint-Stock Company, respectively. Mr. Zhang graduated from the faculty of water transportation economics of Shanghai Maritime University majoring in finance and accountancy. He is a senior accountant. He has extensive experience in corporate management, internal control and financial management. Mr. Zhang was honoured as a pioneer of internal audit of the State and pioneer of internal audit of Liaoning Province.

Mr. Diao Chengbao (刁成寶先生), aged 64, has been appointed as a supervisor of the Company since November 2005. He worked as a deputy head of the general office of Dalian Municipal Commission, the head of Dalian Municipal Commission for Economic Restructuring, the Development and Research Centre of Dalian Municipal Government and Dalian and North-eastern Asia Regional Cooperation Research Centre, respectively. He is currently a deputy head of Dalian Charity Federation and also serves as a part-time professor of the Party School of Dalian Municipal Commission, Dalian Administrative College, Dalian Socialism College and Dalian University of Technology and a consultant of Dalian Social and Economic Research Institute under Dalian University. He is a member of Dalian Environmental Protection Consultative Committee, Dalian Port Development Consulting Committee, the Adviser Committee of the Management Committee of Dalian Hi-tech Industrial Park Zone and the Fourth Consultative Commission of Dalian Municipal Commission and Dalian Municipal People's Government, respectively, Mr. Diao graduated from the Party School of Liaoning Province Commission, majoring in administration and management. Mr. Diao has extensive experience in social and economic research.

Ms. Fu Rong (傅榮女士), aged 52, has been appointed as a supervisor of the Company since November 2005. Ms. Fu is the dean of the accountancy department of the Accountancy College at Dongbei University of Finance and Economics, she is a commissioner of Accounting Principle Professional Committee of Accounting Society of China and a member of Account Society of Liaoning. Mr. Fu has a Ph.D. in management and is a professor of Dongbei University of Finance and Economics. She is a non-practicing member of the China Institute of Certified Public Accountants. Her research direction is company finance and accounting, and she obtained a number of research findings in the areas of Consolidated financial statements and Accounting Standards for Business.

Ms. Xu Jinrong (徐錦蓉女士), aged 42, has been appointed as a supervisor of the Company since November 2005. She was a technician of Dalian Port Dalian Bay Stevedoring Company. She worked in the audit and finance department of Port of Dalian Authority and was the head of the management section of the audit department of Dalian Port Corporation Limited and the audit manager of Dalian Port Container Co., Ltd., respectively. She is currently the audit manager of the Company and a supervisor of Dalian Ocean Shipping Tally Co., Ltd . She is a PRC certified public accountant and a senior auditor with a bachelor degree from Lanzhou Jiaotong University.

Ms. Gui Yuchan (桂玉嬋女士), aged 40, has been appointed as a supervisor of the Company since February 2006. She worked as a business staff of Dalian Port Xianglujiao Stevedoring Company, contract administrator of the business department of Port of Dalian Authority, legal officer of Dalian Port Container Comprehensive Development Company, as well as deputy manager and manager of the securities and legal department of Dalian Port Container Co., Ltd.. Ms. Gui is currently the head of the Office of the Board of the Company. She is an economist and is qualified to practice as a lawyer in the PRC with a bachelor degree in law from Renmin University of China.

Senior Management

Mr. Jiang Luning, please refer to the section headed "Executive Directors" above.

Mr. Xu Fangsheng (徐芳盛先生), aged 46, has been appointed as a deputy general manager of the Company since January 2007. After joining Port of Dalian Authority in 1983, he held the positions of a deputy secretary to the Youth League of Dalian Port Services Company, head of league propaganda department and general office of Port of Dalian Authority, as well as the party secretary, the secretary to disciplinary committee and a supervisor of Dalian Ocean Shipping Tally Co., Ltd.. He is currently a director of Dalian Port PetroChina International Terminal Co., Ltd. and Taicang Xinggang Tugboat Co., Ltd., and a supervisor of Dalian Gangyue Automobile shipping Management Company Limited. Mr. Xu graduated from the Party School of Dalian Municipal Commission majoring in economics and management and has a professional qualification for political works (政工師).

Mr. Wang Yi (王毅先生), aged 56, has been appointed as a deputy general manager of the Company and the general manager of oil/liquefied chemicals division since November 2005. After joining Port of Dalian Authority in 1974, he held the positions of a deputy head of the organization department and the personnel department of Port of Dalian Authority, manager of Dalian Port Dayao Bay Stevedoring Company and Dalian Port Xingang Stevedoring Company, the general manager of Dalian Port Oil Terminal company. He also serves as a director of Dalian Container Terminal Co., Ltd., Dalian PetroChina International Storage Co., Ltd., Dalian Port PetroChina International Terminal Co., Ltd., PetroChina Dalian LNG Co., Ltd., and Dalian ETDZ Jin Xin Petrochemistry Company Limited as well as the deputy chairman of Dalian Port Tongli Shipping Agency Co., Ltd. He has a college diploma. In 1997 and 2003, he attended training programmes of "Management on Port Transportation Business" in Japan and management programmes at the University of California in U.S., respectively. He was dedicated to the research and promotion of port programming, operating strategy and corporate management. Mr. Wang was honoured as a labor model of Dalian City and one of the "Top Ten Annual Economic Figures of Dalian City in 2008".

Profiles of Directors, Supervisors and Senior Management

Mr. Sun Qian (孫謙先生), aged 44, has been appointed as a deputy general manager of the Company since November 2005. Mr. Sun jointed Port of Dalian Authority in 1991. He is currently a director and the general manager of Dalian Port Container Co., Ltd. and Dalian Port Jifa Logistics Co., Ltd., the chairman of Dalian Jifa Bohai Rim Container Lines Co., Ltd, Dalian Jifa Shipping Agency Co., Ltd. and Dalian Jifa Shipping Management Co., Ltd. He is also a director of Dalian International Logistics Park Development Co., Ltd., Dalian International Container Terminal Co., Ltd., and Qinhuangdao Port New Harbour Container Terminal Co., Ltd., respectively. Mr. Sun graduated from the faculty of civil engineering of Dalian University of Technology with a master degree in engineering, majoring in port and channel engineering. He has also obtained a master of business administration degree from China Europe International Business School. He is a senior engineer. Mr. Sun has nearly twenty years of experience in corporate management and container terminal and logistics business operation.

Mr. Guo Ziying (郭子英先生), aged 54, has been appointed as a deputy general manager of the Company since January 2009. After joining Port of Dalian Authority in 1982, he had been a lecturer in Dalian Port Water Transportation Technical School until he joined Dalian Port Tugboat Company in 1984. He held various positions including the chief engineer of Dalian Port Tugboat Company and currently is its general manager. Mr. Guo graduated from Dalian Maritime University with a bachelor degree. He is a senior engineer and has more than twenty years of experience in port tugging business.

Ms. Su Chunhua, please refer to the section headed “Executive Directors” above.

Ms. Ma Jinru (馬金儒女士), aged 44, has been appointed the secretary to the Board and a joint company secretary of the Company since November 2005. After joining Port of Dalian Authority in 1990, she was responsible for assessments of feasibility study and project economic analysis and evaluation in Dalian Port Design Institute. She subsequently held the positions of head of the investment and cooperation section of the foreign economic and technology co-operation department of Port of Dalian Authority, manager of the finance and management department of Dalian Port Container Comprehensive Development Company and the secretary to the board of directors of Dalian Port Container Co., Ltd., and a director of Dalian Port Container Co., Ltd. and Dalian Port Jifa Logistics Co., Ltd.. She is currently an Affiliate Person of the Hong Kong Institute of Chartered Secretaries. Ms. Ma graduated from Jilin University of Technology with a master degree in engineering, majoring in transportation management and engineering. She is a senior economist. She has nearly twenty years of experience in corporate management, finance and capital operation.

Mr. Lee Kin Yu, Arthur (李健儒先生), aged 50, has been appointed as a joint company secretary and the qualified accountant of the Company since December 2005. He 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 of arts degree and the Illinois State University with a master of science degree. Mr. Lee has more than eighteen years' experience in merger and acquisition, accounting, auditing and corporate finance.

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG
安永

To the shareholders of Dalian Port (PDA) Company Limited
(Incorporated in the People's Republic of China with limited liability)

We have audited the financial statements of Dalian Port (PDA) Company Limited set out on pages 60 to 145, which comprise the consolidated and company statements of financial position as at 31 December 2009 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and the disclosures requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as of 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong
26 February 2010

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
Revenue	7	**1,678,037**	1,586,512
Cost of sales and services		**(925,663)**	(887,911)
Gross profit		**752,374**	698,601
Other income	8	**37,585**	452,224
Selling and administrative expenses		**(172,426)**	(160,306)
Other expenses	9	**(11,373)**	–
Changes in fair value of derivative financial liability	40	**9,005**	(6,123)
Impairment loss on available-for-sale investments	27	**–**	(53,001)
Share of results of jointly-controlled entities		**125,680**	190,974
Share of results of associates		**(28)**	(2,583)
Finance costs	10	**(74,221)**	(87,761)
Profit before tax	11	**666,596**	1,032,025
Income tax expense	12	**(61,840)**	(209,321)
Profit for the year		**604,756**	822,704
Attributable to:			
Equity holders of the Company		**609,268**	779,614
Minority interests		**(4,512)**	43,090
		604,756	822,704
Earnings per share attributable to ordinary equity holders of the Company			
– Basic (RMB)	17	**0.21**	0.27

Details of the dividends payable and proposed for the year are disclosed in note 16 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Profit for the year		**604,756**	822,704
Exchange differences on translation of foreign operations		**241**	(3,699)
Net gain on available-for-sale investments	18	**13,685**	14,555
Other comprehensive income for the year, net of tax		**13,926**	10,856
Total comprehensive income for the year, net of tax		**618,682**	833,560
Attributable to:			
Equity holders of the Company		**623,194**	790,470
Minority interests		**(4,512)**	43,090
		618,682	833,560

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	19	**5,927,127**	5,444,571
Prepaid land lease payments	20	**284,178**	290,700
Investment properties	21	**841,670**	877,498
Intangible assets	22	**121,786**	133,415
Goodwill	23	**16,035**	16,035
Interests in jointly-controlled entities	25	**1,629,893**	1,572,218
Interests in associates	26	**471,493**	272,744
Available-for-sale investments	27	**143,068**	118,642
Deferred tax assets	28	**73,088**	55,158
Amounts due from jointly-controlled entities and associates	32	**86,465**	67,588
Total non-current assets		**9,594,803**	8,848,569
CURRENT ASSETS			
Properties held for sale	29	**11,535**	9,655
Inventories		**13,883**	7,699
Trade and other receivables and prepayments	30	**439,294**	487,398
Prepaid land lease payments	20	**6,501**	6,480
Amounts due from jointly-controlled entities and associates	32	**23,931**	152,409
Amounts due from related companies	34	**24**	351
Advance to Dalian Port Corporation Limited ("PDA")	35	**–**	5,175
Cash and bank balances	36	**1,021,116**	670,011
Total current assets		**1,516,284**	1,339,178
CURRENT LIABILITIES			
Trade and other payables	37	**457,042**	446,871
Amounts due to jointly-controlled entities and associates	33	**30,719**	6,181
Amounts due to related companies	34	**57,093**	91,681
Advance from PDA	35	**1,469**	31,634
Tax payable		**12,413**	82,086
Bank borrowings – due within one year	38	**60,000**	196,733
Government grants	39	**35,446**	38,380
Total current liabilities		**654,182**	893,566
NET CURRENT ASSETS		**862,102**	445,612
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,456,905**	9,294,181

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	38	**3,001,046**	1,235,000
Amount due to a jointly-controlled entity	33	**16,291**	–
Government grants	39	**670,483**	711,178
Derivative financial liability	40	**29**	9,034
Loan from PDA	41	**–**	788,377
Other payables	42	**11,846**	–
Total non-current liabilities		**3,699,695**	2,743,589
NET ASSETS		**6,757,210**	6,550,592
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	43	**2,926,000**	2,926,000
Reserves	44	**3,784,890**	3,434,846
		6,710,890	6,360,846
Minority interests		**46,320**	189,746
Total equity		**6,757,210**	6,550,592

Jiang Luning
Director

Su Chunhua
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Attributable to equity holders of the Company														
	Issued capital	Share premium	Capital reserve	Statutory surplus reserve fund	Enterprise development fund	Discretionary reserve fund	Special reserve	Other reserve	Revaluation reserve	Translation reserve	Dividend reserve	Retained earnings/ shareholders' contribution	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Note a)	(Note b)	(Note c)	(Note d)	(Note e)							
At 1 January 2009	2,926,000	1,460,941	866,025	291,989	415	216	15,666	(480,245)	–	(10,453)	263,340	1,026,952	6,360,846	189,746	6,550,592
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	609,268	609,268	(4,512)	604,756
Other comprehensive income	–	–	–	–	–	–	–	–	13,685	241	–	–	13,926	–	13,926
Total comprehensive income	–	–	–	–	–	–	–	–	13,685	241	–	609,268	623,194	(4,512)	618,682
Acquisition of minority interests	–	–	(9,810)	–	–	–	–	–	–	–	–	–	(9,810)	(140,200)	(150,010)
Contribution by a minority shareholder	–	–	–	–	–	–	–	–	–	–	–	–	–	3,750	3,750
Transfer	–	–	–	–	–	–	–	61,382	–	–	–	(61,382)	–	–	–
Dividend paid	–	–	–	–	–	–	–	–	–	–	(263,340)	–	(263,340)	(2,464)	(265,804)
Proposed final dividend	–	–	–	–	–	–	–	–	–	–	731,500	(731,500)	–	–	–
Appropriations	–	–	–	64,973	205	137	–	–	–	–	–	(65,315)	–	–	–
At 31 December 2009	2,926,000	1,460,941*	856,215*	356,962*	620*	353*	15,666*	(418,863)*	13,685*	(10,212)*	731,500*	778,023*	6,710,890	46,320	6,757,210

* These reserve accounts comprise the consolidated reserves of RMB3,784,890,000 as at 31 December 2009 in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008 (Restated)

	Attributable to equity holders of the Company														
	Issued capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve fund RMB'000 (Note a)	Enterprise development fund RMB'000 (Note b)	Discretionary reserve fund RMB'000 (Note c)	Special reserve RMB'000 (Note d)	Other reserve RMB'000 (Note e)	Revaluation reserve RMB'000	Translation reserve RMB'000	Dividend reserve RMB'000	Retained earnings/ shareholders' contribution RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2008	2,926,000	1,460,941	866,025	219,127	415	216	15,666	(583,950)	(14,555)	(6,754)	234,080	659,214	5,776,425	160,452	5,936,877
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	779,614	779,614	43,090	822,704
Other comprehensive income	–	–	–	–	–	–	–	–	14,555	(3,699)	–	–	10,856	–	10,856
Total comprehensive income	–	–	–	–	–	–	–	–	14,555	(3,699)	–	779,614	790,470	43,090	833,560
Contribution by minority shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	1,185	1,185
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	9,787	9,787
Fair value adjustment on acquisition of additional equity interest of subsidiaries	–	–	–	–	–	–	–	28,544	–	–	–	–	28,544	16,673	45,217
Transfer	–	–	–	–	–	–	–	75,161	–	–	–	(75,674)	(513)	(51)	(564)
Dividend paid	–	–	–	–	–	–	–	–	–	–	(234,080)	–	(234,080)	(41,390)	(275,470)
Proposed final dividend	–	–	–	–	–	–	–	–	–	–	263,340	(263,340)	–	–	–
Appropriations	–	–	–	72,862	–	–	–	–	–	–	–	(72,862)	–	–	–
At 31 December 2008	2,926,000	1,460,941*	866,025*	291,989*	415*	216*	15,666*	(480,245)*	–	(10,453)*	263,340*	1,026,952*	6,360,846	189,746	6,550,592

* These reserve accounts comprise the consolidated reserves of RMB3,434,846,000 as at 31 December 2008 in the consolidated statement of financial position.

Notes:

(a) According to the articles of association, the Company and certain subsidiaries are required to transfer 10% of the profit after tax (as determined under the People's Republic of China (the "PRC") accounting standards) to the statutory surplus reserve fund until the fund balance reaches 50% of the registered capital. The transfer to this fund must be made before distributing dividends to shareholders. The fund can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the Company and subsidiaries.

(b) Pursuant to regulations in the PRC, certain subsidiaries are required to transfer 5% to 10% of the profit after tax (as determined under the PRC accounting standards) to the enterprise development fund. The fund can only be used for enterprise development and is not available for distribution to shareholders.

(c) According to the articles of association, the Company and certain subsidiaries can transfer the profit after tax to the discretionary reserve fund on a discretionary basis.

(d) Special reserve arose from the measurement of the non-interest bearing advance from PDA in prior years at fair value, in accordance with its accounting policies adopted for initial recognition of financial instruments.

(e) Other reserve represents the reversal of the revaluation surplus arising from the capital contribution by PDA to Dalian Container Terminal Co., Ltd. ("DCT") and the group reorganisation in prior years and the difference between the fair values and the carrying values of the underlying assets and liabilities attributable to the acquisition of additional interest of subsidiaries amounting to RMB28,544,000. Other reserve in relation to the reversal of the revaluation surplus would be released to retained earnings upon the depreciation and the disposal of those capital assets.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
Operating activities			
Profit before tax		**666,596**	1,032,025
Adjustments for:			
Bank interest income	8	**(7,871)**	(14,380)
Changes in fair value of derivative financial liability	40	**(9,005)**	6,123
Depreciation and amortisation	11	**259,214**	217,898
Government grants released to the consolidated income statement to offset depreciation	11	**(34,460)**	(38,380)
Finance costs	10	**74,221**	87,761
Gain from acquisition of interests of associates	11	**–**	(1,570)
Gain on disposal of investment properties	11	**–**	(13,543)
Gain on disposal of non-current assets held for sale	11	**–**	(120,515)
Gain on disposal of prepaid land lease payments	11	**–**	(136,595)
Loss/(gain) on disposal of property, plant and equipment	11	**10,547**	(140,606)
Gain on disposal of properties held for sale	11	**–**	(17,213)
Government grants recognised in the consolidated income statement	8	**(19,302)**	(16,060)
Impairment of available-for-sale investments	11	**–**	53,001
Net interest income from derivative financial liability	8	**(2,317)**	(2,342)
Interest income from jointly-controlled entities and associates	8	**(4,989)**	–
Dividend income from available-for-sale investments	8	**(1,544)**	–
Loss on disposal of intangible assets	11	**–**	155
Release of prepaid land lease payments to the consolidated income statement	11	**6,501**	6,907
Share of results of associates		**28**	2,583
Share of results of jointly-controlled entities		**(125,680)**	(190,974)
Operating cash flows before movements in working capital		**811,939**	714,275
Increase in properties held for sale		**(1,880)**	(4,924)
(Increase)/decrease in inventories		**(6,184)**	18,368
Increase in trade and other receivables and prepayments		**(20,552)**	(3,498)
(Increase)/decrease in amounts due from jointly-controlled entities and associates		**(3,039)**	1,086
Decrease in amounts due from related companies		**247**	2,408
(Increase)/decrease in advance to PDA		**305**	(290)
Increase/(decrease) in trade and other payables		**12,536**	(19,204)
Increase/(decrease) in amounts due to jointly-controlled entities and associates		**19,169**	(141)
Increase/(decrease) in amounts due to related companies		**181**	(5,069)
Release of government grant to the consolidated income statement		**–**	38,380
Increase/(decrease) in advance from PDA		**1,269**	(15,586)
Cash generated from operations		**813,991**	725,805
Interest received		**7,871**	13,803
Income tax paid		**(149,443)**	(178,115)
Net cash generated from operating activities		**672,419**	561,493

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	2009 RMB'000	2008 RMB'000
Investing activities		
Purchase of property, plant and equipment	**(772,947)**	(1,165,365)
Acquisition of jointly-controlled entities and associates	**–**	(383,818)
Investments in associates	**(200,002)**	–
Investments in jointly-controlled entities	**(66,184)**	–
Acquisition of minority interests of a subsidiary	**(150,010)**	–
Entrusted loans advanced to a third party	**(47,800)**	–
Loans advanced to jointly-controlled entities and associates	**(22,465)**	(113,588)
Acquisition of available-for-sale investments	**(12,000)**	–
Purchase of intangible assets	**(2,593)**	(938)
Purchase of investment properties	**(68)**	–
Acquisition of subsidiaries	**–**	(73,757)
Dividends received from jointly-controlled entities and associates	**154,211**	174,048
Repayment of a loan advanced to an associate	**110,000**	–
Proceeds from disposal of property, plant and equipment	**40,503**	236,576
Repayment of loans advanced to jointly-controlled entities	**25,000**	25,000
Interest received from jointly-controlled entities and associates	**4,989**	–
Reduction of capital of a jointly-controlled entity and an associate	**4,500**	–
Net interest received from derivative financial liability	**2,317**	2,342
Dividends received from available-for-sale investments	**1,544**	–
Proceeds from disposal of available-for-sale investments	**1,232**	–
Proceeds from disposal of non-current assets held for sale	**–**	1,183,734
Proceeds from disposal of prepaid land lease payments	**–**	124,817
Proceeds from disposal of investment properties	**–**	21,257
Net cash (used in)/generated from investing activities	**(929,773)**	30,308
Financing activities		
Repayment of bank loans	**(1,591,734)**	(978,961)
Repayment of a loan advanced by PDA	**(788,377)**	–
Dividend paid	**(263,340)**	(234,080)
Interest paid	**(95,496)**	(121,609)
Expenses relating to A shares public offering	**(17,015)**	–
Dividends paid to minority shareholders	**(13,331)**	(51,494)
Repayment to a minority shareholder	**–**	(22,059)
Proceeds from issuance of medium term notes	**2,489,697**	–
New bank loans raised	**744,317**	147,733
Government grants received	**118,056**	17,456
Loans from a jointly-controlled entity and an associate	**21,660**	–
Contribution from minority shareholders	**3,750**	1,400
Loan from PDA	**–**	787,670
Net cash generated from/(used in) financing activities	**608,187**	(453,944)
Net increase in cash and cash equivalents	**350,833**	137,857
Net foreign exchange differences	**272**	–
Cash and cash equivalents at 1 January	**670,011**	532,154
Cash and cash equivalents at 31 December	**1,021,116**	670,011
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**1,021,116**	670,011

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	19	**5,262,336**	5,354,953
Prepaid land lease payments	20	**143,927**	147,065
Intangible assets	22	**2,873**	1,318
Investments in subsidiaries	24	**1,843,776**	2,292,330
Investments in jointly-controlled entities	25	**328,888**	328,888
Investments in associates	26	**221,188**	21,188
Deferred tax assets	28	**11,263**	6,449
Amount due from a subsidiary	31	**800,000**	–
Amounts due from jointly-controlled entities	32	**64,000**	67,588
Total non-current assets		**8,678,251**	8,219,779
CURRENT ASSETS			
Inventories		**8,958**	5,891
Trade and other receivables and prepayments	30	**353,304**	396,853
Prepaid land lease payments	20	**3,138**	3,138
Amounts due from subsidiaries	31	**771,384**	21,397
Amounts due from jointly-controlled entities	32	**8,098**	3,502
Amount due from a related company	34	**10**	–
Advance to PDA	35	**–**	4,848
Cash and bank balances	36	**762,507**	401,427
Total current assets		**1,907,399**	837,056
CURRENT LIABILITIES			
Trade and other payables	37	**297,422**	303,464
Amounts due to subsidiaries	31	**215**	273
Amounts due to jointly-controlled entities and associates	33	**5,768**	2,250
Amounts due to related companies	34	**54,640**	88,263
Advance from PDA	35	**1,272**	357
Tax payable		**13,996**	72,783
Bank borrowings – due within one year	38	**–**	95,000
Government grants	39	**34,505**	37,603
Total current liabilities		**407,818**	599,993
NET CURRENT ASSETS		**1,499,581**	237,063
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,177,832**	8,456,842

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	38	**2,476,730**	1,115,000
Government grants	39	**662,860**	701,354
Amount due to a jointly-controlled entity	33	**16,291**	–
Derivative financial liability	40	**29**	9,034
Other payables	42	**11,846**	–
Total non-current liabilities		**3,167,756**	1,825,388
NET ASSETS		**7,010,076**	6,631,454
EQUITY			
Issued capital	43	**2,926,000**	2,926,000
Reserves	44	**4,084,076**	3,705,454
Total equity		**7,010,076**	6,631,454

1. GENERAL

The Company was incorporated in the PRC as a joint stock limited company on 16 November 2005 and it has been registered in Hong Kong as an overseas company under Part XI of the Hong Kong Companies Ordinance. The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") with effect from 28 April 2006.

The Company's parent and ultimate holding company is PDA, which is a state-owned enterprise established on 30 April 2003, under the laws of the PRC.

The addresses of the registered office and principal place of business of the Company are disclosed in the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Group is engaged in oil/liquefied chemicals terminal and logistic services, container terminal and logistic services, automobile terminal and logistic services and port value-added services.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has adopted the following amendments and interpretations ("new IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB which are or have become effective.

IFRS 1 and IAS 27 (Amendments)	First-time Adoption of IFRSs and Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate
IFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
IFRS 7 (Amendments)	Financial Instruments: Disclosures – Improvement Disclosures about Financial Instruments
IAS 1 (Revised)	Presentation of Financial Statements
IAS 18 (Amendment)	Revenue – Determining whether an entity is acting as a principal or as an agent (Appendix)
IAS 23 (Revised)	Borrowing Costs
IAS 32 and IAS 1 (Amendments)	Financial Instruments: Presentation and Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
IFRIC – 9 and IAS 39 (Amendments)	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement – Embedded Derivatives
IFRIC – 13	Customer Loyalty Programmes
IFRIC – 15	Agreements for the Construction of Real Estate
IFRIC – 16	Hedges of a Net Investment in a Foreign Operation
IFRIC – 18	Transfers of Assets from Customers
Annual Improvements Project	Improvements to IFRSs (issued in October 2008)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

The adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented except for the adoption of the revised IAS 1 ”Presentation of Financial Statements” (IAS 1). The revised standard aims to improve users' ability to analyse and compare information given in financial statements. The adoption of the revised standard has no effect on the results reported in the Group's consolidated financial statements. It does, however, result in certain presentational changes in the Group's primary financial statements, including:

– the adoption of revised title “Statement of financial position” for the “Balance sheet”; and

– the presentation of all items of income and expenditure in two statements, the “Income statement” and “Statement of comprehensive income”.

The Group has early applied IAS 24 (Revised) “Related Party Disclosures” for the current year's financial statements in advance of its effective date which is 1 January 2011. The revised standard simplifies the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government and clarifies the definition of a related party. Amounts reported for the prior year have been restated on the new basis.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but not yet effective.

IFRS 1 (Revised)	First-time Adoption of IFRSs[1]
IFRS 1 (Amendments)	First-time Adoption of IFRSs – Additional Exemption for First-time Adopters[2]
IFRS 2 (Amendments)	Share-based Payment – Group Cash-settled Share-based Payment Transactions[2]
IFRS 3 (Revised)	Business Combinations[1]
IFRS 9	Financial Instruments[6]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Rights Issues[3]
IAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items[1]
IFRIC – 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
IFRIC – 17	Distributions of Non-cash Assets to Owners[1]
IFRIC – 19	Extinguishing Financial Liabilities with Equity Instruments[4]
Annual Improvements Project	Improvements to IFRSs 2009

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group except for the adoption of IFRS 3 (Revised) Business Combinations and IAS 27 (Revised) Consolidation and Separate Financial Statements. IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment on changes in a parent's ownership interest in a subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amounts of those interests at the dates of the original business combinations and the minority's share of changes in equity since the dates of the combinations. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. An acquisition of minority interests is accounted for using entity concept model whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as an equity transaction.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually and for whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum.

Buildings	2% to 4%
Terminal facilities	2% to 6%
Terminal equipment	5% to 10%
Vessels and motor vehicles	5% to 14%
Other equipment	9% to 19%

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Prepaid land lease payments

Payments for obtaining land use rights are accounted for as prepaid land lease payments and are charged to the income statement on a straight-line basis over the relevant lease terms. Land use rights which are to be charged to the income statement in the next twelve months or less are classified as current assets.

During the construction period, the amortisation charge provided for the prepaid land lease payments is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use.

Gains or losses from derecognition of a prepaid land lease payment (calculated as the difference between the net disposal proceeds and the carrying amount of the items) is included in the income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or when no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the item is derecognised.

Transfers are made to or from investment property only when there is a change in use. For a transfer to investment property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If investment property becomes owner occupied property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to date of change in use.

Intangible assets

Intangible assets acquired separately and with finite useful lives are measured on initial recognition at cost and carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group/Company has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group/Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group/Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with IAS 39, if the Group/Company holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly-controlled entities.

The results and assets and liabilities of jointly-controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly-controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly-controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly-controlled entity equals to or exceeds its interest in that jointly-controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly-controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly-controlled entity.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Jointly-controlled entities *(Continued)*

When a group entity transacts with a jointly-controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly-controlled entity.

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

Associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals to or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. When a development property is sold in advance of completion, profit is only recognised upon completion of the development. Deposits and instalments received from purchasers prior to this stage are included in current liabilities.

Inventories

Inventories of the Group mainly represent finished goods and are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the income statement and are reported separately as "other income".

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each reporting date subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from jointly-controlled entities, associates and related companies, advance to PDA and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

At each reporting date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment of financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables, etc, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio beyond the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, amounts due from jointly-controlled entities, associates and related companies and advance to PDA, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables, amounts due from jointly-controlled entities, associates and related companies and advance to PDA are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are classified into other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to jointly-controlled entities, associates and related companies, advance from PDA and bank and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or when the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the cash management of the Group.

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

   (i) The entity and the Group are members of the same group.

   (ii) The entity is an associate or jointly-controlled entity of the Group.

   (iii) The entity and the group are jointly-controlled entities of the same third party.

   (iv) The entity is a jointly-controlled entity/associate of third entity and the Group is an associate/jointly-controlled entity of the third entity.

   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

   (vi) The entity is controlled or jointly controlled by a person identified in (a).

   (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from oil/liquefied chemical terminal and logistics services and container terminal and logistics services, automobile terminal and logistics services and port value-added services are recognised when the respective services are rendered.

Rental income is recognised on a straight-line basis over the term of the relevant leases.

Revenue from sale of completed properties is recognised upon execution of the sale agreements, when the significant risks and rewards of ownership of the properties are transferred to buyers.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when shareholders' rights to receive payment have been established.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification. To the extent the allocation of the land lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Renminbi at the rates of exchange prevailing at the reporting date, and their income and expenses are translated at the average exchange rates for the year, unless in the case where exchange rates fluctuate significantly during the period, in which case the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements required management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

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 judgement. 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 largely independently of the 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. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives and impairment assessment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives or recognise impairment losses as appropriate.

Impairment of trade receivables

Impairment of trade receivables is made based on assessment of the recoverability of trade receivables. The identification of impairment of trade receivables requires management judgment and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the receivables and bad and doubtful debt expenses/write-back in the period in which the estimate has been changed.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(continued)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill are given in note 23 to the financial statements.

Useful lives and impairment assessment of intangible assets

Intangible assets with finite useful lives are stated at cost less accumulated amortisation and identified impairment losses. As at 31 December 2009, the carrying amount of intangible assets was approximately RMB121,786,000 (2008: RMB133,415,000). The estimation of their useful lives impacts the level of annual amortisation expense recorded. The estimated useful life and dates that the Group places the intangible assets into use reflect the directors' best estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's assets. Intangible assets are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. The process requires management estimate of future cash flows generated by each assets or group of assets. For any instance where this evaluation process indicates impairment, the appropriate assets' carrying values are written down to their recoverable amount and the amount of the write-down is charged against the results of operations.

Fair value of derivative financial instruments

As described in note 40, for derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. The estimation of fair value of derivative financial instruments is valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. As at 31 December 2009, the carrying amount of the derivative financial liability was RMB29,000 (2008: RMB9,034,000).

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes bank loans and other borrowings disclosed in note 38 and equity attributable to equity holders of the Company, comprising issued capital, share premium and reserves. The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company assess the annual budget prepared by various departments taking into account of the future expansion and the provision of funding.

Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2009 RMB'000	2008 RMB'000
Financial assets		
Loans and receivables at amortised cost (including cash and cash equivalents)	**1,537,910**	1,382,932
Available-for-sale investments	**143,068**	118,642
Financial liabilities		
Liabilities at amortised cost	**3,577,675**	2,757,592
Derivative financial instruments	**29**	9,034

6b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, amounts due from/to PDA, jointly-controlled entities, associates and related companies, bank balances, trade and other payables, bank and other borrowings and derivative financial instruments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate medium term notes (see note 38 for details of the loan) and cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and bank borrowings (see note 38 for details of the bank borrowings) which carry prevailing market interest rates. The Group does not have an interest rate hedging policy. However, the management monitors interest rate exposure closely.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of benchmark borrowing rate of the People's Bank of China and Hong Kong Interbank Offered Rate arising from the Group's RMB and Hong Kong Dollar denominated borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 27-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At the respective reporting dates, if interest rates had been increased/decreased by 27 basis points for each of years ended 31 December 2009 and 2008 and all other variables were held constant, the Group's profit would decrease/increase by approximately RMB1,578,000 and RMB1,817,000 for the years ended 31 December 2009 and 2008, respectively.

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Other price risk

The Group is exposed to equity price risk on its listed available-for-sale investments. Management of the Group has closely monitored the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If the prices of the listed available-for-sale investments had been 5% lower/higher as at 31 December 2009, the Group's investment revaluation reserve would decrease/increase by approximately RMB1,511,000 as a result of the changes in fair value of the listed available-for-sale investments for the year ended 31 December 2009.

If the prices of the listed available-for-sale investments had been 5% lower as at 31 December 2008, the Group's profit would decrease by approximately RMB828,000 as a result of the changes in fair value of the listed available-for-sale investments for the year ended 31 December 2008.

If the prices of the listed available-for-sale investments had been 5% higher as at 31 December 2008, the Group's investment revaluation reserve would increase by approximately RMB828,000 as a result of the changes in fair value of the listed available-for-sale investments for the year ended 31 December 2008.

Credit risk

As at 31 December 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of the counterparties to discharge an obligation is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The three largest customers accounted for a total of 41% and 34% of the Group's total revenue for the years ended 31 December 2009 and 2008 respectively. The failure of any of these customers to make required payments could have a substantial negative impact on the Group's profit. The Group manages this risk by applying a limit on the credit to these customers.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group does not have any significant concentration of credit risk except for a receivable of RMB72,596,000 (2008: RMB172,596,000) due from Dalian Municipal Bureau of Finance in respect of compensation for terminal relocation. As Dalian Municipal Bureau of Finance is a government organisation, the directors of the Company consider that the credit risk is low.

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank and other borrowings and loan from PDA and ensures compliance with loan covenants.

The Group relies on medium-term notes and bank borrowings as significant sources of liquidity. As at 31 December 2009 and 2008, the Group had total available unutilised overdraft and short-term bank loan facilities of approximately RMB4,530,000,000 and RMB2,500,000,000, respectively.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Weighted average interest rate %	Less than 1 month RMB'000	1–3 months RMB'000	3 months to 1 year RMB'000	1–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31 December RMB'000
2009								
Non-derivative financial liabilities								
Trade and other payables		102,021	95,481	219,078	–	–	416,580	416,580
Non-current other payables		–	–	–	11,846	–	11,846	11,846
Amounts due to jointly-controlled entities and associates		1,224	3,028	26,286	–	–	30,538	30,538
Amounts due to related companies		1,645	19,160	35,763	–	–	56,568	56,568
Advance from PDA		47	1,050	–	–	–	1,097	1,097
Bank borrowings – floating rate	3.39	20,658	8,090	44,716	543,837	–	617,301	584,316
Other borrowings – fixed rate	4.52	–	–	44,405	2,928,000	–	2,972,405	2,476,730
		125,595	126,809	370,248	3,483,683	–	4,106,335	3,577,675

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted average interest rate %	Less than 1 month RMB'000	1–3 months RMB'000	3 months to 1 year RMB'000	1–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31 December RMB'000
2008								
Non-derivative financial liabilities								
Trade and other payables		80,921	52,127	274,938	–	–	407,986	407,986
Amounts due to jointly-controlled entities and associates		2,034	1,690	2,457	–	–	6,181	6,181
Amounts due to related companies		66	1,170	90,445	–	–	91,681	91,681
Advance from PDA		344	554	30,736	–	–	31,634	31,634
Bank borrowings – floating rate	6.40	15,057	43,350	242,981	1,071,151	532,877	1,905,416	1,431,733
Loan from PDA – fixed rate	5.47	–	–	30,507	168,713	968,530	1,167,750	788,377
		98,422	98,891	672,064	1,239,864	1,501,407	3,610,648	2,757,592

6c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets (excluding derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- The fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instrument by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

6. FINANCIAL INSTRUMENTS *(Continued)*

6c. Fair value *(Continued)*

Asset measured at fair value

	31 December 2009 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Quoted equity shares	**30,224**	**30,224**	**–**	**–**

Liability measured at fair value

	31 December 2009 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Interest rate swap contract	**29**	**–**	**–**	**29**

7. SEGMENT INFORMATION

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment.

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

Oil/liquefied chemical terminal and logistics services	Loading and discharging, storage and transhipment of oil products and liquefied chemicals and port management services
Container terminal and logistics services	Loading and discharging, storage and transhipment of containers, leasing of terminals and related facilities and various container logistics services and sale of properties
Automobile terminal and logistics services	Loading and discharging of automobile and related logistics services
Port value-added services	Tallying, tugging and information technology services

The items of income and expense and the assets attributable to the headquarter of the Company have not been allocated.

The Group's reportable segments adopt accounting policies that are the same as those described in note 3 to these consolidated financial statements.

These 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.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transactions are conducted in accordance with the terms mutually agreed between the parties.

7. SEGMENT INFORMATION *(Continued)*

The following tables present the financial information for the Group's operating segments for the years ended 31 December 2009 and 2008.

Income statement

For the year ended 31 December 2009

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Port value-added services RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	905,522	384,212	–	384,976	3,327	1,678,037
Cost of sales and services	(427,962)	(292,399)	–	(198,056)	(7,246)	(925,663)
Gross profit/(loss)	477,560	91,813	–	186,920	(3,919)	752,374
Other income	12	15,706	–	4,525	2,165	22,408
Interest income	567	4,844	67	315	9,384	15,177
Selling and administrative expenses	(39,029)	(71,958)	(195)	(37,056)	(24,188)	(172,426)
Other expenses	(11,952)	622	–	(2)	(41)	(11,373)
Changes in fair value of derivative financial liability	–	–	–	–	9,005	9,005
Share of results of jointly-controlled entities	14,294	108,040	(3,816)	7,162	–	125,680
Share of results of associates	2,401	(524)	(3,491)	1,586	–	(28)
Finance costs	(6,947)	(27,935)	–	(196)	(39,143)	(74,221)
Profit/(loss) before tax	436,906	120,608	(7,435)	163,254	(46,737)	666,596
Income tax	(75,592)	41,190	–	(37,569)	10,131	(61,840)
Profit/(loss) after tax	361,314	161,798	(7,435)	125,685	(36,606)	604,756

Segment profit/loss after tax represents the profit/loss of each segment. This is the measure reported to Chief Executive Officer for the purposes of resources allocation and assessment of segment performance.

7. SEGMENT INFORMATION *(Continued)*

Statement of financial position

As at 31 December 2009

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Port value-added services RMB'000	Unallocated RMB'000	Total RMB'000
Assets						
Segment assets	4,287,023	2,670,362	292,592	850,126	909,598	9,009,701
Interests in jointly-controlled entities	263,321	1,270,656	77,134	18,782	–	1,629,893
Interests in associates	220,461	246,576	–	4,456	–	471,493
Total assets	4,770,805	4,187,594	369,726	873,364	909,598	11,111,087
Liabilities						
Segment liabilities	1,286,280	392,143	96,460	22,715	2,556,279	4,353,877

Other information

For the year ended 31 December 2009

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Port value-added services RMB'000	Unallocated RMB'000	Total RMB'000
Capital expenditures	227,760	121,233	100,593	211,106	11,108	671,800
Depreciation and amortisation	170,996	41,856	18	44,957	1,387	259,214
Government grants related to depreciable assets	(33,669)	(791)	–	–	–	(34,460)
Release of prepaid land lease payments to the consolidated income statement	3,138	3,363	–	–	–	6,501
(Gain)/loss on disposal of property, plant and equipment, net	11,206	65	–	(724)	–	10,547
Inter segment sales	–	–	–	(5,523)	–	(5,523)

7. SEGMENT INFORMATION *(Continued)*

Income statement

For the year ended 31 December 2008

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Port value-added services RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	670,025	572,798	–	338,573	5,116	1,586,512
Cost of sales and services	(292,185)	(410,110)	–	(185,012)	(604)	(887,911)
Gross profit	377,840	162,688	–	153,561	4,512	698,601
Other income	211,386	222,166	–	1,820	2,471	437,843
Interest income	661	9,062	–	499	4,159	14,381
Selling and administrative expenses	(35,573)	(78,843)	(47)	(22,620)	(23,223)	(160,306)
Changes in fair value of derivative financial liability	–	–	–	–	(6,123)	(6,123)
Impairment loss on available-for-sale investments	–	–	–	–	(53,001)	(53,001)
Share of results of jointly-controlled entities	20,031	168,756	(9,085)	11,272	–	190,974
Share of results of associates	1,875	(5,239)	(1,204)	1,985	–	(2,583)
Finance costs	–	(57,240)	–	(307)	(30,214)	(87,761)
Profit/(loss) before tax	576,220	421,350	(10,336)	146,210	(101,419)	1,032,025
Income tax	(125,787)	(63,044)	–	(32,595)	12,105	(209,321)
Profit/(loss) after tax	450,433	358,306	(10,336)	113,615	(89,314)	822,704

Segment profit/loss after tax represents the profit/loss of each segment. This is the measure reported to Chief Executive Officer for the purposes of resources allocation and assessment of segment performance.

7. SEGMENT INFORMATION *(Continued)*

Statement of financial position

As at 31 December 2008

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Port value-added services RMB'000	Unallocated RMB'000	Total RMB'000
Assets						
Segment assets	4,363,778	2,519,434	173,560	830,522	455,491	8,342,785
Interests in jointly-controlled entities	220,440	1,248,051	80,949	22,778	–	1,572,218
Interests in associates	18,060	247,200	3,494	3,990	–	272,744
Total assets	4,602,278	4,014,685	258,003	857,290	455,491	10,187,747
Liabilities						
Segment liabilities	920,982	1,251,239	–	25,396	1,439,538	3,637,155

Other information

For the year ended 31 December 2008

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Port value-added services RMB'000	Unallocated RMB'000	Total RMB'000
Capital expenditures	672,244	357,884	173,559	49,195	1,064	1,253,946
Depreciation and amortisation	137,089	44,924	–	34,675	1,210	217,898
Government grants related to depreciable assets	(37,603)	(777)	–	–	–	(38,380)
Release of prepaid land lease payments to the consolidated income statement	3,488	3,419	–	–	–	6,907
Loss on disposal of intangible assets	–	155	–	–	–	155
Gain on disposal of non-current assets held for sale	–	(120,515)	–	–	–	(120,515)
Gain on disposal of prepaid lease payments	(136,595)	–	–	–	–	(136,595)
Gain on disposal of property, plant and equipment, net	(74,649)	(65,246)	–	(711)	–	(140,606)
Gain on disposal of properties held for sale	–	(17,213)	–	–	–	(17,213)
Gain on disposal of investment properties	–	(13,543)	–	–	–	(13,543)
Inter segment sales	(116)	(654)	–	(4,542)	–	(5,312)

7. SEGMENT INFORMATION *(Continued)*

Revenues from major products and services

For the years ended 31 December 2009 and 2008

The Group's revenue from major products and services was as follows:

	2009 RMB'000	2008 RMB'000
Loading services	**443,541**	404,997
Logistics services	**429,111**	395,446
Storage services	**322,374**	190,923
Leasing services	**170,794**	209,201
Port management services	**91,955**	82,919
Information technology services	**69,699**	69,886
Sale of oil products	**48,698**	–
Sale of properties held for sale	**–**	47,287
Others	**101,865**	185,853
	1,678,037	1,586,512

The Group's sales to customers which accounted for 10% or more of its total sales are as follows:

	2009 RMB'000	2008 RMB'000
Customer A	**254,787**	255,120
Customer B	**193,926**	195,312
Customer C	**233,187**	96,223
	681,900	546,655

The sales to the above customers are included in the segment of oil/liquefied chemical terminal and logistics services.

Geographical information

The entire group's operations, and all its customers, are located in the PRC. Accordingly, no geographical information analysis of segment results, assets and costs incurred to acquire segment assets is presented.

8. OTHER INCOME

An analysis of other income is as follows:

	2009 RMB'000	2008 RMB'000
Gain on disposal of property, plant and equipment		
– oil storage tanks	**–**	74,731
– vessels	**–**	63,437
– others	**–**	2,438
	–	140,606
Gain on disposal of prepaid land lease payments	**–**	136,595
Gain on disposal of non-current assets held for sale	**–**	120,515
Gain on disposal of properties held for sale	**–**	17,213
Government grants (Note)	**19,302**	16,060
Bank interest income	**7,871**	14,381
Interest income from jointly-controlled entities and associates	**4,989**	994
Net interest income from derivative financial liability	**2,317**	2,342
Dividend income from available-for-sale investments	**1,544**	–
Others	**1,562**	3,518
	37,585	452,224

Note: They represent various government grants received mainly for encouraging the Group's software development and container logistics activities.

9. OTHER EXPENSES

	2009 RMB'000	2008 RMB'000
Loss on disposal of property, plant and equipment	**10,547**	–
Others	**826**	–
	11,373	–

10. FINANCE COSTS

	2009 RMB'000	2008 RMB'000
Interest on bank borrowings	**44,042**	119,895
Interest on a loan from PDA	**18,852**	31,380
Interest on other borrowings	**65,379**	–
Less: Amount capitalised in property, plant and equipment	**(54,052)**	(63,514)
	74,221	87,761

For the year ended 31 December 2009, the weighted average capitalisation rate was 4.7% per annum calculated on the general borrowing pool (2008: 7.1% per annum).

11. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2009 RMB'000	2008 RMB'000
Staff costs, including directors' remuneration (note 13):		
– Salaries, wages and other benefits	**225,968**	178,410
– Retirement benefit scheme contributions	**25,456**	41,358
Total staff costs	**251,424**	219,768
Depreciation for property, plant and equipment	**222,472**	184,278
Depreciation for investment properties	**20,340**	21,950
Amortisation of intangible assets	**16,402**	11,670
	259,214	217,898
Less: Government grants related to depreciable assets released to consolidated income statement (note 39 (a) and (b))	**(34,460)**	(38,380)
	224,754	179,518
Minimum lease payments under operating leases	**67,624**	78,767
Rental income	**(170,794)**	(209,201)
Storage income in respect of leasing oil tanks	**(267,486)**	(163,362)
Recovery of allowance for bad and doubtful debts, net	**(366)**	(160)
Release of prepaid land lease payments to the consolidated income statement	**6,501**	6,907
Auditors' remuneration	**1,862**	3,042
Foreign exchange loss, net	**501**	4,331
Loss/(gain) on disposal of property, plant and equipment, net	**10,547**	(140,606)
Loss on disposal of intangible assets	**–**	155
Gain on disposal of investment properties	**–**	(13,543)
Interest income from jointly-controlled entities and associates	**4,989**	994
Gain on disposal of non-current assets held for sale	**–**	(120,515)
Gain on disposal of prepaid land lease payments	**–**	(136,595)
Gain on disposal of properties held for sale	**–**	(17,213)
Gain from acquisition of interests of associates	**–**	(1,570)
Government grants recognised in the consolidated income statement	**(19,302)**	(16,060)
Impairment of available-for-sale investments	**–**	53,001
Net interest income from derivative financial liability	**(2,317)**	(2,342)
Dividend income from available-for-sale investments	**(1,544)**	–
Bank interest income	**(7,871)**	(14,380)

12. INCOME TAX EXPENSE

	2009 RMB'000	2008 RMB'000
The charges comprise:		
Current – PRC enterprise income tax	**79,595**	210,312
Adjustments in respect of current income tax of previous year	**175**	289
	79,770	210,601
Deferred tax:		
Relating to origination and reversal of temporary differences	**(17,930)**	(1,280)
Total tax charge for the year	**61,840**	209,321

A reconciliation of the income tax expense applicable to profit before tax using the respective applicable rate for the Company and its subsidiaries to the income tax expense at the effective tax rate is as follows:

	2009 RMB'000	2008 RMB'000
Profit before tax	**666,596**	1,032,025
Tax at PRC income tax rate of 25% (2008: 25%)	**166,649**	258,006
Expenses not deductible for tax	**2,402**	7,374
Income not subject to tax and previous years relocation expenses deductible in the current year	**(37,921)**	(6,517)
Tax refunds	**(46,942)**	–
Profits and losses of jointly-controlled entities	**(31,421)**	(47,744)
Profits and losses of associates	**7**	646
Tax concessions/exemptions granted	**(1,650)**	(857)
Effect of different tax rates of entities operating in jurisdictions other than PRC	**1,790**	(1,876)
Tax losses not recognised	**8,751**	–
Adjustments in respect to current income tax of previous years	**175**	289
	61,840	209,321

The share of tax attributable to the jointly-controlled entities amounting to RMB34,549,000 (2008: RMB36,747,000) is included in "Share of profits and losses of jointly-controlled entities" on the face of the consolidated income statement.

The share of tax attributable to associates amounting to RMB1,551,000 (2008: RMB2,069,000) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

12. INCOME TAX EXPENSE *(Continued)*

The PRC enterprise income tax for the Company and its subsidiaries was calculated at the prevailing tax rate of 25% on their estimated assessable profit (2008: 25%) except for the subsidiaries listed as follows:

(1) Dalian Port Logistic Technology Co., Ltd. ("PLT") is a software enterprise located in Dalian high-tech industrial development park. Pursuant to Cai Shui [2008] No. 1 "Circular of the Ministry of Finance and the State Administration of Taxation Concerning Several Preferential Policies Relevant to Enterprise Income Tax", after approved by Tax Bureau, software enterprise can be entitled to income tax exemption for two years commencing from its first profit making year of operation and thereafter, entitled to a 50% relief from income tax for the following next three years. 2009 was the last year for PLT entitling to a 50% relief from the income tax, hence the applicable income tax rate was 12.5% (2008: 12.5%).

(2) Dalian Portnet Co., Ltd. ("DPN") is a high-tech enterprise located in Dalian high-tech industrial development park, which is an entity qualified for preferential income tax rate. Pursuant to Guo Fa [2007] No. 39, the income tax rate of the company is gradually transmitted to legal tax rate in five years from 1 January 2008. The applicable income tax rate during 2009 was 20% (2008: 18%). Furthermore, according to "Bao Shui Guo Exemption [2006] No. 65" issued by the Dalian Branch State Administration of Taxation, Dalian Portnet Co., Ltd. is entitled to exemption from income tax for two years commencing from its first profit making year of operation and thereafter, entitled to a 50% relief from income tax for the next three years. 2009 was the last year for DPN entitling to a 50% relief from the income tax, hence the applicable income tax rate was 10% (2008: 9%).

(3) Dalian Tech Port Service Co., Ltd. ("TPS") is a high-tech enterprise engaged in software development which is located in Dalian high-tech industrial development park. Pursuant to the regulation of Income Tax Law, the income tax is 15%. Meanwhile, pursuant to Cai Shui [2008] No. 1 "Circular of the Ministry of Finance and the State Administration of Taxation Concerning Several Preferential Policies Relevant to Enterprise Income Tax", after approved by Tax Bureau, software enterprise can be entitled to income tax exemption for two years commencing from its first profit making year of operation and thereafter, entitled to a 50% relief from income tax for the following next three years. In 2009, TPS was entitled to a 50% relief from the income tax rate of 25% (2008: 15%), hence the applicable income tax rate was 12.5% (2008: 7.5%).

13. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2009 RMB'000	2008 RMB'000
Fees	**–**	–
Other emoluments:		
Salaries and other allowances	**1,480**	1,438
Retirement benefit scheme contributions	**72**	116
	1,552	1,554

The names of the directors and supervisors and their remuneration for the year are as follows:

Salaries and other allowances:

	2009 RMB'000	2008 RMB'000
Executive Directors:		
Sun Hong	**–**	–
Zhang Fengge	**–**	–
Jiang Luning	**429**	409
Su Chunhua	**394**	372
Non-executive Directors:		
Lu Jianmin	**–**	–
Xu Jian	**–**	–
Independent Non-executive Directors:		
Yang Zan	**–**	37
Wang Zuwen	**80**	43
Zhang Xianzhi	**80**	80
Ng Ming Wah, Charles	**176**	176
Supervisors:		
Fu Bin	**–**	–
Zhang Guofeng	**–**	–
Diao Chengbao	**60**	60
Fu Rong	**60**	60
Xu Jinrong	**94**	94
Gui Yuchan	**107**	107
	1,480	1,438

13. DIRECTORS' AND SUPERVISORS' REMUNERATION *(Continued)*

Retirement benefit scheme contributions:

	2009 RMB'000	2008 RMB'000
Executive Directors:		
Sun Hong	–	–
Zhang Fengge	–	–
Jiang Luning	18	43
Su Chunhua	18	43
Non-executive Directors:		
Lu Jianmin	–	–
Xu Jian	–	–
Independent Non-executive Directors:		
Yang Zan	–	–
Wang Zuwen	–	–
Zhang Xianzhi	–	–
Ng Ming Wah, Charles	–	–
Supervisors:		
Fu Bin	–	–
Zhang Guofeng	–	–
Diao Chengbao	–	–
Fu Rong	–	–
Xu Jinrong	18	15
Gui Yuchan	18	15
	72	116

No emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

There was no arrangement under which a director or a supervisor of the Company waived or agreed to waive any remuneration during the year.

14. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, there was a director (2008: two directors) of the Company whose emoluments are included in the disclosures in note 13 above. The emoluments of the remaining four (2008: three) individuals were as follows:

	2009 RMB'000	2008 RMB'000
Salaries and other allowances	2,698	2,522
Retirement benefit scheme contributions	54	44
	2,752	2,566

14. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Number of Employees	
	2009	2008
Nil to HKD1,000,000	**3**	2
HKD1,000,001 to HKD1,500,000	**1**	1

15. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2009 includes a profit of RMB641,962,000 (2008: RMB734,806,000) which has been dealt with in the financial statements of the Company.

16. DIVIDEND

On 19 June 2009, a dividend of RMB9 cents per share amounting to RMB263,340,000 in aggregate was declared as the final dividend for 2008 (for the year ended 31 December 2008: RMB8 cents per share amounting to RMB234,080,000 in aggregate for the 2007 final dividend).

A final dividend of RMB25 cents (2008: RMB9 cents) per share has been proposed by the directors of the Company and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

17. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company and the number of 2,926,000,000 shares in issue for the year (2008: 2,926,000,000 shares).

No diluted earnings per share have been disclosed as no diluting events existed during the years ended 31 December 2009 and 2008.

18. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2009	2008
	RMB'000	RMB'000
Available-for-sale investments:		
Gain/(loss) arising during the year	**13,685**	(38,446)
Reclassification adjustments for the loss included in the income statement	**–**	53,001
	13,685	14,555

19. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000	Terminal facilities RMB'000	Terminal equipment RMB'000	Vessels and motor vehicles RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2008	221,348	2,479,591	197,907	637,221	57,258	1,089,914	4,683,239
Additions	3,252	1,692	16,062	5,618	2,580	1,208,290	1,237,494
Acquisition of subsidiaries	3,122	64,929	17,437	116	5,114	–	90,718
Transfer from properties held for sale	56,760	–	–	–	–	–	56,760
Reclassifications	62,687	750,511	48,840	136,653	55,352	(1,054,043)	–
Transfer to intangible assets	–	–	–	–	–	(6,690)	(6,690)
Disposals	(19,276)	(24,878)	(19,623)	(112,079)	(1,520)	(3,331)	(180,707)
At 31 December 2008 and 1 January 2009	327,893	3,271,845	260,623	667,529	118,784	1,234,140	5,880,814
Additions	2,080	4,188	7,273	3,910	2,005	703,735	723,191
Transfer from/(to) investment properties	20,427	–	–	–	–	(1,435)	18,992
Reclassifications	83,491	3,958	62,157	165,803	29,224	(344,633)	–
Transfer to intangible assets	–	–	–	–	–	(2,180)	(2,180)
Disposals	(6,337)	(5,080)	(2,644)	(2,618)	(470)	(22,370)	(39,519)
At 31 December 2009	427,554	3,274,911	327,409	834,624	149,543	1,567,257	6,581,298
Accumulated depreciation:							
At 1 January 2008	20,600	124,966	21,815	63,249	44,884	–	275,514
Depreciation charge for the year	9,340	108,987	18,087	41,577	6,287	–	184,278
Reclassifications	5,708	(16,888)	7,712	(19)	3,487	–	–
Disposals	(72)	(3,417)	(7,650)	(11,075)	(1,335)	–	(23,549)
At 31 December 2008 and 1 January 2009	35,576	213,648	39,964	93,732	53,323	–	436,243
Depreciation charge for the year	13,924	135,071	25,444	39,243	8,790	–	222,472
Transfer from investment properties	3,436	–	–	–	–	–	3,436
Reclassifications	146	(6,731)	6,585	–	–	–	–
Disposals	(1,421)	(1,421)	(2,434)	(2,258)	(446)	–	(7,980)
At 31 December 2009	51,661	340,567	69,559	130,717	61,667	–	654,171
Carrying amount:							
At 31 December 2009	375,893	2,934,344	257,850	703,907	87,876	1,567,257	5,927,127
At 31 December 2008	292,317	3,058,197	220,659	573,797	65,461	1,234,140	5,444,571

19. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company

	Buildings RMB'000	Terminal facilities RMB'000	Terminal equipment RMB'000	Vessels and motor vehicles RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2008	172,478	2,779,512	162,940	459,313	42,362	1,086,726	4,703,331
Additions	62	–	241	1,918	397	1,173,656	1,176,274
Reclassifications	128,685	657,328	75,826	136,537	55,952	(1,054,328)	–
Transfer to intangible assets	–	–	–	–	–	(240)	(240)
Disposals	(483)	(47,978)	(2,009)	(642)	(455)	(3,332)	(54,899)
At 31 December 2008 and 1 January 2009	300,742	3,388,862	236,998	597,126	98,256	1,202,482	5,824,466
Additions	–	–	347	–	534	571,208	572,089
Reclassifications	42,973	19,337	74,400	164,106	431	(301,247)	–
Transfer to intangible assets	–	–	–	–	–	(1,900)	(1,900)
Disposals	(24,716)	(249,455)	(12,811)	(1,879)	(15,726)	(187,870)	(492,457)
At 31 December 2009	318,999	3,158,744	298,934	759,353	83,495	1,282,673	5,902,198
Accumulated depreciation:							
At 1 January 2008	10,775	191,181	33,701	65,886	6,045	–	307,588
Depreciation charge for the year	8,578	114,015	15,851	36,693	3,666	–	178,803
Reclassifications	5,709	(16,888)	7,493	(47)	3,733	–	–
Disposals	(73)	(14,855)	(976)	(610)	(364)	–	(16,878)
At 31 December 2008 and 1 January 2009	24,989	273,453	56,069	101,922	13,080	–	469,513
Depreciation charge for the year	11,832	138,177	21,939	41,512	5,763	–	219,223
Reclassifications	74	(3,866)	3,792	–	–	–	–
Disposals	(3,403)	(37,225)	(4,579)	(1,717)	(1,950)	–	(48,874)
At 31 December 2009	33,492	370,539	77,221	141,717	16,893	–	639,862
Carrying amount:							
At 31 December 2009	285,507	2,788,205	221,713	617,636	66,602	1,282,673	5,262,336
At 31 December 2008	275,753	3,115,409	180,929	495,204	85,176	1,202,482	5,354,953

19. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

As at 31 December 2009, the Group is in the process of obtaining the building certificates for certain buildings with net book value of approximately RMB27,684,000 (31 December 2008: RMB29,816,000).

All of the buildings are erected on land in the PRC held under medium term leases.

20. PREPAID LAND LEASE PAYMENTS

Group

	2009 RMB'000	2008 RMB'000
Carrying amount at 1 January, net of accumulated amortisation	**297,180**	298,848
Acquisition of subsidiaries	**–**	37,142
Amortisation	**(6,501)**	(6,907)
Disposal	**–**	(31,903)
Carrying amount at 31 December	**290,679**	297,180
Analysed as:		
Non-current assets	**284,178**	290,700
Current assets	**6,501**	6,480
	290,679	297,180

Company

	2009 RMB'000	2008 RMB'000
Carrying amount at 1 January, net of accumulated amortisation	**150,203**	181,608
Amortisation	**(3,138)**	(3,488)
Disposal	**–**	(27,917)
Carrying amount at 31 December	**147,065**	150,203
Analysed as:		
Non-current assets	**143,927**	147,065
Current assets	**3,138**	3,138
	147,065	150,203

The above prepaid land lease payments represent payments for medium leasehold land in the PRC.

21. INVESTMENT PROPERTIES

Group

	Buildings RMB'000	Container terminals RMB'000	Total RMB'000
Cost:			
At 1 January 2008	26,408	945,705	972,113
Disposals	(261)	(10,947)	(11,208)
At 31 December 2008 and 1 January 2009	26,147	934,758	960,905
Additions	–	68	68
Transfer (to)/from property, plant and equipment	(20,427)	1,435	(18,992)
At 31 December 2009	5,720	936,261	941,981
Accumulated depreciation:			
At 1 January 2008	5,301	59,128	64,429
Depreciation charge for the year	1,177	20,773	21,950
Disposals	(138)	(2,834)	(2,972)
At 31 December 2008 and 1 January 2009	6,340	77,067	83,407
Depreciation charge for the year	336	20,004	20,340
Transfer to property, plant and equipment	(3,436)	–	(3,436)
At 31 December 2009	3,240	97,071	100,311
Carrying amount:			
At 31 December 2009	2,480	839,190	841,670
At 31 December 2008	19,807	857,691	877,498

The fair values of the Group's investment properties were approximately RMB872,951,000 and RMB914,009,000 as at 31 December 2009 and 2008, respectively.

The fair values of the Group's investment properties at 31 December 2009 and 2008 have been determined by the directors of the Company, where the valuations were determined by the then present values of discounted net cash inflows of the properties related contracted and expected rental income over the remaining economic useful lives. The discount rate applied for the years 2009 and 2008 was 9.6%.

21. INVESTMENT PROPERTIES *(Continued)*

The investment properties are depreciated on a straight-line basis ranging from 2% to 4% per annum. The investment properties are erected on land held under medium-term leases in the PRC.

Property rentals from investment properties amounted to approximately RMB118,080,000 and RMB121,980,000 for the years ended 31 December 2009 and 2008, respectively. Direct operating expenses which were included in cost of sales and services amounted to approximately RMB25,238,000 and RMB29,080,000 for the years ended 31 December 2009 and 2008, respectively.

22. INTANGIBLE ASSETS

Group

	Priority right for using the rail transportation RMB'000	Computer software RMB'000	Customer relationship RMB'000	Port information platform RMB'000	Others RMB'000	Total RMB'000
Cost:						
At 1 January 2008	46,660	10,706	–	–	1,394	58,760
Additions	–	417	–	–	–	417
Acquisition of subsidiaries	–	9,115	15,970	64,310	–	89,395
Transfer from property, plant and equipment	–	6,690	–	–	–	6,690
Disposals	–	(350)	–	–	–	(350)
At 31 December 2008 and 1 January 2009	46,660	26,578	15,970	64,310	1,394	154,912
Additions	–	2,593	–	–	–	2,593
Transfer from property, plant and equipment	–	2,180	–	–	–	2,180
At 31 December 2009	46,660	31,351	15,970	64,310	1,394	159,685
Accumulated amortisation:						
At 1 January 2008	4,374	5,534	–	–	114	10,022
Amortisation	2,916	3,428	1,441	3,751	134	11,670
Disposals	–	(195)	–	–	–	(195)
At 31 December 2008 and 1 January 2009	7,290	8,767	1,441	3,751	248	21,497
Amortisation	2,916	5,317	1,597	6,431	141	16,402
At 31 December 2009	10,206	14,084	3,038	10,182	389	37,899
Carrying amount:						
At 31 December 2009	36,454	17,267	12,932	54,128	1,005	121,786
At 31 December 2008	39,370	17,811	14,529	60,559	1,146	133,415

22. INTANGIBLE ASSETS *(Continued)*

Company

	Computer software RMB'000
Cost:	
At 1 January 2008	1,497
Additions	14
Transfer from property, plant and equipment	240
At 31 December 2008 and 1 January 2009	1,751
Additions	–
Transfer from property, plant and equipment	1,900
At 31 December 2009	3,651
Amortisation:	
At 1 January 2008	233
Amortisation	200
At 31 December 2008 and 1 January 2009	433
Amortisation	345
At 31 December 2009	778
Carrying amount:	
At 31 December 2009	2,873
At 31 December 2008	1,318

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Priority right for using the rail transportation	15 years
Computer software	2 – 10 years
Customer relationship	10 years
Port information platform	10 years
Other intangible assets	10 years

Customer relationship and port information platform were purchased as part of a business combination in prior year. The fair values of these intangible assets have been determined by independent qualified professional valuers, where the valuations were determined by the present values of discounted net cash inflows over the estimated useful lives based on assumptions with reference to market situations and industry growth rates.

22. INTANGIBLE ASSETS *(Continued)*

Customer relationship represents a portfolio of customers with business relationship with the subsidiaries acquired. These customers are expected to trade with the Group as a result of the efforts of these subsidiaries in building the customer relationship and loyalty.

Port information platform is an EDI data transmission system to provide digital port integration service to international shipping centres in Northeast Asia.

23. GOODWILL

Group

	2009 RMB'000	2008 RMB'000
Cost:		
At beginning of year	**16,035**	–
Acquisition of subsidiaries	**–**	16,035
At end of year	**16,035**	16,035
Impairment:		
At beginning and end of year	**–**	–
Net carrying amount:		
At beginning and end of year	**16,035**	16,035

Goodwill acquired through business combinations has been allocated to three cash-generating units ("CGUs") for impairment testing. The carrying amounts of goodwill with indefinite useful lives are as follows:

	2009 RMB'000	2008 RMB'000
DCT Logistics Co., Ltd. ("DCTL")	**6,218**	6,218
Dalian Portnet Co., Ltd. ("DPN")	**7,420**	7,420
Dalian Jiyi Logistics Co., Ltd. ("Dalian Jiyi")	**2,397**	2,397
	16,035	16,035

The goodwill arising on the acquisitions of DCTL, DPN and Dalian Jiyi is attributable to the anticipated profitability of container terminal and port value-added services business and the anticipated operating synergies from the combinations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

23. GOODWILL *(Continued)*

The basis of determining the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

DCTL and Dalian Jiyi

The recoverable amounts of DCTL and Dalian Jiyi have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a ten-year period, which approximates to the number of years when stable cash inflows are expected by the management based on market situations, at discount rate of 16% per annum. DCTL's and Dalian Jiyi's budgeted cash flows beyond the one-year period are extrapolated using a steady 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation related to the estimation of cash inflows and outflows which include budgeted sales and budgeted gross margin, which are determined based on DCTL's and Dalian Jiyi's past performance and management's expectation for the market development. Management believes that any reasonably possible change in any of these assumptions will not cause the aggregate carrying amounts of DCTL's and Dalian Jiyi's to exceed the aggregate recoverable amounts of DCTL's and Dalian Jiyi's.

DPN

The recoverable amount of DPN has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a nineteen-year period, which approximates to the aggregate of ten-year period when stable cash inflows are expected by the management based on market situations and are reduced by an additional 25% per annum decrement for every three years after the ten-year period, at discount rate of 16% per annum. DPN's budgeted cash flows beyond the ten-year period are extrapolated using a steady 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long term growth rate for the relevant industry. Other key assumptions for the value in use calculation related to the estimation of cash inflows and outflows which include budgeted sales and budgeted gross margin, which are determined based on the unit's past performance and managements' expectation for the market development. Management believes that any reasonably possible change in any of these assumptions will not cause the aggregate carrying amount of DPN to exceed the aggregate recoverable amount of DPN.

24. INVESTMENTS IN SUBSIDIARIES

Company

	2009 **RMB'000**	2008 RMB'000
Unlisted investments, at cost	**1,843,776**	2,292,330

Particulars of the Company's subsidiaries are set out in note 51.

25. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

Group

	2009 RMB'000	2008 RMB'000
Unlisted investments, at cost	**1,664,375**	1,602,591
Share of post-acquisition profits, net of dividends received	**(34,482)**	(30,373)
	1,629,893	1,572,218

Company

	2009 RMB'000	2008 RMB'000
Unlisted investments, at cost	**328,888**	328,888

Particulars of the Group's jointly-controlled entities are set out in note 52.

The Group's share of net assets as at 31 December 2009 and 2008 and share of profit of jointly-controlled entities for the years ended 31 December 2009 and 2008 are as follows:

	2009 RMB'000	2008 RMB'000
Share of net assets		
Current assets	**296,564**	392,239
Non-current assets	**3,503,430**	2,966,118
Current liabilities	**(664,943)**	(543,573)
Non-current liabilities	**(1,505,158)**	(1,242,566)
Net assets	**1,629,893**	1,572,218
Share of profit		
Revenue	**589,109**	648,225
Expenses	**(428,880)**	(420,504)
Profit before tax	**160,229**	227,721
Income tax expense	**(34,549)**	(36,747)
Profit for the year	**125,680**	190,974

The Group had no share of any contingent liabilities or capital commitments as at 31 December 2009 and 2008.

Certain associates have been reclassified as jointly-controlled entities in the current year, accordingly, interests in associates and share of profits of associates of RMB678,521,000 as at 31 December 2008 and RMB11,508,000 for that year, respectively, together with the relevant disclosures, have been reclassified to conform with the current year presentation.

26. INTERESTS IN ASSOCIATES

Group

	2009 RMB'000	2008 RMB'000
Unlisted investments, at cost	**515,792**	315,890
Share of post-acquisition profits, net of dividends received	**(44,299)**	(43,146)
	471,493	272,744

Company

	2009 RMB'000	2008 RMB'000
Cost of unlisted investments in associates	**221,188**	21,188

Particulars of the Group's associates are set out in note 53.

The following table illustrates summarised financial information of the Group's interests in associates:

	2009 RMB'000	2008 RMB'000
Assets	**4,083,454**	1,645,341
Liabilities	**(2,422,757)**	(946,627)
Net assets	**1,660,697**	698,714
Share of net assets of associates	**471,493**	272,744
Revenue	**279,122**	219,561
Profit	**(11,087)**	(50,422)
Share of results of associates	**(28)**	(2,583)

27. AVAILABLE-FOR-SALE INVESTMENTS

Group

	2009 RMB'000	2008 RMB'000
Unquoted equity investments, at cost (note a)	**112,844**	102,076
Equity shares listed in Hong Kong, at fair value (note b)	**30,224**	16,566
	143,068	118,642

Notes:

(a) They represent non-controlling equity investments in entities in the PRC that offer the Group the opportunity for return through dividend income. As the investments did not have a quoted market price in an active market and the range of reasonable fair value estimate is so significant, the directors of the Company are of the opinion that their fair values cannot be reliably measured. As at 31 December 2009, the directors of the Company did not intend to dispose the investments in the foreseeable future.

(b) They represent an investment in approximately 0.24% shareholding of Sinotrans Shipping Limited, a company incorporated and listed in Hong Kong. In 2008, an impairment loss on the investment of approximately RMB53,001,000 was charged to the consolidated income statement as the directors of the Company were of the opinion that the investment was impaired by reference to the quoted market price.

28. DEFERRED TAX ASSETS/LIABILITIES

Group:

The following are the deferred tax assets/(liabilities) recognised by the Group and movements therein during the current and prior years:

	Property, plant and equipment and prepaid land lease payments RMB'000	Intangible assets RMB'000	Unrealised profit RMB'000	Allowance for doubtful debts RMB'000	Tax loss RMB'000	Other deductible temporary differences RMB'000	Total RMB'000
At 1 January 2008	57,709	–	10,202	674	441	1,475	70,501
(Charge)/credit to the consolidated income statement for the year	(16,686)	923	16,410	(15)	(441)	1,089	1,280
Charge to equity for the year	(3,199)	(13,639)	–	179	–	36	(16,623)
At 31 December 2008 and 1 January 2009	37,824	(12,716)	26,612	838	–	2,600	55,158
(Charge) /credit to the consolidated income statement for the year	2,104	1,364	3,299	(79)	–	11,242	17,930
At 31 December 2009	39,928	(11,352)	29,911	759	–	13,842	73,088

28. DEFERRED TAX ASSETS/LIABILITIES *(Continued)*

For the purpose of presentation, the above deferred tax assets and liabilities have been offset.

As at 31 December 2009, deferred tax assets that had not been recognised in respect of tax losses of the Group arising in the PRC were RMB8,751,000 (2008: Nil) which were available for a maximum of five years till 2014 for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Company

The deferred tax assets recognised by the Company arose from deductible temporary differences in respect of accured expenses.

29. PROPERTIES HELD FOR SALE

Properties held for sale represent the land and development cost of infrastructure and construction cost of warehousing facilities in the bonded logistics park located adjacent to the Group's container terminals, and is expected to be sold within twelve months.

30. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

Group

	2009 RMB'000	2008 RMB'000
Trade receivables	**83,117**	85,571
Less: Impairment provision	**(3,056)**	(3,088)
	80,061	82,483
Other receivables and prepayments:		
Receivable in respect of disposal of oil tanks and prepaid land lease payments	**47,783**	74,873
Receivable in respect of compensation for terminal relocation	**72,596**	172,596
Dividend receivables from jointly-controlled entities	**109,466**	132,999
Dividend receivables from associates	**2,919**	2,687
Entrusted loans receivable	**47,800**	–
Rental prepayments	**16,000**	–
Prepayments for purchases of ships	**16,920**	–
Others	**45,749**	21,760
	359,233	404,915
	439,294	487,398

30. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Company

	2009 RMB'000	2008 RMB'000
Trade receivables	**25,746**	29,117
Less: Impairment provision	**(418)**	(418)
	25,328	28,699
Other receivables and prepayments:		
Receivable in respect of disposal of oil tanks and prepaid land lease payments	**47,783**	74,873
Receivable in respect of compensation for terminal relocation	**72,596**	172,596
Dividend receivables from subsidiaries, jointly-controlled entities and associates	**140,311**	114,623
Entrusted loan receivables	**47,800**	–
Others	**19,486**	6,062
	327,976	368,154
	353,304	396,853

The Group allows an average credit period of 90 days to its trade customers. Trade receivables that were neither past due nor impaired are related to a number of independent customers that have a good track record with the Group. The following is an aged analysis of trade receivables before the allowance for doubtful debts, based on invoice date, at the reporting date:

Group

	2009 RMB'000	2008 RMB'000
Trade receivables:		
0 to 90 days	**72,292**	75,114
91 to 180 days	**2,908**	5,234
181 to 365 days	**910**	4,458
Over 365 days	**7,007**	765
	83,117	85,571

30. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Company

	2009 RMB'000	2008 RMB'000
Trade receivables:		
0 to 90 days	**25,328**	28,699
181 to 365 days	**–**	418
Over 365 days	**418**	–
	25,746	29,117

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits for the customer. Limits attributed to customers are reviewed once a year.

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately RMB7,769,000 (2008: RMB7,369,000) which are past due at the reporting date and for which the Group has not provided for impairment loss as the management considered that there has not been a significant change in credit quality and that they are recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 253 days (2008: 217 days).

Ageing of trade receivables which are past due but not impaired:

Group

	2009 RMB'000	2008 RMB'000
91 to 180 days	**2,868**	4,194
181 to 365 days	**898**	2,896
Over 365 days	**4,003**	279
	7,769	7,369

The Group provided in full for all receivables that are past due and considered to be irrecoverable after assessing their recoverability on an ongoing basis.

The Company did not have trade receivables past due but not impaired as at 31 December 2009 and 2008.

30. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Movements in the allowance for trade receivables are as follows:

Group

	2009 RMB'000	2008 RMB'000
Balance as at 1 January	3,088	2,648
Acquisition of subsidiaries	–	687
Impairment loss reversed	(32)	(247)
Balance as at 31 December	3,056	3,088

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB3,056,000 (2008: RMB3,088,000). The Group does not held any collateral over these balances.

Company

	2009 RMB'000	2008 RMB'000
Balance as at 1 January	418	967
Impairment loss reversed	–	(549)
Balance as at 31 December	418	418

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB418,000 (2008: RMB418,000). The Company does not held any collateral over these balances.

31. BALANCES WITH SUBSIDIARIES

Company

	2009 RMB'000	2008 RMB'000
Due from subsidiaries:		
Current:		
Dalian Port Container Co., Ltd. ("DPC")	**702,214**	–
Dalian International Logistics Park Development Co., Ltd. ("DPL")	**36,000**	–
Asia Pacific Ports Company Limited ("HK")	**21,656**	21,397
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	**6,453**	–
DCT Logistics Co., Ltd. ("DCTL")	**5,000**	–
Others	**61**	–
	771,384	21,397
Non-current:		
DPC	**800,000**	–
	1,571,384	21,397

The amounts due from DPC of RMB800,000,000, RMB350,000,000, RMB200,000,000 and RMB150,000,000 are unsecured, bear interest at 4.83% per annum and are repayable in full on 2 June 2014, 27 July 2010, 30 June 2010 and 27 July 2010, respectively. The amounts due from DPL of RMB6,000,000 and RMB30,000,000 are unsecured, bear interest at 4.83% per annum and are repayable in full on 5 February 2010 and 14 December 2010, respectively. The amount due from DCTL of RMB5,000,000 is unsecured, bears interest at 4.83% per annum and is repayable in full on 17 August 2010.

The remaining amounts due from subsidiaries are unsecured, non-interest-bearing and repayable on demand.

	2009 RMB'000	2008 RMB'000
Due to subsidiaries:		
Current:		
Dalian Port logistics Technology Co., Ltd.	**–**	273
Dalian Jifa Port Engineering Co., Ltd.	**92**	–
DPL	**82**	–
Others	**41**	–
	215	273

The amounts due to subsidiaries are unsecured, non-interest-bearing and repayable on demand.

32. AMOUNTS DUE FROM JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

Group

	Relationship	2009 RMB'000	2008 RMB'000
Current:			
Dalian China Oil Dock Management Co., Ltd.	Jointly-controlled entity	**7,931**	3,464
DCT	Jointly-controlled entity	**2,695**	26,324
Dalian Harbour ECL Logistics Co., Ltd. ("Dalian Harbour")	Jointly-controlled entity	**3,588**	–
Liaoning Con-Rail International Logistics Co., Ltd.	Jointly-controlled entity	**2,026**	–
China Unite Northeast Rail Containers Co., Ltd.	Jointly-controlled entity	**–**	110,019
Dalian International Container Terminal Co., Ltd. ("DICT")	Jointly-controlled entity	**4,276**	9,596
Dalian Port Container Terminal Co., Ltd. ("DPCM")	Jointly-controlled entity	**1,067**	1,484
Dalian Singamas International Container Co., Ltd.	Jointly-controlled entity	**49**	935
Dalian Prologis-Jifa Logistic Development Co., Ltd.	Associate	**1,170**	–
Others		**1,129**	587
		23,931	152,409
Non-current:			
Dalian Harbour	Jointly-controlled entity	**–**	3,588
Dalian Automobile Terminal Co., Ltd. ("Dalian Automobile")	Jointly-controlled entity	**64,000**	64,000
Jadeway Limited ("Jadeway")	Associate	**17,106**	–
SINOECL Auto Liners, Limited ("SINOECL")	Associate	**5,359**	–
		86,465	67,588
		110,396	219,997
Representing:			
Trade (Note)		**20,343**	17,304
Non-trade		**90,053**	202,693
		110,396	219,997

Note: The Group allows a credit period of 90 days for its jointly-controlled entities and associates.

32. AMOUNTS DUE FROM JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

(Continued)

The following is an aged analysis of trade receivables due from jointly-controlled entities and associates at the reporting date:

	2009 RMB'000	2008 RMB'000
0 to 90 days	**17,188**	15,462
91 to 180 days	**1,002**	479
181 to 365 days	**1,906**	281
Over 365 days	**247**	1,082
	20,343	17,304

The above amounts due from jointly-controlled entities and associates of trade nature of the Group with an aggregate carrying amount of approximately RMB3,155,000 (2008: RMB1,842,000) are past due at the reporting date for which the Group has not provided for impairment loss as the management considered that there has not been a significant change in credit quality and that they are recoverable.

Company

	Relationship	**2009 RMB'000**	2008 RMB'000
Current:			
Dalian China Oil Dock Management Co., Ltd.	Jointly-controlled entity	**4,510**	3,464
Dalian Harbour	Jointly-controlled entity	**3,588**	–
Others		**–**	38
		8,098	3,502
Non-current:			
Dalian Harbour	Jointly-controlled entity	**–**	3,588
Dalian Automobile	Jointly-controlled entity	**64,000**	64,000
		64,000	67,588
		72,098	71,090
Representing:			
Trade (Note)		**4,510**	3,502
Non-trade		**67,588**	67,588
		72,098	71,090

Note: The Company allows a credit period of 90 days for its jointly-controlled entities.

32. AMOUNTS DUE FROM JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

(Continued)

The amount due from Dalian Harbour of RMB3,588,000 is unsecured, bears interest at 3% per annum and is repayable in full on 14 February 2010.

The amount due from Dalian Automobile of RMB64,000,000 is unsecured, bears interest at market prevailing rate and is repayable in full on 24 April 2011. The amount due from Jadeway of RMB17,106,000 is unsecured, bears interest at the market prevailing rate and is repayable in full on 29 January 2024. The amount due from SINOECL of RMB5,359,000 is unsecured, bears interest at the market prevailing rate and is repayable in full on 24 April 2012.

The remaining amounts due from jointly-controlled entities and associates are unsecured, non-interest-bearing and repayable on demand.

33. AMOUNTS DUE TO JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

Group

	Relationship	2009 RMB'000	2008 RMB'000
Current:			
Dalian Assembling Transportation Logistic Co., Ltd.	Jointly-controlled entity	**16,181**	1,997
DCT	Jointly-controlled entity	**1,688**	1,437
Shenyang Prologis-Jifa Logistic Development Co., Ltd.	Associate	**6,660**	–
Dalian Port Communication Engineering Co., Ltd.	Associate	**5,627**	2,387
Others		**563**	360
		30,719	6,181
Non-current:			
DPCM	Jointly-controlled entity	**16,291**	–
		47,010	6,181
Representing:			
Trade		**25,350**	6,181
Non-trade		**21,660**	–
		47,010	6,181

33. AMOUNTS DUE TO JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES *(Continued)*

Group *(Continued)*

The following is an aged analysis of trade payables due to jointly-controlled entities and associates:

	2009 RMB'000	2008 RMB'000
0 to 90 days	**18,569**	4,946
91 to 180 days	**23**	25
181 to 365 days	**6,133**	1,159
Over 365 days	**625**	51
	25,350	6,181

Company

	Relationship	2009 RMB'000	2008 RMB'000
Current:			
Dalian Port Communication Engineering Co., Ltd.	Associate	**5,529**	2,250
Others		**239**	–
		5,768	2,250
Non-current:			
DPCM	Jointly-controlled entity	**16,291**	–
		22,059	2,250

The above amounts due to jointly-controlled entities and associates are of trade nature.

The following is an aged analysis of trade payables due to jointly-controlled entities and associates:

	2009 RMB'000	2008 RMB'000
0 to 90 days	**16,491**	1,112
91 to 180 days	**23**	–
181 to 365 days	**5,529**	1,138
Over 365 days	**16**	–
	22,059	2,250

33. AMOUNTS DUE TO JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES *(Continued)*

The amounts due to Dalian Assembling Transportation Logistics Co., Ltd. of RMB10,000,000 and RMB5,000,000 are unsecured, bear interest at 4% and nil per annum, and are repayable in full on 15 February 2010 and 20 May 2010, respectively.

The amount due to Shenyang Prologis-Jifa Logistic Development Co., Ltd. of RMB6,660,000 is unsecured, bears interest at 4% per annum and is repayable in full on 6 July 2010.

The remaining amounts due to jointly-controlled entities and associates are unsecured, non-interest-bearing and repayable on demand.

34. BALANCES WITH RELATED COMPANIES

Group

	Relationship	2009 RMB'000	2008 RMB'000
Due from related companies:			
Current:			
Dalian Golden Name Commercial Tower Co., Ltd.	Fellow subsidiary	**14**	80
大連港萬通船務股份有限公司	Fellow subsidiary	**10**	–
大連港口集裝箱貨運公司	Fellow subsidiary	**–**	271
		24	351
Representing:			
Trade		**24**	271
Non-trade		**–**	80
		24	351

Company

	Relationship	2009 RMB'000	2008 RMB'000
Due from related company:			
Current:			
大連港萬通船務股份有限公司	Fellow subsidiary	**10**	–

The Group's and the Company's amounts due from related companies are of trade nature, ageing within the credit period of 90 days and unsecured, non-interest-bearing and repayable on demand.

34. BALANCES WITH RELATED COMPANIES *(Continued)*

Group

	Relationship	2009 RMB'000	2008 RMB'000
Due to related companies:			
Current:			
Dalian Port Machinery and Electric Co., Ltd.	Associate of PDA	**6,970**	14,429
大連港萬鵬基礎工程有限公司	Associate of PDA	**186**	6,056
Dalian Port Construction Engineering Co., Ltd.	Fellow subsidiary	**35,426**	45,048
Dalian Port New Harbour Construction Engineering Co., Ltd.	Fellow subsidiary	**5,428**	12,442
大連港日興鍋爐安裝有限公司	Fellow subsidiary	**4,654**	8,378
Dalian Port Machinery Co., Ltd.	Fellow subsidiary	**1,390**	675
Dalian Port Design & Research Institute Co., Ltd.	Fellow subsidiary	**902**	610
Dalian Port Electricity Co., Ltd.	Fellow subsidiary	**708**	2,701
Dalian Port Construction Supervision & Consultation Co., Ltd.	Fellow subsidiary	**507**	191
Others	Fellow subsidiary	**922**	1,151
		57,093	91,681
Representing:			
Trade		**1,050**	869
Non-trade		**56,043**	90,812
		57,093	91,681

The following is an aged analysis of trade payables to related companies:

	2009 RMB'000	2008 RMB'000
0 to 90 days	**1,050**	869

34. BALANCES WITH RELATED COMPANIES *(Continued)*

Company

	Relationship	2009 RMB'000	2008 RMB'000
Due to related companies:			
Current:			
Dalian Port Machinery and Electric Co., Ltd.	Associate of PDA	**5,373**	14,274
大連港萬鵬基礎工程有限公司	Associate of PDA	**186**	6,055
Dalian Port Construction Engineering Co., Ltd.	Fellow subsidiary	**35,156**	42,432
Dalian Port New Harbour Construction Engineering Co., Ltd.	Fellow subsidiary	**5,378**	12,442
大連港日興鍋爐安裝有限公司	Fellow subsidiary	**4,617**	8,378
Dalian Port Machinery Co., Ltd.	Fellow subsidiary	**1,305**	418
Dalian Port Electricity Co., Ltd.	Fellow subsidiary	**–**	2,701
Others	Fellow subsidiary	**2,625**	1,563
		54,640	88,263
Representing:			
Trade		**1,047**	869
Non-trade		**53,593**	87,394
		54,640	88,263

The following is an aged analysis of trade payables to related companies:

	2009 RMB'000	2008 RMB'000
0 to 90 days	**1,047**	869

The amounts due to related companies are unsecured, non-interest-bearing and repayable on demand.

35. BALANCES WITH PDA

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Advance to PDA:				
Trade	**–**	305	**–**	–
Non-trade	**–**	4,870	**–**	4,848
	–	5,175	**–**	4,848

Both the Group and Company allow a credit period of 90 days for PDA. The following is an aged analysis of trade balance with PDA at the reporting date:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
0 to 90 days	**–**	305	**–**	–

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Advance from PDA:				
Trade	**1,469**	200	**1,272**	63
Non-trade	**–**	31,434	**–**	294
	1,469	31,634	**1,272**	357

The following is an aged analysis of trade payables due to PDA:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
0 to 90 days	**569**	200	**372**	63
181 to 365 days	**900**	–	**900**	–
	1,469	200	**1,272**	63

The Group's and Company's balances with PDA are unsecured, non-interest-bearing and repayable on demand.

36. CASH AND BANK BALANCES

Bank balances carry interest at market rates which range from 0.36% to 1.35% (2008: 0.36% to 3.78%) per annum.

The Group's cash and bank balances were denominated in RMB as at 31 December 2009 and 2008, except for amounts of RMB16,005,000 (2008: RMB86,224,000) which are denominated in USD2,344,000 (2008: USD12,616,000); RMB239,000 (2008: RMB230,000) which are denominated in JPY3,230,000 (2008: JPY3,038,000); and RMB5,195,000 (2008: RMB85,000) which are denominated in HKD5,900,000 (2008: HKD97,000).

The Company's cash and bank balances were denominated in RMB as at 31 December 2009 and 2008, except for an amount of RMB81,000 (2008: RMB84,000) which is denominated in HKD92,000 (2008: HKD95,000).

The RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

37. TRADE AND OTHER PAYABLES

The credit period taken for trade purchases and ongoing costs is 0 to 90 days. The following is an aged analysis of trade payables, based on invoice date, at the reporting dates:

Group

	2009 **RMB'000**	2008 RMB'000
Trade payables:		
0 to 90 days	**60,027**	36,974
91 to 180 days	**8,560**	47,738
181 to 365 days	**657**	185
Over 365 days	**1,258**	237
	70,502	85,134
Other payables:		
Construction payables	**148,244**	204,313
Interests payable	**63,253**	2,587
Dividends payable	**6,524**	17,391
Others	**168,519**	137,446
	386,540	361,737
	457,042	446,871

37. TRADE AND OTHER PAYABLES *(Continued)*

Company

	2009 RMB'000	2008 RMB'000
Trade payables:		
0 to 90 days	**13,340**	857
91 to 180 days	**7,650**	47,430
	20,990	48,287
Other payables:		
Construction payables	**143,557**	191,291
Interests payable	**62,595**	2,504
Others	**70,280**	61,382
	276,432	255,177
	297,422	303,464

Trade payables are unsecured, non-interest-bearing and are normally settled on 0 to 90 days terms and other payables are unsecured, non-interest-bearing and repayable on demand.

38. BANK AND OTHER BORROWINGS

Group

	Effective interest rate (%)	Maturity	2009 RMB'000	2008 RMB'000
Current				
Bank loans – unsecured	–	–	**–**	61,733
Current portion of long term bank loans – unsecured	4.86–7.44	2010	**60,000**	135,000
			60,000	196,733
Non-current				
Bank loans – unsecured	5.64–7.44	2011–2013	**60,000**	1,235,000
USD bank loans – secured	2.72	2012	**464,316**	–
Other borrowings – unsecured	4.52	2014	**2,476,730**	–
			3,001,046	1,235,000

38. BANK AND OTHER BORROWINGS

Company

	Effective interest rate (%)	Maturity	2009 RMB'000	2008 RMB'000
Current				
Current portion of long-term bank loans – unsecured	–	–	–	95,000
Non-current				
Bank loans – unsecured	5.35–6.40	2011–2020	–	1,115,000
Other borrowings – unsecured	4.52	2014	**2,476,730**	–
			2,476,730	1,115,000
			2,476,730	1,210,000

Floating-rate bank loans repayable:

	Group 2009 RMB'000	Group 2008 RMB'000	Company 2009 RMB'000	Company 2008 RMB'000
On demand or within one year	**60,000**	196,733	–	95,000
In the second year	**20,000**	115,000	–	55,000
In the third year	**484,316**	145,000	–	125,000
In the fourth year	**20,000**	145,000	–	125,000
In the fifth year	–	405,000	–	385,000
After five years	–	425,000	–	425,000
	584,316	1,431,733	–	1,210,000
Less: Amount due for settlement within one year shown under current liabilities	**(60,000)**	(196,733)	–	(95,000)
Amount due for settlement after one year	**524,316**	1,235,000	–	1,115,000
Other borrowings repayable: In the fourth year	**2,476,730**	–	**2,476,730**	–

As at 31 December 2009, certain bank loans of RMB464,316,000 are dominated in United States Dollars ("USD") and were secured by a guarantee provided by the Company.

On 26 May 2009 and 1 June 2009, the Group issued medium-term notes at nominal values of RMB1,500,000,000 and RMB1,000,000,000, respectively. The nominal interest rate is 4.28% per annum. The medium-term notes were carried using the amortised cost method with the effective interest rate of 4.52% per annum which is determined taking into account the issuance costs of RMB26,054,000. As at 31 December 2009, the carrying amount of the medium-term notes was RMB2,476,730,000.

39. GOVERNMENT GRANTS

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Construction of vessels (note a)	**8,414**	9,205	**–**	–
Compensation for the relocation (note b)	**697,365**	738,957	**697,365**	738,957
Others	**150**	1,396	**–**	–
	705,929	749,558	**697,365**	738,957
Less: Amount related to depreciable assets to be released to the income statement within one year	**(35,446)**	(38,380)	**(34,505)**	(37,603)
Amount shown under non-current liabilities	**670,483**	711,178	**662,860**	701,354

Notes:

(a) The amount was received in relation to the subsidy for the construction of vessels. The amount has been treated as deferred income and will be recognised in the income statement over the useful lives of the relevant assets. The amount credited to the income statement to offset depreciation for the year ended 31 December 2009 was RMB791,000 (2008: RMB777,000).

(b) The amount was received in respect of the compensation for the relocation of the terminals. The amounts will be released over the estimated useful lives of the new terminals upon the commencement of operations of the new terminals. During the year, additional relocation expenses of RMB7,923,000 were incurred and the carrying amount of the government grants has been reduced by such expenses. The amount credited to the income statement to offset depreciation for the year ended 31 December 2009 was RMB33,669,000 (2008: RMB37,603,000).

40. DERIVATIVE FINANCIAL LIABILITY

Group and Company

	2009	2008
	RMB'000	RMB'000
Derivative not under hedge accounting	**29**	9,034

The Company entered into a contract with a bank, under which the Company is required to pay interest at each specified date calculated by reference to a fixed interest rate of 5.6% per annum based on a notional amount of RMB410,000,000 whereas the bank is required to pay interest to the Company at each specified date calculated by reference to a variable interest rate based on the same notional amount. The variable interest rate to be paid by the bank will depend on a formula, of which parameters will involve 30-year Constant Maturity Swap ("CMS") rate and 2-year CMS rate. The contract will expire on 24 December 2015 and is therefore shown as a non-current liability.

The fair value is determined by the bank using a valuation technique to calculate the present value of estimated future cash flow and is discounted based on the applicable yield curves derived from quoted interest rates.

In the opinion of directors, the sensitivity analyses of the derivative financial liability is unrepresentative of the inherent market risk as the pricing model used in the fair value valuation of the derivative financial instruments involves multiple variables and certain variables are interdependent.

41. LOAN FROM PDA

The balance had been fully settled during the year.

42. NON-CURRENT OTHER PAYABLES

	2009 RMB'000	2008 RMB'000
Payables for the issuance costs	**11,846**	–

The balance represents the amount payables to a financial institution for rendering professional services relating to the issuance of medium term notes during the year which is unsecured, interest-free and repayable within five years. The current portion of RMB3,905,000 has been included in trade and other payables as at 31 December 2009.

43. ISSUED CAPITAL

	2009 Number of Shares '000	2009 Nominal value RMB'000	2008 Number of shares '000	2008 Nominal value RMB'000
Registered, issued and fully paid:				
Domestic shares of RMB1 each	**1,863,400**	**1,863,400**	1,863,400	1,863,400
H shares of RMB1 each	**1,062,600**	**1,062,600**	1,062,600	1,062,600
	2,926,000	**2,926,000**	2,926,000	2,926,000

44. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 64 to 65 of the financial statements.

Company

	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve fund RMB'000	Special reserve RMB'000	Dividend reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2008	1,460,941	879,252	107,733	15,666	234,080	507,056	3,204,728
Profit for the year	–	–	–	–	–	734,806	734,806
Dividend paid	–	–	–	–	(234,080)	–	(234,080)
Proposed final dividend	–	–	–	–	263,340	(263,340)	–
Appropriations	–	–	72,862	–	–	(72,862)	–
At 31 December 2008	1,460,941	879,252	180,595	15,666	263,340	905,660	3,705,454
Profit for the year	–	–	–	–	–	641,962	641,962
Dividend paid	–	–	–	–	(263,340)	–	(263,340)
Proposed final dividend	–	–	–	–	731,500	(731,500)	–
Appropriations	–	–	64,973	–	–	(64,973)	–
At 31 December 2009	**1,460,941**	**879,252**	**245,568**	**15,666**	**731,500**	**751,149**	**4,084,076**

45. RELATED PARTY TRANSACTIONS

The Group had the following significant transactions with related companies/parties:

Trading transactions

	2009 RMB'000	2008 RMB'000
Rental income received		
Jointly-controlled entities and associates	**160,391**	185,256
Service income received (Note)		
PDA	**257**	2,092
Subsidiaries, associates and jointly-controlled entities of PDA	**1,811**	2,197
Jointly-controlled entities and associates	**91,780**	115,643
	93,848	119,932
Comprehensive services paid		
PDA	**25,438**	22,726
Subsidiaries, associates and jointly-controlled entities of PDA	**12,836**	10,122
Jointly-controlled entities and associates	**2,423**	2,770
	40,697	35,618

Note: The amounts mainly represent income in relation to the provision of tugging and the provision of information technology and management services.

45. RELATED PARTY TRANSACTIONS *(Continued)*

Trading transactions *(Continued)*

	2009 RMB'000	2008 RMB'000
Maintenance services paid		
PDA	**–**	17
Subsidiaries, associates and jointly-controlled entities of PDA	**5,109**	4,109
Jointly-controlled entities and associates	**–**	589
	5,109	4,715
Agency services paid		
Jointly-controlled entities	**2,628**	1,809
Property leasing expenses paid		
PDA	**3,100**	3,488
Subsidiaries, associates and jointly-controlled entities of PDA	**3,810**	3,696
Jointly-controlled entities and associates	**11,534**	11,994
	18,444	19,178
Construction and project management services paid		
Subsidiaries of PDA	**6,995**	12,100

45. RELATED PARTY TRANSACTIONS *(Continued)*

Non-trading transactions

	2009 RMB'000	2008 RMB'000
Acquisition of subsidiaries		
Jointly-controlled entities	**–**	58,800
Acquisition of property, plant and equipment		
PDA	**6,120**	–
Subsidiaries, associates and jointly-controlled entities of PDA	**71,441**	231,181
Jointly-controlled entities and associates	**8,808**	8,188
	86,369	239,369
Proceeds from disposal of property, plant and equipment		
A subsidiary of PDA	**970**	–
Proceeds from disposal of non-current assets held for sale		
Jointly-controlled entities	**–**	1,253,956
Acquisition of intangible assets		
Subsidiaries of PDA	**595**	–
Proceeds from disposal of prepaid land lease payments		
Associates	**–**	27,561
Interest expenses paid		
PDA	**18,852**	31,380
Jointly-controlled entities and associates	**499**	–
	19,351	31,380
Interest income received		
Jointly-controlled entities and associates	**4,989**	994

These related party transactions have been conducted in accordance with the terms/agreements mutually agreed between the parties.

45. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2009 RMB'000	2008 RMB'000
Short-term benefits	**4,058**	3,855
Post-employment benefits	**125**	302
	4,183	4,157

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

46. OPERATING LEASES COMMITMENTS

At the reporting date, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

The Group as lessee

	2009 RMB'000	2008 RMB'000
Within one year	**4,554**	2,599
In the second to fifth year inclusive	**3,912**	3,685
After five years	**–**	1,798
	8,466	8,082

The Company as lessee

	2009 RMB'000	2008 RMB'000
Within one year	**566**	649
In the second to fifth year inclusive	**1,044**	2,275
	1,610	2,924

46. OPERATING LEASES COMMITMENTS *(Continued)*

At the reporting date, the Group and the Company had commitments with tenants for the following minimum lease payments:

The Group as lessor

	2009 RMB'000	2008 RMB'000
Within one year	**109,277**	119,391
In the second to fifth year inclusive	**330,650**	381,498
After five years	**411,950**	613,970
	851,877	1,114,859

The Company as lessor

	2009 RMB'000	2008 RMB'000
Within one year	**903**	684
In the second to fifth year inclusive	**1,090**	1,750
	1,993	2,434

In addition to the above, the Group and the Company have future storage income from leasing its oil tanks that is calculated based on the capacity of oil tanks and the contracted leasing fees per day pursuant to the relevant agreements. These agreements will be expired from February 2010 to November 2013.

Leases are negotiated and rentals are fixed for terms from one to twenty years.

47. COMMITMENTS

Group

	2009 RMB'000	2008 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– Authorised but not contracted	**3,001,130**	–
– Contracted but not provided for	**585,771**	775,695
Capital expenditure in respect of the acquisition of equity interests and businesses:		
– Authorised but not contracted	**1,032,200**	95,684
– Contracted but not provided for	**3,349,000**	196,000
Other commitment:	**–**	16,689

47. COMMITMENTS *(Continued)*

Company

	2009 RMB'000	2008 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– Authorised but not contracted	**2,990,665**	–
– Contracted but not provided for	**225,114**	775,605
Capital expenditure in respect of the acquisition of equity interests and businesses:		
– Authorised but not contracted	**1,032,200**	–
– Contracted but not provided for	**3,349,000**	196,000

48. CONTINGENT LIABILITIES

Group

	2009 RMB'000	2008 RMB'000
Guarantees given to banks in connection with banking facilities granted to and utilised by:		
– Jointly-controlled entities	**116,000**	54,500

Company

	2009 RMB'000	2008 RMB'000
Guarantees given to banks in connection with banking facilities granted to and utilised by:		
– A subsidiary	**464,316**	61,733

49. RETIREMENT BENEFITS SCHEME

The Group's full-time employees are covered by a government-sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan of a rate of 19% of employees' salaries, which are charged to operations as an expense when the contributions are due.

50. MAJOR NON-CASH TRANSACTIONS

Included in non-current other payables and trade and other payables as at 31 December 2009 are balances of RMB11,846,000 and RMB3,905,000, respectively, which represent the unpaid balances to a financial institution for rendering professional services relating to the issuance of medium term notes during the year (note 38).

51. PARTICULARS OF THE SUBSIDIARIES

Particulars of the subsidiaries of the Group are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid capital/ registered capital	Attributable equity interest to the Group 2009	2008	Principal activities
Directly held by the Company					
Dalian Port Container Co., Ltd.	PRC	RMB1,366,210,000	**100.00% (note a)**	91.34%	Provision of wide range of container terminal and logistic services as well as port investment
Asia Pacific Ports Company Limited	Hong Kong	75,000,000 ordinary shares of HKD1 each	**100.00%**	100.00%	Investment holding
Dalian ETDZ Jin Xin Petrochemistry Company Limited	PRC	RMB5,000,000	**100.00%**	100.00%	Provision of agency services and trading of oil and other related products
Dalian Jifa Shipping Management Co., Ltd.	PRC	RMB80,000,000	**70.00% (directly) and 29.21% (indirectly) (note a)**	70.00% (directly) and 26.68% (indirectly)	Provision of trading, leasing and management of ships
* Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	PRC	RMB196,000,000	**51.00% (directly) and 49.00% (indirectly) (note d)**	–	Leasing and management of car-carrying vessels
Indirectly held by the Company					
Dalian Port Jifa Logistics Co., Ltd.	PRC	RMB717,650,000	**100.00% (note a) (note b)**	85.00% (directly) and 13.70% (indirectly)	Provision of depot leasing business and a wide range of other container related logistics services
Dalian Jifa Shipping Agency Co., Ltd.	PRC	RMB500,000	**98.94% (note a)**	90.83%	Provision of port logistic and supporting services
Dalian Port Logistics Technology Co., Ltd.	PRC	RMB10,000,000	**100.00% (note a)**	92.08%	Development and sales of computer software

51. PARTICULARS OF THE SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid capital/ registered capital	Attributable equity interest to the Group 2009	2008	Principal activities
Indirectly held by the Company *(Continued)*					
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	PRC	RMB49,230,000	**97.36% (note a)**	88.93%	Provision of port logistic and supporting services
Dalian International Container Services Co., Ltd.	PRC	USD1,440,000	**74.00% (note a)**	70.31%	Provision of port logistic and supporting services
Dalian Port Jihuo Logistics Co., Ltd.	PRC	RMB2,000,000	**99.66% (note a)**	96.55%	Provision of port logistic and supporting services
Dalian International Logistics Park Development Co., Ltd.	PRC	RMB150,000,000	**90.00% (note a)**	88.83%	Operation of a bonded logistic park
Dalian Jifa Port Engineering Co., Ltd.	PRC	RMB5,000,000	**100.00% (note a)**	91.34%	Provision of port logistic and supporting services
Dalian Jifa International Freight Co., Ltd.	PRC	RMB5,000,000	**98.65% (note a)**	90.11%	Provision of port logistic and supporting services
Dalian TBT consulting Co., Ltd.	PRC	RMB1,000,000	**100.00% (note a)**	92.08%	Development of software and ERP system
DCT Logistics Co., Ltd.	PRC	RMB100,000,000	**97.78%**	96.53% (note a)	Provision of port logistic and supporting services
Dalian Jiyi Logistics Co., Ltd	PRC	RMB6,500,000	**80.00% (note a)**	78.96%	Provision of port logistic and supporting services
*Dalian Portnet Co., Ltd.	PRC	USD2,800,000	**71.43% (note a)**	70.96%	Provision of logistic data transmission, conversion and processing services
Dalian Techport Service Co., Ltd.	PRC	RMB3,500,000	**58.46% (note a)**	54.11%	Development of software and ERP system
Asia Pacific Carrier Ltd.	British Virgin Island ("BVI")	50,000 ordinary shares of USD1 each	**60.00%**	60.00%	Investment holding

51. PARTICULARS OF THE SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid capital/ registered capital	Attributable equity interest to the Group 2009	2008	Principal activities
Indirectly held by the Company *(Continued)*					
Pacific Huanghai Shipping Co., Ltd.	HK	10,000 ordinary shares of HKD1 each	**–** **(note c)**	60.00%	Provision of vessel and chartering services
Pacific Donghai Shipping Co., Ltd.	HK	10,000 ordinary shares of HKD1 each	**–** **(note c)**	60.00%	Provision of vessel and chartering services
Harbour Full Group Limited	BVI	USD50,000	**100.00%**	100.00%	Provision of vessel and chartering services
Asia Pacific Ports Investment Co., Ltd.	HK	10,000 ordinary shares of HKD1 each	**100%** **(note d)**	–	Investment holding
Asia Pacific Ports (Dalian) Co., Ltd.	PRC	USD14,000,000	**100%** **(note d)**	–	Provision of port logistic and supporting services
Heilongjiang Suimu Logistic Co., Ltd.	PRC	RMB25,000,000	**85.00%** **(note d)**	–	Provision of assembling, storage and logistic services

* The subsidiary is a foreign investment enterprise.

Notes:

(a) 8.66% equity interest in Dalian Port Container Co., Ltd. was acquired from minority shareholders during the year and it became a wholly-owned subsidiary of the Company. Accordingly, the equity interests of these subsidiaries in which Dalian Port Container Co., Ltd. holds equity interests attributable to the Company also increased during the year.

(b) 85% equity interest in the company was transferred to Dalian Port Container Co., Ltd. during the year.

(c) The registrations of the companies were struck off during the year.

(d) These subsidiaries were newly established during the year.

52. PARTICULARS OF THE JOINTLY-CONTROLLED ENTITIES

Particulars of the jointly-controlled entities of the Group are as follows:

Name of jointly-controlled entity	Place of incorporation/ registration	Issued and fully paid capital/ registered capital	Attributable equity interest to the Group 2009	Attributable equity interest to the Group 2008	Principal activities
Directly held by the Company					
China United Tally Co., Ltd. Dalian	PRC	RMB2,800,000	**50.00%**	50.00%	Provision of tallying services
Dalian China Oil Dock Management Co., Ltd.	PRC	RMB10,000,000	**49.00%**	49.00%	Provision of loading and discharging services for refined oil
Dalian Ocean Shipping Tally Co., Ltd.	PRC	RMB3,089,200	**49.00%**	49.00%	Provision of tallying services
Odfjell Terminals (Dalian) Ltd.	PRC	USD28,000,000	**50.00%**	50.00%	Provision of storage and loading and discharging services of liquefied chemicals
Dalian Harbour ECL Logistics Co., Ltd.	PRC	USD1,000,000	**50.00%**	50.00%	Provision of automobile terminal and logistic services
大連港通利船務代理有限公司	PRC	RMB600,000	**50.00%**	50.00%	Provision of agency services
Dalian Port Petro China International Terminal Co., Ltd.	PRC	RMB250,000,000	**50.00%**	50.00%	Provision of terminal construction management and discharging services of refined oil
Dalian Automobile Terminal Co., Ltd.	PRC	RMB160,000,000	**40.00%**	40.00%	Provision of automobile terminal and logistics services
Indirectly held by the Company					
Dalian Assembling Transportation Logistics Co., Ltd.	PRC	RMB30,000,000	**68.45% (note a) (note b)**	67.57% (note a)	Provision of port logistic and supporting services
Dalian Container Terminal Co., Ltd.	PRC	RMB1,350,000,000	**51.00% (note b)**	46.58%	Provision of container terminal and logistic services
Dalian United International Shipping Agency	PRC	RMB5,000,000	**50.00% (note b)**	45.67%	Provision of port logistic and supporting services

52. PARTICULARS OF THE JOINTLY-CONTROLLED ENTITIES *(Continued)*

Name of jointly-controlled entity	Place of incorporation/ registration	Issued and fully paid capital/ registered capital	Attributable equity interest to the Group 2009	2008	Principal activities
Indirectly held by the Company *(Continued)*					
Dalian Yidu Jifa Cold Logistics Co., Ltd.	PRC	RMB40,000,000	**50.00% (note b)**	49.35%	Provision of port logistic and supporting services
Liaoning Con-Rail International Logistics Co., Ltd.	PRC	RMB16,000,000	**50.00% (note b)**	49.35%	Provision of port logistic and supporting services
Liaoning Electronic Port Co., Ltd.	PRC	RMB12,000,000	**39.29% (note b)**	39.03%	Provision of logistic data transmission transfer and processing services
Dalian Vanguard International Logistics Co., Ltd.	PRC	RMB74,000,000	**50.00% (note b)**	49.35%	Provision of port logistic and supporting services
Dalian Dagang China Shipping Container Terminal Co., Ltd.	PRC	RMB10,000,000	**22.00% (note b)**	20.09%	Provision of container terminal and logistics services
Dalian Port Container Terminal Co., Ltd.	PRC	RMB730,000,000	**35.00% (note b)**	31.97%	Provision of container terminal and logistics services
Dalian Singamas International Container Co., Ltd.	PRC	USD11,120,000	**32.31% (note b)**	29.97%	Provision of port logistics and supporting services
Dalian Shunda Logistic Services Corporation	PRC	USD5,800,000	**50.00% (note b)**	49.35%	Provision of bonded goods warehousing, processing and consultation services
Dalian Jilong Logistics Co., Ltd.	PRC	RMB70,000,000	**30.00% (note b)**	29.61%	Provision of port logistics and supporting services
China Unite Northeast Rail Containers Co., Ltd.	PRC	RMB160,000,000	**40.00% (note b)**	39.48%	Provision of container terminal and logistics services
Dalian International Container Terminal Co., Ltd.	PRC	RMB840,000,000	**40.00% (note b)**	36.54%	Provision of container terminal and logistics services

Notes:

(a) The company was a jointly-controlled entity of the Group as all strategic financing and operating decisions of the company require the unanimous consent of all shareholders.

(b) 8.66% equity interest in the Dalian Port Container Co., Ltd. was acquired from minority shareholders and it became a wholly-owned subsidiary of the Company. Accordingly, the equity interests in its jointly-controlled entities attributable to the Company also increased during the year.

53. PARTICULARS OF THE ASSOCIATES

Particulars of the associates of the Group are as follows:

Name of associate	Place of incorporation/ registration	Issued and fully paid capital/ registered capital	Attributable equity interest to the Group 2009	2008	Principal activities
Directly held by the Company					
Dalian Petro China International Warehousing and Transportation Co., Ltd.	PRC	RMB100,000,000	**20.00%**	20.00%	Provision of storage and loading and discharging services of refined oil and liquefied chemicals
太倉興港拖輪有限公司	PRC	RMB3,000,000	**30.00%**	30.00%	Provision of tallying services
Indirectly held by the Company					
Dalian ETOZ Wan Da Customs Broker Co., Ltd.	PRC	RMB1,500,000	**– (note a) (note d)**	6.09%	Provision of customs clearance service for import and export cargoes
Dalian Prologis-Jifa Logistic Development Co., Ltd.	PRC	USD80,000,000	**36.00% (note a)**	35.53%	Development of a bonded logistics park
Shenyang Prologis-Jifa Logistic Development Co., Ltd.	PRC	USD16,667,000	**36.00% (note a)**	35.53%	Development of a bonded logistics park
Dalian Port Communication Engineering Co., Ltd.	PRC	RMB10,000,000	**14.29% (note a) (note b)**	14.19% (note b)	Provision of information technology engineering and consultation services
SINOECL Auto Liners, Limited	HK	HKD4,149,332	**20.00%**	20.00%	Provision of international automobile transportation services
PetroChina Dalian LNG Co., Ltd.	PRC	RMB1,000,000,000/ RMB2,600,000,000	**20.00% (note c)**	–	Provision of LNG receiving, storage, regasification and related services
Jadeway Limited	HK	10,000 ordinary shares of HKD1 each	**20.00% (note c)**	–	Provision of vessel and chartering services

Notes:

(a) 8.66% equity interest in the Dalian Port Container Co., Ltd. was acquired from minority shareholders and it became a wholly-owned subsidiary of the Company. Accordingly, the equity interests in its associates attributable to the Company also increased during the year.

(b) The company is an associate of the Group as the Group is able to exercise significant influence over the company because it holds 20% of the voting power of the company.

(c) The company was newly established during the year.

(d) 6.67% equity interest in the company was disposed of during the year.

54. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 February 2010.

FINANCIAL HIGHLIGHTS FOR THE PAST 5 FINANCIAL YEARS

	2009 RMB'000	2008 RMB'000	2007 RMB'000	2006 (restated) RMB'000	2005 RMB'000
Throughput Data					
Oil throughput ('000 tonns)	**39,790**	34,863	34,402	32,737	31,970
Container throughput ('000 TEU)	**5,490**	5,452	4,248	3,457	2,598
Revenue and Profit					
Revenue	**1,678,037**	1,586,512	1,570,136	1,160,013	1,269,376
Gross profit	**752,374**	698,601	696,856	584,558	645,612
Operating profit	**615,156**	931,395	639,031	608,325	575,752
Profit before tax	**666,595**	1,032,025	749,516	685,444	475,688
Net profit	**604,756**	822,704	630,382	645,162	432,988
Profit attributable to equity holders	**609,268**	779,614	611,368	631,567	419,655
Earnings per share – basic (RMB)	**0.21**	0.27	0.21	0.24	0.21
Assets and Liabilities					
Cash and bank balances	**1,021,116**	670,011	532,154	1,412,634	357,695
Current assets	**1,516,284**	1,339,178	2,201,112	2,165,224	936,569
Non-current assets	**9,594,803**	8,848,569	7,323,587	7,166,899	6,102,682
Borrowings	**3,061,046**	2,220,110	2,227,960	2,407,782	4,141,552
Current liabilities	**654,182**	893,566	1,306,489	1,207,442	1,031,035
Non-current liabilities	**3,699,695**	2,743,589	2,281,333	2,591,382	3,564,334
Total assets	**11,111,087**	10,187,747	9,524,699	9,332,123	7,039,251
Net assets	**6,757,210**	6,550,592	5,936,877	5,533,299	2,443,882
Capital and Reserves					
Paid-in capital	**2,926,000**	2,926,000	2,926,000	2,926,000	1,960,000
Reserves	**3,784,890**	3,434,846	2,850,425	2,434,049	383,139
Equity attributable to equity holders of the Company	**6,710,890**	6,360,846	5,776,425	5,360,049	2,343,139
Minority interests	**46,320**	189,746	160,452	173,250	100,743
Total equity	**6,757,210**	6,550,592	5,936,877	5,533,299	2,443,882
Net assets per share (RMB)	**2.31**	2.24	2.03	1.89	1.25

大連港股份

DALIAN PORT (PDA) COMPANY LIMITED

大連港股份有限公司

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

(於中華人民共和國註冊成立之外商投資股份有限公司)

(Stock Code 股份代號：2880)

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