



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)

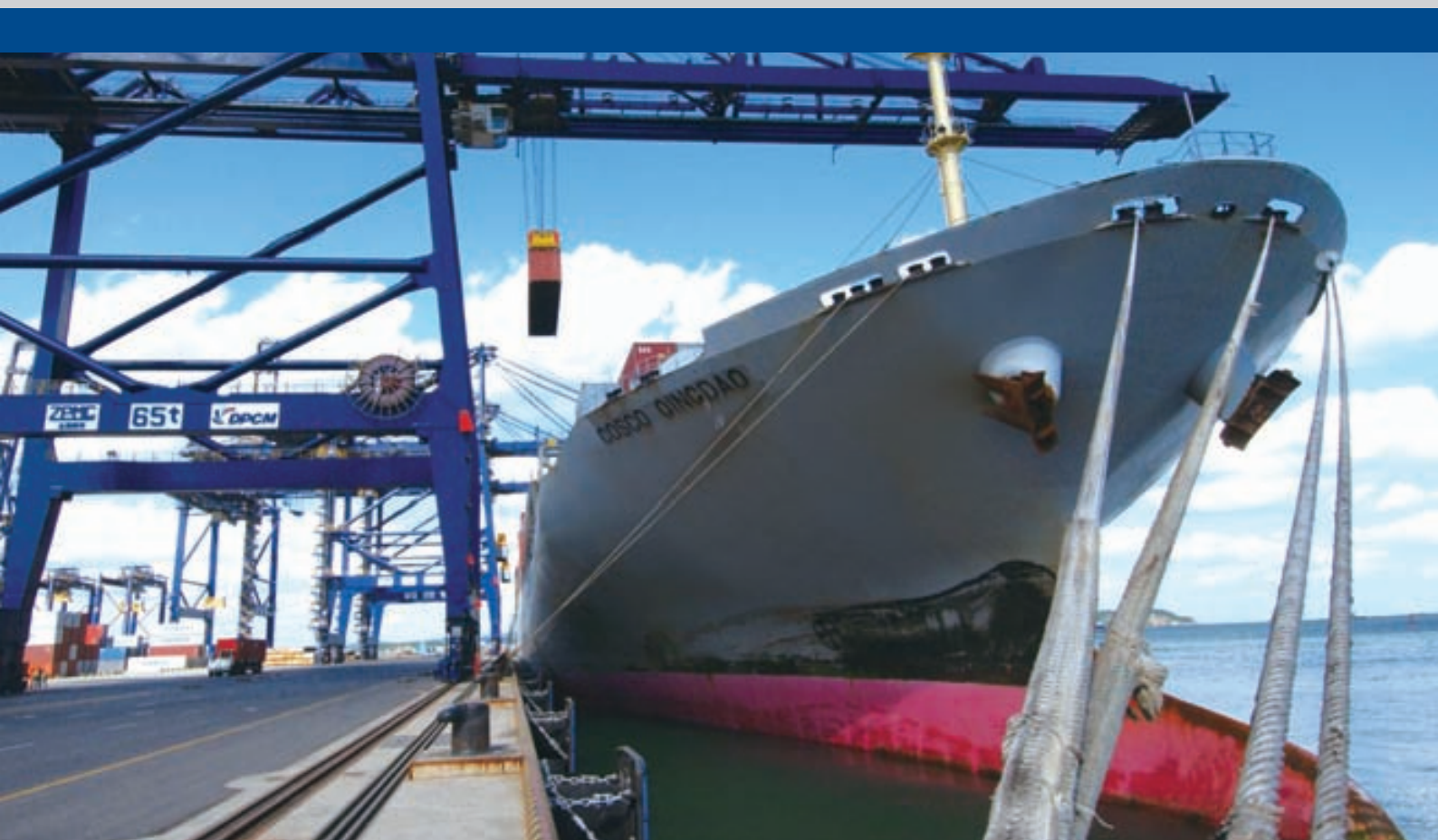
(於中華人民共和國註冊成立之外商投資股份有限公司)

(Stock Code 股份代號: 2880)



Contents

General Information on the Company	2
Management's Statement	8
Financial Highlights	11
Management Discussion and Analysis	12
Report of the Directors	32
Corporate Governance Report	45
Report of Supervisory Committee	54
Profiles of Directors, Supervisors and Senior Management	56
Independent Auditors' Report	61
Consolidated Balance Sheet	62
Consolidated Income Statement	64
Consolidated Statement of Changes in Equity	65
Consolidated Statement of Cash Flows	67
Company Balance Sheet	69
Company Income Statement	71
Company Statement of Changes in Equity	72
Company Statement of Cash Flows	74
Notes to Financial Statements	76
Supplementary Information to Financial Statements	207
Financial Highlights for the Past Five Financial Years	210



General Information on the Company

(1) Company Profile

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

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

As the consolidated operational platform for port and logistics services in Dalian port, the Company and its subsidiaries (collectively, the “Group”) are the biggest comprehensive port operator in the Three Northeastern Provinces of China (collectively, Heilongjiang Province, Jilin Province and Liaoning Province). The Group is principally engaged in the following businesses: 1) oil/liquefied chemicals terminal and related logistics services; 2) container terminal and related logistics services; 3) automobile terminal and related logistics services; 4) ore terminal and related logistics services; 5) general cargo terminal and related logistics services; 6) bulk grain terminal and related logistics services; 7) passenger and roll-on, roll-off terminal and related logistics services; and 8) port value-added services and ancillary port operations.

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

In terms of container terminal and related logistics services, the Group’s container terminals can accommodate the container vessels with a loading capacity of 150,000 tonnes. The shipping routes connected with the Group’s container terminals cover more than 100 domestic and overseas ports. The Group has well established sea-to-rail intermodal transportation network and Bohai Rim feeder transshipment network. The Group’s container volume of sea-to-rail intermodal transportation is in the leading position among all ports in mainland China. The Group maintains its leading position in the industry of container transportation for foreign trade in 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.

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

In terms of ore terminal and related logistics services, the Group has two designated berths with the functions of sea transshipment and bonded distribution. The Group’s ore terminal has obtained the approval to accommodate up to 350,000dwt vessels and its overall efficiency ranked the top among ports in mainland China. The Group has completed the reconstruction of ore terminal facilities in order to meet the requirements of berthing large-sized vessels. With the trend that more and more large-sized vessels will be put into operation, the Group will leverage on more advantages on its strategic location at the entrance of Bohai bay and nature condition of deep water.

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

General Information on the Company

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

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

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

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

(2) General Information on the Company

- | | |
|---|--|
| 1. Chinese name | 大連港股份有限公司 |
| Abbreviated Chinese name | 大連港 |
| English name | Dalian Port (PDA) Company Limited |
| Abbreviated English name | Dalian Port |
| 2. Legal representative | Mr. Sun Hong
Note: Mr. Sun resigned on 20 February 2012. The filing relating to such change is in the process. |
| 3. Contact person | Mr. Zhu Hongbo |
| Secretary to the Board of Directors/
Joint Company Secretary | Address: Room 613, 6th Floor, No.1, Gangwan Street,
Zhongshan District, Dalian, Liaoning, PRC
Telephone: 86 411 82625378
Facsimile: 86 411 82623159
E-mail: zhuhb@dlport.cn |
| Qualified Accountant/Joint Company Secretary | Mr. Lee, Kin Yu Arthur
Address: Room 615, 6th Floor, No.1, Gangwan Street,
Zhongshan District, Dalian, Liaoning, PRC
Telephone: 86 411 82625379
Facsimile: 86 411 82623159
E-mail: lijr@dlport.cn |

General Information on the Company

- | | | |
|----|---|---|
| 4. | Registered office

Postal Code
Place of Business in PRC

Place of Business in Hong Kong

Company website
Company e-mail | Xingang Commercial Building, Dayao Bay,
Dalian Free Trade Zone, PRC
116000
No.1, Gangwan Street, Zhongshan District, Dalian,
Liaoning, PRC
8th Floor, Gloucester Tower, The Landmark,
15 Queen's Road, Central, Hong Kong
www.dlport.cn
ir@dlport.cn |
| 5. | Designated newspapers for information disclosure
of the Company
Website designated by the China Securities
Regulatory Commission for publishing the
A share annual reports
Website for publishing the H share annual report
Place for collection of annual report | China Securities Daily, Shanghai Securities Daily,
Securities Times, and Securities Daily
www.sse.com.cn

www.hkexnews.hk
Room 616, 6th Floor, No.1, Gangwan Street,
Zhongshan District, Dalian, Liaoning, PRC |
| 6. | Places of listing
Stock abbreviations
Stock codes | Shanghai Stock Exchange Hong Kong Stock Exchange
Dalian Port Dalian Port
601880 (Shanghai) 2880 (Hong Kong) |
| 7. | A share registrar and transfer office

H share registrar and transfer office | China Securities Depository and
Clearing Corporation Limited, Shanghai Branch
Computershare Hong Kong Investor Services Limited |
| 8. | Auditors | Ernst & Young Hua Ming
Address: Level 16, Ernst & Young Tower, Oriental Plaza,
No.1 East Chang An Avenue, Dong Cheng District, Beijing,
PRC |
| 9. | Other information | Legal counsel (as to Hong Kong law)
Morrison & Foerster
33/F Edinburgh Tower, The Landmark, 15 Queen's Road
Central, Hong Kong

Legal counsel (as to PRC law)
Jintian & Gongcheng, Beijing
34/F, Tower 3, China Central Place, 77 Jianguo Road,
Chaoyang District, Beijing 100025, China

Major bankers
Industrial and Commercial Bank of China
Agriculture Bank of China
China Construction Bank
Bank of China
Bank of Communications |

General Information on the Company

(3) Business Milestones in 2011



JAN

- Additional crude oil storage tanks (with a total capacity of 600,000 cubic meters) were put into trial operations.
- In light of the change of business structure and increased difficulty in company management after the A share IPO, the Group made adjustment to the corporate structure and management team so as to ensure a smooth transition of business and management.
- A roll on, roll off vessel named Longxing Island built by China Shipping Ganglian Co, Ltd. launched operations on the route connecting Dalian with Yantai.

FEB

- The Company held the first extraordinary general meeting in 2011.

MAR

- The government of Liaoning Province set a target of 10 Million TEUs within 3 Years for Dalian Port's container throughput. The government of Liaoning province and Dalian city will launch a series of preferential policies to support the development of container business in Dalian port.
- The Company announced the annual results for the year 2010.

APR

- A roll on, roll off vessel named Yongxing Island built by China Shipping Ganglian Co, Ltd. launched operations on the route connecting Dalian with Yantai.

MAY

- The Company completed the issue of the 2011 first phase domestic corporate bonds with an aggregate principal amount of RMB2.35 billion. The coupon rate is 5.30%.
- The Company acquired 17.5% equity interest in Sino Rail Bohai Train Ferry Co, Ltd. with the aim to integrate resources relating to its passenger and roll-on, roll-off terminal operations across Bohai Straits.

JUN

- The Company held the annual general meeting for the year 2010.
- Huachen Auto Group started to build its logistics base for export in the Group's automobile terminal, which was its another strategic corporation project with the Group following its commencing transportation of vehicles via the Group's automobile terminal.
- The 8th China Freight Industry Awards in China were announced, and some of the Group's invested enterprises won awards. Dalian Port Container Terminal Co., Ltd., in which the Company holds 35% equity interests, won a total of four titles for "the Best 10 Container Terminals", i.e., "the Best 10 Companies for Comprehensive Services", "the Best 10 Companies for Operational Efficiency", "the Best 10 Companies for Intermodal Transportation" and "the Best 10 Companies for Informationization Level". The Group has won the title of "the Best 10 Container Terminals" for four successive years. Dalian Port Logistics Technology Co., Ltd., a wholly owned subsidiary of the Company, was awarded with "the Best Transportation Software Provider".

JUL

- The first Ro-Ro vessel invested by the Group, named "An Ji No. 8" launched its maiden voyage and berthed at the Group's automobile terminal, which was a symbolic measure that the Group had undertaken to commence the ocean transportation business for automobiles.
- The Group carried out the activity of Cultural Month for Contract Laborers. By undertaking colorful activities and improving the living conditions for contract laborers, the Group further gathered the strength of the contact laborers.

AUG

- The Company announced the interim results for the year 2011.
- The Dalian Municipal Government issued "Opinions on Accelerating the Development of Container Business at Dalian Port" in order to enhance the development of the Group's container business and further speed up the construction of Dalian northeastern shipping center.
- PetroChina International Dalian Co., Ltd. started filling the commercial reserve base with a total capacity of 4.2 million cubic meters.

SEP

- The Company completed the issue of the 2011 second phase domestic corporate bonds with an aggregate principal amount of RMB2.65 billion at the interest rate of 6.05% per annum.
- Dalian Port obtained the recognition as the first choice for the State's sea-to-rail transportation pilots by the China Ministry of Communication and Ministry of Railways, which enhanced the competitiveness and influence of Dalian Port in the construction of Dalian northeastern shipping center and strengthened its prominent position in Bohai Rim industrial economy.
- The Group contracted to construct four 7,200-horsepower reversible tugboats.
- The Dalian municipal government announced in a press conference that the Changxing Island of Dalian was approved to open up, which will accelerate the Group's port business in Changxing Island.

OCT

- The Company completed the issue of the overseas RMB denominated bonds with an aggregate principal amount of RMB400,000,000 at the interest rate of 5.80% per annum.
- The Company signed the Investment Agreement with Ningde Port Authority, according to which the two parties will set up Fujian Ninglian Terminal Co., Ltd. to invest, construct and operate a universal terminal.
- The Group's throughput for coal, one of the major cargoes handled by the Group's general cargo terminal exceeded 10,000,000 tonnes, thus coal became the 5th category of cargo with annual throughput over 10,000,000 tonnes.

NOV

- Dalian Port Group Finance Company Limited (the "Finance Company") was jointly established by the Company and Dalian Port Corporation Limited. The establishment of the Finance Company would enhance the Group's centralized management of its internal funds and improved its efficiency in fund usage.
- PetroChina Dalian LNG Co., Ltd., in which the Company owns 20% equity interests, berthed an LNG vessel for the first time. The Group's LNG terminal started trial operation.
- The Group's ore terminal obtained the approval to accommodate up to 350,000dwt vessels.

DEC

- No. 15 container berth at Dayao Bay in Dalian was put into trial operations. This berth, with super geographical and nature conditions, can berth the container vessels with highest tonnage and deepest draft.



Management's Statement

I am pleased to present the annual report of the Group for the year ended 31 December 2011.

Operating Results and Dividend

In 2011, the global economy, which has just emerged from the recession, was still under recovery lacking strength for growth. The weak growth of economy in the developed countries was an encumbrance to the growth of the global economy. The economic growth in the emerging market and developing countries continued to keep ahead of the developed countries. Under such external environment, the Chinese economy was faced with heavy pressure and hardship. In 2011, the Chinese economy has been developing in line with the macroeconomic control directed by the government with the sound characters of fast growth, stabilizing consumer prices, efficient operations and improved livelihood. China has ensured a good start of the 12th Five-Year Plan for national economic and social development.

At the end of 2010, the Company successfully issued A Shares to the public in China (the "A Shares IPO") and became the first listed company with both A shares and H shares in the port industry in China. While the Company issued A Shares, it issued consideration shares to its controlling shareholder, Dalian Port Corporation Limited ("PDA"), to acquire PDA's port business and related assets, including its ore terminal, general cargo terminal, bulk grain terminal, passenger and roll-on, roll-off terminal and related logistics services, and certain ancillary port operations to accomplish a listing of the whole core business of PDA. Therefore, 2011 was the first year with a full year operation of the Group's enlarged port business scope. We can see from the performance of the Group that different business segments were under different development stages and were faced with different market environment, therefore they recorded different performance results in 2011. With the expanded business scope, the diversification of business effectively enhanced the Group's defensiveness against risks and strengthened the Group's overall competitiveness.

Faced with the complicated external environment and greater operational pressure, the Group continued to adhere to the principles of focusing on both throughput and profit and attaching equal importance to both business development and quality of services, enhanced marketing activities and focused on personalized and integrated logistics services to tackle the overwhelming difficulties and challenges. In spite of the unfavorable operational situations, the Group's throughput achieved sound growth with double digit increase in terms of total cargo volume. Especially the container throughput reached the milestones under the 10

million TEUs within 3 years target set by the government of Liaoning Province. The business in the Group's Automobile Segment achieved remarkable growth. The business acquired during the Company's A Shares IPO, including general cargo business, passenger and Ro-Ro business and dry grain business, also recorded significant performance results. However, due to the consequential effects of the explosion accident on 16 July 2010 (the "7.16 Explosion Accident") and the suspension of operations of major refinery customers for overhaul in the hinterland, one of the Group's major business segment, i.e., oil businesses, recorded poor performance, which had a significant impact on the Group's overall operational performance.

In 2011, the Group's net profit attributable to shareholders of the Company amounted to RMB666,337,610.41, representing a decrease of 18.1% as compared with 2010. The Board proposed to pay a final dividend of RMB6 cents per share for the year 2011.

Business Review

As the integrated platform for port and logistics services in Dalian port, the Group is the largest comprehensive port operator in northeastern China providing its customers oil/liquefied chemicals terminal and related logistics services ("Oil Segment"), container terminal and related logistics services ("Container Segment"), automobile terminal and related logistics services ("Automobile Terminal Segment"), ore terminal and related logistics services ("Ore Segment"), general cargo terminal and related logistics services ("General Cargo Segment"), bulk grain terminal and related logistics services ("Bulk Grain Segment"), passenger and roll-on, roll-off terminal and related logistics services ("Passenger and Ro-Ro Segment") and value-added and ancillary port operations.

In 2011, as regards the Oil Segment, affected by the various factors including high crude oil prices in the international market, the suspension of operations for overhaul and increase of import of crude oil from Russia through pipelines of the hinterland refineries, and the consequential effect of the 7.16 Explosion Accident, the Group handled 40.875 million tonnes of oil and liquefied chemicals products, a decrease of 6.1% as compared with 2010. Under such unfavorable operational environment, the Group took various active measures to improve the level of profitability including raising tariffs for handling services and storage tanks. At the beginning of the year, the Group put No. 7 storage tanks with total capacity of 600,000 cubic meters into operations, which helps attract trans-shipment cargoes. PetroChina's commercial reserve tanks with a total capacity of 4.2 million

Management's Statement

cubic meters has been put into operation gradually since August 2010, which accelerate the rebound of oil throughput in the second half year.

As regards the Container Segment, the Group handled a total of 7.42 million TEUs, an increase of 17.1%. In Dalian, the Group handled approximately 6.35 million TEUs, an increase of 21.2% over 2010. In March 2010, the government of Liaoning Province set a target of 10 million TEUs within 3 years for Dalian Port's container throughput. During the reporting period, the government of Liaoning Province and Dalian Municipality will launch a series of preferential policies to support the development of container business in Dalian port. Taking advantages of these preferential policies and leveraging on the Group's enhancement of marketing activities and containerization projects, the Group achieved remarkable growth in terms of container business. In 2011, the Group also made sound progress in container trans-shipment business and sea-to-rail intermodal business.

As regards the Automobile Terminal Segment, the Group handled a total of 176,624 vehicles, a significant increase of 46% over 2010. In terms of the vehicles for domestic trade, while stabilizing co-operation with the existing customers, the Group continuously attracted new customers, therefore the throughput for vehicles for domestic trade transporting between northern China and southern China increased significantly. The transportation for the vehicles for foreign trade also achieved stable growth. While enhancing market development, the Group strengthened co-operation with major customers and expanded automobile logistics business, which provided support for the continuous growth of automobile business.

As regards the Ore Segment, the Group's ore terminal handled approximately 27.225 million tonnes of ores, a decrease of 3.6% as compared with 2010. As affected by the domestic and overseas economic environment, the demand in the steel market was weak. As a result, the steel factories suspended operations for overhaul, which caused the decrease of iron and ore demand from the steel factories in the hinterland. The Group took measures to strengthen market development and stabilize the cargo resources from major customers and strategic customers. Meanwhile, leveraging on the advantages on geographical location and nature deep water port, the Group further expanded trans-shipment business. In expanding the handling business, the Group also provided value-added services to customers. In addition, the Group completed the reconstruction of ore terminal so as to meet the requirements of berthing large-sized vessels.

As regards the General Cargo Segment, the Group's general cargo terminal handled approximately 30.673 million tonnes, an increase of 11.4% as compared with 2010. Capturing the opportunity of increase in coal transportation demand, the Group widely contacted customers in the hinterland and the Group's throughput for coal exceeded 10,000,000 tonnes. Coal became the 5th category of cargo with annual throughput over 10,000,000 tonnes. The Group also strengthened its relationship with the customers to further build up the trans-shipment base for steel and equipments.

As regards the Bulk Grain Segment, the throughput handled by the Group's bulk grain terminal was approximately 7.07 million tonnes, an increase of 10.1% as compared with 2010. The Group strengthened the solicitation of corn which was one of the major cargoes and enhanced strategic coordination with major grain traders in the country so as to achieve stable growth in throughput. Leveraging on the scaled advantage of bulk grain carriers, the Group realized stable co-operation with customers which became a new driving factor for profit growth in the Bulk Grain Segment. The Group managed to raise tariffs for port operations, which was another driving factor for the profit growth in this segment.

As regards the Automobile Terminal Segment, the Group enhanced the market development. By adding the shipping capacity of two vessels and acquiring equity interests in Dalian Lvshun Port Co., Ltd. and Sino Rail Bohai Train Ferry Co, Ltd., the Group has achieved development in both market influence and market share. In 2011, the Group transported approximately 4.08 million passengers, an increase of 34.3% and handled approximately 627,000 vehicles, an increase of 22.5% compared with 2010.

Value-added and ancillary port operations were closely related to the overall port business in Dalian. The Group achieved stable growth in tallying and rail service businesses.

Prospects in 2011

The year 2012 is an important connecting link between the preceding and the following in the 12th Five Year Plan. The global and domestic economic situation was extremely austere and complicated. There will be more unstableness and uncertainty in the recovery of the economy. To advance steadily, the Central Economic Work Conference in China has set tone for the economic development this year. The port industry will be facing with more fierce competition.

Management's Statement

In spite of difficulties and challenges, we can also see that there is no change in the overall growth trend for the national economy and the port industry continues to develop in such important period with strategic opportunities. The central government emphasized on the strategy of expanding domestic demands and will be focusing on expanding the consumer demands and speeding up the development of service industries. Transportation will be the priority and will receive preferential treatment. The energy accumulated during the long-term structural adjustment and industry investment in northeastern industrial base and Liaoning coastal economic belt has being released, therefore the driving force for economic development is still strong. The effect of policies granted by the governments of Liaoning Province and Dalian Municipality to support the Group's development has been blowing up. Meanwhile, the Group's leading advantages in deep water berths has been strengthened. These are all advantageous for the Group to conquer challenges and grow steadily.

In 2012, the Group will put all efforts to expand market and strive for the growth of throughput. Meanwhile, the Group will take various measures to improve its performance and service quality.

As regards the Oil Segment, the Group will continue to leverage on its advantages on two deep water berths and scaled storage tanks and bonded tanks to expand the trans-shipment of crude oil and bonded crude oil and the warehousing and distribution of refined oil. The Group will strengthen the operation of LNG terminal and push for the acquisition of oil facilities in Changxing Island and put them into trial operation in due course. As regards the Container Segment, making the most of preferential policies granted by the governments of Liaoning Province and Dalian Municipality to support the Group's development of container business, the Group will enhance the marketing activities to attract new cargoes and new shipping routes. Meanwhile, the Group will further leverage on its advantages on trans-shipment and sea-to-rail intermodal services to attract cargoes with the aim to reach the expected target for volume growth. As regards the Automobile Terminal Segment, the Group will further prompt its position and function in the transportation channel between southern China and northern China for domestic trade vehicles. The Group will also further strengthen its position as a hub port for exporting vehicles and push for the construction of automobile logistics network so as to realize the rapid development for automobile logistics business. As regards the Ore Segment, the Group will enhance its co-operation with steel factories and rail service providers to provide more efficient services to customers. Meanwhile, the Group will

leverage on its advantages in deep water berth and operational efficiency to expand trans-shipment business and extend value-added services. As regards the General Cargo Segment, the Group will enhance cargo solicitation so as to build up the trans-shipment base for fine steel, equipments and coal and also push for the upgrade of functions of the port area in Changxing Island. As regards the Bulk Grain Segment, the Group will further allocate its advantageous logistics resources, improve integrated logistics network, build up ocean transportation channel for grain and expand logistics value-added services. As regards the Passenger and Ro-Ro Segment, with the operation of new port facilities and new shipping capacities, the Group will improve its competitiveness. As regards its Value-added and ancillary port operations, while continuing to provide efficient and high-quality services for the customers in Dalian port, the Group will work to meet new demand for services from the development of the port industry.

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 confidence and support in 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

Executive Director (Acting Chairman)

Zhang Fengge

29 March 2012

Financial Highlights

	2011 RMB'000	2010* RMB'000	Change (%)
Income Statement			
Revenue	3,955,394	3,336,951	18.53%
Gross profit	1,467,642	1,448,676	1.31%
Operating profit	821,351	994,512	-17.41%
Net profit attributable to owners of the parent	666,338	813,154	-18.06%
Basic earnings per share (RMB)	0.15	0.22	-31.82%
Balance Sheet			
Cash and bank balances	2,254,079	3,257,585	-30.81%
Net current assets	1,129,889	-427,706	364.17%
Total assets	27,173,854	22,690,819	19.76%
Borrowings	11,059,432	6,159,634	79.55%
Gearing ratio (%)	64.6	23.5	174.47%
Net assets value per share (RMB)	2.85	2.75	3.64%
Return on equity (%)	5.37	8.31	-35.38%
Cash Flow Statement			
Net cash generated from operating activities	1,229,850	1,441,851	-14.70%
Net cash used in from investing activities	-4,153,185	-2,444,416	-69.90%
Net cash generated from financing activities	1,898,373	2,999,768	-36.72%
Net (decrease)/increase in cash and cash equivalents	-1,025,661	1,996,049	-151.38%

* The financial information was prepared in accordance with CAS.



Management Discussion and Analysis



Management Discussion and Analysis

Summary

In 2011, the growth of global economy and international trade slowed down and various risks increased significantly. In line with the macroeconomic control directed by the government, China's domestic economy grew rapidly with better operation results and consumer prices having stabilized. In 2011, China's GDP and foreign trade value increased by 9.2% and 22.5%, respectively, as compared with 2010.

In 2011, the total cargo throughput at the major ports of China reaches record high. Both the cargo throughput and container throughput continued to maintain double digit growth, however, the growth rate slowed down.

The Group's principal business is categorized into eight segments, namely, provision of oil/liquefied chemicals terminal and related logistics services ("Oil Segment"), provision of container terminal and related logistics services ("Container Segment"), provision of automobile terminal and related logistics services ("Automobile Terminal Segment"), provision of ore terminal and related logistics services ("Ore Segment"), provision of general cargo terminal and related logistics services ("General Cargo Segment"), provision of bulk grain terminal and related logistics services ("Bulk Grain Segment"), provision of passenger and roll-on, roll-off terminal and related logistics services ("Passenger and Ro-Ro Segment"), and provision of port value-added services and ancillary port operations ("Value-added Services Segment").

In 2011, the macro economy and industries relevant to the Group's principal business were as follows:

Oil Segment: With commencement of operations of the newly built refineries and newly added capacity of existing refineries, and commencement of operations of the State's strategic reserve base and commercial storage tanks, China's crude oil demand grew continuously. However, high oil prices in the international market, overhaul of a large number of refineries and the slowdown in industrial production resulted from the tight credit policy have together constrained the growth of China's crude oil import. In 2011, China imported a total of 254 million tonnes of crude oil, an increase of 6% as compared with 2010.

Container Segment: In 2011, the total GDP in Heilongjiang Province, Jilin Province and Liaoning Province (collectively, the "Three Northeastern Provinces of China") was RMB4,506 billion, an increase of 12.6% as compared with 2010. The GDP in the Three Northeastern Provinces of China grew at a relatively high speed although it was 1.0% lower than the growth rate in the previous year. In 2011, the import and export value of the Three Northeastern Provinces of China was USD162.1 billion, an increase of 24.1%, being 1.6% higher than the national average. The foreign trade value in the Three Northeastern Provinces of China accounted for 4.45% of China's total foreign trade, which was 0.06% higher than 2010.

Automobile Terminal Segment: According to the statistics published by China Association of Automobile Manufacturers, in 2011, China manufactured 18,418,900 vehicles, an increase of 0.84% and sold 18,505,100 vehicles, an increase of 2.45% as compared with 2010. In 2011, China exported a total of 810,000 vehicles, an increase of 49.45%. The overall production and sale scale for large-sized automobile manufacturers has been upgraded and the operation results in the industry improved significantly.

Ore Segment: In 2011, China imported 686.06 million tonnes of iron ore, an increase of 67.62 million tonnes or 10.9% over 2010. The average price for China's imported iron ore was USD163.84 per tonne, an increase of 27%. The domestic iron ore market was mainly affected by the market demand rather than negotiation in the international market.

General Cargo Segment: In 2011, the output of the crude steel in China was 684 million tonnes, an increase of 9.1% which is 1.3% lower than the previous year. Affected by the domestic and international economic environment, the steel market experienced a downturn. In China, the coal production and transportation maintained sound growth due to high demands, relatively abundant inventory and lower coal prices. The coal supply and demand in the market have reached balance.

Bulk Grain Segment: In 2011, both domestic and overseas grain market were complicated and changeable. Affected by multi factors including the State's agricultural policies and domestic and overseas economic environment, the grain supply and demand was not balanced for the whole year.

Management Discussion and Analysis

Passenger and Ro-Ro Segment: Although the State's macroeconomic policies had a negative impact on the passenger and freight traffic in Liaoning Province and Shandong Province and their respective hinterland to some extent, the number of passengers and volume of cargoes originated from such areas were higher than the previous year, experiencing an upward trend after an initial decline.

The above analysis showed that although the Group was facing quite complicated domestic and overseas environment in 2011, the economy in its hinterland remained steady growth and the domestic demand growth provided strong support for the overall development of the Group's businesses. In particular, the Automobile Terminal Segment achieved remarkable growth. The throughput in the Container Segment increased significantly and the throughput in the General Cargo Segment, Bulk Grain Segment and Passenger and Ro-Ro Segment also achieved growth at various growth rate. The Group handled a total of approximately 40.875 million tonnes of oil and liquefied chemicals, a decrease of 6.1% as compared with 2010, of which approximately 21.948 million tonnes was imported crude oil, a decrease of 13.9% as compared with 2010. In the Container Segment, the Group handled approximately 7.42 million TEUs, an increase of 17.1%, of which approximately 6.351 million TEUs were handled by the Group at Dalian port, an increase of 21.2%. In the Automobile Terminal Segment, the Group handled 176,624 vehicles, an increase of 46%. In the Ore Segment, the Group handled approximately 27.225 million tonnes, a decrease of 3.6%. In the General Cargo Segment, the Group handled approximately 30.673 million tonnes of cargoes, an increase of 11.4%. In the Bulk Grain Segment, the Group handled approximately 7.066 million tonnes of bulk grain, an increase of 10.1%. In the Passenger and Ro-Ro Segment, the Group transported approximately 4.08 million passengers, an increase of 34.3% and approximately 627,000 vehicles, an increase of 22.5% as compared to with 2010.

In 2011, The Group's net profit attributable to shareholders of the Company amounted to RMB666,337,610.41 representing a decrease of RMB146,816,669.98 or 18.1% as compared with RMB813,154,280.39 in 2010.

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

Overall analysis of results (The financial information referred to in this report was prepared in accordance with CAS.)

In 2011, The Group's profit attributable to shareholders amounted to RMB666,337,610.41, representing a decrease of RMB146,816,669.98 or 18.1% as compared with RMB813,154,280.39 in 2010. The decrease was mainly caused by the decrease of oil throughput and oil handling gross margin, as well as a significant increase in interest expenses. However, the terminal assets and businesses acquired from Dalian Port Corporation ("PDA") in the second half of 2010 maintained relatively stronger growth in 2011. Diversification of the Group's terminal business has enhanced the Group's defensiveness against the risk of the downturn of the operating result of a single business segment.

In 2011, the Group's basic earnings per share were RMB0.15 cents, representing a decrease of 31.8% from RMB0.22 cents¹ in 2010.

In 2011, the Group's revenue amounted to RMB3,955,394,389.80, representing an increase of 18.5% from RMB3,336,950,665.77 in 2010. Except for the oil business, the income of other businesses increased at various growth rates. Furthermore, the consolidation of Dalian Container Terminal Co., Ltd. has resulted in an increase of the Group's revenue.

In 2011, the Group's cost of sales and services amounted to RMB2,487,752,090.60 which increased by 31.8% as compared with RMB1,888,274,585.53 in 2010. The increase in cost of sales and services in the current year was mainly due to expansion of the scope of consolidation, the increase of depreciation of newly acquired assets, as well as the increase in operating expenses and staff costs caused by the growth of business.

¹ The weighted average number of ordinary shares issued during the year used in calculation of the basic earnings per share.

Management Discussion and Analysis

In 2011, the Group's gross profit was RMB1,467,642,229.20 which increased by 1.3% from RMB1,448,676,080.24 in 2010. The gross margin reached 37.1% which was 6.3% lower than that in 2010. The decrease of gross margin was mainly due to the decrease of throughput of high-margined oil handling business as well as the increase of depreciation of newly acquired assets.

In 2011, the Group's general and administrative expenses amounted to RMB449,107,581.54, representing an increase of 22.1% from RMB367,797,503.78 in 2010. Had the effect of the newly consolidated entities been excluded, the increase would have been RMB43,850,000.00, an increase of 11.9%, mainly caused by the inflationary pressure on costs and higher labor costs owing to the dual impact of higher wages and a higher base number for calculating social security contributions.

In 2011, the Group's finance expenses amounted to RMB178,102,358.69, representing an increase of 172.8% from RMB65,283,800.80 in 2010. The increase was mainly caused by the interest expenses related to new funds raised for future investments to sustain the Group's business growth and expensed the interest after certain long-lived assets were put into operation.

In 2011, the Group's investments income amounted to RMB141,080,016.28 representing an increase of 1.9% from RMB138,425,185.54 in 2010. The increase was mainly attributable to the Group's investment of its short-term cash balances in short-term money markets to earn yields higher than those of bank deposits.

In 2011, the Group's non-operating revenue amounted to RMB173,701,447.10, representing an increase of 107.3% from RMB83,787,411.98 in 2010. The increase was mainly due to the government subsidies for the Group's container segment.

In 2011, the Group's income tax expenses amounted to RMB237,587,965.27, representing an increase of 2.6% from RMB231,482,037.30 in 2010. The increase was mainly caused by the Group's consolidating the income tax expenses of the Dalian Container Terminal Company Limited.

ASSETS AND LIABILITIES

As of 31 December 2011, the Group's total assets and net assets amounted to RMB27,173,854,323.81 and RMB13,639,664,692.70, respectively, and its net asset value per share was RMB2.85, representing an increase of 3.6% as compared with that as of 31 December 2010. The increase was mainly due to the business accumulation.

As of 31 December 2011, the Group's total liabilities amounted to RMB13,534,189,631.11, of which total outstanding bank and other borrowings amounted to RMB11,059,431,953.57.

FINANCIAL RESOURCES AND LIQUIDITY

In 2011, the Group's net cash flows generated from operating and financing activities amounted to RMB1,229,850,145.01 and RMB1,898,372,693.52, respectively. With stable cash inflows from its operating activities and the proceeds from the public offering of corporate bonds, the Group has maintained a sound financial position and capital structure and will apply these cash inflow to fund the Group's capital expenditure and other investments.

As of 31 December 2011, the Group had a balance of cash and cash equivalents of RMB2,230,657,276.32, which represented a decrease of RMB1,025,661,172.45 as compared with 31 December 2010. Such decrease was mainly due to the application of cash in investing activities during the year.

As of 31 December 2011, the Group obtained an aggregate of RMB8,335,445,907.13 in new bank loans and repaid an aggregate of RMB3,717,221,572.62 in bank loans. As of 31 December 2011, the Group's bank and other borrowings amounted to RMB11,059,431,953.57 of which RMB10,028,431,953.57 was due after one year and RMB1,031,000,000.00 was due within one year. The Group's net gearing ratio was 64.6% as at 31 December 2011 (23.5% as at 31 December 2010).

As of 31 December 2011, the Group's unutilized banking facilities amounted to RMB11,062,550,000.00.

During 2011, the Group did not have any significant exposure to fluctuations in exchange rates and did not enter into any foreign exchange hedging contracts.

Management Discussion and Analysis

USE OF PROCEEDS (A SHARES)

Net proceeds of the public offering of 762 million A Shares in 2010 (“A Shares IPO”) obtained by the Company amounted to approximately RMB2,772,092,000.00. As at

31 December 2011, the Company had utilized approximately RMB1,792,132,000.00 of the net proceeds and the balance of the net proceeds was RMB979,960,000.00.

There has been no material change in the proposed use of proceeds from the A Shares IPO as stated in the Company’s prospectus dated 3 December 2010 expect for changes announced by the Company on 31 December 2011. As at 31 December 2011, the details of the use of proceeds were as follows:

Projects	Proceeds from A Shares IPO	Use of proceeds as of 31 December 2011	Balance as of 31 December 2011
Construction of oil storage tanks with a total capacity of 1,000,000 m ³ in Xingang	760,000,000.00	396,260,000.00	363,740,000.00
Construction of oil storage tanks with a total capacity of 600,000 m ³ in the Xingang resort area	550,000,000.00	257,010,000.00	292,990,000.00
Construction of phase II of the Shatuozi oil storage tanks project in the Xingang Shatuozi area	29,600,000.00	29,600,000.00	—
LNG project	320,000,000.00	320,000,000.00	—
No. 4 stacking yard for ore terminal	520,000,000.00	239,040,000.00	280,960,000.00
Purchase of gantry for ore terminal	37,200,000.00	37,200,000.00	—
Purchase of 300 bulk grain carriages	150,000,000.00	150,000,000.00	—
Ro-ro ships for carrying cars	230,000,000.00	212,000,000.00	18,000,000.00
Construction of railway siding in Muling	41,250,000.00	41,250,000.00	—
Construction of information systems	50,000,000.00	25,730,000.00	24,270,000.00
Increase in the registered capital of Dalian International Container Terminal Co., Ltd.	84,042,000.00	84,042,000.00	—
Total	2,772,092,000.00	1,792,132,000.00	979,960,000.00

Management Discussion and Analysis

USE OF PROCEEDS (H SHARES)

Net proceeds of the initial public offering of 966 million H Shares ("H Share IPO") obtained by the Company in 2006 amounted to approximately RMB2,385,343,000.00. As at

31 December 2011, the Company had utilized approximately RMB2,330,793,000.00 of the net proceeds and the balance of the net proceeds was RMB54,550,000.00.

There has been no material change in the proposed use of proceeds from the H Shares IPO as stated in the Company's prospectus dated 18 April 2006. As at 31 December 2011, the details of the use of proceeds were as follows:

Projects	Proceeds from H Shares IPO	Use of proceeds as of 31 December 2011	Balance as of 31 December 2011
Construction of four new container berths at Dayaowan	400,000,000.00	400,000,000.00	0
Construction of twelve crude oil storage tanks in Xingang	680,000,000.00	625,450,000.00	54,550,000.00
Purchase of eight tugboats	270,000,000.00	257,000,000.00	0
Repayment a long-term bank loan	850,000,000.00	850,000,000.00	0
General working capital	185,343,000.00	198,343,000.00	0
Total	2,385,343,000.00	2,330,793,000.00	54,550,000.00

RMB13,000,000 previously designated to fund the purchase of eight tugboats was re-allocated as working capital and the remaining RMB54,550,000 designated for the construction of 12 crude oil storage tanks will be used for the Company's daily business activities which has been approved by the board of directors of the Company on 29 March 2012.

CAPITAL EXPENDITURE

In 2011, the Group's capital expenditure amounted to RMB2,437,303,282.82 which was mainly funded by the surplus cash generated from operating activities, the proceeds from the issuance of A Shares IPO, and corporate bonds.

The performance analysis of each business segment in 2011 is as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2011 and its comparative results in 2010:

	2011 ('000 tonnes)	2010 ('000 tonnes)	+/-%
Crude oil	28,950	30,166	-4.0%
— Foreign trade imported crude oil	21,948	25,499	-13.9%
Refined oil	10,625	12,227	-13.1%
Liquefied chemicals	886	938	-5.5%
Others	414	218	89.9%
Total	40,875	43,549	-6.1%

Management Discussion and Analysis

In 2011, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 40.875 million tonnes, a decrease of 6.1%.

In 2011, the Group's crude oil throughput decreased by 4.0% as compared with 2010 to 28.95 million tonnes, of which imported crude oil throughput decreased by 13.9% to approximately 21.948 million tonnes. During the first half of 2011, the major refineries located in the Group's hinterland suspended operations for a period for conducting overhaul. Facing high oil prices in the international markets, these refineries reduced their production with a strategy of reducing losses by reducing production. Further, more crude oil imported from Russia via pipelines was used for their production, which negatively impacted on the throughput of imported crude oil shipped via the sea. In addition, the operation of part of the crude oil storage facilities, which were damaged in the explosion accident happened on 16 July 2010 (the "7.16 Explosion Accident"), was not fully resumed. As a result of the above factors, the Group recorded a decrease in its imported crude oil throughput.

In 2011, the Group's refined oil throughput amounted to approximately 10.625 million tonnes, a decrease of 13.1% as compared with 2010. The refining production in the Group's hinterland was reduced due to the overhaul of the refineries located in this area and decrease in production caused by losses of the refineries. As a result, the shipment of refined oil decreased.

In 2011, the Group's liquefied chemicals throughput amounted to 886,000 tonnes, a decrease of 5.5% as compared with 2010. The decrease was mainly due to the contraction of trade caused by a frequent fluctuation in crude oil prices in the international market.

In 2011, the total imported crude oil volume handled by the Group accounted for 100% (100% in 2010) of the total amount of crude oil imported into Dalian and 71.4% (75.5% in 2010) of the total amount of crude oil imported into the Three Northeastern Provinces of China. The total oil/liquefied chemicals throughput amounted to 70.9% (69.7% in 2010) of the total oil/liquefied chemicals throughput of Dalian and 44.7% (46.4% in 2010) of the total oil/liquefied chemicals throughput of the Three Northeastern Provinces of China. The decrease of our market share of oil/liquefied throughput in the Three Northeastern Provinces of China was mainly

due to the suspension of production of refineries for overhaul, increase of utilization of crude oil imported from Russia through pipelines, subsequent impact of the 7.16 Explosion Accident and the import of crude oil via other port by the newly-built refinery of CNGC Huajin Chemicals in Panjin in the reporting period.

In 2011, the revenue from oil/liquefied chemicals terminal and logistics services amounted to RMB875,470,142.51, representing a decrease of RMB887,091,396.68 or 1.3% as compared with that in 2010. In 2011, the overhaul of the major refineries in the hinterland of Dalian led to a substantial decline in the oil throughput, thus reduced the Group's oil handling revenue. The revenue decrease was partly offset by the increase in revenue from oil transshipment business and the increase in rental revenue from leasing of certain oil tanks.

In 2011, the revenue from oil/liquefied chemicals terminal and logistics services accounted for 22.1% (26.6% in 2010) of the Group's total revenue.

In 2011, the gross profit from oil/liquefied chemicals terminal and logistics services amounted to RMB427,424,418.20, representing a decrease of RMB493,260,693.64 or 13.3% as compared with that in 2010. This profit accounted for 29.1% (34.0% in 2010) of the Group's total gross profit, and represented a gross margin of 48.8% (55.6% in 2010). Such decrease in gross margin was mainly caused by an increase of the fixed cost of leasing a new crude oil terminal.

In 2011, the major initiatives taken, and the progress of major projects in relation to the Group's Oil Segment were as follows:

- No. 7 crude oil storage tanks with a total capacity of 600,000 cubic meters, which were gradually put into operation in January 2011, provided support for the trans-shipment business.
- PetroChina's commercial reserve base for crude oil with a total capacity of 4.2 million cubic meters was put into operation successfully. Affected by the 7.16 Explosion Accident, the operation of this commercial reserve base delayed. Following the damaged pipelines and ancillary facilities had been repaired and were ready for operations, the Company proactively assisted in completing the relevant procedures for

Management Discussion and Analysis

- commencement of operation of the commercial base on 21 August 2011.
- The LNG terminal owned by PetroChina Dalian LNG Co., Ltd., in which the Company owns 20% equity interests, commenced trial operations.
- The Company improved its profitability by strengthening management on tariffs. Based on careful analysis and calculation, the Company successfully negotiated with certain customers to raise tariffs on port operations and lease of storage tanks, which contributed to the increase of revenue of the Group.

Container Segment

The following table sets out the container throughput handled by the Group in 2011 and its comparative results in 2010:

		2011 (’000 TEUs)	2010 (’000 TEUs)	+/-%
Foreign trade	Dalian	4,558	4,088	11.5%
	Other Ports (note 1)	150	134	11.9%
	Sub-total	4,708	4,222	11.5%
Domestic trade	Dalian	1,793	1,154	55.4%
	Other Ports (note 1)	919	961	-4.4%
	Sub-total	2,712	2,115	28.2%
Total	Dalian	6,351	5,242	21.2%
	Other Ports (note 1)	1,069	1,095	-2.4%
	Total	7,420	6,337	17.1%

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 2011, in terms of container throughput, the Group handled a total of approximately 7.42 million TEUs, an increase of 17.1% over 2010. In Dalian, the Group handled approximately 6.351 million TEUs, an increase of 21.2% over 2010, of which container throughput for foreign trade increased by 11.5% and container throughput for domestic trade increased by 55.4%. The container volume of sea-to-rail intermodal transportation handled by the Group reached approximately 362,000 TEUs, an increase of 24.4% over 2010. The volume of trans-shipment containers handled by the Group was 875,000 TEUs, an increase of 42.7% over 2010. Having taken effective measures to enhance its container marketing efforts and also leveraged on the preferential policies granted by the governments of Liaoning Province and Dalian Municipality, the Group’s container business achieved remarkable growth.

In 2011, the Group’s container terminal business represented 99.2% (99.7% in 2010) of the total markets share in Dalian and 58.3% (62% in 2010) of that in the Three Northeastern Provinces of China. The Group’s container throughput for foreign trade accounted for 100% (100% in 2010) of the total volume in Dalian and 96.9% (96.7% in 2010) of that in the Three Northeastern Provinces of China.

In 2011, the revenue from container terminal and logistics services amounted to RMB887,635,682.17 which represented an increase of RMB483,137,204.41 or 83.7% as compared with that in 2010. Consolidating of Dalian Container Terminal Company Limited resulted in an income expansion for the Group’s revenue in the current year. Without such consolidation, the revenue would have decreased by 6.2% as compared with last year, mainly because of the decrease in income from the transfer of land use rights and the decrease of income from assets rental. However, the increase in the income from providing feeder line transportation services within the Bohai region helped offset such decrease in revenue.

Management Discussion and Analysis

In 2011, the revenue from container terminal and logistics services accounted for 22.4% (14.5% in 2010) of the Group's total revenue.

In 2011, the gross profit from container terminal and logistics services amounted to RMB280,364,942.47 representing an increase of RMB226,193,115.78 or 23.9% as compared with that in 2010. This gross profit accounted for 19.1% (15.6% in 2010) of the Group's total gross profit, and represented a gross margin of 31.6% (46.8% in 2010). Such decrease in gross margin was mainly caused by the higher gross margin on the transfer of certain land use rights in 2010.

In 2011, the major measures taken and the progress of major projects related to the Group's Container Segment were as follows:

- In terms of the introduction of new shipping services, taking advantages of government policies for Dalian port, sound economy and geographical location, the Group enhanced port facilities including water channel and berths, set up strategic co-operation mechanism with shipping companies to maintain the current shipping services and proactively develop new shipping routes. The shipping network for both domestic trade containers and foreign trade containers has been improved so that the Group have achieved growth in throughput. In 2011, the Group had 95 shipping routes at the peak time. The Group has strengthened its advantages in the transportation of foreign trade containers for the Three Northeastern Provinces of China and the Group has achieved healthy and rapid development in terms the transportation of domestic trade containers.

- The Group put great efforts in the establishment of the trans-shipment system and Bohai rim public feeder

platform by launching more shipping capacity. The Group's shipping capacity for trans-shipment operation has been raised to 14 vessels, nine more than that at the end of 2010. The Group also put great efforts in the development of such businesses as domestic trade container trans-shipment for Jinzhou port, international trans-shipment, vessel change, empty container allocation and temporary berthing of vessels so as to ensure the steady growth of trans-shipment volume and extend its sea hinterland. In 2011, the Group handled 875,000 TEUs of trans-shipment containers, an increase of 42.7%.

- The Group attaches great importance to the development of sea-to-rail transportation business and pushed for the rapid development of such business by implementing preferential policies and procuring the rail authorities to introduce new stops and new routes so as to increase cargo volume. The Group introduced three additional rail services to extend its hinterland further to Dehui, Daqing and Qiqihaer of Heilongjiang Province. Dalian port has been recognized as one of the State's sea-to-rail transportation pilot projects and the only one sea-to-rail transportation pilot project in the Three Northeastern Provinces of China. The development of the Group's sea-to-rail business maintained a good momentum.

- The Group has been proactively promoting the dry bulk containerization projects so as to increase containerized cargoes. The Group set up a dedicated team for promoting dry bulk containerization projects, which has been actively engaged in the allocation of operational resources, improvement of comprehensive logistics scheme and ensuring the operational quality so as to speed up the development of dry bulk containerization projects

Automobile Terminal Segment

The following table sets out the throughput handled by the Group's automobile terminal in 2011 and its comparative results in 2010:

		2011	2010	+/-%
Vehicles (units)	Foreign trade	139,965	87,982	59.1%
	Domestic trade	36,659	33,029	11.0%
	Total	176,624	121,011	46.0%
Equipments (tonnes)		21,036	22,511	-6.6%

In 2011, the Group handled a total of 176,624 vehicles, a significant increase of 46% over 2010.

Management Discussion and Analysis

In 2011, the vehicles handled by the Group accounted to 92.2% (88.7% in 2010) of the total volume in northeastern China.

In 2011, the revenue from automobile terminal and logistics amounted to RMB9,920,000.00, including mainly rental income of ro-ro ships of Dalian Gangyue Car-carrying Vessel Management Co., Ltd. The Group's share of the earnings of the auto terminal business amounted to RMB10,574,631.41, increasing by 284.8% as compared with the earnings of RMB2,748,190,88 in 2010. The improved performance of the auto terminal was attributed to the continued marketing effort to bring throughput growth to the Group's auto terminal.

In 2011, the major measures taken and the progress of major projects related to the Group's Automobile Terminal Segment were as follows:

- Leveraging on the shipping routes for both Guangzhou Honda and Shanghai Automobile, the Group actively expanded its market for the transportation of domestic vehicles and started to provide services to new customers like Dongfeng-Nissan and BMW-Brilliance. Meanwhile, the Group procured the shipping lines to provide more vessel space and to increase the frequency of their vessel calls. Currently the frequency of the routes for the domestic trade vehicles has been increased to six times per week. In 2011, the transportation between south China and north China was stable and the trans-shipped volume handled by the Group reached a total of 140,000 vehicles.
- In terms of automobile business for foreign trade, the Group handled over 1,400 agricultural machines imported to its hinterland. The large-sized agricultural machines needed longer periods for storage, which generated high-margin revenues for the Group; Besides the operation of Hafei Group's shipping routes for export with operational frequency of two times per month, the Group actively expanded the export business for other customers in its hinterland and handled about 1,500 exported vehicles in addition to that for Hafei Group.
- The Group made great progress in terms of co-operation with major customers. In March 2011, a joint venture, Zhongshi International Logistics Co., Ltd. (中

世國際物流公司) set up by the Group with Chery Automobile Company Limited ("Chery") and Beijing Changjiu Logistics Co., Ltd. (北京長久物流有限公司) started its commercial operation and provided Chery with comprehensive logistics services for transportation of vehicles and components.

- The Group's two newly ordered roll-on and roll-off vessels, named Anji No. 8 and Anji No. 9 were put into operation in July and December 2011 respectively. The Group signed co-operation agreements with Anji Automobile Logistics Co., Ltd. which was controlled by Shanghai Automobile Corporation for the co-operation in the field of automobile logistics.

Ore Segment

The following table sets out the throughput handled by the Group's ore terminal in 2011 and its comparative results in 2010:

	2011 ('000 tonnes)	2010 ('000 tonnes)	+/-%
Ore	27,225	28,239	-3.6%
Others	123	168	-26.8%
Total	27,348	28,407	-3.7%

In 2011, the Group's ore terminal handled approximately 27.225 million tonnes of ores, a decrease of 3.6% as compared with 2010.

In 2011, the Group's ore throughput accounted to 32.8% (37.5% in 2010) of the total throughput in northeastern China.

In 2011, the revenue from ore terminal and related logistics services amounted to RMB313,705,891.55, which represented an increase of RMB304,994,487.39 or 2.9% over the 2010 total revenue. This revenue increase was mainly attributable to the increase of fee income from extended stockpiling of ore at ore yards.

In 2011, the revenue from ore terminal and related logistics services accounted for 7.9% (9.1% in 2010) of the Group's total revenue.

Management Discussion and Analysis

In 2011, the gross profit from ore terminal and related logistics services amounted to RMB136,517,215.87, representing an increase of RMB121,064,811.85 or 12.8% as compared with that in 2010, accounted for 9.3% (8.4% in 2010) of the Group's total gross profit, and represented a gross margin of 43.5% (39.7% in 2010). The increase of gross margin was due to the increase in yard storage income from extended ore stockpiling and the strict controls over operation costs.

In 2011, the major measures taken by the Group and the progress of major projects related to the Group's Ore Segment were as follows:

- The Group visited its customers frequently, provided personalized services and strengthened its relationship with major and strategic customers so as to achieve stable cargo volume. As a result, the Group handled a total of 36 voyages of ore carriers each with 250,000-tonne or above, an increase of 5 voyages over 2010.
- The Group continued to stabilize cargo supply in the hinterland in northeastern China. The Group paid great attention to the changes of market environment in Hebei province and track the movement of ultra-large vessels in advance so as to solicit cargo supply. The Group strengthened its co-operation with other ports in the hinterland to seek suitable trans-shipment vessels for its customers for sea transport. Leveraging on its advantages of deep water, the Group tries to step up trans-shipment network in Bohai Rim.
- The Group completed its reconstruction of the facilities in its existing ore terminal in order to meet the demand for the berthing of large-sized vessels. Thus, the Group's capability of berthing vessels has been strengthened.
- The Group set up a general cargo logistics center for provision of value-added services including ore trade, logistics, bonded warehousing and simple processing.

General Cargo Segment

The following table sets out the throughput handled by the Group's general cargo terminal in 2011 and its comparative results in 2010:

	2011 (^{'000 tonnes})	2010 (^{'000 tonnes})	+/-%
Steel	7,666	8,392	-8.7%
Coal	12,542	8,615	45.6%
Timber	506	575	-12.0%
Equipment	1,723	1,021	68.8%
Packed grain	625	942	-33.7%
Others	7,611	7,995	-4.8%
Total	30,673	27,540	11.4%

In 2011, the Group's general cargo terminal handled approximately 30.673 million tonnes, an increase of 11.4%.

In 2011, the volume of steel handled by the Group was 7.666 million tonnes, a decrease of 8.7%. The decrease was due to the recession of overseas and domestic economy and the overhaul of the blast furnaces and adjustment of operational strategies in Angang and Bengang.

In 2011, the volume of coal handled by the Group was 12.542 million tonnes, an increase of 45.6%. The increase was mainly due to two factors: (i) the Group's existing major customers increased its volume of coal shipped to other places via Dalian Port owing to the significant growth of coal supply and demand in east Inner Mongolia; and (ii) the commencement of operation of railways in Changxing Island leading to the convergence of bulk cargoes, which resulted a significant increase of cargo sources.

In 2011, the volume of equipment handled by the Group was 1.723 million tonnes, a significant growth of 68.8%. One reason for the increase was that the machinery industry in the Three Northeastern Provinces of China continued to develop rapidly and the demand for the equipments for power plants manufactured in China were increasing in the foreign countries such as India. The other reason was that the Group enhanced marketing activities and strengthened cargo solicitation by co-operation with shipping companies in introducing liner shipping routes.

In 2011, the steel throughput and the coal throughput handled by the Group's general cargo terminal accounted to 18.3% (21.8% in 2010) and 14.3% (12.9% in 2010) of the total throughput in northeastern China, respectively.

Management Discussion and Analysis

In 2011, the revenue from general cargo terminal operation services amounted to RMB355,113,504.60 which represented an increase of RMB310,931,948.16 or 14.2% as compared with that in 2010. Such increase was mainly caused by the increase in throughput and the increase in handling charges in the reporting period.

In 2011, the revenue from general cargo terminal operation services accounted for 9.0% (9.3% in 2010) of the Group's total revenue.

In 2011, the gross profit from general cargo terminal operation services amounted to RMB39,633,690.62, representing an increase of RMB31,911,963.34 or 24.2% as compared with that in 2010, accounted for 2.7% (2.2% in 2010) of the Group's total gross profits, and represented a gross margin of 11.2% (10.3% in 2010). Such increase in gross margin was mainly caused by the increase of the general cargo loading and unloading rates.

In 2011, the major measures taken by the Group and the progress of related major projects were as follows:

- Leveraging on its technical advantages in handling large-sized equipments, the Group put great efforts in building the equipment transportation base in Bohai Bay so as to attract more large-sized equipments to be shipped via the Group's terminals.
 - The Group made great progress in terms of dry bulk containerization projects. New transportation mode was adopted for the multi-function vessels to ship the general cargoes and containers together. Regular shipping routes connecting Dalian with Zhuhai for such services was introduced.
- The Group co-operated with the steel companies in the northeastern hinterland to introduce shipping routes to southern ports for fine steel. With the introduction of such shipping routes, the duration and cost for ocean transportation have reduced, which helped to attract more downstream customers. Meanwhile, the regular shipping service connecting Dalian with India for the export of equipments was introduced and has made sound progress with the trend of "to solicit cargoes with shipping routes" and "to stabilize shipping routes with cargoes".
 - The Group enhanced cargo solicitation in the northeastern hinterland and signed the coal transportation agreements with several customers, which led to the significant growth of the Group's coal throughput. In 2011, the Group's coal throughput exceeded 10 million tonnes, thus coal became the 5th category of cargo with annual throughput over 10,000,000 tonnes following the business in relation to passenger and Ro-Ro, container, oil and ore.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in 2011 and its comparative results in 2010:

	2011 (^{'000 tonnes})	2010 (^{'000 tonnes})	+/-%
Corn	3,926	3,480	12.8%
Soy bean	1,041	1,274	-18.3%
Barley	139	343	-59.5%
Wheat	31	169	-81.7%
Others	1,930	1,154	67.2%
Total	7,066	6,420	10.1%

In 2011, the throughput handled by the Group's bulk grain terminal was approximately 7.066 million tonnes, an increase of 10.1%.

In 2011, the Group's corn throughput was approximately 3.926 million tonnes, an increase of 12.8%. The Group strengthened the solicitation of cargoes from major customers to raise their percentage of cargoes shipped via the Group's terminals. Meanwhile, leveraging on the port trade platform, the Group strengthened its strategic co-operation with the large-scaled domestic grain traders so as to ensure the steady growth of bulk grain throughput.

In 2011, the Group's soy bean throughput was approximately 1.041 million tonnes, a decrease of 18.3%. Affected by the State's policies on livelihood, limit on prices

Management Discussion and Analysis

were implemented for the edible oil. This, together with the low price of bean pulp, led to the low profit margin of oil processing companies. As a result, the demand for oil processing reduced and the oil processing companies' demand for soy bean also declined.

The Group worked for the return of its port tariffs to their previous level so as to increase its revenue.

In 2011, the throughput handled by the Group's bulk grain terminal accounted for 16.6% (16.7% in 2010) of the total throughput in northeastern China.

In 2011, the revenue from bulk grain terminal operation services amounted to RMB322,103,930.34 which represented an increase of RMB267,638,326.01 or 20.4% as compared with that in 2010. Such increase was mainly attributed to increase in rental rates on our 500 new bulk grain trucks and the grain handling charges in the current year.

In 2011, the revenue from bulk grain terminal operation services accounted for 8.1% (8.0% in 2010) of the Group's total revenue.

In 2011, the gross profit from bulk grain terminal operation services amounted to RMB145,547,060.78, representing an increase of RMB114,499,699.00 or 27.1% as compared with that in 2010, accounted for 9.9% (7.9% in 2010) of the Group's total gross profit, and represented a gross margin of 45.2% (42.8% in 2010). Such increase was mainly caused by the increase of the proportion of high-margined bulk grain truck leasing business and higher charges of grain handling.

In 2011, the major measures taken by the Group and the progress of major projects related to the Group's Bulk Grain Segment were as follows:

- The Group optimized its cargo structure and customer base and deployed its advantageous logistics resources reasonably. In terms of the corn for domestic trade, imported soy bean and wheat, the Group enhanced its cargo solicitation from large-sized customers and pushed them to raise their percentage of cargoes shipped via the Group's terminals so as to improve our recognition, our listing in the eyes of our customers and trustworthiness of our services.
- The Group locked the target customers and signed transportation co-operation agreements with them to support improvement of the Group's operation results.

The Group signed the co-operation transportation agreements for bulk grain carriages with certain major customers to ensure the operation efficiency of bulk grain carriages and to improve bulk grain carriages allocation. By entering into such agreements, the Group locked the customers' cargo sources, which helped improve the Group's operating results.

- The Group co-operated closely with the State grain reserve's Dalian depot to build silos in the port area of Ganjingzi of Dalian. The silos have been put into operation and yielded grain throughput of 570,000 tonnes in 2011. The results of co-operation have come into being.

Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on roll-off throughput handled by the Group in 2011 and its comparative results in 2010:

	2011	2010	+/-%
Passengers ('000 persons)	4,080	3,037	34.3%
Vehicles ('000 units) (note 2)	627	512	22.5%

Note 2: Vehicles refer to the vehicles handled at the passenger and roll-on, roll-off terminals of the Group and companies in which it has invested.

In 2011, the Group transported approximately 4.08 million passengers, an increase of 34.3% and handled approximately 627,000 vehicles, an increase of 22.5%. In 2011, although the series of macro economic policies implemented by the State had a certain negative impact on the number for both the passengers and vehicles transported from our terminals, the Group's business in Passenger and Ro-Ro Segment achieved growth as compared with 2010. By adding the shipping capacity of two vessels and acquisition of equity interests in Dalian Lvshun Port Co., Ltd. ("Lvshun Port") and Sino Rail Bohai Train Ferry Co, Ltd. ("SBTF"), the Group has achieved development in both market influence and market share.

In 2011, the revenue from passenger and roll-on roll-off and logistics services amounted to RMB114,848,968.50, which represented an increase of RMB75,032,422.49 or 53.1%

Management Discussion and Analysis

over the 2010. Such increase was mainly attributed to the commencement of operation of newly acquired ships. Had the income of the newly-acquired Lvshun Port been excluded, the revenue for 2011 would have grown by 34.2% as compared with last year.

In 2011, the revenue from passenger and roll-on roll-off and logistics services accounted for 2.9% (2.2% in 2010) of the Group's total revenue.

In 2011, the gross profit from passenger and roll-on roll-off and logistics services amounted to RMB44,689,509.85, representing an increase of RMB42,443,998.92 or 5.3% as compared with that in 2010, accounted for 3.0% (2.9% in 2010) of the Group's total gross profit, and represented a gross margin of 38.9% (56.6% in 2010). Such decrease in the gross margin was caused by consolidating the low-margined Dalian Port Harbor Lvshun Co., Ltd.

In 2011, the major measures taken by the Group and the progress of major projects related to the Group's Passenger and Ro-Ro Segment were as follows:

- By acquiring a 60% equity interests in Lvshun Port and a 17.5% equity interests in SBTF, the Group further consolidated the passenger and Ro-Ro business in Bohai rim.
- Two vessels named Longxing Island and Yongxing Island invested by China Shipping Ganglian Co., Ltd. were put into operations for the route connecting Dalian with Yantai in succession, by which the Group's market influence and competitiveness were highly increased.
- The Group enhanced marketing efforts and extended its function of ticket booking. The Group set up ticket offices at the service areas at Sanshili Pu town along the express way connecting Shenyang and Dalian and at Pikou along the express way connecting Dandong and Dalian. The coverage of the Group's ticketing network has been expanded, which played an important role in exploring its market.

Value-added Services Segment

TUGGING

In 2011, the port services, ocean engineering and

shipbuilding industries recorded a stable performance. The Group paid great attention to communication with its customers and continued to provide high-quality tugging services to its customers in Dalian port.

In the market outside Dalian, facing changing market conditions, the Group timely changed tugboats' location and optimized tugging services so that it maintained a stable long-term customer base and developed relationships with new customers. By the end of 2011, the Group had a total of 39 tugboats and four pilot boats, out of which 14 tugboats were leased out under long-term leases to other ports outside Dalian or shipyards. The Group retained a leading tugging services position amongst all port operators in China.

In order to enhance the Group's capability in tugging business, it began to build four 7,200-horsepower reversible tugboats which were expected to be put into operations from the end of 2012 to the beginning of 2013.

TALLYING

The total tallying throughput handled by the Group was approximately 41.973 million tonnes, an increase of 18% over 2010.

RAILWAY SERVICES

In terms of the operation of railway transportation, the Group handled a total of 693,000 carriages, an increase of 1.9% over 2010.

In 2011, the revenue from port value-added services amounted to RMB956,452,068.50, which represented an increase of RMB898,005,608.13 or 6.5% over the total revenue for 2010. Such increase was mainly attributable to the rapid growth of the value-added services in each area of the business, including engineering and construction services, and the significant increase in the tugboat transportation revenues.

In 2011, the revenue from port value-added services accounted for 24.2% of the Group's total revenue (26.9% in 2010).

In 2011, the gross profit from port value-added services amounted to RMB346,077,285.30, a decrease of 1.2% from RMB350,242,328.07 in 2010, accounted for 23.6%

Management Discussion and Analysis

(24.2% in 2010) of the Group's total gross profit, and represented a gross margin of 36.2% (39.0% in 2010). The decrease of gross margin was mainly due to the increase in the proportion of the relatively low-margined engineering and construction business and the rapid increase of labor costs.

Prospects for 2012

2012 sees more challenges and complication in the global economy. There will be more unstableness and uncertainty in the recovery of the economy. The central banks of different countries have lowered their expectation for the growth of their GDP. Meanwhile, China will be facing more complicated, turbulent and slump domestic and overseas economy. It is expected that the growth for Chinese overall economy and foreign trade will slow down. Therefore, it is expected that in 2012, the growth for cargo throughput and container throughput at the major ports of China will slow down accordingly. However, with the increasing anticipation of the recovery in economy, the operational environment is expected to be better in the second half of 2012 than that in the first half year.

RISKS AND UNFAVORABLE FACTORS

The continuous deterioration of European debt crisis and American debt crisis led to the lack of development momentum and drop of market confidence in the developed countries. Although different countries have implemented rescue package, which deepened the pressure of inflation, the global economy will probably retain a downturn in a long period. Affected by the external environment, the growth of the domestic economy will encounter a series of uncertain factors. The unstable foundation for stabilizing prices will have some negative impact on the growth of domestic consumption. In the recent year, the neighboring ports including Yingkou, Jinzhou and Dandong have been expanding port infrastructure facilities and upgrading their handling capacity, leading to increased competition for the Group.

MAJOR MEASURES TO BE TAKEN

Leveraging on the advantages on geographical location and deep water condition, the Group will strengthen marketing

activities and co-operation with customers, extend its service scope along the logistics chain and attract customers through working out integrated logistics solutions for customers and building up trade platform for bulk commodity. The Group will speed up the construction of infrastructure including storage tanks and stacking yards so as to upgrade its hardware and port handling capacity.

In 2012, the Group's major measures to be taken for market development are as follows:

Oil Segment

The reconstruction of crude oil storage tanks, including the Group's Nanhai phase-I crude oil tanks and the Group's major customer, PetroChina's crude oil tanks with a total capacity of 1.75 million tonnes, are in progress. The Nanhai phase-I crude oil tanks are expected to resume operation in the second quarter of 2012. The Group will co-ordinate with relevant authorities to speed up trans-shipment of bonded crude oil via the Group's oil terminals and improve the utilization of crude oil storage tanks. The Group will leverage on strength of the refined oil commercial reserve base in balancing supply of and demand for refined oil to attract the refined oil produced by the other refineries in the hinterland and PetroChina Dalian Branch to be transshipped via the Group's oil terminal. Meanwhile, the Group will co-ordinate with the National Energy Administration and PetroChina Marketing Company so as to push for the project of the State's refined oil commercial reserve base with the aim to increase the throughput of refined oil.

Capturing the opportunity arising from commencement of operation of the Group's No. 8 crude oil storage tanks and the storage tanks jointly built by the Group and China Zhenhua Oil Co., Ltd. and leveraging on the advantages of two deep water terminals, scaled storage tanks and bonded warehouse, the Group will expand the transshipment of crude oil and bonded crude oil to new customers and new market.

The Group will push for the acquisition of port facilities of oil terminal in Changxing Island and put such facilities into trial operation in due course.

Management Discussion and Analysis

Container Segment

Taking market as the orientation, the Group will make full use of the favorable policies issued by the governments of Liaoning Province and Dalian Municipality to enhance its core competitiveness and stabilize its market coverage in container business.

The Group will continue to enhance marketing for shipping routes so as to attract more cargoes to be shipped via Dalian port. In terms of the attraction of shipping routes for foreign trade containers, while stabilizing the operation of the existing mainhaul services, the Group will push for the upgrade of the current services and attract new mainhaul services. In terms of the attraction of shipping routes for domestic trade containers, the Group will strengthen the strategic co-operation with the major shipping companies in the mainhaul, feeder and transshipment services, push for the medium-sized and small-sized shipping companies to introduce shipping routes so as to improve the overall competitiveness for the transportation of domestic trade containers.

The Group will strengthen its strategic position for transshipment operations in Bohai rim by further implementing measures for trans-shipment and making its advantages in feeder trans-shipment into full play. The Group will stabilize the operation of the channel for international trans-shipment and expand the services for vessel changes and reallocation of empty containers for the increment of volume. The Group will strengthen its strategic co-operation with major shipping companies so as to ensure the smooth operation of trans-shipment for Jinzhou port.

The Group will enhance its competitiveness in the multi-modal transportation system and take its extended services in the hinterland into full play. The Group will push for the implementation of preferential policies issued by the railway authorities, extend the effect of the State's pilot project for sea-to-rail transportation and strengthen the brand advantages of rail services. The Group will carefully form the layout of the newly built inland depots and optimize multi-modal container transportation network.

Automobile Terminal Segment

The Group will continue to enhance cargo solicitation for transportation between southern China and northern China. While stabilizing the operation of automobiles from Guangzhou Honda and Shanghai Automobile Industry

Corporation (Group), the Group will co-operate with relevant parties to advance the water transportation project for First Automobile Works and push for the introduction of new shipping route for Toyota between southern China and northern China with Dalian as the basic port so as to strengthen the Group's position in automobile transportation for domestic trade between southern China and northern China.

The Group will enhance coordination with customers in order to strengthen its position as an export hub for automobiles. Meanwhile, the Group will improve the relevant resource deployment according to the demand of customers and obtain additional qualifications for the provision of integrated logistics services including Customs declaration and inspection submission, PDI (Pre Delivery Inspection) and road distribution arrangement so as to enhance cargo solicitation for foreign trade business.

The Group will enhance its co-operation with automobile manufacturers, including Cherry and Shanghai Automobile Industry Corporation (Group), to maintain stable cargo supplies for future throughput growth.

While ensuring operational safety, the Group will deploy more handling equipment in order to expand foreign trade bulk cargo operation and domestic trade large-scaled equipments.

With the commencement of operation of newly constructed roll on, roll off vessels and specialized railway services, the Group will build up integrated automobile logistics systems and carry out logistics services for automobile spare parts.

Ore Segment

The Group will speed up the construction of No. 4 stacking yard, which is expected to be completed in 2012. With No. 4 stacking yard put into operation, the Group will have additional stacking capacity of 2.3 million tonnes.

In order to better serve customers in the Three Northeastern Provinces of China who transport their cargoes by railway, the Group will enhance communication with steel manufacturers and railway companies to improve operational efficiency and provide better railway services.

The Group will further strengthen its co-operation with the steel manufacturers in Hebei Province and improve its operational efficiency and service level during the operation of ultra large ore vessels so as to attract more transshipment operation of ultra large vessels via our ore terminal.

Management Discussion and Analysis

The Group will continue to enhance co-operation with ore traders and attract their vessels to call at our ore terminal by making full use of our advantages in deep-water terminal and efficient operations.

General Cargo Segment

Adhering to the marketing principle of “Building-up Steel Distribution Center” and continuing co-operation with its major customers, the Group will take the current change in the steel market into consideration, attract steel trans-shipment for medium-sized and small-sized steel manufacturers, and extend the cargo solicitation to downstream customers so as to build up the steel solicitation network covering the whole country.

The Group will strengthen the customer relationship in terms of coal business so as to build up coal trans-shipment base. Relying on the business of coal shipment for Huaneng Dalian Power Plant and Zhuanghe Power Plant, focusing on the business of coal shipment from the hinterland and supplemented by consumption of the coastal enterprises and steel manufacturers, the Group will form the scale of coal transportation and develop into the coal transportation and storage centre in the Three Northeastern Provinces.

Taking the opportunity of the State’s expanding domestic demand and Northern China’s revitalization, the Group aims to develop into a trans-shipment hub for the export of heavy equipment in Bohai rim. Meanwhile, the Group will attract more cargoes and establish as the hub for the transportation of heavy equipments by leveraging its brand in equipment trans-shipment its advantages on location and technique.

The Group will further upgrade the port functions in Changxing Island. Taking advantages of port resources and with the aim to extend the port logistics chain, the Group will expand port functions and save logistics cost for the transportation of general cargoes.

Bulk Grain Segment

The Group will make proper deployment of its advantageous logistics resources and improve the integrated grain logistics network. The Group will further optimize its customer base for corn business and push for the efficient turnover of bulk grain carriers and stable growth of throughput with scientific utilization of silos.

The Group will build ocean transportation channel for bulk grain and stabilize the operation of regular shipping routes. The Group will continue to adopt the co-operation mode of “two ports connected by one shipping route”, improve the ocean logistics network, build sea-to-land transportation channel for the bulk grain to be shipped from northern China to southern China with the aim to form the scale of transportation.

The Group will continue to improve the operation of the port trade platform and expand value-added logistics services. Leveraging on the timely information, the Group will be able to provide trade opportunities for trade partners. Meanwhile, The Group will provide integrated logistics solution to reduce the customers’ comprehensive logistics cost and lead to the growth of throughput.

The Group will try to form co-operation relationships with neighboring ports so tariffs may return to previous level and income will increase.

Passenger and Ro-Ro Segment

In January 2012, the roll on, roll off vessel, named Qingshan Island and invested by China Shipping Group was put into operation on the route connecting Dalian and Yantai. Another roll on, roll off vessel named Changshan Island is expected to put into operation on the route connecting Dalian and Yantai in June 2012. The Group’s influence and competitiveness will be further enhanced with the operation of these vessels.

In January 2012, No. 17 and No. 18 passenger and Ro-Ro berths in Dalian Bay were put into operations. The Group will continue to accelerate the port resource integration for passenger and Ro-Ro business with scientific deployment of the shipping routes and shipping capacity in Dagang area, Dalian Bay area and Lvshun port area. The Group’s leading position in terms of passenger and Ro-Ro business will be enhanced.

The Group will strengthen communication with shipping companies and partner ports to reasonably work out the plan for vessel calls so as to meet the demand of passengers and vehicle owners.

Management Discussion and Analysis

In order to meet the demand of newly-added shipping capacity, the Group will strengthen the solicitation of passenger and cargoes in the hinterland with focus on railway passengers and logistics distribution centers so as to build up the marketing network which matches with the shipping capacity.

Value-added and Supporting Services

Benefited from the development of regionalization and port consolidation, the Group will be able to find out new driving force for revenue increase by optimizing resource deployment and adjusting tugboat deployment structure.

The Group plans to build additional eight to ten tugboats during the Twelfth Five-Year Plan period. The Group will make appropriate preparation for the operation of these tugboats and adjustment of tugboat resources in due course.

The Group will continue to provide comprehensive port supporting services to the internal specialized terminal and related logistics services in order to ensure safe and efficient port operations. Meanwhile, the Group will actively expand the external market so as to create more profit.

Others

HUMAN RESOURCE

In 2011, having taken into consideration the new management structure and internal control system demands, the Company's development strategies and the annual main tasks, the Company took efforts to develop each staff's potential, construct the distinctive employment mechanism for staff selecting, training, and appointing, so as to promote the Company's sustainable development.

1. Having taken into consideration changing human resource policy environment and the status of the Company's management, the Company further revised and improved its human resource management regulations including the *Labour Contract Management Procedure*, the *Procedures for Management of Employees' Attendance and Leave*, the *Procedures for Management of Paid Annual Leave and Other Leaves of Employees*, the *Procedures for Management of Remuneration*, the *Rules for Management of Performance Appraisal*, the *Rules for Management of Department Performance Appraisal*, the *Enterprise Annuity Rules*, the *Procedures for Management of Labour Cost*, and the *Employees' Rewards and Disciplinary Procedures* (trial rules). Starting with drawing rules and regulations, the

Company clearly set up the working process and standardized the management order.

2. Focusing on post, performance and ability, the Company laid the foundations for establishment of the open and market-oriented human resource management system through optimizing remuneration system, making the role of compensations as motivator into full play and increasing positive incentives in various aspects.
3. The Company improved its performance appraisal system, optimized the performance appraisal standard, thoroughly promoted the performance appraisal management, and built up the KPI system and assess criteria with features suitable to support a listed company and meet management's demands.
4. The Company organized pertinent training and continued to implement the talent motivation policy. The internal training and outside courses combining theoretical study and practical training were provided to improve the capability of the Company's staff and to accomplish the basic tasks for building talent pools, training and retaining talented personnel. Such practices provided a reliable human resource warranting the Company's better and faster development.
5. The Company improved its internal control system and integrated management system by adding a section of human resource management, and participated in the quality management system internal audit, thus enhanced the process and risk control ability and laid a solid foundation for human resources management.
6. The Company implemented labor policies and rules conscientiously, accomplished the basic work steadily and meticulously, and made every effort to achieve balance between the enterprise performance and the employee benefits.
7. The Company consistently adhered to the principle of "human oriented", fulfills the basic work steadily and meticulously, and makes every effort to balance the enterprise revenue with the employee benefits. Therefore, it has been highly praised by community, and was granted the honor of "AAA Corporation in Labour Security, Compliance with Law and of Good Faith" for the second successive year.

Management Discussion and Analysis

As at 31 December 2011, the Group had a total of 6,751 full-time employees. The Group and its invested businesses together had a total of 8,857 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 always attaches great importance to the investor relation management. Adhering to the principles of regularity, fairness and transparency for information disclosure, the Company has various channels for information disclosure to investors to allow them to have a good understanding of the Company's business performance and future development strategies. In addition, the Company has taken the initiatives to collect the feedbacks from investors, take careful consideration to their suggestions and make appropriate improvement on the work of investor relation. As the result, the Company has maintained good interaction with investors.

During the reporting period, the Company proactively communicated with the capital market and investors home and abroad via various channels including organizing performance roadshows, meeting visitors in Dalian, enriching the investors' database and holding conference calls with investors. Adhering to the regulatory requirements of domestic and overseas markets, the Company published announcements, circulars and annual reports on the websites of the Company and the websites and medias designated by the regulatory authorities.

The investor relation is a long-term strategic work for the Company. The Company will continue to improve its investor relation management so as to better serve the shareholders and allow the shareholders and the capital market to have better understanding and recognition of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Strengthening safety management, paying attention to energy saving and emission reduction and promoting sustainable development of the ecology and environment

The Company adheres to the principle of staff first, safety first and science first throughout its development, and strengthens the education, prevention of hidden and potential risks and implementation of regulations. The Company pays attention to the establishment of safety

production responsibility system, safety education, hidden and potential risk investigation and safety emergency system improvement. The Company investigated and treated the hidden and potential risk actively for ensuring safety in production. RMB62,000,000 was budgeted for the rectification programs. The technological innovation and equipment purchase have been basically completed, while some of the outsourcing programs are being carried out. In accordance with the measures recommended to prevent similar incidents by the accident investigation team in the *Report of the Lightning-caused Fire Accident which Happened on 22 November 2011*, the Company are on the process of investigating and dealing with the hidden and potential risks. The special fund will be put into facility upgrade.

The Company made every effort to save energy, formulated and decomposed evaluation indicators, so as to perform the duty to save energy and reduce emission. New technologies, equipments, processes and methods were widely adopted to improve the energy efficiency. The Company improved the energy-saving technologies and engaged the staff in solving the key technical problems in order to reduce energy consumption. In 2011, the comprehensive energy consumed for the Company per 10,000 tons of throughput was equivalent to that provided by 4.02 tons standard coal.

The Company performed well in the control and management of pollution source. The environment monitoring program was operated to ensure the normal operation of the environmental protection installations and eligibility of pollutant emissions. The Company has upgraded the facilities for sewage disposal and furnished the boiler in the center of Dayao Bay area with equipments for desulfuration. The sewage collection and purification was efficient. All the oily sewage was collected and treated. The monitoring results of the main pollution sources have met the requirement of management and national standard. In order to meet the discharge standard for pollutants, the Company installed the pollution prevention and control equipments and facilities in the oil terminal and facilities for sewage treatment, soot control and dust control in other terminals running properly. The Company has also bought spill containment boom, oil collection machine, mobile storage tanks and oil dispersant spray system.

Management Discussion and Analysis

Protecting the worker rights, engaging in public-service activities and assuming the social obligation

The Company strictly implemented the Labour Contract Law, and revised the regulations on pensions, health care, industrial injury, unemployment, childbearing, housing fund and female staff's special interests protection. The policies of housing subsidies, supplementary pension and supplementary medical benefits were taken to defend the staff's basic benefits. The Company also focused on democratic management. The significant cases and matters concerning the interests of employees were discussed and decided on the staff congress. The Company paid close attention to staff's health and expressed the warmth of the Company to the staff by taking the staff health examination, female staff's gynecological examination, patient visit poverty relief program and organizing activities, such as cultural festivals, sports meetings and travels.

The Company encouraged the voluntary workers to pursue the poverty relief and sufferers supporting program, with strong support for public service. The Company also has encouraged staff to promote the traditional virtues of "one in trouble, all to help" and donate money, property and blood proactively. The staff was asked to participate in the Earth Hour event and Environmental protection carnival, initiated by Dalian Environmental Protection Volunteers Association.

Directors and Officers Liability Insurance

The Company bought the 2011–2012 annual directors and officers liability insurance for directors, supervisors and officers in July 2011. The insurance period runs from 15 July 2011 to 14 July 2012 and the insurance has a limit of liability of US\$ 20,000,000. Chartis Insurance Company China Limited Beijing Branch is the exclusive insurer.

Report of the Directors

The board of directors (the “Board”) hereby presents its report and the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) (the “financial statements”) for the year ended 31 December 2011.

Principal Activities and Geographical Analysis of Operations

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

The principal activities of the Company’s subsidiaries are set out in Note IX.6 to the financial statements.

Details of the analysis of the Group’s operating results by business segments for the year ended 31 December 2011 are set out in Note IX.6 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2011 are set out in the consolidated income statement of the financial statements.

The Board now recommends the payment of a final dividend of RMB6 cents per share to the shareholders of the Company, totalling approximately RMB265,560,000.

Pursuant to the provisions of the Articles of Association (the “Articles”) of the Company, the annual profit distribution plan of the Company is subject to approval of the annual general meeting for 2011. Accordingly, the aforesaid profit distribution proposal will be implemented following the approval of the Company’s annual general meeting.

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 consolidated statement of change of equity to the financial statements.

Distributable Reserves

As at 31 December 2011, the Company’s reserves available for distribution were RMB1,550,509, in accordance with the generally accepted accounting principles of the People’s Republic of China (the “PRC GAAP”).

Bank Loans and Other Borrowings

As at 31 December 2011, the total amount of outstanding bank loans and other borrowings of the Group was RMB11,059,432. Details of the relevant loans are set out in Note V.24, Note V.33, Note V.34, and Note V.35 to the financial statements.

Capitalisation of Interest

As at 31 December 2011, the total amount of interest capitalised of the Group was approximately RMB251,789.

Fixed Assets and Construction in Progress

Details of the movements in the fixed assets and construction in progress of the Group during the year ended 31 December 2011 are set out in Note V.15 and Note V.16 to the financial statements.

Report of the Directors

Investment Properties

Details of the properties held for investment purpose of the Group during the year ended 31 December 2011 are set out in Note V.14 to the financial statements.

Share Capital

The share capital structure of the Company as at 31 December 2011 is set out in the table below.

Class of shares	Number of shares	Percentage (%)
A Shares	3,363,400,000	75.99
H Shares	1,062,600,000	24.01
Total	4,426,000,000	100

Details of the movements in share capital of the Company during the year are set out in Note V.38 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 prorata basis to existing shareholders.

Purchase, Redemption or Sale of Shares

During the year ended 31 December 2011, none of the Company or 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.

Directors and Supervisors

The directors and supervisors of the Company in office during the reporting period are:

EXECUTIVE DIRECTORS

Mr. Sun Hong (Note 1)
Mr. Zhang Fengge (Note 2)
Mr. Xu Song (Note 2)
Mr. Zhu Shiliang (Note 3)
Mr. Jiang Luning (Note 4)
Ms. Su Chunhua (Note 5)

NON-EXECUTIVE DIRECTORS

Mr. Xu Jian (Note 2)
Mr. Zhang Zuogang (Note 3)
Mr. Lu Jianmin (Note 6)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Yongze (Note 3)
Mr. Gui Liyi (Note 3)
Mr. Wan Kam To, Peter (Note 3)
Mr. Wang Zuwen (Note 4)
Mr. Zhang Xianzhi (Note 4)
Mr. Ng Ming Wah, Charles (Note 4)

Report of the Directors

Note 1: Mr. Sun Hong resigned from his office as director and chairman of the Board of the Company with effect from 20 February 2012.

Note 2: Mr. Zhang Fengge, Mr. Xu Song and Mr. Xu Jian were re-appointed as director of Company with effect from 24 June 2011.

Note 3: Mr. Zhu Shiliang, Mr. Zhang Zuogang, Mr. Liu Yongze, Mr. Gui Liyi and Mr. Wan Kam To, Peter were appointed as director of the Company with effect from 24 June 2011.

Note 4: Mr. Jiang Luning, Mr. Wang Zuwen, Mr. Zhang Xianzhi and Mr. Ng Ming Wah, Charles retired from the office as director of the Company with effect from 24 June 2011, being the date on which the term of the second session of the Board expires.

Note 5: Ms. Su Chunhua resigned from her office as director of the Company with effect from 24 January 2011.

Note 6: Mr. Lu Jianmin retired from his office as director of the Company with effect from 24 June 2011 being the date on which the term of the second session of the Board expires.

The Company has received from the independent non-executive directors an annual confirmation of their independence. The Company considers the independent non-executive directors independent from the Company.

SUPERVISORS

Mr. Fu Bin (Note 7)

Ms. Su Chunhua (Note 8)

Mr. Zhang Xianzhi (Note 8)

Mr. Lv Jing (Note 8)

Mr. Xu Fangsheng (supervisor representing the employees) (Note 9)

Ms. Gui Yuchan (supervisor representing the employees) (Note 9)

Mr. Zhang Guofeng (Note 10)

Mr. Diao Chengbao (Note 11)

Ms. Fu Rong (Note 11)

Ms. Xu Jinrong (Note 11)

Note 7: Mr. Fu Bin was appointed by the shareholders of the Company as supervisors of the Company with effect from 24 June 2011.

Note 8: Ms. Su Chunhua, Mr. Zhang Xianzhi and Mr. Lv Jing were appointed by the shareholders of the Company as supervisors of the Company with effect from 24 June 2011.

Note 9: Mr. Xu Fangsheng and Ms. Gui Yuchan were appointed as supervisors representing the employees of the Company with effect from 24 June 2011.

Note 10: Mr. Zhang Guofeng resigned from his office as supervisor of the Company with effect from 24 January 2011.

Note 11: Mr. Diao Chengbao, Ms. Fu Rong and Ms. Xu Jinrong retired from their office as supervisors of the Company with effect from 24 June 2011, being the date on with the term of the second session of the supervisory committee of the Company expires.

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 2011, 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 three months' prior written notice to the other party.

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

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 any of its subsidiaries, its holding company or any of its subsidiaries was a party and in which a director or a supervisor had a material interest, whether directly or indirectly, subsisted 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 2011, none of the directors, supervisors, senior management or any of their respective associates had any interests and short positions in shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Directors' and Supervisors' Rights to Acquire Shares and Debentures

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

Directors' Interests in Competing Businesses

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

Directors' and Supervisors' Remuneration

The remuneration of directors and supervisors of the Company is 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 IX.9 to the financial statements.

Five Highest Paid Individuals

For the year ended 31 December 2011, information in respect of the five highest paid individuals of the Group is set out in Note IX.10 to the financial statements.

Management Contracts

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

Report of the Directors

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

- A. On 29 April 2011, the Company and Dalian Construction Investment (Note 1) entered into the Acquisition Agreement for acquisition of a 17.5% interests in SBTF (Note 2). The cash consideration for the acquisition of the 17.5% interests in SBTF is RMB274,473,600 which was arrived at after arm's length negotiations between the Company and Dalian Construction Investment with reference to the appraised monetary value of such 17.5% interests of SBTF as at 31 December 2010. As at the date of completion of the acquisition, SBTF is owned as to 50% by Jinan Railway Bureau, 17.5% by Dalian Construction Investment, 17.5% by Yantai Bluesky Investment Holdings Co., Ltd. and 15% by China Railway Erju Co., Ltd.

SBTF was established in January 2002 and is primarily engaged in the investment, development, construction and operation of Yanta-Dalian Train Ferry Project. The purposes of the acquisition were to enable the Group to integrate resources relating to its passenger and roll-on, roll-off terminal operations across Bohai Strait so as to promote its competitive advantages in such area and enable it to generate additional revenues from rail cargo transportation business operated by SBTF.

- B. On 16 May 2011, the Company entered into the Dayao Bay and Dalian Bay Property Compensation Agreement with Dalian Port Corporation Limited ("PDA"), the controlling shareholder of the Company, for compensation for demolition of the eight items of fixed assets of PDA at an aggregate cash consideration of RMB22,082,220. The terms of the Dayao Bay and Dalian Bay Property Compensation Agreement have been agreed after arm's length negotiations between the Company and PDA. The consideration under the agreement was determined with reference to the appraised value of the assets conducted by an independent PRC qualified valuer appointed by both PDA and the Company.

The purpose of the transaction is to enable the Company to obtain an area for construction of No.4 ore stacking yard and Dalian Bay general cargo terminals. The Directors consider that the terms of the agreement are on normal commercial terms and are fair and reasonable and such agreement is in the interests of the Company and the Shareholders as a whole.

- C. On 21 June 2011, the Company entered into the Investment Agreement with PDA for the establishment of the Finance Company Limited (Note 3) in Dalian, the PRC. The total registered capital of the Finance Company is RMB500,000,000, out of which 40% shall be contributed by the Company (i.e., RMB200,000,000) and 60% shall be contributed by PDA (i.e., RMB300,000,000). Such capital contribution was made in cash by the Company and PDA which took place around the end of June 2011. Save for the capital contribution obligations mentioned above, the Company has no other capital commitments or obligations to provide any guarantee or indemnity in connection with the proposed establishment of Finance Company under the Investment Agreement.

The principal businesses of Finance Company are: (i) corporate finance advisory services, credit worthiness verification and related consultancy and agency services to the members of PDA Group; (ii) assisting the members of PDA Group in collection and payment; (iii) approved insurance agency services; (iv) guarantee services to the members of PDA Group; (v) entrusted loan and entrusted investment among the members of PDA Group; (vi) bills acceptance and discount; (vii) settlement and clearing services among the members of PDA Group and the relevant consultancy services; (viii) accepting deposits from the members of PDA Group; (ix) providing loans and financing leasing to the members of PDA Group; (x) inter-bank lending; and (xi) other services approved by China Banking Regulatory Commission.

The board of Finance Company consists of five directors, three of whom shall be nominated by PDA and the other two shall be nominated by the Company. The chairman shall be nominated by PDA and be elected by the board of directors. Finance Company shall have one general manager and a certain number of deputy general managers, who shall be appointed by the board of Finance Company.

Report of the Directors

The establishment of the Finance Company will enhance the Company's centralized management of its internal funds and improve its efficiency in fund usage. It will further improve the Company's capabilities of clearing, funds management and investing and financing management through the Finance Company's professional financial management services. The Company will expand its financing channels through Finance Company's strategic value, platform value and license value. The Directors consider that the terms of the Investment Agreement are on normal commercial terms, fair and reasonable, and in the best interests of the Company and its shareholders as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS UNDER LISTING RULES 14A.33

The following table sets out a summary of the Group's non-exempt continuing connected transactions undertaken during the year 2011.

Connected transactions	Connected persons	Cap for 2011 (RMB'000)	Actual amount for 2011 (RMB'000)
A Construction supervision services	PDA Group (Note 4)	13,000	2,507
B Project management services	PDA Group	16,000	5,194
C Property Leasing Property Leasing*	PDA Group PDA Group	25,248 1,725	24,486 —
D Supply of goods and services	PDA Group	44,561	18,793
E Receiving of goods and services	PDA Group	67,060	23,013
F Terminal facilities design and construction services	PDA Group	88,490	36,072
Total		256,084	110,065

* On 9 June 2011, Dalian Port Container Development Co., Ltd. ("DPC"), a wholly owned subsidiary of the Group entered into a lease agreement with PDA Group for leasing a plot of land. Please refer to the paragraph below headed "C. Property Leasing" for details.

The main reason for the difference between the actual amount and the cap of the above transactions for 2011 was that certain former connected parties, as defined under the Listing Rules, ceased to be the Company's connected parties during 2011 owing to the change of ownership structure of those companies.

A. Construction supervision services

The construction supervision services were provided by Dalian Port Harbour Construction Superintendence and Consultation Company Limited ("Superintendence Company") to the Group pursuant to the Construction Supervision Services Agreement dated 30 September 2009.

As disclosed in the Company's announcement dated 30 September 2009, the annual cap for the construction supervision services for the year 31 December 2011 was RMB13,000,000. The actual amount of the transactions in 2011 was RMB2,507,000.

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

- The terms and conditions on which such services are to be provided will be no more favorable to PDA and/or its associate than those offered to independent third parties;

Report of the Directors

- The initial terms of the agreement will commence from the Completion Date (Note 5) and will end on 31 December 2012. Upon expiration of the initial term, subject to compliance by the Company with applicable requirements under the Listing Rules, the agreement will be renewed automatically for a future term of three years. Unless otherwise agreed by the parties, each party may terminate the agreement by giving three months' written notice;
- The construction supervision services will be priced in accordance with the following principles:
 - (a) State price, being the price set by the PRC government (at central or local level) or its relevant departments by laws, regulations, determinations, orders and policies; and
 - (b) where there is no state price, the market price, being the price at which the same or comparable services are provided to independent third parties in the same area in the ordinary course of business.

B. Project Management Services

The project management services were provided by Dalian Port Construction Management Company Limited to the Group pursuant to the Project Management Services Agreement dated 30 September 2009. The annual cap for the project management services for the year ended 31 December 2011 was RMB16,000,000. The actual amount of the transaction in 2011 was RMB5,194,000.

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

- The terms and conditions on which such services are to be provided will be no more favorable to PDA and/or its associate than those offered to independent third parties;
- The initial terms of the agreement will commence from the Completion Date and will end on 31 December 2012. Upon expiration of the initial term, subject to compliance by the Company with applicable requirements under the Listing Rules, the agreement will be renewed automatically for a future term of three years. Unless otherwise agreed by the parties, each party may terminate the agreement by giving three months' written notice;
- The project management services will be priced in accordance with the following principles:
 - (a) State price, being the price set by the PRC government (at central or local level) or its relevant departments by laws, regulations, determinations, orders and policies; and
 - (b) where there is no state price, the market price, being the price at which the same or comparable services are provided to independent third parties in the same area in the ordinary course of business.

C. Property Leasing

The Group leased certain land use rights and buildings from PDA and/or its relevant associates for certain business operations and offices pursuant to the Property Leasing Agreement dated 30 September 2009. The relevant annual cap for the year ended 31 December 2011 was RMB25,248,000. The actual amount of the transactions in 2011 was RMB24,486,000 for the above mentioned rental agreements.

On 9 June 2011, Dalian Port Container Development Co., Ltd. ("DPCD") (Note 6), a wholly-owned subsidiary of the Company, entered into the Land Lease Agreement with PDA. Pursuant to the agreement, DPCD leases land use right of a plat of land located at the south bank of Dayaowan in Dalian, PRC for construction of the dangerous cargo. The annual cap for the property leasing and the actual amount of transaction for the year ended 31 December 2011 was RMB1,725,000.00 and nil, respectively.

The aggregate annual cap for the above property leases and the actual amount of transactions for the year ended 31 December 2011 are RMB26,973,000 and RMB24,486,000, respectively.

Report of the Directors

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

- The rental charged by PDA and or its relevant associates will be set by or with reference to the market rate, being the rate at which the same or comparable land of buildings are leased from independent third parties in the same area in the ordinary course of business;
- The initial terms of the Property Leasing Agreement will commence from the Completion Date and will end on 31 December 2012. Upon expiration of the initial term, subject to compliance by the Company with applicable requirements under the Listing Rules, the agreement will be renewed automatically for a future term of three years. The Group may terminate the agreement on giving three months' written notice;
- The rental (exclusive of all taxes payable, which shall be paid to PDA or its relevant associates) shall be payable on a quarterly basis; If PDA and its associate propose to sell any property leased by the Enlarged Group to a third party, the Enlarged Group shall have a pre-emptive right to purchase such property under terms no less favourable to the Group than those available to the third party.

D. Supply of goods and services

The supply of goods and services was provided by the Group to PDA and/or its relevant associates pursuant to the Mutual Supply Master Agreement dated 30 September 2009. The cap for the supply of goods and services for the year ended 31 December 2011 was RMB44,561,000. The actual amount of the transaction in 2011 was RMB18,793,000.

The major terms of the Mutual Supply Master Agreement are as follows:

- Supplies and services to be provided by the Group to PDA and/or its relevant associates include:
 - (a) Provision of supplies: IT related equipment, spare parts, software and related maintenance and other related or similar supplies and services; and
 - (b) Services: Tugboat services, telecommunications, and related engineering services, software development; network maintenance, security services, provision of utilities including electricity, steam and heat and other related or similar services;
- The terms and conditions on which the supplies and services are to be provided by the Group will be no more favorable than those available from independent third parties;
- The initial term of the Mutual Supply Master Agreement will commence from the Completion Date and will end on 31 December 2012. Upon expiration of the initial term, subject to compliance by the Company with applicable requirements under the Listing Rules, the Mutual Supply Master Agreement will be renewed automatically for a future term of three years. PDA and its associates may not terminate the agreement without the Group's prior written consent; and
- The supplies and services will be provided at prices determined in accordance with the following pricing principles:
 - (a) State price, being the price set by the PRC government (at central or local level) or its relevant departments by laws, regulations, determinations, orders and policies;
 - (b) where there is no state price, the market price, being the price at which the same or comparable services are provided to independent third parties in the same area in the ordinary course of business; or

Report of the Directors

- (c) where there is neither a state price or a market price, in respect of the supplies and services to be provided by the Group, the reasonable cost incurred in providing the goods and services plus an appropriate margin; or, in respect of the supplies and services to be provided by PDA and/or its associates, the reasonable cost incurred in providing such goods and services.

E. Receiving of goods and services

The supply of goods and services was provided by PDA and/or its relevant associates to the Group pursuant to the Mutual Supply Master Agreement dated 30 September 2009. The cap for the receiving of goods and services for the year ended 31 December 2011 was RMB67,060,000. The actual amount of the transaction in 31 December 2011 was RMB 23,013,000.

The major terms of the Mutual Supply Master Agreement are as follows:

- Goods and services to be provided by PDA and/or its relevant associates to the Group include:
 - (a) Provision of supplies: diesel oil, spare parts and other similar supplies; and
 - (b) Services: facilities and equipment maintenance, provision of utilities including water and heating, transportation (for employees commuting between home and work), landscaping, labor, catering, medical check, printing and conference services and other related or similar services;
- The terms and conditions on which the supplies and services are to be provided to the Group will be no less favourable than those available from independent third parties;
- The initial term of the Mutual Supply Master Agreement will commence from the Completion Date and will end on 31 December 2012. Upon expiration of the initial term, subject to compliance by the Company with applicable requirements under the Listing Rules, the agreement will be renewed automatically for a future term of three years. PDA and its associates may not terminate the agreement without the Group's prior written consent; and
- The supplies and services will be provided at prices determined in accordance with the following pricing principles:
 - (a) State price, being the price set by the PRC government (at central or local level) or its relevant departments by laws, regulations, determinations, orders and policies;
 - (b) where there is no state price, the market price, being the price at which the same or comparable services are provided to independent third parties in the same area in the ordinary course of business; or
 - (c) where there is neither a state price nor a market price, in respect of the supplies and services to be provided by the Group, the reasonable cost incurred in providing the goods and services plus an appropriate margin; or, in respect of the supplies and services to be provided by PDA and/or its associates, the reasonable cost incurred in providing such goods or services.

Report of the Directors

F. 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 30 September 2009. The cap for the terminal facilities design and construction services for the year ended 31 December 2011 was RMB88,490,000. The actual amount of transaction in 2011 was RMB36,072,000.

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 will be no less favourable to the Group than those available to the independent third parties;
- The initial term of the agreement will commence from the Completion Date will end on 31 December 2012. Upon expiration of the initial term, subject to compliance by the Company with applicable requirements under the Listing Rules, the agreement will be renewed automatically for a further term of three years. PDA and/or its associates may not terminate the agreement without the Group's prior written consent; and
- The provision of the terminal facilities design and construction services shall be priced in accordance with the following principles:
 - (a) State price, be the price set by PRC government (at central or local level) or its relevant departments by laws, regulations, determinations, orders or policies;
 - (b) where there is no state price, the market price, being the price at which the same or comparable services are provided to independent third parties in the same area in the ordinary course of business; or
 - (c) Where the project is subject to public bidding, the price will be determined through the bidding process.

G. Financial Services

The Company has entered into the Financial Services Agreement with the Finance Company Preparation Committee on 27 October 2011. The Financial Service Agreement being effective on 1 January 2012 and will end on 31 December 2014. According to the agreement, the annual caps for the three years ending 31 December 2012, 2013 and 2014 are RMB4,000,000,000 for a single day deposit balance, RMB5,000,000,000 for a single day loan balance, and RMB700,000 for other handling fees in connection with the settlement services.

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

- Financial services to be provided by the Finance Company to the Group include:
 - (a) Deposit services: including current deposit, fixed term deposit, call deposit and agreement deposit; and
 - (b) Financial intermediation services: including loan, bill acceptance, bill discount, financial leasing; and
 - (c) Payment and receivable settlement services;
 - (d) other financial services within the scope of Financial Company license;
- The terms and conditions on which the financial services are to be provided the Group will be no less favourable than those available from independent third parties;
- The initial term of the Financial Services Agreement will commence from the Completion Date will end on 31 December 2014. The agreement may be amended or cancelled upon consent by both parties through consultation and written agreement; but neither party is allowed to unilaterally amend the agreement; and

Report of the Directors

- The financial services shall be priced in accordance with the following principles:
 - (a) The deposit rates: not lower than the uniform interest rate prescribed by the People's Bank of China interest rates for comparable deposits or similar deposits in the same period, not lower than the interest rates paid by other major commercial banks in China for comparable deposits, and not lower than the interest rate paid by the Finance Company to any subsidiary of PDA (other than any member of the Group) for comparable deposits; and
 - (b) Loan interest rates: not higher than the rate charged by major commercial banks for comparable loans, and not higher than the interest rate payable by any subsidiary of PDA Group to the Finance Company; and
 - (c) The settlement services are provided by the Finance Company free of any charge;
 - (d) The other financial services: service fee will not be higher than the fee charged by other financial institutions in China for comparable services;
- The Group and Dalian Port Finance Company Limited shall keep in strict confidence information, data, financial data, product information of the other party, and shall strictly abide by the confidential provisions under the agreement.
- The detail of the transactions under the above-mentioned Financial Services Agreement will be disclosed in the Company's next annual report.

Note 1: Dalian Construction Investment Company Limited is a substantial shareholder of a subsidiary of the Company (Dalian Portnet Company Limited), and a connected person of the Company as defined under Rule 14A.11 (1) of the Listing Rules.

Note 2: SBTf refers to Sino Rail Bohai Train Ferry Co., Ltd.

Note 3: Finance Company refers to Dalian Port Group Finance Company Limited, an affiliated company of the Company, and a connected person of the Company.

Note 4: PDA Group refers to PDA and/or its associates.

Note 5: Completion Date refers to 1 November 2010.

Note 6: DPCD refers to Dalian Port Container Development Co., Ltd, a limited liability company established in the PRC wholly-owned by the Company.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive directors of the Company have reviewed the 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 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 best 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 agree-upon procedures in respect of the Group's continuing connected transactions as mentioned above. 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.

Report of the Directors

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	4.93%
The top five suppliers as a percentage of the Group's purchases	12.32%
The largest customer as a percentage of the Group's turnover	6.74%
The top five customers as a percentage of the Group's turnover	24.09%

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 IX.8 to the financial statements.

Substantial Shareholders' Interests

As at 31 December 2011, so far as is known to the directors of the Company, the following persons (other than the directors or supervisors) had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	As a % of relevant class of share capital ¹	As a % of total share capital ²
Dalian Port Corporation Limited	A shares	2,408,745,000 (long position)	Beneficial owner	71.62%	54.42%
N.Y.K. Line Group (Hong Kong) Limited	H shares	114,800,000 (long position)	Interest of controlled corporation	10.80%	2.59%
N.Y.K. Line (Hong Kong) Limited	H shares	114,800,000 (long position)	Beneficial owner	10.80%	2.59%
Nippon Yusen Kabushiki Kaisha	H shares	114,800,000 (long position)	Interest of controlled corporation	10.80%	2.59%
Macquarie Group Limited	H shares	96,118,090 (long position)	Investment manager	9.05%	2.17%
Capital Research and Management Company	H shares	73,963,000 (long position)	Investment manager	6.96%	1.67%

1. Number of shares in the relevant class of share capital: A shares — 3,363,400,000, H shares — 1,062,600,000.

2. Total number of shares of share capital: 4,426,000,000.

Report of the Directors

3. To best knowledge of the directors of the Company as at the date of this report, during the period from January 2012 to March 2012 and up to 28 March 2012, Dalian Port Corporation Limited (“PDA”) had purchased on the market a total of 36,868,000 H shares of the Company. As a result of such purchase, PDA holds a total of 2,445,613,000 shares of the Company (comprising 2,408,745,000 A shares and 36,868 H shares), representing approximately 55.25 % of the Company’s total issued share capital.

Save as disclosed above, as at 31 December 2011, so far as is known to the directors of the Company, no other persons (other than the directors or supervisors) had any interest or short position in the shares of the Company which 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 is known to the Directors, not less than 25% of the Company’s total issued share capital was held by the public as specified in the Listing Rules as at the date of this report.

Corporate Governance

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

Auditors

The financial statements have been audited by Ernst & Young Hua Ming as the Company’s auditor, who will retire at the forthcoming annual general meeting.

Other Matters

IMPLEMENTATION OF THE NON-COMPETITION AGREEMENT

On 23 March 2006, the Company and PDA entered into the Non-Competition Agreement. A revised non-competition agreement (the “Revised Non-Competition Agreement”) to the Non-Competition Agreement was concluded on 30 September 2009 in connection with the acquisition of certain part related businesses and assets (together, the “Non-Competition Agreements”). Pursuant to the Non-Competition Agreements, 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 agreements, the independent non-executive directors of the Company were granted the right on behalf of the Company to review at least on an annual basis the implementation of said agreements and determine the exercise of any of the aforesaid first rights or options.

The independent non-executive directors have conducted a review and made necessary enquiries for the year 2011 and confirm that PDA has been in compliance with the provisions of the Non-Competition Agreements and there was no breach on the side of PDA.

By Order of the Board

Zhang Fengge

Executive Director (Acting Chairman)

Dalian, PRC
29 March 2012

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 has strived 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. During the reporting period, 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 assumes the responsibility of leading and controlling the Company as well as promoting the sustainable development of the Company by directing and supervising the Company’s affairs.

1. Board Composition

The directors who held office during the reporting period and up to the date of this report are:

Executive directors

- Mr. Sun Hong (Note 1)
- Mr. Zhang Fengge (Note 2)
- Mr. Xu Song (Note 2)
- Mr. Zhu Shiliang (Note 3)
- Mr. Jiang Luning (Note 4)
- Ms. Su Chunhua (Note 5)
- Mr. Xu Song (General Manager) (Note 1)

Non-executive directors

- Mr. Xu Jian (Note 2)
- Mr. Zhang Zuogang (Note 3)
- Mr. Lu Jianmin (Note 4)

Independent non-executive directors

- Mr. Liu Yongze (Note 3)
- Mr. Gui Liyi (Note 3)
- Mr. Wan Kam To, Peter
- Mr. Wang Zuwen (Note 4)
- Mr. Zhang Xianzhi (Note 4)
- Mr. Ng Ming Wah, Charles (Note 4)

Note 1: Mr. Sun Hong resigned from his office as director and chairman of the Board of the Company with effect from 20 February 2012.

Note 2: Mr. Zhang Fengge, Mr. Xu Song and Mr. Xu Jian were re-appointed as director of Company with effect from 24 June 2011.

Note 3: Mr. Zhu Shiliang, Mr. Zhang Zuogang, Mr. Liu Yongze, Mr. Gui Liyi and Mr. Wan Kam To, Peter were appointed as director of the Company with effect from 24 June 2011.

Corporate Governance Report

Note 4: Mr. Jiang Luning, Mr. Lu Jianmin, Mr. Wang Zuwen, Mr. Zhang Xianzhi and Mr. Ng Ming Wah, Charles retired from the office as director of the Company with effect from 24 June 2011, being the date on which the term of the second session of the Board expires.

Note 5: Ms. Su Chunhua resigned from her office as director of the Company with effect from 24 January 2011.

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 2010, which was held on 24 June 2011.

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

All independent non-executive directors have confirmed their independence to the Company during the reporting period as required under Rule 3.13 of the Listing Rules. The Company considers such directors to be independent during 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 were no financial, business, family or other material/relevant relationships among the members of the Board.

2. Operation of the Board

Pursuant to the Articles of Association of the Company, the Board is required to hold at least four 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 fourteen days shall be given to every director for a regular Board meeting. For an extraordinary board meeting, a notice of at least five days shall be given to each director. The notice shall state the time, place and means by which the Board meeting will be conducted.

The quorum for a Board meeting 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 or her 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.

Corporate Governance Report

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 in his/her incumbency	Attendance rate (approximately)
Mr. Sun Hong	9/9	100%
Mr. Zhang Fengge	7/9	77.78%
Mr. Lu Jianmin	5/6	83.33%
Mr. Jiang Luning	5/6	83.33%
Mr. Wang Zuwen	5/6	83.33%
Mr. Ng Ming Wah, Charles	2/6 (Note 6)	33%
Mr. Zhang Xianzhi	6/6	100%
Mr. Xu Jian	8/9	88.89%
Ms. Su Chunhua	1/1	100%
Mr. Xu Song	6/7	85.71%
Mr. Zhu Shiliang	3/3	100%
Mr. Zhang Zuogang	3/3	100%
Mr. Liu Yongze	3/3	100%
Mr. Gui Liyi	3/3	100%
Mr. Wan Kam To, Peter	3/3	100%

Note 6: Mr. Ng Ming Wah, Charles submitted his resignation to the company on 17 March 2011, and he did not attend any of the board meetings which were held after the submission of his resignation letter.

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 mechanisms 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 senior management.

The Board is also responsible for the preparation of accounts for each financial period to give a true and fair view of the financial status, the results and the cash flows of the Company for that period. In preparing the accounts for the year ended 31 December 2011, the directors have selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable and prepared the accounts on a going concern basis.

The management, under the leadership of the General Manager (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.

Corporate Governance Report

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. The management engages from time to time in formal and informal deliberations with the Board in relation to the relevant issues on operations and business of the Company, and provides 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 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 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 the 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. The Audit Committee for the second session of the board consists of Mr. Zhang Xianzhi (chairman), Mr. Ng Ming Wah, Charles and Mr. Lu Jianmin. The Audit Committee for the third session of the Board established on 25 June 2011 and consists of Mr. Liu Yongze (chairman), Mr. Wan Kam To, Peter and Mr. Zhang Zuogang.

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 (for the second session of the Board)	Attendance/Total number of meetings	Attendance rate
Mr. Zhang Xianzhi	3/3	100%
Mr. Ng Ming Wah, Charles	1/3 (Note 7)	33%
Mr. Lu Jianmin	3/3	100%

Note 7: Mr. Ng Ming Wah, Charles submitted his resignation to the company on 17 March 2011, and he did not attend any of the board committee meetings which were held after the submission of his resignation letter.

Corporate Governance Report

Member of the Audit Committee (for the third session of the Board)	Total number of meetings	Attendance rate
Mr. Liu Yongze	2/2	100%
Mr. Wan Kam To, Peter	2/2	100%
Mr. Zhang Zuogang	2/2	100%

The following is a summary of work performed by the Audit Committee during the year 2011:

- Making recommendations to the Board on the appointment of the external auditor for the year 2010;
- Communicating with the external auditor on the audit plan for the year 2010;
- Reviewing the financial statements of the company for the year 2010 and the interim report for the first half of the year 2011;
- Reviewing the special report on the use of the proceeds;
- Reviewing certain connected transactions and continuing connected transactions to make sure the terms thereof are fair, reasonable and in the interests of the Company and the shareholders as a whole.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of two independent non-executive directors and one executive director. The Nomination and Remuneration Committee for the second session of the Board consists of Mr. Wang Zuwen (chairman), Mr. Ng Ming Wah, Charles and Mr. Sun Hong. The Nomination and Remuneration Committee for the third session of the Board established on 25 June 2011 and consists of Mr. Gui Liji (chairman), Mr. Wan Kam To, Peter and Mr. Sun Hong.

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 compensation of directors and senior management of the Company, and to make recommendations to the Board on the human resources structure, planning and remuneration system.

The Company follows a formal and transparent procedure for the appointment of new directors to the Board. The committee identifies suitable and qualified candidates as necessary and makes recommendations to the Board. The procedure for the nomination of directors has been expressly stated in detail in the Articles and Association of the Company.

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

Member of the Nomination and Remuneration Committee (for the second session of the Board)	Attendance/Total number of meetings	Attendance rate
Mr. Wang Zuwen	2/2	100%
Mr. Ng Ming Wah, Charles	1/2 (Note 8)	50%
Mr. Sun Hong	2/2	100%

Note 8: Mr. Ng Ming Wah, Charles submitted his resignation to the company on 17 March 2011, and he did not attend any of the board committee meetings which were held after the submission of his resignation letter.

Corporate Governance Report

Member of the Nomination and Remuneration Committee (for the third session of the Board)	Attendance/Total number of meetings	Attendance rate
Mr. Gui Liyi	1/1	100%
Mr. Wan Kam To, Peter	1/1	100%
Mr. Sun Hong	1/1	100%

The following is a summary of work performed by the Nomination and Remuneration Committee during the year 2011:

- Reviewing the plan for the year 2010 on the performance evaluation of senior management of the Company and making recommendation to the Board;
- Reviewing the enterprise annuity plan and making recommendation to the Board; and
- Reviewing the proposal on the adjustment of the remuneration standard of the independent non-executive director who resides outside the PRC and making recommendation to the Board.

To enhance the professionalism and efficiency of the Board's decision-making process 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 of the second session of the Board consisted of Mr. Xu Jian (chairman), Mr. Wang Zuwen and Mr. Jiang Luning. The Strategy Development Committee of the third session of the Board established on 25 June 2011 and consists of Mr. Xu Jian (chairman), Mr. Xu Song and Mr. Zhu Shiliang.

The primary duties of the Strategy Development Committee are to review and formulate the strategic directions and development plans of the Company, study material market developments and operation strategies and 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 (for the third session of the Board)	Attendance/Total number of meetings	Attendance Rate
Mr. Xu Jian	1/1	100%
Mr. Xu Song	1/1	100%
Mr. Zhu Shiliang	1/1	100%

Financial Management Committee

The Financial Management Committee consists of three directors. The Financial Management Committee for the second session of the Board consisted of Mr. Zhang Fengge (chairman), Mr. Zhang Xianzhi and Ms. Su Chunhua. Mr. Zhang Fengge served as the chairman. The Financial Management Committee for the third session of the Board established on 25 June 2011 and consists of Mr. Zhang Fengge (chairman), Mr. Liu Yongze and Mr. Wan Kam To, Peter.

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

Corporate Governance Report

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

Member of the Financial Management Committee (for the second session of the Board)	Attendance/Total number of meetings in his/her incumbency	Attendance Rate
Mr. Zhang Fengge	3/3	100%
Mr. Zhang Xianzhi	3/3	100%
Ms. Su Chunhua	2/2	100%

Member of the Financial Management Committee (for the third session of the Board)	Attendance/Total number of meetings in his/her incumbency	Attendance Rate
Mr. Zhang Fengge	2/2	100%
Mr. Liu Yongze	2/2	100%
Mr. Wan Kam To, Peter	2/2	100%

7. Directors' Securities Transactions

The Company has adopted a code of conduct governing director's dealings in the Company's securities transactions (the "Code of Directors' Securities Dealings") on terms no less exacting than the standards required under the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules (the "Model Code"). 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 has been appointed as the Company's auditor, by the shareholders at the annual general meeting for the year 2010 for the purpose of issuing the Company's audited financial statements prepared under PRC GAAP. At the same time, Ernst & Young Hua Ming has been appointed as the auditor for internal control of the Company for the year of 2011, for the purpose of meeting the regulatory requirements on internal control.

During the reporting period, the total fees payable to the auditors for audit service to the Group (with the meaning ascribed to it under the Independent Auditor's Report) are approximately RMB5,650,000.

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.

After conducting a self-appraisal on the status of internal control of the Company, the Board considers that, during the reporting period, the internal control system of the Company was 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.

Corporate Governance Report

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" and the "Material Information Reporting Rules" which provide the responsibilities and procedure for disclosure and reporting of the 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 the 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 operational risks resulting from misconduct or corruption in the ordinary course of business and allow the Board to obtain necessary information about the Company in a timely manner, the Company has also set up an internal control reporting system with a corresponding report channel to ensure smooth communication between the Company and the directors.

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

In compliance with the Code Provisions, the Company has established a shareholder communication policy to allow the shareholders of the Company to actively engage with the Company and to make sure ready and timely access to the information about the Company is available to them.

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 kept complete statutory books 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.

Corporate Governance Report

When the Company convenes a general meeting, any shareholder holding 3% 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 within the authority of the general meeting.

The Articles of Association of the Company set forth all the rights of shareholders of the Company, including those rights which have been mentioned above. The Company has taken necessary steps to 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 2010 was held on 24 June 2011, at which the following resolutions were considered and approved:

- a. The report of the Board for the year 2010.
- b. The report of the Supervisory Committee for the year 2010.
- c. The report of the auditors and audited financial statements of the Company for the year ended 31 December 2010.
- d. The final dividend distribution for the year ended 31 December 2010.
- e. The appointment of Ernst & Young Hua Ming, as the Company's PRC auditor for auditing its financial statements and the auditor for auditing internal control of the Company for the year of 2011 to hold office until the conclusion of the next annual general meeting, and authorising the Board to fix their remuneration.
- f. The adjustment of remuneration standards for the independent non-executive directors and the independent supervisors of the Company, and authorizing the Board to study and decide to implement, where appropriate, the feasible scheme on liability insurance for directors and supervisors relating to the performance of their duties as a director or a supervisor of the Company.
- g. The election or re-election of directors of the Company and their remunerations.
- h. The election or re-election of supervisors of the Company and their remunerations.
- i. The annual report of the Company for the year 2010.
- j. The general mandate to the Board for issuing shares.
- k. The amendment to the Articles of Association of the Company.

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

Joint Company Secretaries:	Mr. Zhu Hongbo	Tel: 86 411 82798466
	Mr. Lee Kin Yu, Arthur	Tel: 86 411 82798908
		Fax: 86 411 82623159

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 2011.

I. Work Undertaken by the Supervisory Committee for the year 2011

During the year 2011, all the members of the Supervisory Committee strictly complied with 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 and the Rules Governing the Listing of Securities on Shanghai Stock Exchange (the "Listing Rules"), the Articles of Association of the Company (the "Articles of Association") and other applicable laws and regulations in attending all the board meetings and general meetings held during the year 2011, at which we considered the reports on the submitted proposals and had our opinions heard. By attending the aforementioned meetings, we were aware of the operational status of the Company and have duly performed the duties of the Supervisory Committee in accordance with the applicable laws and regulations.

During the year 2011, the Supervisory Committee held a total of five meetings in total, at which the following proposals were considered:

Meetings of Supervisory Committee	Proposals considered
The first meeting of the second session of Supervisory Committee in 2011	The report of the Supervisory Committee for the year 2010; the annual report for the year 2010; the self-appraisal report on internal control for the year 2010; the report on the deposit and use of the proceeds for the year 2010.
The second meeting of the second session of Supervisory Committee in 2011	the report for the first quarter of the year 2011; the proposal on the nomination and recommendation of the members of the third session of the Supervisory Committee.
The first meeting of the third session of Supervisory Committee in 2011	the proposal on the election of the chairman of the Supervisory Committee.
The second meeting of the third session of Supervisory Committee in 2011	the interim report for the year 2011; the report on the deposit and use of the proceeds for the first half of the year 2011.
The third meeting of the third session of Supervisory committee in 2011	the report for the third quarter of the year 2011.

II. The Independent Opinions of the Supervisory Committee on the Relevant Matters of the Company during the year 2011

A. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINIONS ON WHETHER THE COMPANY'S OPERATION IS IN COMPLIANCE WITH THE LAWS

The Board has operated in strict compliance with the Articles of Association and the applicable laws and regulations, and the board meetings and the general meetings have been legally and validly convened and held and the decision-making procedures have met all the requirements of the applicable laws and regulations. The Company has established sound internal control system and the operation of the Company has complied in all respects with the laws, regulations and the rules of the jurisdiction where the Company is listed. The directors and the senior management of the Company have performed their duties in a diligent and responsible manner and strictly executed the resolutions approved by the shareholders and the Board. The Supervisory Committee is not aware of any breach of applicable laws, regulations, Articles of Association or any harms to the Company caused by the directors or the senior management of the Company.

Report of the Supervisory Committee

B. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINIONS ON THE COMPANY'S FINANCIAL POSITION

During the year, the Company remained in a sound financial position, and the financial management and internal control policies has been strictly complied with and continuously optimized, which ensured the normal operation of the Company. The financial report of the Company for the year ended 31 December 2011 truly and objectively reflects the Company's financial position and operation results.

C. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINIONS ON THE COMPANY'S USE OF PROCEEDS FROM THE RECENT FINANCING ACTIVITY

On 28 December 2010, a proposal on the change of use of the proceeds from the initial public offering of A Shares of the Company in PRC ("A Shares IPO"), was considered and approved by the Board. The same proposal was subsequently submitted by the Board to the shareholders for approval. At the first extraordinary general meeting of the Company during the year 2011, which was held on 25 February 2011, the shareholders of the Company approved the proposal, pursuant to which the Company re-allocated RMB54,000,000 of the proceeds from A Shares IPO, originally planned for the purchase of two 3000 TEU container vessels, to the contribution of the registered capital of Dalian International Container Terminal Co., Ltd.

In the opinion of the Supervisory Committee, the above change of use of proceeds from A Shares of the Company is in compliance with applicable laws and regulations. Other than the aforementioned, the actual use of proceeds is consistent with the intended use and there was no other change to the intended uses of the proceeds.

D. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINIONS ON THE COMPANY'S ACQUISITION AND DISPOSAL OF ASSETS

During the reporting period, the terms of the transaction of acquisition of assets and disposal of assets of the Company were fair and reasonable, and there was no insider transaction nor did the transactions cause any detriment to the interests of the shareholders or the assets of the Company.

E. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINIONS ON THE COMPANY'S CONNECTED TRANSACTIONS

During the reporting period, all the connected transactions of the Company were conducted based on the principal of equity, openness and fairness. The terms of the transactions were determined through arms' length negotiations based on the fair market price and all the transactions were conducted in compliance with the required legal procedures. The Supervisory Committee is not aware of any detriment to the interests of the shareholders or the Company.

F. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINIONS ON INTERNAL CONTROLS OF THE COMPANY

The existing system of the internal controls of the Company complies in all respects with the applicable laws and regulations. The supervisory committee has reviewed the self-appraisal report on internal controls of the Company for the reporting period and concurs with the opinions set out in the report.

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

Dalian, China
29 March 2012

Profiles of Directors, Supervisors and Senior Management

Directors

Mr. Zhang Fengge (張鳳閣先生 (alias) 張風閣先生), aged 58, an executive Director of the Company. He joined Port of Dalian Authority in 1972, and held the positions of the head of the finance department and fund settlement centre of Port of Dalian Authority, the head of the management centre for finance-department-head-appointing and the chief accountant of Port of Dalian Authority. He is currently a deputy general manager (since December 2006) and the chief accountant (since April 2003) and director (since January 2011) of Dalian Port Corporation Limited. Mr. Zhang also serves as the chairman of the supervisory committee of Dalian China Oil Dock Management Co., Ltd. and a director of Asia Pacific Ports Company Limited and Asia Pacific Ports Investment Company Limited. Mr. Zhang graduated from the faculty of water transport management of Shanghai Maritime University majoring in water transport finance and accounting and a master's 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. Zhang was elected acting chairman of the Board of the Company in February 2012.

Mr. Xu Song (徐頌先生), aged 40, an executive director of the Company. Mr. Xu joined Port of Dalian Authority in 1992 and held various positions in the past, including the Planner at the Materials Department of Port Construction Headquarter of Dalian Port; the Planner at the Materials Section of the Construction and Engineering Department of Port of Dalian Authority; the Deputy Chief of the Comprehensive Department of Dalian Port Investment and Development Company Limited; the Deputy Chief of the Business Development Department of Dalian Port Container Comprehensive Development Company; the Deputy General Manager of Dalian Portnet Co., Ltd.; the Deputy General Manager and the General Manager of Dalian Jifa Logistics Co., Ltd.; the General Manager of Dalian Port Container Co., Ltd.; and the Deputy General Manager of Dalian Port Corporation Limited. Mr. Xu currently acts as a director of Dalian Port Corporation Limited (since January 2011), and also serves as the chairman of the board of Changxing Island Terminal Co., Ltd., Odfjell Terminals (Dalian) Ltd., Dalian Ocean Shipping Tally Co., Ltd., Fujian Ninglian Terminal Co., Ltd., and deputy chairman of Dalian Port Petro China International Terminal Co., Ltd., Dalian China Oil Dock Management Co., Ltd., as well as a director of Dalian port Bulk Cargo Logistics Center Co., Ltd. (大連港散貨物流中心有限公司), Daren Ferry Co., Ltd. (大仁輪渡有限公司), Zhongshi International Logistics Co., Ltd. (中世國際物流有限公司). Mr. Xu has obtained a doctor degree from Dalian Maritime University majoring in the transportation planning and management, a master degree from Dongbei University of Finance and Economics majoring in business administration, a master degree from Coventry University majoring in international business management and a bachelor degree from Huazhong University of Science and Technology majoring in material management. Mr. Xu is a senior economist and has nearly twenty years of experience in managing port business and extensive experience in business and management.

Mr. Zhu Shiliang (朱世良先生), aged 52, an executive director of the Company. Mr. Zhu joined Port of Dalian Authority in 1981 and held the positions of deputy chief in charge of the Planning Section of the Cargo Business Division of Port of Dalian Authority, the manager of the Freight Department of Dalian Port Freight Development and Service Center, the deputy manager in charge and the manager of Dalian Port Freight Development and Service Center, the manager of Dalian Port Dayaowan Stevedoring Company, and the general manager of Dalian Port Bulk Gain Terminal Company. Mr. Zhu currently acts as the deputy chairman of China Shipping Gang Lian Co., Ltd. and a director of Dalian China Oil Dock Management Co., Ltd., and Dalian Ocean Shipping Tally Co., Ltd. and China United Tally Co., Ltd. He is an economist. Mr. Zhu has more than thirty years of experience in port business operation and management.

Mr. Xu Jian (徐健先生), aged 47, a non-executive Director of the Company. 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 (since January 2005), 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

Mr. Zhang Zuogang (張佐剛先生), aged 49, a non-executive director of the Company. Mr. Zhang joined Dalian Port Corporation Limited in April 2010. Before joining Dalian Port Corporation Limited, Mr. Zhang held positions in Shenyang Industrial College and the general office of Dalian Municipal Government, and acted as the assistant general manager, deputy general manager of Shenyang Management Headquarter and the manager of Dalian Branch of China Southern Securities Co., Ltd. and the vice president of Shanghai Shenhua Holdings Co., Ltd.. Mr. Zhang is currently a director (effective from January 2011) and deputy general manager (effective from April 2010) of Dalian Port Corporation Limited, and also serves as the chairman of the board of Dalian Port Corporation Finance Company Limited and Dalian Shipping Market Co., Ltd., and serves as a director of Jilin Grain Group Co., Ltd. and Dalian Port and Shipping Industry Fund Management Co., Ltd.. Mr. Zhang has obtained a master degree from Dongbei University of Finance and Economics majoring in industrial economy.

Mr. Liu Yongze (劉永澤先生), aged 62, a non-executive director of the Company. Mr. Liu has a doctor degree in management, and is a non-practicing member of China Institute of Certified Public Accountants. He is currently a professor of Accountancy College at Dongbei University of Finance and Economics and a tutor of doctorate postgraduates and is the director of Chinese Internal Control Research Center. He also is a member of sixth session of the subject appraisal division of Academic Degrees Committee of the State Council, a director of Accounting Society of China, a deputy head of Banking Accounting Society of China, a committee member of National Professional Education Committee of Industry and Business Administration, a committee member of National MPAcc Education Committee and a director of the Chinese Institute of Certified Public Accountants. Mr. Liu presided in publishing more than 16 teaching materials and completed more than 20 academic theses on national grade publication. Mr. Liu is an expert entitled to special allowance of the State Council. He was also honored as the leader of cross-century subject of Ministry of Finance and Dongbei University of Finance and Economics, a labor model of Dalian City, an excellent teacher of Liaoning Province and an national grade lecture. Mr. Liu is also an independent directors of Jinzhou Port Co., Ltd. (Stock Code: 600190) and Liaoning Julong Financial Equipment Corp. (Stock Code: 300202), both listed on the Shanghai Stock Exchange.

Mr. Gui Liyi (貴立義先生), aged 69, a non-executive director of the Company. Mr. Gui graduated from Law Department of Renmin University of China, and has obtained a master degree in law from Chinese Academy of Social Sciences. Mr. Gui held successively positions of professor, director of law department and a committee member of academic committee of Dongbei University of Finance and Economics. He is currently a professor of Dalian University of Technology, and is also a representative to the Eleventh, Twelfth and Thirteenth People's Congress of Dalian City and entitled to special allowance of the State Council. Mr. Gui is also an independent director of China Dalian International Economic and Technical Cooperation Group Co., Ltd. (Stock Code: 000881) which is a company listed on the Shenzhen Stock Exchange.

Mr. Wan Kam To, Peter (尹錦滔先生), aged 59, an independent non-executive director of the Company. Mr. Wan has been a practicing accountant in Hong Kong for over 30 years and has extensive experience in auditing, finance, advisory and management. He was a former partner of PricewaterhouseCoopers Hong Kong and China firm. Mr. Wan is currently an independent non-executive director and the chairman of the audit committees of Mindray Medical International Limited (NYSE: MR) and RDA Microelectronics, Inc. (NASDAQ: RDA). Mr. Wan is also an independent non-executive director and chairman of the Audit Committee of China Resources Land Limited (1109, HK) and Greaterchina Professional Services Limited (08193, HK) and Huaneng Renewables Corporation Limited (0958, HK) and The Fairwood Holdings Limited (0052, HK), all listed on The Hong Kong Stock Exchange Limited. He was a former independent non-executive director and chairman of the audit committee of Real Gold Mining Limited which is a company listed on The Hong Kong Stock Exchange Limited. He is a fellow member of Hong Kong Institute of Certified Accountants and the Association of Chartered Certified Accountants.

Profiles of Directors, Supervisors and Senior Management

Supervisors

Mr. Fu Bin (付彬先生), aged 54, the chairman of the supervisory committee of the Company. He joined Port of Dalian Authority in 1980 and held deputy chief of the administration Department of Port of Dalian Authority and deputy chief of the Dalian Port Facilities Maintenance Centre, the general manager of Dalian Port Machinery Company and Dalian Port Xingang Stevedoring Company, the deputy chief of Port of Dalian Authority and a deputy general manager of Dalian Port Corporation Limited. He is currently a director of Dalian Port Corporation Limited (since April 2003). 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.

Ms. Su Chunhua (蘇春華女士), aged 49, Chinese, a supervisor of the Company. Ms. Su joined Port of Dalian Authority in 1988 and held the positions of the deputy head of the planning and financing department and the deputy head of management centre for finance department head-appointing of Dalian Port Corporation Limited, and an executive director and the chief accountant of Dalian Port (PDA) Company Limited. Ms. Su is currently the head of financial department of Dalian Port Corporation Limited. She also serves as a director of Dalian Port Corporation Finance Company Limited and Dalian Gangcheng Jiayuan Real Estate Development Co., LTD. (大連港城家園房地產開發有限公司) and Dalian Port Industrial Co., Ltd., and serves as a supervisor of Dalian Wantong Ronghai Shipping Co., Ltd. (大連萬通榮海船務有限公司) and Huludao SuiZhong Coal Terminal Co., Ltd. and Dadong Haiyanghong Port Investment Development Co., Ltd.. Ms. Su graduated from Dalian Maritime University with a master's degree in engineering, majoring in transportation planning and management, and from the faculty of water transport management of Shanghai Maritime University with a bachelor's 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.

Mr. Zhang Xianzhi (張先治先生), aged 55, a supervisor of the Company. Mr. Zhang 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), a company listed on the Shanghai Stock Exchange. Mr. Zhang is a co-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. 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 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 and 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. Lv Jing (呂靖先生), aged 53, Chinese, a supervisor of the Company. Mr. Lv is currently the Dean of Transportation Management College at Dalian Maritime University. He is a professor and PhD supervisor. His researches mainly focus on modernizing transportation management, transportation economics, logistics management and other related fields. In addition to teaching at Dalian Maritime University, Mr. Lv has presided about fifty projects for Ministry of Education and Ministry of Communications and the local government of provinces and cities. Besides those works, Mr. Lv managed to record his thoughts and publish them. By far, he has authorized nine monographs and textbooks such as International shipping investment decisions. In addition, he has published over 150 papers in various academic journals and conferences. As recognitions of his efforts, He has received sixteen prizes including the third-grade prize of Ministry of Communications' Advancement in Technology Awards. Mr. Lv is a member of The International Association of Maritime Economists. He is selected into Water Transport and Engineering Sub-committee of Transportation and Engineering in Higher Education Steering Committee. He is a director of both Technology Economics Committee of China Institute of Navigation and Management Committee of Liaoning Institute of Navigation. He holds the position of executive director in both Logistics Association of Liaoning Province and Logistics Association of Dalian. He is awarded Dalian model worker and "May Day" Medal of Liaoning Province.

Profiles of Directors, Supervisors and Senior Management

Mr. Xu Fansheng (徐芳盛先生), aged 48, an employee representative supervisor of the Company. After joining Port of Dalian Authority 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 the head of the internal control department, and also serves as a director of 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.

Ms. Gui Yuchan (桂玉嬋女士), aged 42, an employee representative supervisor of the Company. 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 deputy head of the Office of the Board, and the representative of security affairs of the Company. She is an economist and has lawyer qualification in the PRC with a bachelor's degree in law from Renmin University of China.

Senior Management

Mr. Xu Song (徐頌先生), the general manager of the Company. Please refer to the above section headed "Directors" for Mr. Xu's profile.

Mr. Zhu Shiliang (朱世良先生), a deputy general manager of the Company. Please refer to the above section headed "Directors" for Mr. Zhu's profile.

Mr. Wang Hongsuo (王洪鎖先生), aged 53, a deputy general manager of the Company. Mr. Wang joined Port of Dalian Authority in 1982 and held the deputy chief of the Energy Management Department of Port of Dalian Authority, the chief of the Technology Management Department of Port of Dalian Authority, the deputy manager and the manager of Dalian Port Power Supply Company and the chief of the Corporate Development Department of Dalian Port Corporation Limited. He also serves as the chairman of the board of ODFJELL AP Port Holding Pte. Ltd. and serves as a director of Dalian Changxing Island Port Investment Development Co., Ltd. and Odfjell Terminals (Dalian) Ltd.. Mr. Wang graduated from Dalian Maritime College majoring in vessel electrical engineering. He is a senior engineer. Mr. Wang has extensive experience in port planning, project management and port business cooperation.

Mr. Zhang Guofeng (張國峰先生), aged 57, the chief accountant of the Company. He joined Port of Dalian Authority in 1975 and held the positions of the deputy manager of Dalian Gangwan Engineering Company, deputy head of financial department of Port of Dalian Authority, the chief of audit department of Port of Dalian Authority and the head of financial planning department of Dalian Port Corporation Limited. Mr. Zhang currently serves as a director of Dalian Port Corporation Finance Company Limited, Dalian Container Terminal Co., Ltd., Dalian Automobile Terminal Co., Ltd. and Dalian China Oil Dock Management Co., Ltd. Mr. Zhang also serves as a supervisor of Dalian International Container Terminal Co., Ltd. and Dalian Changxing Island Port Co., Ltd. and Sino Rail Bohai Train Ferry Co., Ltd. (中鐵渤海鐵路輪渡有限責任公司). 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.

Profiles of Directors, Supervisors and Senior Management

Mr. Sun Qian (孫謙先生), aged 46, a deputy general manager of the Company. Mr. Sun joined Port of Dalian Authority in 1991 and held the general manager of DCT Logistics Co., Ltd., deputy general manager of Dalian Container Terminal Co., Ltd. and a director and the general manager of Dalian Port Container Development Co., Ltd. and Dalian Jifa Logistics Co., Ltd.. He is currently the chairman of Dalian Jifa Bohai Rim Container Lines Co., Ltd. and Dalian Container Terminal Co., Ltd. and Dalian Port Container Terminal Co., Ltd. and Liaoning Con-Rail International Logistics Co., Ltd., and serves as the deputy chairman of Dalian International Container Terminal Co., Ltd., as well as a director of Dalian Port Container Development Co., Ltd. and 秦皇島港新港灣集裝箱碼頭有限公司. Mr. Sun graduated from the faculty of civil engineering of Dalian University of Technology with a master's 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. Zhu Hongbo (朱宏波先生), aged 39, the secretary to the board and a joint company secretary of the Company. He is currently an affiliate person of HKICS. Mr. Zhu joined Port of Dalian Authority in 1996 and held the positions of the deputy head and the head of finance management division of the planning and finance department of Dalian Port Corporation Limited as well as the deputy head of the planning and finance department of Dalian Port Corporation Limited. Mr. Zhu graduated from Dongbei University of Finance and Economics with a bachelor degree in accounting and from Dalian University of Technology with a master degree in management and business administration in 2003. He is a professor-level senior accountant. Mr. Zhu is a member of The Chinese Institute of Certified Public Accountant Association. He has more than 10 years of experience in accounting, finance and finance management in the port industry.

Mr. Lee Kin Yu, Arthur (李健儒先生), aged 52, Chinese, Hong Kong residency, a joint company secretary and the qualified accountant of the Company. 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 over 20 years' experience in mergers and acquisitions, accounting, auditing and corporate finance.

Independent Auditors' Report

Ernst & Young Hua Ming (2012) Shen Zi No. 60777447_E03

To the shareholders of Dalian Port (PDA) Company Limited:

We have audited the accompanying financial statements of Dalian Port (PDA) Company Limited, which comprise the consolidated and company balance sheets as at 31 December 2011 and the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and the notes to these financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting the financial statements in accordance with Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standards on Auditing. Those standards require that we comply with Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about 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 the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 present fairly, in all material respects, the consolidated and company financial position of Dalian Port (PDA) Company Limited as at 31 December 2011 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Ernst & Young Hua Ming

Beijing, the People's Republic of China

Certified Public Accountant:
Meng Dong

Certified Public Accountant:
Wang Tianqing

29 March 2012

Consolidated Balance Sheet

As at 31 December 2011
(Expressed in Renminbi Yuan)

	Note V	2011	2010
ASSETS			
Current assets			
Cash and bank balances	1	2,254,079,359.16	3,257,584,874.53
Notes receivable	2	143,128,482.88	95,490,533.52
Dividends receivable	3	27,229,304.85	89,327,526.20
Interests receivable	4	17,077,678.32	1,563,707.73
Accounts receivable	5	436,020,259.55	340,819,755.89
Other receivables	6	198,696,714.61	187,942,498.48
Prepayments	7	24,501,915.18	166,551,421.26
Inventories	8	89,099,506.55	54,414,586.22
Non-current asset due within one year	9	4,864,200.00	—
Other current assets	10	702,830,000.00	68,000,000.00
Total current assets		3,897,527,421.10	4,261,694,903.83
Non-current assets			
Available-for-sale financial assets	11	26,577,769.81	26,804,054.61
Long-term equity investments	13	3,330,743,027.00	3,313,648,446.59
Investment properties	14	686,187,265.49	883,406,540.44
Fixed assets	15	11,911,976,078.46	8,929,837,715.51
Fixed assets pending for disposal		3,768,517.64	—
Construction in progress	16	5,325,978,500.87	4,617,098,892.35
Intangible assets	17	800,387,477.68	472,017,152.49
Goodwill	18	77,735,288.74	77,735,288.74
Long-term prepaid expenses	19	23,932,615.04	20,845,569.25
Deferred tax assets	20	58,981,104.65	62,139,576.76
Other non-current assets	22	1,030,059,257.33	25,590,961.60
Total non-current assets		23,276,326,902.71	18,429,124,198.34
TOTAL ASSETS		27,173,854,323.81	22,690,819,102.17

Consolidated Balance Sheet

As at 31 December 2011
(Expressed in Renminbi Yuan)

	Note V	2011	2010
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term borrowings	24	621,000,000.00	1,265,000,000.00
Notes payable	25	74,030,000.00	12,650,000.00
Accounts payable	26	145,982,948.04	94,303,798.29
Advances from customers	27	87,042,910.65	129,702,144.78
Employee benefits payable	28	131,690,170.05	83,678,190.23
Taxes payable	29	83,917,133.10	154,914,443.03
Interests payable	30	197,604,619.49	68,309,952.01
Dividends payable	31	98,686,047.77	6,791,885.54
Other payables	32	917,684,830.77	2,854,050,840.24
Non-current liabilities due within one year	33	210,000,000.00	20,000,000.00
Bonds payable	35	200,000,000.00	—
Total current liabilities		2,767,638,659.87	4,689,401,254.12
Non-current liabilities			
Long-term borrowings	34	2,198,487,363.93	2,392,963,068.52
Bonds payable	35	7,829,944,589.64	2,481,670,772.08
Long-term payables	36	4,035,700.00	7,941,050.00
Deferred tax liabilities	20	77,337,293.53	74,672,592.27
Other non-current liabilities	37	656,746,024.14	688,478,086.57
Total non-current liabilities		10,766,550,971.24	5,645,725,569.44
Total liabilities		13,534,189,631.11	10,335,126,823.56
Owners' equity			
Share capital	38	4,426,000,000.00	4,426,000,000.00
Capital surplus	39	6,116,286,470.43	6,134,167,505.26
Surplus reserve	40	411,223,454.24	347,502,417.01
Retained earnings	41	1,664,362,022.29	1,283,035,481.54
Exchange differences on foreign currency translation		10,926,656.88	(479,519.45)
Equity attributable to owners of the parent		12,628,798,603.84	12,190,225,884.36
Minority interests		1,010,866,088.86	165,466,394.25
Total owners' equity		13,639,664,692.70	12,355,692,278.61
TOTAL LIABILITIES AND OWNERS' EQUITY		27,173,854,323.81	22,690,819,102.17

The financial statements are signed by:

Person in charge of the Enterprise
Zhang Fengge

Principal in charge of accounting
Zhang Guofeng

Head of accounting department
Wang Ping

Consolidated Income Statement

Year ended 31 December 2011
(Expressed in Renminbi Yuan)

	Note V	2011	2010
Revenue	42	3,955,394,389.80	3,336,950,665.77
Less: Cost of sales	42	2,487,752,090.60	1,888,274,585.53
Taxes and surcharges	43	160,171,314.14	159,860,847.82
General and administrative expenses	44	449,107,581.54	367,797,503.78
Financial expenses	45	178,102,358.69	65,283,800.80
Impairment losses		(10,000.00)	(324,338.86)
Add: Gains on changes in fair values		—	28,944.74
Investment income	46	141,080,016.28	138,425,185.54
Including: Share of profits and losses of associates and jointly-controlled entities		86,541,376.20	118,379,808.23
Operating profit		821,351,061.11	994,512,396.98
Add: Non-operating income	47	177,469,445.54	104,200,009.75
Less: Non-operating expenses	48	3,767,998.44	20,412,597.77
Including: Losses on disposal of non-current assets		1,804,943.04	14,211,288.93
Total profit		995,052,508.21	1,078,299,808.96
Less: Income tax expenses	49	237,587,965.27	231,482,037.30
Net profit		757,464,542.94	846,817,771.66
Including: Net profit of the absorbed party before business combination under common control		—	144,387,185.25
Attributable to:			
Owners of the parent		666,337,610.41	813,154,280.39
Minority interests		91,126,932.53	33,663,491.27
Earnings per share			
Basic earnings per share	50	0.15	0.22
Diluted earnings per share		Not applicable	Not applicable
Other comprehensive income	51	(2,936,080.74)	3,482,258.06
Total comprehensive income		754,528,462.20	850,300,029.72
Attributable to:			
Owners of the parent		663,401,529.67	816,636,538.45
Minority interests		91,126,932.53	33,663,491.27

Consolidated Statement of Changes in Equity

Year ended 31 December 2011
(Expressed in Renminbi Yuan)

	Attributable to owners of the parent							
	Share capital	Capital surplus	Surplus reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal	Minority interests	Total owner's equity
I. Opening balance of the year	4,426,000,000.00	6,134,167,505.26	347,502,417.01	1,283,035,481.54	(479,519.45)	12,190,225,884.36	165,466,394.25	12,355,692,278.61
II. Movements for the year								
(I) Net profit	—	—	—	666,337,610.41	—	666,337,610.41	91,126,932.53	757,464,542.94
(II) Other comprehensive income	—	(14,342,257.07)	—	—	11,406,176.33	(2,936,080.74)	—	(2,936,080.74)
Total comprehensive income	—	(14,342,257.07)	—	666,337,610.41	11,406,176.33	663,401,529.67	91,126,932.53	754,528,462.20
(III) Capital contributions								
(1) Others	—	51,497.68	—	—	—	51,497.68	—	51,497.68
(IV) Transfer within owners' equity								
(1) Business combinations not under common control	—	—	—	—	—	—	856,976,830.71	856,976,830.71
(2) Capital contribution to a subsidiary	—	(1,033,843.59)	—	—	—	(1,033,843.59)	1,033,843.59	—
(3) Others	—	(2,556,431.85)	—	2,556,431.85	—	—	—	—
(V) Profit distribution								
(1) Profit distribution to shareholders	—	—	—	(221,300,000.00)	—	(221,300,000.00)	(101,528,066.99)	(322,828,066.99)
(2) Appropriation of surplus reserve	—	—	63,721,037.23	(63,721,037.23)	—	—	—	—
(3) Appropriation of employee bonus and welfare fund	—	—	—	(2,546,464.28)	—	(2,546,464.28)	(2,209,845.23)	(4,756,309.51)
III. Closing balance of the year	4,426,000,000.00	6,116,286,470.43	411,223,454.24	1,664,362,022.29	10,926,656.88	12,628,798,603.84	1,010,866,088.86	13,639,664,692.70

Consolidated Statement of Changes in Equity

Year ended 31 December 2010
(Expressed in Renminbi Yuan)

	Attributable to owners of the parent							
	Share capital	Capital surplus	Surplus reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal	Minority interests	Total owner's equity
I. Closing balance of the prior year	2,926,000,000.00	2,383,904,892.68	290,448,397.89	1,430,898,649.26	(10,212,227.46)	7,021,039,712.37	46,320,215.98	7,067,359,928.35
Business combination under common control	—	2,332,466,341.93	—	156,390,430.04	—	2,488,856,771.97	95,345,046.33	2,584,201,818.30
II. Opening balance of the year	2,926,000,000.00	4,716,371,234.61	290,448,397.89	1,587,289,079.30	(10,212,227.46)	9,509,896,484.34	141,665,262.31	9,651,561,746.65
III. Movements for the year								
(I) Net profit	—	—	—	813,154,280.39	—	813,154,280.39	33,663,491.27	846,817,771.66
(II) Other comprehensive income	—	(6,250,449.95)	—	—	9,732,708.01	3,482,258.06	—	3,482,258.06
Total comprehensive income	—	(6,250,449.95)	—	813,154,280.39	9,732,708.01	816,636,538.45	33,663,491.27	850,300,029.72
(III) Capital contributions								
(1) Public Offering of A shares	761,820,000.00	2,010,271,519.47	—	—	—	2,772,091,519.47	—	2,772,091,519.47
(2) Business combination under common control	738,180,000.00	(583,674,590.13)	—	(331,050,937.96)	—	(176,545,528.09)	—	(176,545,528.09)
(3) Others	—	6,223.13	—	—	—	6,223.13	—	6,223.13
(IV) Transfer within owners' equity								
(1) Others	—	(2,556,431.87)	—	2,556,431.87	—	—	—	—
(V) Profit distribution								
(1) Profit distribution to shareholders	—	—	—	(731,500,000.00)	—	(731,500,000.00)	(9,723,609.96)	(741,223,609.96)
(2) Appropriation of surplus reserve	—	—	57,054,019.12	(57,054,019.12)	—	—	—	—
(3) Appropriation of employee bonus and welfare fund	—	—	—	(359,352.94)	—	(359,352.94)	(138,749.37)	(498,102.31)
IV. Closing balance of the year	4,426,000,000.00	6,134,167,505.26	347,502,417.01	1,283,035,481.54	(479,519.45)	12,190,225,884.36	165,466,394.25	12,355,692,278.61

Consolidated Statement of Cash Flows

Year ended 31 December 2011
(Expressed in Renminbi Yuan)

	Note V	2011	2010
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		3,868,182,951.17	3,379,336,487.87
Refunds of taxes		2,085,260.14	5,286,578.56
Cash received relating to other operating activities	52	92,132,080.40	159,664,842.52
Subtotal of cash inflows		3,962,400,291.71	3,544,287,908.95
Cash paid for goods and services		1,289,761,458.50	929,953,749.66
Cash paid to and on behalf of employees		761,216,413.24	703,730,483.98
Cash paid for all types of taxes		507,019,371.17	350,822,913.50
Cash paid relating to other operating activities	52	174,552,903.79	117,929,728.38
Subtotal of cash outflows		2,732,550,146.70	2,102,436,875.52
Net cash flows from operating activities	53	1,229,850,145.01	1,441,851,033.43
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from the sale of investments		1,808,387,980.00	67,588,150.00
Cash received from return on investments		92,685,478.50	144,356,535.91
Net cash received from acquisition of a subsidiary		14,546,796.94	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		75,738,812.47	139,629,383.64
Subtotal of cash inflows		1,991,359,067.91	351,574,069.55
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,950,724,033.41	1,306,130,343.39
Cash paid for acquisition of investments		4,171,664,278.16	896,331,083.63
Cash restricted as to use and deposited in financial institutions		22,155,657.08	1,266,425.76
Net cash paid for acquisition of subsidiaries and other operating units		—	592,262,505.44
Subtotal of cash outflows		6,144,543,968.65	2,795,990,358.22
Net cash flows used in investing activities		(4,153,184,900.74)	(2,444,416,288.67)

Consolidated Statement of Cash Flows

Year ended 31 December 2011
(Expressed in Renminbi Yuan)

	Note V	2011	2010
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contributions		8,000,000.00	2,799,116,000.00
Cash received from the issuance of corporate bonds		5,349,000,000.00	—
Cash received from borrowings		2,986,445,907.13	1,693,888,585.12
Cash received relating to other financing activities	52	58,188,153.85	530,266,467.57
Subtotal of cash inflows		8,401,634,060.98	5,023,271,052.69
Cash repayments of borrowings		3,717,221,572.62	948,260,000.00
Cash paid for distribution of dividends or profits and for interest expenses		673,570,838.50	958,412,555.68
Including: Dividends paid to minority shareholders of subsidiaries		306,661,718.32	9,456,098.64
Cash paid relating to other financing activities	52	2,112,468,956.34	116,830,492.62
Subtotal of cash outflows		6,503,261,367.46	2,023,503,048.30
Net cash flows from financing activities		1,898,372,693.52	2,999,768,004.39
IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH		(699,110.24)	(1,153,809.70)
V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,025,661,172.45)	1,996,048,939.45
Add: Cash and cash equivalents at the beginning of the year		3,256,318,448.77	1,260,269,509.32
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	53	2,230,657,276.32	3,256,318,448.77

Balance Sheet

As at 31 December 2011
(Expressed in Renminbi Yuan)

	Note XI	2011	2010
ASSETS			
Current assets			
Cash and bank balances		1,875,669,875.44	2,829,874,153.32
Notes receivable		122,716,407.37	89,645,668.71
Accounts receivable	1	294,863,097.01	235,072,402.14
Prepayments		7,096,975.97	152,359,115.49
Interests receivable		18,652,778.22	6,693,227.33
Dividends receivable		225,186,703.27	153,841,477.61
Other receivables	2	139,869,043.53	180,728,282.86
Inventories		46,518,461.97	41,269,891.36
Other current assets		1,064,830,000.00	414,450,000.00
Total current assets		3,795,403,342.78	4,103,934,218.82
Non-current assets			
Available-for-sale financial assets		11,968,023.50	2,950,860.00
Long-term equity investments	3	6,183,802,824.16	4,359,434,884.77
Fixed assets		8,528,104,987.46	7,911,471,731.92
Fixed assets pending for disposal		3,768,517.64	—
Construction in progress		3,838,307,137.18	2,918,162,552.35
Intangible assets		165,143,275.11	176,510,594.89
Long-term prepaid expenses		1,193,295.12	211,912.30
Deferred tax assets		7,136,711.84	10,098,490.25
Other non-current assets		1,619,200,000.00	892,800,000.00
Total non-current assets		20,358,624,772.01	16,271,641,026.48
TOTAL ASSETS		24,154,028,114.79	20,375,575,245.30

Balance Sheet

As at 31 December 2011
(Expressed in Renminbi Yuan)

	2011	2010
LIABILITIES AND OWNERS' EQUITY		
Current liabilities		
Short-term borrowings	—	400,000,000.00
Notes payable	74,030,000.00	12,650,000.00
Accounts payable	9,682,820.83	5,201,566.17
Advances from customers	33,438,137.90	115,156,259.09
Employee benefits payable	73,187,481.84	47,973,005.46
Taxes payable	33,450,997.09	56,314,474.24
Interests payable	185,061,438.99	66,777,213.91
Other payables	1,214,491,985.88	2,866,307,193.00
Non-current liabilities due within one year	150,000,000.00	—
Total current liabilities	1,773,342,862.53	3,570,379,711.87
Non-current liabilities		
Long-term borrowings	1,750,000,000.00	1,500,000,000.00
Bonds payable	7,436,255,297.31	2,481,670,772.08
Long-term payables	4,035,700.00	7,941,050.00
Other non-current liabilities	628,455,213.73	662,860,397.78
Total non-current liabilities	9,818,746,211.04	4,652,472,219.86
Total liabilities	11,592,089,073.57	8,222,851,931.73
Owners' equity		
Share capital	4,426,000,000.00	4,426,000,000.00
Capital surplus	6,219,086,850.59	6,225,781,495.28
Surplus reserve	366,343,191.49	302,622,154.26
Retained earnings	1,550,508,999.14	1,198,319,664.03
Total owners' equity	12,561,939,041.22	12,152,723,313.57
TOTAL LIABILITIES AND OWNERS' EQUITY	24,154,028,114.79	20,375,575,245.30

Income Statement

Year ended 31 December 2011
(Expressed In Renminbi Yuan)

	Note XI	2011	2010
Revenue	4	2,598,633,858.20	1,483,705,056.72
Less: Cost of sales	4	1,613,092,722.85	743,987,353.77
Taxes and surcharges		91,826,858.89	56,958,030.36
General and administrative expenses		273,250,942.49	121,529,658.54
Financial expenses		154,701,935.80	54,302,399.62
Impairment losses		(10,000.00)	(23,118.86)
Add: Gains on changes in fair values		—	28,944.74
Investment income	5	259,885,115.94	136,717,100.27
Including: Share of profits and losses of associates and jointly-controlled entities		38,581,321.36	39,924,105.28
Operating profit		725,656,514.11	643,696,778.30
Add: Non-operating income		49,799,119.54	74,821,062.80
Less: Non-operating expenses		3,336,658.17	13,073,035.60
Including: Losses on disposal of non-current assets		1,489,228.67	12,655,996.52
Total profit		772,118,975.48	705,444,805.50
Less: Income tax expenses		134,908,603.14	134,904,614.38
Net profit		637,210,372.34	570,540,191.12
Other comprehensive income		(6,746,142.37)	—
Total comprehensive income		630,464,229.97	570,540,191.12

Statement of Changes in Equity

Year ended 31 December 2011
(Expressed in Renminbi Yuan)

	Share capital	Capital surplus	Surplus reserve	Retained earnings	Total equity
I. Opening balance of the year	4,426,000,000.00	6,225,781,495.28	302,622,154.26	1,198,319,664.03	12,152,723,313.57
II. Movements for the year					
(I) Net profit	—	—	—	637,210,372.34	637,210,372.34
(II) Other comprehensive income	—	(6,746,142.37)	—	—	(6,746,142.37)
Total comprehensive income	—	(6,746,142.37)	—	637,210,372.34	630,464,229.97
(III) Capital contributions					
(1) Others	—	51,497.68	—	—	51,497.68
(IV) Profit appropriation					
(1) Profit distribution to shareholders	—	—	—	(221,300,000.00)	(221,300,000.00)
(2) Appropriation of surplus reserve	—	—	63,721,037.23	(63,721,037.23)	—
III. Closing balance of the year	4,426,000,000.00	6,219,086,850.59	366,343,191.49	1,550,508,999.14	12,561,939,041.22

Statement of Changes in Equity

Year ended 31 December 2010
(Expressed in Renminbi Yuan)

	Share capital	Capital surplus	Surplus reserve	Retained earnings	Total equity
I. Opening balance of the year	2,926,000,000.00	2,448,964,866.57	245,568,135.14	1,416,333,492.03	7,036,866,493.74
II. Movements for the year					
(I) Net profit	—	—	—	570,540,191.12	570,540,191.12
(II) Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	—	570,540,191.12	570,540,191.12
(III) Capital contributions and withdrawal by owners					
(1) Capital contributions by owners	1,500,000,000.00	3,776,810,405.58	—	—	5,276,810,405.58
(2) Others	—	6,223.13	—	—	6,223.13
(IV) Profit appropriation					
(1) Profit distribution to shareholders	—	—	—	(731,500,000.00)	(731,500,000.00)
(2) Appropriation of surplus reserve	—	—	57,054,019.12	(57,054,019.12)	—
III. Closing balance of the year	4,426,000,000.00	6,225,781,495.28	302,622,154.26	1,198,319,664.03	12,152,723,313.57

Statement of Cash Flows

Year ended 31 December 2011
(Expressed in Renminbi Yuan)

	Note XI	2011	2010
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		2,446,979,578.48	1,453,791,679.36
Cash received relating to other operating activities		57,980,077.82	131,347,458.47
Subtotal of cash inflows		2,504,959,656.30	1,585,139,137.83
Cash paid for goods and services		797,997,674.92	309,268,012.19
Cash paid to and on behalf of employees		518,084,415.32	241,139,134.37
Cash paid for all types of taxes		256,682,748.08	191,596,794.98
Cash paid relating to other operating activities		194,339,581.87	47,454,600.51
Subtotal of cash outflows		1,767,104,420.19	789,458,542.05
Net cash flows from operating activities	6	737,855,236.11	795,680,595.78
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from the sale of investments		3,422,637,980.00	773,588,150.00
Cash received from return on investments		448,287,835.37	169,467,225.97
Cash received from disposal of fixed assets, intangible assets and other long-term assets		57,745,068.92	415,042,207.13
Subtotal of cash inflows		3,928,670,884.29	1,358,097,583.10
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,633,877,563.79	704,383,947.20
Cash paid for acquisition of investments		6,600,264,542.82	1,682,391,066.00
Cash paid for acquisition of a subsidiary		80,110,000.00	485,065,287.62
Cash restricted as to use and deposited in financial institutions		22,155,657.08	1,266,425.76
Subtotal of cash outflows		8,336,407,763.69	2,873,106,726.58
Net cash flows used in investing activities		(4,407,736,879.40)	(1,515,009,143.48)

Statement of Cash Flows

Year ended 31 December 2011
(Expressed in Renminbi Yuan)

	Note XI	2011	2010
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contributions		—	2,799,116,000.00
Cash received from the issuance of corporate bonds		4,950,000,000.00	—
Cash received from borrowings		2,050,000,000.00	1,269,600,000.00
Cash received relating to other financing activities		54,596,153.85	571,309,503.40
Subtotal of cash inflows		7,054,596,153.85	4,640,025,503.40
Cash repayments of borrowings		2,050,000,000.00	869,600,000.00
Cash paid for distribution of dividends or profits and for interest expenses		495,007,861.66	867,789,302.38
Cash paid relating to other financing activities		1,816,063,043.19	116,830,492.62
Subtotal of cash outflows		4,361,070,904.85	1,854,219,795.00
Net cash flows from financing activities		2,693,525,249.00	2,785,805,708.40
IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH		(3,540.67)	(376,723.20)
V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(976,359,934.96)	2,066,100,437.50
Add: Cash and cash equivalents at the beginning of the year		2,828,607,727.56	762,507,290.06
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1,852,247,792.60	2,828,607,727.56

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

I. General Information

Dalian Port (PDA) Company Limited (the “Company”) was established in Liaoning Province, the People’s Republic of China (the “PRC”) as a joint stock limited company by Dalian Port Corporation Limited (“PDA”), Dalian Rongda Investment Company Limited, Dalian Haitai Holdings Company Limited, Dalian Detai Holdings Company Limited and Dalian Bonded Zhengtong Company Limited with the approval by Da Zheng [2005] No. 153 issued by the People’s Government of Dalian City, Liaoning Province. Pursuant to the approval of the Administration for Industry and Commerce of Dalian City, Liaoning Province, the Company registered with the business license number of 210200400039287. The H shares and A shares which are ordinary shares and issued by the Company have been listed and traded on the Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange on 28 April 2006 and 6 December 2010, respectively. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the provision of oil/liquefied chemicals terminal and related logistics services, container terminal and related logistics services, automobile terminal and related logistics services, ore terminal and related logistics services, general cargo terminal and related logistics services, bulk grains terminal and related logistics services, passenger and roll-on, roll-off terminal and related logistics services, and port value-added services and ancillary port operations.

As at 31 December 2011, the Company has issued 4,426,000,000 shares in total. Refer to Note V.38 Share capital for details.

The principal activities of the Company include the provision of terminal business and logistics services such as international and domestic cargo loading and discharging, transportation, transshipment, storage and etc.; tallying, piloting and tugging services for vessels sailing on international and domestic lines; port logistics and port information technology consultation services.

The Company’s parent and ultimate holding company is PDA.

The financial statements were approved and authorised for issue by the board of directors on 29 March 2012. According to the Company’s Articles of Associations, the financial statements will be submitted to the forth coming general meeting for approval.

II. Significant Accounting Policies and Estimates

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprises – Basic Standard and 38 specific standards issued in February 2006, and implementation guidance, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (the “MOF”) (collectively referred as “Accounting Standards for Business Enterprises”).

The financial statements are presented on a going concern basis.

Except for certain financial instruments, the financial statements have been prepared under the historical cost convention. If the assets are impaired, corresponding provisions for impairment shall be provided according to relevant provisions.

2. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements present truly and completely the financial position of the Group and the Company as at 31 December 2011, and of their financial performance and their cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

3. ACCOUNTING PERIOD

The accounting year of the Group is from 1 January to 31 December.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

4. REPORTING CURRENCY

The Group's reporting and presentation currency is Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is RMB Yuan.

The subsidiaries, jointly-controlled entities and associates of the Group outside Mainland China may determine their own functional currencies based on their specific economic environments. In the preparation of the financial statements, their functional currencies are translated into RMB.

5. BUSINESS COMBINATION

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations under common control and business combinations not under common control.

Business combinations under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquiring party, while that other entity participating in the combination is a party being acquired. The combination date is the date on which the acquiring party effectively obtains control of the party being acquired.

Assets and liabilities that are obtained by the acquirer in a business combination are measured at their carrying amounts at the combination date as recorded by the party being acquired. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) is adjusted to share premium under capital reserve and the balance of "capital reserve transferred from capital reserve under the old accounting system". If the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Business combinations not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer measures the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date. Where the aggregate of the fair value of the considerations paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Goodwill is subsequently measured at cost less any accumulated impairment losses. Where the fair value of the considerations paid (or the fair value of the equity securities issued) is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer reassesses the measurement of the fair value of the considerations paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest, if after that reassessment, the aggregate of the fair value of the considerations paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the difference immediately in the income statement for the current period.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

6. CONSOLIDATED FINANCIAL STATEMENTS

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the financial statements for the year ended 31 December 2011 of the Company and all of its subsidiaries. A subsidiary is an enterprise or entity that is controlled by the Company.

In the preparation of the consolidated financial statements, the subsidiaries use the same accounting year and accounting policies as those of the Company. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Where the amount of losses for the current period attributed to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is allocated against minority interests. A change in the minority interests, without a loss of control, is accounted for as an equity transaction.

For subsidiaries acquired through a business combination involving entities not under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, adjustments are made to the subsidiaries' financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

For subsidiaries acquired through a business combination involving entities under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the beginning of the combination period. In preparing the consolidated financial statements, adjustments are made to related items of prior year's financial statements, as if the reporting entities after the combination had existed from the date when the combining entities first came under control of the ultimate controlling party.

7. CASH AND CASH EQUIVALENTS

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

8. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF THE FINANCIAL STATEMENTS PREPARED IN FOREIGN CURRENCIES

The Group translates the amounts of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary items denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the balance sheet date. The resulting exchange differences from settlements and translations of monetary items are recognised in the income statement, except those arising from the foreign currency borrowings specifically for the purpose of acquisition or construction of qualifying assets, which are dealt with using the principal of capitalisation of borrowing costs. Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined, the resulting exchange differences are recognised in profit or loss for the current period or as other comprehensive income in accordance with the nature of non-monetary items.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

8. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF THE FINANCIAL STATEMENTS PREPARED IN FOREIGN CURRENCIES *(Continued)*

For foreign operations, the Group translates their functional currency amounts into RMB in preparing the financial statements as follows: asset and liability items in the balance sheet are translated using the spot exchange rate at the balance sheet date, and equity items other than “retained earnings” are translated using the spot exchange rate at the dates of the transactions; revenue and expense items in the income statement are translated using the average exchange rate for the period during which the transactions occur. The resulting exchange differences are recognised in other comprehensive income and presented as a separate component of equity in the balance sheet. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement. If the disposal only involves a portion of a particular foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement on a pro rata basis.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the average exchange rate for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

9. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition

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

The Group derecognises a financial asset (or part of a financial asset, or part of a group of similar financial assets) when the following conditions are met:

- (1) the rights to receive cash flows from the asset have expired; or
- (2) the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognised. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognised in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognised and derecognised on the trade date. Regular way purchases or sales of financial assets mean that the financial assets are received or delivered under the terms of a contract within a period as specified by regulations or convention in the marketplace. Trade date is the date that the Group commits to purchase or sell the asset.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

9. FINANCIAL INSTRUMENTS *(Continued)*

Classification and measurement of financial assets

Financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and derivatives designated as effective hedging instruments. A financial asset is recognised initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit and loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognised.

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. A financial asset held for trading is the financial asset that meets one of the following conditions: i) the financial asset is acquired for the purpose of selling in a short term; ii) the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; or iii) the financial asset is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement. All the realised or unrealised gains or losses on these financial assets are recognised in profit or loss for the current period. Dividend income or interest income related to financial assets at fair value through profit or loss is charged to profit or loss for the current period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that an entity has the positive intention and ability to hold to maturity. Such financial assets are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from amortisation or impairment and derecognition are recognised in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from amortisation or impairment are recognised in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as any of the other categories at initial recognition. After initial recognition, available-for-sale financial assets are measured at fair value. The discount/premium is amortised using the effective interest method and recognised as interest income or expense. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised as other comprehensive income in capital reserve, except for impairment losses and foreign exchange gains and losses resulted from monetary financial assets, until the financial asset is derecognised or determined to be impaired, at which time the accumulated gain or loss previously recognised is transferred to profit or loss for the current period. Interest and dividends relating to an available-for-sale financial asset are recognised in profit or loss for the current period.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

9. FINANCIAL INSTRUMENTS *(Continued)*

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, other financial liabilities or derivatives designated as effective hedging instruments. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recognised in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the amounts initially recognised.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated at fair value through profit or loss. A financial liability held for trading is the financial liability that meets one of the following conditions: i) the financial liability is assumed for the purpose of repurchasing it in a short term; ii) the financial liability is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; or iii) the financial liability is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such a kind of financial liabilities, fair values are adopted for subsequent measurement. All the realised or unrealised gains or losses on these financial liabilities are recognised in profit or loss for the current period.

Other financial liabilities

After initial recognition, such financial liabilities are measured at amortised cost by using the effective interest method.

Fair value of financial instruments

The fair value of financial assets and liabilities for which there are active markets is determined by reference to the quoted market prices. For financial instruments where there are no active markets, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions between knowledgeable and willing parties, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis; and option pricing models or other valuation models.

Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment. Objective evidence that a financial asset is impaired is one or more events that occur after the initial recognition of the asset and have an impact (which can be reliably estimated) on the expected future cash flows of the financial asset.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on a financial asset has incurred, the carrying amount of the asset is reduced to the present value of expected future cash flows (excluding future credit losses that have not been incurred). The present value of expected future cash flows is discounted at the financial asset's original effective interest rate (i.e., effective interest rate computed on initial recognition) and includes the value of any related collateral. If a financial asset has a variable interest rate, the Group uses the current effective interest rate stipulated in the contract as the discount rate to calculate the present value of future cash flows.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates (Continued)

9. FINANCIAL INSTRUMENTS (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

For a financial asset that is individually significant, the asset is individually assessed for impairment, and the amount of impairment is recognised in profit or loss if there is objective evidence of impairment. For a financial asset that is not individually significant, it is individually assessed for impairment. If no objective evidence of impairment incurs for an individually assessed financial asset (whether the financial asset is individually significant or not individually significant), it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets for which an impairment loss is individually recognised are not included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

If, subsequent to the Group's recognition of an impairment loss on a financial asset carried at amortised cost, there is objective evidence of a recovery in the value of the financial asset and the recovery can be related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in profit or loss. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment loss not been recognised at the date the impairment is reversed.

Available-for-sale financial assets

If there is objective evidence that an available-for-sale asset is impaired, the accumulated losses arising from decline in fair value previously recognised in other comprehensive income are removed and recognised in profit or loss. The accumulated losses that removed from other comprehensive income are the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on the financial asset previously recognised in profit or loss.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed with the amount of the reversal recognised in profit or loss. The impairment loss on an available-for-sale equity instrument is not reversed through profit or loss, and any increase of fair value that occurs after the impairment is recognised directly in other comprehensive income.

Financial assets carried at cost

If there is objective evidence that such an asset is impaired, the difference between its carrying amount and the present value of expected future cash flows which are discounted at the current market interest rate is recognised as an impairment loss in profit or loss. Once an impairment loss is recognised, it is not reversed.

For a long-term equity investment accounted for according to Accounting Standard for Business Enterprises No. 2 — Long-term Equity Investments and which is not quoted in an active market and for whose the fair value cannot be reliably measured, any impairment is accounted for in accordance with the above principles.

Transfers of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognises the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transactions as follows: (i) if the Group has not retained control, it derecognises the financial asset and recognises any resulting assets or liabilities; (ii) if the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

10. RECEIVABLES

(1) Receivables that are individually significant and individually assessed for impairment

As at the balance sheet date, receivables greater than RMB5,000,000 are considered as individually significant and are subject to separate impairment assessment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the receivable and the present value of estimated future cash flows.

(2) Receivables that are not individually significant but individually assessed for impairment

The Group performs an ageing analysis and impairment is assessed for the receivables that are individually not significant but with long age. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the receivable and the present value of estimated future cash flows.

11. INVENTORIES

Inventories include raw materials, work in progress, finished goods, turnover materials and property development costs. Property development costs mainly include land cost, earlier-stage development cost, construction cost, infrastructure cost, supporting facility cost and other expenditure relating to construction.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The cost of inventories transferred out is assigned by using the weighted average method. Turnover materials include low-value consumables and packing materials, which are amortised by using the equal-split amortisation method.

The Group adopts a perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision is made in profit or loss. If factors that previously resulted in the provision for the inventories disappear and make the net realisable value higher than the carrying amount, the amount of the write-down is reversed, to the extent of the amount of the provision for the inventories, and the reversed amount is recognised in profit or loss for the current period.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated expenses and the related taxes necessary to make the sale. The provision for the decline in value is made on an individual basis. For inventories with a large quantity and a lower unit cost, the provision for the decline in value is made on a category basis.

12. LONG-TERM EQUITY INVESTMENTS

Long-term equity investments include investments in subsidiaries, jointly-controlled entities and associates, as well as investments where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and the fair values of which cannot be reliably measured.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

12. LONG-TERM EQUITY INVESTMENTS *(Continued)*

A long-term equity investment is recorded at its initial investment cost on acquisition. For a long-term equity investment acquired through a business combination, the initial investment cost of the long-term equity investment is the acquirer's share of the owner's equity of the party being acquired at the combination date for a business combination under common control; the initial investment cost of the long-term equity investment is the cost of acquisition for a business combination not under common control (for a business combination not under common control achieved in stages, the initial investment cost is measured at the carrying amount of the equity investments in the acquiree before the acquisition date plus the additional investment cost incurred on the acquisition date). The cost of combination includes the assets transferred and the liabilities incurred or assumed by the acquirer, and the fair value of equity securities issued. For a long-term equity investment acquired otherwise than through a business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; for a long-term equity investment contributed by the investors, the initial investment cost is the value stipulated in the investment contract or agreement, except where the value stipulated in the investment contract or agreement is not fair.

For a long-term equity investment where the Group does not have joint control or significant influence over the investee, the investment is not quoted in an active market and its fair value cannot be reliably measured, the Group uses the cost method. For a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost method in the Company's financial statements. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Under the cost method, the long-term equity investment is measured at its initial investment cost. Except for the cash dividend or profit distribution declared but unpaid that is included in the price or consideration paid upon acquisition of a long-term equity investment, the Company recognises its share of cash dividends or profit distributions declared by the investee as investment income in the current period, and considers whether the long-term equity investment is impaired according to the policies related to asset impairment.

The equity method is adopted when the Group holds joint control, or exercises significant influence on the investee. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the financial and operational decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control with other parties over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

12. LONG-TERM EQUITY INVESTMENTS *(Continued)*

Under the equity method, the Group recognises its share of the net profits or losses made by the investee as investment income or losses, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits or losses based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its jointly-controlled enterprises and associates, attributable to the investing entity according to its share ratio (but impairment losses for assets arising from internal transactions are recognised in full). For any long-term equity investment differences (debit side) arising from investments in jointly-controlled enterprises and associates held before the first-time adoption of new Accounting Standards for Business Enterprises, the investment income and loss is recognised after deducting the debit balance to be amortised over the remaining period on the straight-line basis. The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net losses of the investee is recognised to the extent the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has incurred obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in shareholders' equity of the investee (other than net profits or losses), includes the corresponding adjustments in the shareholders' equity of the Group and transfers the changes to profit or loss for the current period on a pro-rata basis according to the proportion disposed of.

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss for the current period. For a long-term equity investment accounted for using the equity method, any changes in the shareholders' equity of the investee included in the shareholders' equity of the Group are transferred to profit or loss for the current period on a pro-rata basis according to the proportion disposed of.

For a long-term equity investment in a subsidiary, jointly-controlled entity or associate, refer to Note II.23 for the test for impairment and recognition of provision for impairment. For other long-term equity investments where the investment is not quoted in an active market and its fair value cannot be measured reliably, refer to Note II.9 for the test for impairment and recognition of provision for impairment.

13. INVESTMENT PROPERTY

Investment property is a property held to earn rentals or for capital appreciation or both. Investment property includes a land use right that is leased out, a land use right held for transfer upon capital appreciation, and a building that is leased out.

An investment property is measured initially at its cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property is included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss for the period in which they are incurred.

The Group uses the cost model for subsequent measurement of its investment property. The accounting policy for depreciation and amortisation of investment property is the same as that for buildings and land use rights.

For an investment property that is subsequently measured using the cost model, refer to Note II.23 for the test for impairment and recognition of provision for impairment.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates (Continued)

14. FIXED ASSETS

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meets the recognition criteria is included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced is derecognised. Otherwise, such expenditure is recognised in profit or loss for the period in which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the assets is considered. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Depreciation is calculated using the straight-line method. The estimated useful lives, estimated residual value and annual depreciation rates of fixed assets are as follows:

	Estimated useful life	Estimated residual value	Annual depreciation rate
Buildings	20–45 years	5–10%	2–4.8%
Terminal facilities	50 years	5–10%	1.8–1.9%
Storage facilities	40 years	0%	2.5%
Oil tanks and pipelines	18 years	4%	5.3%
Loading equipment	10–20 years	5–10%	4.5–9.5%
Machinery and equipment	12 years	5%	7.9%
Vessels	10–20 years	4–10%	4.5–9.6%
Transportation equipment	7–10 years	5–10%	9–13.6%
Other equipment	5–11 years	4–10%	8.18–19.2%

Where the individual component parts of an item of fixed assets have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end, and makes adjustments if necessary.

For the test for impairment and recognition of provision for impairment related to a fixed asset, refer to Note II.23.

15. CONSTRUCTION IN PROGRESS

The cost of construction in progress is determined according to the actual expenditure incurred for the construction, including all necessary construction expenditure incurred during the construction period, borrowing costs that are capitalised before the construction gets ready for its intended use and other relevant expenses.

Construction in progress is transferred to fixed assets or intangible assets when the asset is ready for its intended use.

For the test for impairment and recognition of provision for impairment related to construction in progress, refer to Note II.23.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

16. BORROWING COSTS

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interest, amortisation of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred. Qualifying assets are assets (fixed assets, investment property, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset are being incurred;
- (2) borrowing costs are being incurred; and
- (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised as an expense in the period in which they are incurred.

During the capitalisation period, the amount of interest to be capitalised for each accounting period is determined as follows:

- (1) Where funds are borrowed for a specific purpose, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.
- (2) Where funds are borrowed for a general purpose, the amount of interest to be capitalised on such borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than three months. Borrowing costs incurred during these periods recognised as an expense for the current period until the acquisition, construction or production is resumed.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates (Continued)

17. INTANGIBLE ASSETS

An intangible asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The useful lives of the intangible assets are as follows:

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

Land use rights that are purchased by the Group are accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Group, and the relevant land use rights and buildings, are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at least at each financial year-end and makes adjustment if necessary.

For the test for impairment and recognition of provision for impairment related to an intangible asset, refer to Note II.23.

18. LONG-TERM PREPAID EXPENSES

Long-term prepaid expenses are amortised using the straight-line method over their expected beneficial period which are as follows:

	Beneficial period
Public facilities in bonded ports	20 years
Building decoration	5 years
Others	5 years

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

19. REVENUE

Revenue is recognised only when it is probable that the associated economic benefits will flow to the Group, its amount can be measured reliably, and all of the following conditions are satisfied.

Revenue from the sale of goods

The Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the associated costs incurred or to be incurred can be measured reliably. The amount of revenue arising from the sale of goods is determined in accordance with the consideration received or receivable from the buyer under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair value. Where the consideration receivable under contract or agreement is deferred, such that the arrangement is in substance of a financing nature, the amount of revenue arising on the sale of goods is measured at the fair value of the consideration receivable.

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognised using the percentage of completion method, or otherwise, the revenue is recognised to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Group; the stage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction involving the rendering of services by using the proportion of costs incurred to date to the estimated total costs. The total service revenue on a transaction involving the rendering of services is determined in accordance with the consideration received or receivable from the recipient of services under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair.

When the Group has entered into a contract or agreement with other enterprises comprising both sales of goods and the rendering of services, if the sales of goods component and the rendering of services component can be separately identified and measured, they are accounted for separately; if the sales of goods and the rendering of services cannot be separately identified, or can be separately identified but cannot be separately measured, the contract is treated as the sales of goods.

Interest income

It is determined according to the length of period for which the Group's currency fund is used by others and the effective interest rate.

Royalty income

It is determined according to the period and the method of charging as stipulated in the relevant contracts or agreements.

Lease income

Lease income from operating leases is recognised on a straight-line basis. Contingent rents are charged to profit or loss in the period in which they actually arise.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

20. GOVERNMENT GRANTS

Government grants are recognised only when the attached conditions are met and they can be received. Government grants are measured at the amount received or receivable when in the form of a monetary asset, and at fair value when in the form of a non-monetary asset. Where the fair value is not reliably determinable, the government grants are measured at the nominal amount. Government grants related to income are recognised as deferred income and recognised in profit or loss over the periods in which the related costs are recognised if it is a compensation for related expenses or losses to be incurred by the entity in subsequent periods, and are recognised immediately in profit or loss for the current period if it is a compensation for related expenses or losses already incurred. Government grants related to an asset are recognised as deferred income and evenly amortised to profit or loss over the useful life of the related asset. The government grants measured at a nominal amount, however, is recognised immediately in profit or loss for the current period.

21. INCOME TAX

Income tax comprises current and deferred tax. Income tax is recognised as income or an expense in profit or loss for the current period, or recognised directly in shareholders' equity if it arises from a business combination or relates to a transaction or event which is recognised directly in shareholders' equity.

Current income tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

For temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the carrying amounts and the tax bases of items, the tax bases of which can be determined for tax purposes, but which have not been recognised as assets and liabilities, deferred taxes are provided using the liability method.

A deferred tax liability is recognised for all taxable temporary differences, except:

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: (i) the transaction is not a business combination; and (ii) at the time of the transaction, it affects neither accounting profit nor taxable profit or deductible loss; and
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

A deferred tax asset is recognised for deductible temporary differences, carryforward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of deductible tax losses and tax credits can be utilised, except:

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, neither the accounting profit nor taxable profit or loss is affected; and
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

21. INCOME TAX *(Continued)*

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

22. LEASES

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. An operating lease is a lease other than a finance lease.

In the case of the lessee of an operating lease

Lease payments under an operating lease are recognised by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period. Contingent rents are charged to profit or loss in the period in which they actually arise.

In the case of the lessor of an operating lease

Rent income under an operating lease is recognised by a lessor on a straight-line basis over the lease term, through profit or loss. Contingent rents are charged to profit or loss in the period in which they actually arise.

23. IMPAIRMENT OF ASSETS

The Group determines the impairment of assets, other than the impairment of inventories, deferred income taxes, financial assets and long-term equity investments, which are accounted for using the cost method and have no quoted market prices in active markets, and whose fair value cannot be reliably measured, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination and an intangible asset with an indefinite useful life are tested for impairment at least at each year-end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or the asset group.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

23. IMPAIRMENT OF ASSETS *(Continued)*

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is treated as an impairment loss and is recognised in profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis, to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or a set of asset groups that is able to benefit from the synergies of the business combination and is not larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group firstly tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and recognises any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss firstly reduces the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then reduces the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

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

24. EMPLOYEE BENEFITS

Employee benefits are all forms of consideration other than share-based payments given and other relevant expenditures incurred by the Group in exchange for service rendered by employees. In the accounting period in which an employee has rendered service to the Group, the employee benefits payable is recognised as a liability. For employee benefits payable due in more than one year after the balance sheet date, if the discounted value is significant, it is presented at the present value.

The employees of the Group participate in social insurance plans, such as pension insurance plan, medical insurance plan, and unemployment insurance plan, and a housing fund, which are managed by the local government, and the relevant expenditure is recognised, when incurred, in the costs of the relevant assets or profit or loss for the current period.

25. PROFIT DISTRIBUTION

Cash dividends of the Company are recognised as a liability when they are approved by the shareholders in general meetings.

26. RELATED PARTIES

If a party has the power to control, jointly control or exercise significant influence over another party, these two parties are identified as related parties. Two parties or more are identified as related parties as well if they are subject to control, joint control or significant influence from the same party.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

27. SEGMENT REPORTING

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group:

- (1) that engages in business activities from which it may earn revenues and incur expenses;
- (2) whose operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance; and
- (3) for which the information on financial position, operating results and cash flows is available to the Group.

If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements and estimations that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimations 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 which have significant effect on the amounts recognised in the financial statements:

Operating leases — the Group as lessor

The Group has entered into operating 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, 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 assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates *(Continued)*

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

Estimation uncertainty *(Continued)*

Useful lives and residual value of fixed assets

The Group's management determines the estimated useful lives and residual values of fixed assets and consequently related depreciation charges. This estimate is based on the historical experience of the actual useful lives and residual values of fixed assets of similar nature and functions. It can change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives and residual values are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of accounts and other receivables

Impairment of accounts and other receivables is made based on assessment of the recoverability of accounts and other receivables. The identification of impairment of accounts and other receivables requires management judgement 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.

Impairment of goodwill

The Group determines whether the goodwill is impaired at least on annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from an asset group or set of asset groups and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Refer to Note V.18.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale financial assets and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement.

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 judgement 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.

Impairment of non-financial assets other than goodwill

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each balance sheet date. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

III. Taxation

1. Major tax items and rates are as follows:

Value-added tax (“VAT”)	—	Output VAT is calculated at 17% on the taxable sales and is levied after deducting deductible input VAT for the current period.
Business tax	—	It is levied at 3%–5% on the taxable revenue.
City maintenance and construction tax	—	It is levied at 7% on the VAT and business taxes paid.
Corporate income tax (“CIT”)	—	It is levied at 25% on the taxable profit, except for certain subsidiaries established in Mainland China which enjoy tax preferences and those subsidiaries incorporated outside Mainland China which are subject to local income tax regulations.
Property tax	—	It is calculated at a tax rate of 1.2% based on 70% of costs of properties or a tax rate of 12% based on rental income of the properties.

2. TAX PREFERENCES AND OFFICIAL APPROVAL

Land use tax

According to the Tentative Regulations of the People’s Republic of China of Urban Land Use Tax and 《關於對交通部門的港口用地徵免土地使用稅問題的規定》(Guo Shui Di [1989] No.123), land used for docks is exempted from land use tax. Accordingly, the land use rights held by the Group used for docks are exempted from land use tax partially.

VAT

According to “Circular of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Issues Concerning Tax Policies for Encouraging the Development of Software and Integrated Circuit Industries” (Cai Shui [2000] No.25)(《財政部國家稅務總局海關總署關於鼓勵軟件產業和集成電路產業發展有關稅收政策問題的通知》財稅[2000]第25號文件) and “Certain policies for further encouraging the development of the software industry and the integrated circuit industry” (Guo Fa [2011] No.4)(《進一步鼓勵軟件產業和集成電路產業發展若干政策的通知》國發[2011]4號), VAT paid by those ordinary VAT payers who sell self-developed software which were taxed at the statutory rate of 17% will be refunded for the portion exceeding 3% of the actual tax burden. The tax refund should be restricted to be used for software development and expanding reproduction, and are exempted from CIT. Dalian Port Logistics Technology Co., Ltd. (“DPLT”), Dalian Jifa Technology Co., Ltd. (“DJT”) and Dalian Portsoft Technology Co., Ltd. (“DPT”) enjoy the aforesaid preferential tax policy.

CIT

DPLT, DJT, DPT and Dalian Portnet Co., Ltd. are subject to a preferential CIT rate of 15% as they are reassessed by the relevant government authorities as High and New Technology Enterprises (“HNTE”).

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IV. Consolidation Scope of the Consolidated Financial Statements

1. SUBSIDIARIES

Subsidiaries of the Group are as follows:

	Type of subsidiary	Place of registration	Legal representative	Principal activities	Registered capital RMB'0000	Scope of business	Code of organisation
Subsidiaries acquired from PDA as equity injection at the date of incorporation							
Dalian Port Container Development Co., Ltd. ("DPC")	Limited liability	Dalian	Sun Hong	Container services	260,746	Container loading, discharging and storage	73640137-6
Dalian Port Jifa Logistics Co., Ltd.	Limited liability	Dalian	Sun Hong	Logistics services	75,890	Depot leasing and operating	24238906-3
Dalian Port Logistics Technology Co., Ltd.	Limited liability	Dalian	Qu Wei	Software development	1,000	Development and sale of software	72886169-8
Dalian Jifa Shipping Agency Co., Ltd.	Limited liability	Dalian	Qu Wei	Vessel agency	50	Vessel agency	751575024
Dalian International Logistics Park Development Co., Ltd.	Limited liability	Dalian	Zhang Jian	Property development	15,000	Operation and development of a bonded logistics park	74093552-2
Dalian Port Jihuo Logistics Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Freight agency	200	Freight and Vessel agency	72604986-6
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Limited liability	Dalian	Sun Qian	Transportation	4,923	Container transportation	72888006-3
Dalian International Container Services Co., Ltd.	Limited liability	Dalian	Xu Song	Freight agency	USD1,440,000	International transportation agency services	60486391-5
Dalian Jifa International Freight Co., Ltd.	Limited liability	Dalian	Qu Wei	Freight agency	500	Freight agency	75608995-7
Dalian TBT Consulting Co., Ltd.	Limited liability	Dalian	Li Guanghui	Software development	100	Development and sale of software	75990868-x
Dalian Jifa Port Engineering Co., Ltd.	Limited liability	Dalian	Qu Wei	Technology services	1,200	Equipment technology supporting	76079479-8
Dalian Techport Service Co., Ltd.	Limited liability	Dalian	Xu Song	Software development	350	Development and sale of software	77304690-8
Dalian ETDZ Jin Xin Petro – chemistry Company Limited	Limited liability	Dalian	Sun Dequan	Sale of goods	500	Sale of fuels	24130984-2
Dalian Jifa Shipping Management Co., Ltd.	Limited liability	Dalian	Sun Qian	Vessel management services	26,000	Vessel leasing and management services	77729051-0
Subsidiaries acquired from establishment or investment							
Asia Pacific Ports Company Limited	Limited company	HK	N/A	Logistics services	HKD75,000,000	Investment holding	N/A
Asia Pacific Carrier Ltd.	Limited company	British Virgin Islands ("BVI")	N/A	Logistics services	USD50,000	Shipping and related services	N/A
Harbour Full Group Limited	Limited company	BVI	N/A	Logistics services	USD50,000	Investment holding	N/A
Asia Pacific Ports Investment Co., Ltd.	Limited company	HK	N/A	Logistics services	HKD10,000	Investment holding	N/A
Asia Pacific Ports (Dalian) Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics services	USD31,580,000	Operation of port facilities	68304705-0
Asia Pacific Ports Development Co., Ltd.	Limited liability	HK	N/A	Logistics services	USD1	航運及港口投資	N/A
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	Limited liability	Dalian	Xu Song	Shipping services	19,600	Leasing and management of car-carrying Vessel	68302634-8
Hellongjiang Suimu Logistics Co., Ltd.	Limited liability	Muling	Ju Hongbin	Logistics services	4,500	Logistics and storage related services	69263421-4
福建寧連港口有限公司	Limited liability	Ningde	Xusong	Terminal services	2,000	Port construction and operation	58957279-9
秦皇島集港船舶代理有限公司	Limited liability	Qinghuangdao	Liyong	Logistics services	50	International transportation agency services	In Process

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IV. Consolidation Scope of the Consolidated Financial Statements (Continued)

1. SUBSIDIARIES (Continued)

	Type of subsidiary	Place of registration	Legal representative	Principal activities	Registered capital RMB'0000	Scope of business	Code of organisation
Subsidiaries acquired in business combinations involving entities under common control							
Dalian Ocean Shipping Tally Co., Ltd.	Limited liability	Dalian	Xu Song	Tallying services	309	Cargo tallying services	78246116-9
Dalian Portsoft Technology Co., Ltd.	Limited liability	Dalian	Liu Wei	Software development	1,000	Development and sale of software	76077248-4
Dalian Portsoft Network Co., Ltd.	Limited liability	Dalian	Liu Wei	Software development	1,000	Development and sale of software	66114935-5
Dalian Port Construction Supervision & Consultation Co., Ltd.	Limited liability	Dalian	Xu Jian	Supervisory services	1,000	Supervisory and consulting services	24123682-3
Dalian Port Telecommunication Engineering Co., Ltd.	Limited liability	Dalian	Liu Wei	Telecommunication services	1,000	Telecommunication engineering consulting services	24183141-1
Dalian Port Construction Management Co., Ltd.	Limited liability	Dalian	Xu Jian	Port construction services	500	Construction implementation and management services	79692326-4
Dalian Golden Bay Grain Logistics Co., Ltd.	Limited liability	Dalian	Fu Bin	Logistics services	9,733	Storage and transportation services	77728428-4
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	Limited liability	Dalian	Zhan Wei	Terminal services	3,000	Port transportation, loading and discharging services	79202572-3
Dalian Port Power Supply Co., Ltd.	Limited liability	Dalian	Wang Anyuan	Construction services	2,000	Power cable installation	11866435-5
萬鵬港口建設監理諮詢有限公司	Limited liability	Dalian	Zhu Liyan	Supervisory services	10	Supervisory and consulting services	69141320-9
Subsidiaries acquired in business combinations involving entities not under common control							
DCT Logistics Co., Ltd.	Limited liability	Dalian	Sun Qian	Logistics services	10,000	Container logistics services	72885637-0
Dalian Portnet Co., Ltd.	Limited liability	Dalian	Sun Hong	Information services	USD2,800,000	Information services	72346333-2
Dalian Jiyi Logistics Co., Ltd.	Limited liability	Dalian	Ju Hongbin	Freight agency	2,650	Freight agency and container loading and discharging services	72348332-5
Dalian Port Petroleum & Chemical Co., Ltd.	Limited liability	Dalian	Sun Dequan	Terminal operation	35,000	Storage and transportation of petroleum and petroleum products	74094577-1
Dalian Container Terminal Co., Ltd.	Limited liability	Dalian	Sun Qian	Terminal services	135,000	Cargo loading, discharging and storage services	60487463-0
Dalian Lvshun Port Co., Ltd.	Limited liability	Dalian	Liu Wei	Terminal services	35,000	Port construction and operation	66922205-1
大連鑫海客運有限公司	Limited liability	Dalian	Liu Wei	Agency services	50	Ticket agency services	69600259-9

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IV. Consolidation Scope of the Consolidated Financial Statements (Continued)

1. SUBSIDIARIES (Continued)

	Investment cost at the end of the period	Percentage of shareholding		Percentage of voting rights (%)	In scope of consolidation	Minority interests	Minority interests used to offset the profits or losses of minority shareholders
		Directly (%)	Indirectly (%)				
Subsidiaries acquired from PDA as equity injection at the date of incorporation							
Dalian Port Container Development Co., Ltd. ("DPC")	2,845,297,222.35	100.00	—	100.00	Yes	—	—
Dalian Port Jifa Logistics Co., Ltd.	851,144,309.37	—	100.00	100.00	Yes	—	—
Dalian Port Logistics. Technology Co., Ltd.	9,715,289.71	—	100.00	100.00	Yes	—	—
Dalian Jifa Shipping Agency Co., Ltd.	500,000.00	—	100.00	100.00	Yes	—	—
Dalian International Logistics Park Development Co., Ltd.	135,000,000.00	—	90.00	90.00	Yes	7,247,073.86	—
Dalian Port Jihuo Logistics Co., Ltd.	2,194,494.61	—	100.00	100.00	Yes	—	—
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	67,345,151.04	—	97.36	97.36	Yes	1,489,140.63	—
Dalian International Container Services Co., Ltd.	USD1,066,000.00	—	75.00	75.00	Yes	4,485,691.32	—
Dalian Jifa International Freight Co., Ltd.	5,256,204.82	—	100.00	100.00	Yes	—	—
Dalian TBT Consulting Co., Ltd.	1,174,745.53	—	100.00	100.00	Yes	—	—
Dalian Jifa Port Engineering Co., Ltd.	12,047,877.11	—	100.00	100.00	Yes	—	—
Dalian Techport Service Co., Ltd.	2,043,136.26	—	60.00	60.00	Yes	92,608.50	—
Dalian ETDZ Jin Xin Petro — chemistry Company Limited	6,629,301.65	100.00	—	100.00	Yes	—	—
Dalian Jifa Shipping Management Co., Ltd.	260,984,354.73	90.77	9.23	100.00	Yes	—	—
Subsidiaries acquired from establishment or investment							
Asia Pacific Ports Company Limited	HKD75,000,000.00	100.00	—	100.00	Yes	—	—
Asia Pacific Carrier Ltd.	USD30,000.00	—	60.00	60.00	Yes	218,717.77	—
Harbour Full Group Limited	USD50,000.00	—	100.00	100.00	Yes	—	—
Asia Pacific Ports Investment Co., Ltd.	HKD1	—	100.00	100.00	Yes	—	—
Asia Pacific Ports (Dalian) Co., Ltd.	USD31,580,000.00	—	100.00	100.00	Yes	—	—
Asia Pacific Ports Development Co., Ltd.	USD1	—	100.00	100.00	Yes	—	—
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	190,542,604.50	51.00	49.00	100.00	Yes	—	—
Heilongjiang Suimu Logistics Co., Ltd.	41,250,000.00	—	91.67	91.67	Yes	3,750,000.00	—
福建寧連港口有限公司	12,000,000.00	60.00	—	60.00	Yes	8,000,000.00	—
秦皇島集港船舶代理有限公司	500,000.00	—	100.00	100.00	Yes	—	—
Subsidiaries acquired in business combinations involving entities under common control							
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	84.00	—	84.00	Yes	3,266,229.37	—
Dalian Portsoft Technology Co., Ltd. (Note 1)	11,126,271.39	49.00	—	60.00	Yes	13,102,534.75	—
Dalian Portsoft Network Co., Ltd.	10,000,000.00	—	100.00	100.00	Yes	—	—
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	75.00	—	75.00	Yes	7,992,135.44	—
Dalian Port Telecommunication Engineering Co., Ltd.	8,137,212.61	45.00	20.00	65.00	Yes	5,770,098.97	—
Dalian Port Construction Management Co., Ltd.	13,778,541.68	100.00	—	100.00	Yes	—	—
Dalian Golden Bay Grain Logistics Co., Ltd. (Note 2)	53,156,426.75	37.50	—	75.00	Yes	110,524,898.30	—
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	—	100.00	—	100.00	Yes	—	—
Dalian Port Power Supply Co., Ltd.	25,895,508.24	100.00	—	100.00	Yes	—	—
大連長興島臨港工業區 萬鵬港口建設監理諮詢有限公司	100,000.00	—	100.00	100.00	Yes	—	—

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IV. Consolidation Scope of the Consolidated Financial Statements (Continued)

1. SUBSIDIARIES (Continued)

	Investment cost at the end of the period	Percentage of shareholding		Percentage of voting rights (%)	In scope of consolidation	Minority interests	Minority interests used to offset the profits or losses of minority shareholders
		Percentage of shareholding					
		Directly (%)	Indirectly (%)				
Subsidiaries acquired in business combinations involving entities not under common control							
DCT Logistics Co., Ltd.	124,809,813.23	—	100.00	100.00	Yes	—	—
Dalian Portnet Co., Ltd.	USD2,000,000.00	—	71.43	71.43	Yes	20,304,182.66	—
Dalian Jiyi Logistics Co., Ltd.	28,500,000.00	—	95.00	95.00	Yes	1,099,915.29	—
Dalian Port Petroleum and Chemical Co., Ltd.	596,800,000.00	100.00	—	100.00	Yes	—	—
Dalian Container Terminal Co., Ltd.	709,654,954.71	—	51.00	51.00	Yes	681,328,253.27	—
Dalian Lvshun Port Co., Ltd.	217,580,000.00	60.00	—	60.00	Yes	142,194,608.72	—
大連鑫海客運有限公司	500,000.00	—	100.00	100.00	Yes	—	—

Note 1: The Company has control over this entity as the Company has majority voting rights in the board of the entity.

Note 2: Another shareholder of this entity has unanimous consent with the decisions of the Company pursuant to a consent agreement with the shareholder. Accordingly, the Company has de-facto control over the entity.

2. CHANGE OF CONSOLIDATION SCOPE

Except for the newly established subsidiaries during the year and the following illustration, the consolidation scope remains the same as prior year.

The Group holds 51% equity interests in Dalian Container Terminal Co., Ltd. ("DCT"). According to the board's resolution "Agreement of inclusion of DCT in the consolidated financial statements of the Chinese party" of DCT, DCT has been included in the consolidation scope of the Group from 1 April 2011.

On 28 March 2011, the Company acquired 60% equity interests in Dalian Lvshun Port Co., Ltd. Accordingly, Dalian Lvshun Port Co., Ltd. and its wholly-owned subsidiary, Dalian Xinhai Passenger Transportation Co., Ltd., became the Group's subsidiaries. Details are disclosed in Note IV.4.

3. ENTITIES NEWLY INCLUDED IN THE CONSOLIDATION SCOPE DURING THE YEAR

	Net profit/(loss) from the combination date to	
	Net assets as at 31 December 2011	31 December 2011
Dalian Lvshun Port Co., Ltd.	355,486,521.80	(7,146,811.53)
DCT	1,390,465,823.00	144,330,381.25
	1,745,952,344.80	137,183,569.72

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IV. Consolidation Scope of the Consolidated Financial Statements *(Continued)*

3. ENTITIES NEWLY INCLUDED IN THE CONSOLIDATION SCOPE DURING THE YEAR *(Continued)*

The operating results and cash flows of DCT from 1 April 2011 to the end of the current year are as follows:

	From 1 April to 31 December 2011
Revenue	440,781,452.26
Net profit	144,330,381.25
Net cash flows from operating activities	238,082,428.55
Net cash flows used in investing activities	(16,338,399.39)
Net cash flows used in financing activities	(208,133,727.72)

4. ACQUISITION OF DALIAN LVSHUN PORT CO., LTD. DURING THE CURRENT YEAR

The operating results and cash flows of Dalian Lvshun Port Co., Ltd. and its subsidiary from the acquisition date to the end of the current year are as follows:

	From 31 March to 31 December 2011
Revenue	(20,582,031.21)
Net profit	(7,146,811.53)
Net cash flows from operating activities	5,099,625.17
Net cash flows from investing activities	21,281,480.91
Net cash flows used in financing activities	(1,408,950.00)

In the first half of 2011, the Company acquired 60% equity interests in Dalian Lvshun Port Co., Ltd. at a consideration of RMB217,580,000 in cash. The change of the relevant business registration was completed on 28 March 2011 and the acquisition date was determined at 31 March 2011.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IV. Consolidation Scope of the Consolidated Financial Statements *(Continued)*

4. ACQUISITION OF DALIAN LVSHUN PORT CO., LTD. DURING THE CURRENT YEAR *(Continued)*

The fair values and carrying amounts of the identifiable assets and liabilities of Dalian Lushun Port Co., Ltd. and its subsidiary as at the acquisition date were as follows:

	Fair value	Carrying amount
Cash and cash equivalents	33,719,938.91	33,719,938.91
Accounts receivable	978,321.89	978,321.89
Prepayments	27,940,714.40	27,940,714.40
Other receivables	8,024,310.70	8,024,310.70
Inventories	557,650.74	557,650.74
Long-term equity investments	200,000.00	200,000.00
Fixed assets	184,979,235.36	184,979,235.36
Construction in progress	190,326,901.16	173,926,027.59
Intangible assets	3,455,982.72	3,455,982.72
Advances from customers	(6,380,000.00)	(6,380,000.00)
Employee benefits payable	(9,702.27)	(9,702.27)
Taxes payable	130,499.25	130,499.25
Other payables	(17,190,301.14)	(17,190,301.14)
Long-term borrowings	(60,000,000.00)	(60,000,000.00)
Deferred tax liabilities	(4,100,218.39)	—
Net assets	362,633,333.33	350,332,678.15
Minority interests	(145,053,333.33)	
Cost of the business combination	217,580,000.00	

5. EXCHANGE RATES APPLIED TO FINANCIAL STATEMENTS ITEMS OF ENTITIES OUTSIDE MAINLAND CHINA:

	Average exchange rate		Exchange rate at the end of the year	
	2011	2010	2011	2010
USD	6.4445	6.7668	6.3009	6.6227
HKD	0.8279	0.8708	0.8107	0.8509

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements

1. CASH AND BANK BALANCES

	2011			2010		
	Original currency	Exchange rate	RMB equivalents	Original currency	Exchange rate	RMB equivalents
Cash						
– RMB			118,013.22			94,970.27
Bank deposits						
– RMB			2,212,402,560.31			3,068,429,365.68
– USD	2,091,030.36	6.3009	13,175,373.18	2,806,075.62	6.6227	18,582,111.91
– JPY	1,090,819.36	0.0811	88,465.45	2,277,277.00	0.0813	184,459.44
– HKD	3,664,944.58	0.8107	2,971,170.57	1,471,305.61	0.8509	1,252,061.51
Other cash balances						
– RMB			24,729,079.22			167,364,293.16
– HKD	733,560.15	0.8107	594,697.21	1,971,574.29	0.8509	1,677,612.56
			2,254,079,359.16			3,257,584,874.53

As at 31 December 2011, there were RMB23,422,082.84 of cash and bank balances that were restricted as to use (31 December 2010: RMB1,266,425.76) (Note V.23(3)).

Cash at banks earns interest at floating rates based on current bank deposit rates. Short term time deposits are made for varying periods of between seven days and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

2. NOTES RECEIVABLE

	2011	2010
Bank acceptance notes	143,128,482.88	95,490,533.52

As at 31 December 2011, the pledged bank acceptance notes (31 December 2010: Nil) were as follows:

Issuer	Period of the notes	Amount (note)
First	6 months	5,000,000.00
Second	6 months	5,000,000.00
Third	6 months	5,000,000.00
Fourth	6 months	5,000,000.00
		20,000,000.00

Note: Bank acceptance notes with a carrying value of RMB20,000,000.00 (31 December 2010: Nil) were pledged to obtain bank acceptance notes payable of RMB20,000,000.00 (Note V.23(3)).

As at 31 December 2011, there were no discounted notes or notes that were transferred to account receivable due to issuer's failure in performance (31 December 2010: Nil).

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

3. DIVIDENDS RECEIVABLE

2011

	Opening balance	Increase	Decrease	Closing balance
Ageing within one year				
Dalian Singamas International Container Co., Ltd.	757,470.18	1,506,736.82	(1,022,854.35)	1,241,352.65
Dalian Dagang China Shipping Container Terminal Co., Ltd.	1,057,521.71	3,757,183.68	(2,739,942.60)	2,074,762.79
Dalian Port Container Terminal Co., Ltd.	8,612,437.46	23,754,168.19	(8,612,437.46)	23,754,168.19
Dalian Assembling Transportation Logistics Co., Ltd.	81,352.13	159,021.22	(81,352.13)	159,021.22
Dalian Container Terminal Co., Ltd.	78,818,744.72	—	(78,818,744.72)	—
太倉興港拖輪有限公司	—	600,000.00	(600,000.00)	—
China United Tally Co., Ltd.	—	1,840,666.21	(1,840,666.21)	—
Dalian China Oil Dock Management Co., Ltd.	—	8,006,600.00	(8,006,600.00)	—
Odfjell Terminals (Dalian) Co., Ltd.	—	15,000,000.00	(15,000,000.00)	—
Dalian Petro China International Warehousing and Transportation Co., Ltd.	—	5,191,000.00	(5,191,000.00)	—
大連萬鵬港口工程檢測有限公司	—	48,000.00	(48,000.00)	—
大連港口設計研究院有限公司	—	223,330.23	(223,330.23)	—
大仁輪渡有限公司	—	875,067.64	(875,067.64)	—
	89,327,526.20	60,961,773.99	(123,059,995.34)	27,229,304.85

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

3. DIVIDENDS RECEIVABLE (Continued)

2010

	Opening balance	Increase	Decrease	Closing balance
Ageing within one year				
Dalian Singamas International Container Co., Ltd.	1,919,572.57	757,470.18	(1,919,572.57)	757,470.18
China United Tally Co., Ltd.	3,817,254.04	1,614,025.80	(5,431,279.84)	—
Dalian China Oil Dock Management Co., Ltd.	—	4,900,000.00	(4,900,000.00)	—
太倉興港拖輪有限公司	450,000.00	675,000.00	(1,125,000.00)	—
Weihai Port Group Co., Ltd.	—	1,595,979.21	(1,595,979.21)	—
Dalian United International Shipping Agency	—	1,630,000.00	(1,630,000.00)	—
Dalian Container Terminal Co., Ltd.	105,468,297.10	78,818,744.72	(105,468,297.10)	78,818,744.72
Dalian Port Container Terminal Co., Ltd.	—	8,612,437.46	—	8,612,437.46
Dalian Dagang China Shipping Container Terminal Co., Ltd.	549,185.92	1,057,521.71	(549,185.92)	1,057,521.71
Dalian Assembling Transportation Logistics Co., Ltd.	180,206.02	81,352.13	(180,206.02)	81,352.13
大連萬鵬港口工程檢測有限公司	452,877.46	—	(452,877.46)	—
大連港口設計研究院有限公司	—	40,000.00	(40,000.00)	—
大仁輪渡有限公司	—	699,366.43	(699,366.43)	—
	112,837,393.11	100,481,897.64	(123,991,764.55)	89,327,526.20

Management of the Company is of the opinion that no impairment provision was necessary for dividends receivable at the balance sheet date.

4. INTERESTS RECEIVABLE

	2011	2010
Opening balance	1,563,707.73	185,787.95
Increase	40,376,599.28	3,699,514.84
Decrease	(24,862,628.69)	(2,321,595.06)
Closing balance	17,077,678.32	1,563,707.73

Management of the Company is of the opinion that no impairment provision was necessary for interests receivable at the balance sheet date.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

5. ACCOUNTS RECEIVABLE

The credit terms of accounts receivable are usually 90 days. Accounts receivable are interest-free.

An ageing analysis of accounts receivable is as follows:

	2011	2010
Within 1 year	417,704,800.13	335,771,356.01
1 to 2 years	13,974,521.53	2,305,233.14
2 to 3 years	2,177,027.76	5,177,071.28
Over 3 years	5,016,831.87	505,620.00
	438,873,181.29	343,759,280.43
Less: Provision for bad debts	(2,852,921.74)	(2,939,524.54)
	436,020,259.55	340,819,755.89

Movements in provision for bad debts are as follows:

	2011	2010
Opening balance	2,939,524.54	3,240,744.54
Increase due to change in consolidation scope	56,953.00	—
Write-off	(143,555.80)	(301,220.00)
Closing balance	2,852,921.74	2,939,524.54

	2011				2010			
	Ending balance		Bad debt provision		Ending balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	277,099,942.76	63.14	—	—	192,692,424.74	56.05	—	—
Not individually significant but subject to separate provision	161,773,238.53	36.86	2,852,921.74	1.76	151,066,855.69	43.95	2,939,524.54	1.95
	438,873,181.29	100.00	2,852,921.74		343,759,280.43	100.00	2,939,524.54	

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

5. ACCOUNTS RECEIVABLE (Continued)

As at 31 December 2011, accounts receivable that were not individually significant but subject to separate provision were as follows:

	Ending balance	Provision for bad debts	Percentage (%)	Reason
First	4,089,278.71	1,942,004.58	47.49%	Partly uncollectable
Second	418,000.00	418,000.00	100.00%	Uncollectable
Others	492,917.16	492,917.16	100.00%	Uncollectable
	5,000,195.87	2,852,921.74		

As at 31 December 2010, accounts receivable that were not individually significant but subject to separate provision were as follows:

	Ending balance	Provision for bad debts	Percentage (%)	Reason
First	4,089,706.97	1,942,004.58	47.49%	Partly uncollectable
Second	418,000.00	418,000.00	100.00%	Uncollectable
Others	897,969.03	579,519.96	64.54%	Partly uncollectable
	5,405,676.00	2,939,524.54		

As at 31 December 2011, there were no accounts receivable due from shareholders holding 5% or more of the Company's voting shares (31 December 2010: Nil).

Accounts receivable due from related parties as at 31 December 2011 and 2010 are disclosed in Note VI Related parties and related party transactions.

As at 31 December 2011, the top five accounts receivable were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
Dalian West Pacific Petrochemical Co., Ltd.	Third party	36,116,827.32	Within 1 year	8.23
Benxi Steel Group Corporation	Third party	35,818,044.48	Within 1 year	8.16
RGL Group Co., Ltd.	Third party	32,614,996.34	Within 1 year	7.43
Shenyang Oriental Steel Co., Ltd.	Third party	26,370,684.03	Within 1 year	6.01
Dalian Angang International Trade Transportation Agency Co., Ltd.	Third party	19,321,153.41	Within 1 year	4.40
		150,241,705.58		34.23

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

5. ACCOUNTS RECEIVABLE (Continued)

As at 31 December 2010, the top five accounts receivable were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
Dalian Angang International Trade Transportation Agency Co., Ltd.	Third party	50,242,883.81	Within 1 year	14.62
Benxi Steel Group Corporation	Third party	38,800,524.28	Within 1 year	11.29
Shenyang Oriental Steel Co., Ltd.	Third party	21,856,741.08	Within 1 year	6.36
Hebei Iron & Steel Co., Ltd.	Third party	19,291,678.60	Within 1 year	5.61
Tonghua Iron & Steel Group Import & Export Co., Ltd.	Third party	11,130,265.95	Within 1 year	3.24
		<u>141,322,093.72</u>		<u>41.12</u>

6. OTHER RECEIVABLES

An ageing analysis of other receivables is as follows:

	2011	2010
Within 1 year	165,317,088.91	58,900,858.55
1 to 2 years	11,017,659.38	6,674,335.12
2 to 3 years	2,825,460.36	48,383,352.00
Over 3 years	21,141,920.53	74,077,662.88
	200,302,129.18	188,036,208.55
Less: Provision for bad debts	(1,605,414.57)	(93,710.07)
	198,696,714.61	187,942,498.48

Movements in provision for bad debts are as follows:

	2011	2010
Opening balance	93,710.07	101,828.93
Increase due to change in consolidation scope	1,511,704.50	93,710.07
Write-off	—	(101,828.93)
Closing balance	1,605,414.57	93,710.07

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

6. OTHER RECEIVABLES (Continued)

	2011				2010			
	Ending balance		Bad debt provision		Ending balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	117,972,449.44	58.90	—	—	125,399,297.85	66.69	—	—
Not individually significant but subject to separate provision	82,329,679.74	41.10	1,605,414.57	1.95	62,636,910.70	33.31	93,710.07	0.15
	200,302,129.18	100.00	1,605,414.57		188,036,208.55	100.00	93,710.07	

As at 31 December 2011, other receivables that were not individually significant but subject to separate provision were as follows:

	Ending balance	Provision for bad debts	Percentage (%)	Reason
First	1,052,579.50	81,427.50	7.74%	Partly uncollectable
Second	561,978.00	561,978.00	100.00%	Uncollectable
Others	1,939,187.07	962,009.07	49.61%	Partly uncollectable
	3,553,744.57	1,605,414.57		

As at 31 December 2010, other receivables that were not individually significant but subject to separate provision were as follows:

	Ending balance	Provision for bad debts	Percentage (%)	Reason
First	39,602.00	39,602.00	100.00%	Uncollectable
Second	38,009.60	38,009.60	100.00%	Uncollectable
Others	16,098.47	16,098.47	100.00%	Uncollectable
	93,710.07	93,710.07		

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

6. OTHER RECEIVABLES (Continued)

As at 31 December 2011, the top five other receivables were as follows:

	Relationship	Amount	Ageing	Percentage of other receivables (%)
Dalian Financial Bureau	Third party	88,270,000.00	Within 1 year	44.07
Dalian Financial Bureau	Third party	18,000,000.00	4 to 5 years	8.99
Dalian North Petroleum Logistics Co., Ltd.	Associate	8,403,780.00	Within 1 year	4.20
Hualin Tyre Co. Ltd.	Third party	5,433,976.10	Within 1 year	2.71
PDA	Parent	4,970,631.92	Within 1 year	2.48
		125,078,388.02		62.45

As at 31 December 2010, the top five other receivables were as follows:

	Relationship	Amount	Ageing	Percentage of other receivables (%)
Dalian Financial Bureau	Third party	72,596,153.85	3 to 4 years	38.61
Petro China Dalian Petrochemical Co., Ltd.	Third party	47,783,250.00	2 to 3 years	25.41
Dalian Angang International Trade Transportation Agency Co., Ltd.	Third party	5,019,894.00	Within 1 year	2.67
Dalian Port Pilotage Station	Third party	4,424,480.00	Within 1 year	2.35
PDA	Parent	3,258,697.65	Within 1 year	1.73
		133,082,475.50		70.77

As at 31 December 2011, except for the receivables due from the parent, PDA, of RMB4,970,631.92 (31 December 2010: RMB3,258,697.65), there were no other receivables due from shareholders holding 5% or more of the Company's voting shares.

Other receivables due from related parties as at 31 December 2011 and 2010 are disclosed in Note VI Related parties and related party transactions.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

7. PREPAYMENTS

An ageing analysis of prepayments is as follows:

	2011 Amount	Percentage (%)	2010 Amount	Percentage (%)
Within 1 year	23,771,426.18	97.02	166,291,566.06	99.84
1 to 2 years	730,489.00	2.98	259,855.20	0.16
	24,501,915.18	100.00	166,551,421.26	100.00

As at 31 December 2011, the top five prepayments were as follows:

	Relationship	Amount	Ageing	Percentage of prepayments (%)
Dalian Xinyang Transportation Co., Ltd.	Third party	5,830,924.35	Within 1 year	23.80
中海客輪有限公司	Third party	2,517,124.41	Within 1 year	10.27
Dalian Jihang Int. Logistics Co., Ltd.	Third party	2,262,052.08	Within 1 year	9.23
Liaoning Electric Power Co., Ltd. Dalian Branch	Third party	1,598,396.32	Within 1 year	6.52
Harbin Inland Port	Third party	1,475,148.20	Within 1 year	6.02
		13,683,645.36		55.84

As at 31 December 2010, the top five prepayments were as follows:

	Relationship	Amount	Ageing	Percentage of prepayments (%)
Dalian Construction Investment Corporation	Third party	137,470,000.00	Within 1 year	82.54
No.5 Engineering Corporation of China Railway 19 Bureau Group	Third party	6,720,000.00	Within 1 year	4.03
CCCC Tianjin Dredging Co., Ltd.	Third party	4,933,242.00	Within 1 year	2.96
Harbin Railway Bureau Hegang Station	Third party	3,870,916.37	Within 1 year	2.32
Harbin Railway Bureau Manzhouli Station	Third party	3,490,211.80	Within 1 year	2.10
		156,484,370.17		93.95

As at 31 December 2011, there were no prepayments to shareholders holding 5% or more of the Company's voting shares (31 December 2010: Nil).

Prepayments to related parties as at 31 December 2011 and 2010 are disclosed in Note VI Related parties and related party transactions.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

8. INVENTORIES

	2011			2010		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	83,006,839.65	2,037,642.99	80,969,196.66	47,387,691.47	—	47,387,691.47
Work in progress	166,757.18	—	166,757.18	9,102.57	—	9,102.57
Finished goods	2,373,577.43	—	2,373,577.43	1,440,487.35	—	1,440,487.35
Property development cost	5,589,975.28	—	5,589,975.28	5,577,304.83	—	5,577,304.83
	91,137,149.54	2,037,642.99	89,099,506.55	54,414,586.22	—	54,414,586.22

The movements of provision for inventories are as follows:

	2011	2010
Opening balance	—	—
Increase due to change in consolidation scope	2,037,642.99	—
Write-off	—	—
Closing balance	2,037,642.99	—

9. NON-CURRENT ASSET DUE WITHIN ONE YEAR

	2011	2010
Loan to an associate	4,864,200.00	—

The Group provided an unsecured loan of RMB4,864,200.00 to its associate, SINOECL Auto Liners Limited, during the year. The loan bears interest at HIBOR plus 2% per annum and is repayable in full on 24 April 2012.

10. OTHER CURRENT ASSETS

	2011	2010
Loans to a jointly-controlled entity (1)	2,830,000.00	68,000,000.00
Entrusted investment (2)	700,000,000.00	—
	702,830,000.00	68,000,000.00

(1) The loans to a jointly-controlled entity were provided by the Group to Liaoning Con-Rail International Logistics Co., Ltd.. The amounts were RMB1,755,000.00 and RMB1,075,000.00, respectively. The loans were repayable in full on 20 April and 27 June 2012 with an interest rate of 6.31% per annum.

(2) The above entrusted investment was a financial product acquired from China Citic Bank by the Group. The annual yield rate of return is 4.5%. The relevant principal and investment income were received on 10 January 2012 when they expired.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011	2010
Available-for-sale equity investments — H share	14,609,746.31	23,853,194.61
Available-for-sale equity investments — A share	11,968,023.50	2,950,860.00
	26,577,769.81	26,804,054.61

The above available-for-sale equity investments — H share represent an investment in approximately 0.24% shareholding of Sinotrans Shipping Limited (a company listed on the Main Board of the Stock Exchange of Hong Kong Ltd., the stock code of which is 00368). The above available-for-sale equity investments — A share represent newly issued shares acquired during the IPO and are measured at fair value.

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

2011

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
Jointly-controlled entities						
大連港通利船務代理有限公司	Limited liability	Dalian	Zhang Hong	Domestic freight and vessel agency	60	736423049
Dalian Harbour ECL Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Storage loading and discharging services	USD9,000,000	751550812
Odfjell Terminals (Dalian) Ltd.	Limited liability	Dalian	Xu Song	Construction and operation of storage terminal	USD28,000,000	604859369
Dalian Port Petro China International Terminal Co., Ltd.	Limited liability	Dalian	Sun Hongwei	Loading, discharging and consulting of refined oil	25,000	67998086-8
Dalian Assembling Transportation Logistics Co., Ltd.	Limited liability	Dalian	Ju Hongbin	International container storage services	3,000	67996100-X
Dalian United International Shipping Agency	Limited liability	Dalian	Hu Hongxian	Vessel agency and shipping consulting services	500	242375710
Dalian Vanguard International Logistics Co., Ltd.	Limited liability	Dalian	Sun Hong	International container storage services	7,400	67996584-4
Dalian Yidu Jifa Cold Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Freight and storage agency	3,600	75606813-6
China United Tally Co., Ltd. Dalian	Limited liability	Dalian	Fu Bin	Tallying services	280	76444766-2
Dalian China Oil Dock Management Co., Ltd.	Limited liability	Dalian	Dong Renping	Oil terminal services	1,000	71690643-0
Liaoning Electronic Port Co., Ltd.	Limited liability	Dalian	Yu Jianjun	Computer supporting and data analysis services	1,200	67997824X
Liaoning Con-Rail International Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics and storage services	1,600	750763242
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Limited liability	Dalian	Zeng Xiaomin	Container terminal services	1,000	71138833-9
Dalian Port Container Terminal Co., Ltd.	Limited liability	Dalian	Sun Qian	Container services	73,000	764420857

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2011 (Continued)

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
Jointly-controlled entities						
<i>(Continued)</i>						
Dalian International Container Terminal Co., Ltd.	Limited liability	Dalian	Fang Meng	International container terminal services	140,000	71788096-5
Dalian Jilong Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics and storage services	7,000	71696834-0
Dalian Automobile Terminal Co., Ltd.	Limited liability	Dalian	Xu Song	International trading, loading, discharging and storage	32,000	75606659-5
Dalian Singamas International Container Co., Ltd.	Limited liability	Dalian	Sun Qian	Container services	USD13,250,000	71695281-6
Dalian Shunda Logistics Services Corporation	Limited liability	Dalian	Ju Hongbin	Logistics and storage services	USD5,800,000	60486170-9
China Unite Northeast Rail Containers Co., Ltd.	Limited liability	Dalian	Zhu Youwen	International container services	25,500	79202427X
ODFJELL AP Port Holding Pte. Ltd.	Private limited	Singapore	N/A	Investment holding	USD100,000	N/A
Dalian Changxing Island Port Co., Ltd.	Limited liability	Dalian	Fu Bin	Terminal services	62,000	79202683-0
大連港散貨物流中心有限公司	Limited liability	Dalian	Xu Song	Logistics	500	58201884-0
Associates						
Dalian Prologis-Jifa Logistics Development Co., Ltd.	Limited liability	Dalian	Yang Chuande	Other storage services	USD80,000,000	792040405
Dalian Petro China International Warehousing and Transportation Co., Ltd.	Limited liability	Dalian	Zhang Jingfu	Crude oil tank leasing services	10,000	77728456-7
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	Limited liability	Shenyang	Yang Chuande	Other storage services	USD16,660,000	798492541
太倉興港拖輪有限公司	Limited liability	Suzhou	Wang Zengtai	Vessel tugging services	300	76050857-9
Petro China Dalian LNG Co., Ltd.	Limited liability	Dalian	Wang Weihe	LNG related services	260,000	68707182-4
SINOECL Auto Liners, Limited	Limited company	HK	N/A	Shipping services	HKD4,149,300	N/A
Jadeway Limited	Limited company	HK	N/A	Shipping services	HKD10,000	N/A
Dalian North Petroleum Logistics Co., Ltd.	Limited liability	Dalian	Yue Lianjun	Development and construction of petroleum and petroleum products	14,800	554959117
China Shipping Gang Lian Co., Ltd.	Limited liability	Dalian	Meng Qingkuan	Shipping agency	30,000	66922139-0
Dalian Wanpeng Port Engineering Examination and Testing Co., Ltd.	Limited liability	Dalian	Zhu Liyan	Construction examination	180	74787065-3
Dalian Port Corporation Finance Company Limited	Limited liability	Dalian	Zhang Zuogang	Financial services	50,000	58203640-8
中鐵渤海鐵路輪渡有限公司	Limited liability	Yantai	Qu Jianming	Ferry transportation	120,000	71092935-9
中世國際物流有限公司	Limited liability	Wuhu	Ma Deji	International freight agency	30,000	56896799-4
大連鑫海陽環保工程有限公司	Limited liability	Dalian	He Yedong	Ballast water disposal and garbage recycling	200	69143298-7

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2011

	Total assets at the end of the year	Total liabilities at the end of the year	Total net assets at the end of the year	Revenue for the year	Net profit/(loss) for the year
Jointly-controlled entities					
大連港通利船務代理有限公司	3,595,892.86	116,068.18	3,479,824.68	2,463,893.45	897,710.99
Dalian Harbour ECL Logistics Co., Ltd.	61,246,501.14	603,699.65	60,642,801.49	5,256,940.67	354,270.33
Odjfell Terminals (Dalian) Ltd.	519,236,896.16	145,486,715.75	373,750,180.41	78,634,104.50	23,906,476.94
Dalian Port Petro China International Terminal Co., Ltd.	604,546,461.57	350,679,968.77	253,866,492.80	58,400,000.00	10,899,620.14
Dalian Assembling Transportation Logistics Co., Ltd.	32,799,047.05	1,668,982.67	31,130,064.38	18,851,669.85	3,510,023.58
Dalian United International Shipping Agency	53,439,067.70	38,974,956.73	14,464,110.97	13,962,490.96	4,027,089.50
Dalian Vanguard International Logistics Co., Ltd.	184,736,940.36	115,380,035.91	69,356,904.45	7,255,926.39	(4,301,892.35)
Dalian Yidu Jifa Cold Logistics Co., Ltd.	123,776,805.82	62,376,362.66	61,400,443.16	64,857,122.13	13,913,500.33
China United Tally Co., Ltd. Dalian	13,675,020.23	2,803,691.95	10,871,328.28	28,490,621.22	5,421,402.31
Dalian China Oil Dock Management Co., Ltd.	39,310,354.36	4,532,798.76	34,777,555.60	98,559,009.46	8,914,194.64
Liaoning Electronic Port Co., Ltd.	27,416,602.09	17,610,855.53	9,805,746.56	3,287,777.82	43,941.95
Liaoning Con-Rail International Logistics Co., Ltd.	20,291,385.35	17,424,617.77	2,866,767.58	21,147,871.07	(2,215,776.03)
Dalian Dagang China Shipping Container Terminal Co., Ltd	18,315,734.58	5,965,157.14	12,350,577.44	18,860,163.40	3,913,908.30
Dalian Port Container Terminal Co., Ltd.	1,938,231,653.06	1,207,632,945.64	730,598,707.42	396,223,428.00	71,819,102.60
Dalian International Container Terminal Co., Ltd.	3,205,800,171.84	1,874,908,921.84	1,330,891,250.00	237,329,559.20	1,435,928.03
Dalian Jilong Logistics Co., Ltd.	247,618,455.92	136,159,085.26	111,459,370.66	47,754,998.56	3,737,540.03
Dalian Automobile Terminal Co., Ltd.	412,072,909.81	101,561,492.96	310,511,416.85	67,710,054.90	27,292,782.00
Dalian Singamas International Container Co., Ltd.	159,709,234.69	60,691,704.38	99,017,530.31	53,438,246.48	3,026,788.74
Dalian Shunda Logistics Services Corporation	33,033,875.86	936,594.23	32,097,281.63	10,046,231.96	(1,405,958.02)
China Unite Northeast Rail Containers Co., Ltd.	549,442,961.53	335,369,051.00	214,073,910.53	15,484,197.57	(28,084,561.74)
ODFJELL AP Port Holding Pte. Ltd.	783,917.85	26,592.12	757,325.73	—	(24,592.71)
Dalian Changxing Island Port Co., Ltd.	1,480,823,646.00	897,203,366.69	583,620,279.31	93,849,663.12	485,209.07
大連港散貨物流中心有限公司	4,586,354.50	—	4,586,354.50	—	(413,645.50)
Associates					
Dalian Prologis-Jifa Logistics Development Co., Ltd.	689,862,500.38	145,408,592.12	544,453,908.26	29,821,678.63	(14,290,140.02)
Dalian Petro China International Warehousing and Transportation Co., Ltd.	1,249,466,161.25	1,051,727,068.06	197,739,093.19	246,776,500.00	49,470,940.93
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	136,659,902.88	16,207,555.12	120,452,347.76	6,002,436.45	1,916,165.63
太倉興港拖輪有限公司	8,634,112.54	1,650,673.31	6,983,439.23	28,778,290.00	3,669,279.50
Petro China Dalian LNG Co., Ltd.	3,879,286,012.99	1,317,528,239.56	2,561,757,773.43	—	(17,140,107.79)
SINOECL Auto Liners, Limited	22,808,716.70	56,723,585.21	(33,914,868.51)	65,031,970.05	2,854,982.87
Jadeway Limited	296,717,018.17	420,203,088.59	(123,486,070.41)	36,707,134.69	(16,038,161.73)
Dalian North Petroleum Logistics Co., Ltd.	326,142,696.72	184,904,770.70	141,237,926.02	—	(3,974,228.20)
China Shipping Gang Lian Co., Ltd.	1,033,447,970.86	728,161,253.42	305,286,717.44	61,588,960.92	(12,473,547.44)
Dalian Wanpeng Port Engineering Examination and Testing Co., Ltd.	2,365,112.12	185,657.06	2,179,455.06	3,356,146.00	307,570.13
Dalian Port Corporation Finance Co., Ltd.	500,894,840.56	581,111.94	500,313,728.62	1,879,285.28	313,728.62
中鐵渤海鐵路輪渡有限公司	2,483,181,554.46	1,207,831,253.67	1,275,350,300.79	642,538,089.03	58,501,958.46
中世國際物流有限公司	300,000,000.00	—	300,000,000.00	—	—
大連鑫海陽環保工程有限公司	200,000.00	—	200,000.00	—	—

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2010

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
Jointly-controlled entities						
大連港通利船務代理有限公司	Limited liability	Dalian	Zhang Hong	Domestic freight and vessel agency	60	736423049
Dalian Harbour ECL. Logistics Co., Ltd.	Limited liability	Dalian	Jiang Luning	Storage loading and discharging services	USD3,000,000	751550812
Odjfell Terminals (Dalian) Ltd.	Limited liability	Dalian	Fu Bin	Construction and operation of storage terminal	USD28,000,000	604859369
Dalian Port Petro China International Terminal Co., Ltd.	Limited liability	Dalian	Sun Hongwei	Oil terminal, loading, discharging and consulting services	25,000	67998086-8
Dalian Assembling Transportation Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	International container storage services	3,000	67996100X
Dalian Container Terminal Co., Ltd.	Limited liability	Dalian	Jiang Luning	Container logistics services	135,000	604874630
Dalian United International Shipping Agency	Limited liability	Dalian	Hu Hongxian	Vessel agency and shipping consulting services	500	242375710
Dalian Vanguard International Logistics Co., Ltd.	Limited liability	Dalian	Sun Hong	International container storage services	7,400	679965844
Dalian Yidu Jifa Cold Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Freight and storage agency	3,600	75606813-6
China United Tally Co., Ltd. Dalian	Limited liability	Dalian	Fu Bin	Tallying services	280	76444766-2
Dalian China Oil Dock Management Co., Ltd.	Limited liability	Dalian	Dong Renping	Oil terminal services	1,000	71690643-0
Liaoning Electronic Port Co., Ltd.	Limited liability	Dalian	Yu Jianjun	Computer supporting and data analysis services	1,200	67997824X
Liaoning Con-Rail. International Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics and storage services	1,600	750763242
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Limited liability	Dalian	Fang Meng	Container terminal services	1,000	71138833-9
Dalian Port Container Terminal Co., Ltd.	Limited liability	Dalian	Jiang Luning	Container services	73,000	764420857
Dalian International Container Terminal Co., Ltd.	Limited liability	Dalian	Fang Meng	International container terminal services	140,000	71788096-5
Dalian Jilong Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics and storage services	7,000	71696834-0
Dalian Automobile Terminal Co., Ltd.	Limited liability	Dalian	Jiang Luning	International trading, loading, discharging and storage	32,000	75606659-5
Dalian Singamas International Container Co., Ltd.	Limited liability	Dalian	Xu Song	Container services	USD13,250,000	71695281-6
Dalian Shunda Logistic Services Corporation	Limited liability	Dalian	Ju Hongbin	Logistics and storage services	USD5,800,000	60486170-9
China Unite Northeast Rail Containers Co., Ltd.	Limited liability	Dalian	Zhu Youwen	International container services	16,000	79202427X
ODFJELL AP Port Holding Pte. Ltd.	Private limited	Singapore	N/A	Investment holding	USD100,000	N/A
Dalian Changxing Island Port Co., Ltd.	Limited liability	Dalian	Fu Bin	Terminal services	42,000	79202683-0

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2010 (Continued)

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
Associates						
Dalian Prologis-Jifa Logistics Development Co., Ltd.	Limited liability	Dalian	Yang Chuande	Other storage services	USD80,000,000	792040405
Dalian Petro China International Warehousing and Transportation Co., Ltd.	Limited liability	Dalian	Zhang Jingfu	Crude oil tank leasing services	10,000	77728456-7
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	Limited liability	Shenyang	Yang Chuande	Other storages services	USD16,660,000	798492541
太倉興港拖輪有限公司	Limited liability	Suzhou	Wang Zengtai	Vessel tugging services	300	76050857-9
Petro China Dalian LNG Co., Ltd.	Limited liability	Dalian	Wang Weihe	LNG related services	260,000	68707182-4
SINOECL Auto Liners, Limited	Limited company	HK	N/A	Ferry ownership and operation	HKD4,149,300	N/A
Jadeway Limited	Limited company	HK	N/A	Ferry ownership and operation	HKD10,000	N/A
Dalian North Petroleum Logistics Co., Ltd.	Limited liability	Dalian	Yue Lianjun	Development and construction of petroleum and petroleum products	14,800	554959117
China Shipping Gang Lian Co., Ltd	Limited liability	Dalian	Meng Qingkuan	Shipping agency	30,000	66922139-0
Dalian Wangepeng Port Engineering Examination and Testing Co., Ltd.	Limited liability	Dalian	Zhu Liyan	Construction examination	80	74787065-3

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2010

	Total assets at the end of the year	Total liabilities at the end of the year	Total net assets at the end of the year	Revenue for the year	Net profit/(loss) for the year
Jointly-controlled entities					
大連港通利船務代理有限公司	2,698,835.21	116,721.52	2,582,113.69	2,301,605.58	412,748.68
Dalian Harbour ECL Logistics Co., Ltd.	24,193,996.99	1,949,815.83	22,244,181.16	5,918,150.27	295,963.19
Odjell Terminals (Dalian) Ltd.	530,590,776.50	150,721,804.48	379,868,972.02	66,651,004.26	21,336,007.64
Dalian Port Petro China International Terminal Co., Ltd.	623,568,924.08	380,602,051.42	242,966,872.66	12,640,000.00	(4,742,381.04)
Dalian Assembling Transportation Logistics Co., Ltd.	31,947,514.30	1,168,452.28	30,779,062.02	17,904,306.79	3,423,724.59
Dalian Container Terminal Co., Ltd.	1,896,996,621.70	506,530,798.70	1,390,465,823.00	506,992,266.49	158,023,065.73
Dalian United International Shipping Agency	45,037,452.19	34,600,430.72	10,437,021.47	13,205,125.43	3,758,106.96
Dalian Vanguard International Logistics Co., Ltd.	146,186,476.10	72,527,679.30	73,658,796.80	—	(626,205.72)
Dalian Yidu Jifa Cold Logistics Co., Ltd.	115,315,862.34	67,828,919.51	47,486,942.83	53,785,244.58	10,940,954.93
China United Tally Co., Ltd. Dalian	11,197,090.50	2,028,893.35	9,168,197.15	24,860,386.01	3,681,332.42
Dalian China Oil Dock Management Co., Ltd.	51,421,156.09	6,161,103.36	45,260,052.73	108,904,807.54	19,393,581.77
Liaoning Electronic Port Co., Ltd.	15,527,944.69	5,766,140.08	9,761,804.61	3,418,253.55	(1,012,995.17)
Liaoning Con-Rail International Logistics Co., Ltd.	17,315,649.57	12,233,105.96	5,082,543.61	20,922,890.85	(239,772.30)
Dalian Dagang China Shipping Container Terminal Co., Ltd.	19,551,268.58	7,200,691.14	12,350,577.44	19,520,649.47	5,168,727.79
Dalian Port Container Terminal Co., Ltd.	1,857,594,470.33	1,127,354,858.42	730,239,611.91	336,712,991.83	43,696,423.38
Dalian International Container Terminal Co., Ltd.	2,874,014,794.30	1,544,559,472.33	1,329,455,321.97	181,545,104.59	(14,938,659.28)
Dalian Jilong Logistics Co., Ltd.	237,481,278.58	129,759,447.95	107,721,830.63	43,204,065.51	6,010,124.04
Dalian Automobile Terminal Co., Ltd.	381,791,482.89	98,572,848.04	283,218,634.85	41,811,542.60	7,817,727.55
Dalian Singamas International Container Co., Ltd.	157,807,113.40	58,819,850.98	98,987,262.42	44,204,406.03	2,494,024.58
Dalian Shunda Logistic Services Corporation	34,306,598.20	803,358.55	33,503,239.65	9,765,943.67	(1,221,225.42)
China Unite Northeast Rail Containers Co., Ltd.	537,228,849.02	390,070,376.75	147,158,472.27	1,156,647.05	(12,841,527.73)
ODFJELL AP Port Holding Pte. Ltd.	647,050.17	12,634.92	634,415.25	—	—
Dalian Changxing Island Port Co., Ltd.	1,046,365,614.48	663,359,288.44	383,006,326.04	49,443,196.99	(8,962,742.92)
Associates					
Dalian Prologis-Jifa Logistics Development Co., Ltd.	677,059,569.07	118,315,520.79	558,744,048.28	28,528,714.43	(17,166,343.38)
Dalian Petro China International Warehousing and Transportation Co., Ltd.	1,262,077,123.85	1,087,853,971.59	174,223,152.26	254,111,400.00	51,908,619.30
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	154,379,760.00	35,843,577.87	118,536,182.13	2,207,242.95	(1,305,916.61)
太倉興港拖輪有限公司	7,312,274.24	1,998,114.51	5,314,159.73	27,950,050.00	2,314,337.94
Petro China Dalian LNG Co., Ltd.	3,618,759,279.24	1,001,065,945.92	2,617,693,333.32	—	—
SINOECL Auto Liners, Limited	22,020,952.10	60,491,270.49	(38,470,318.39)	43,428,050.69	(24,240,250.82)
Jadeway Limited	331,922,249.29	444,518,370.08	(112,596,120.79)	35,150,331.08	(51,774,266.62)
Dalian North Petroleum Logistics Co., Ltd.	149,629,059.58	4,416,905.36	145,212,154.22	—	(2,818,961.43)
China Shipping Gang Lian Co., Ltd.	873,414,059.32	555,651,982.54	317,762,076.78	9,086,400.94	362,330.61
Dalian Wanpeng Port Engineering Examination and Testing Co., Ltd.	1,352,837.20	338,192.27	1,014,644.93	3,431,263.60	146,018.77

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

13. LONG-TERM EQUITY INVESTMENTS 2011

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
Equity method:							
<i>Jointly-controlled entities</i>							
大連港通利船務代理有限公司	1,311,300.00	1,407,347.20	448,855.50	1,856,202.70	50.00	50.00	—
Dalian Harbour ECL Logistics Co., Ltd.	30,111,142.43	11,122,090.58	19,199,320.61	30,321,411.19	50.00	50.00	—
International Terminal Co., Ltd.	86,878,185.37	131,790,266.88	(1,144,929.98)	130,645,336.90	50.00	50.00	15,000,000.00
Dalian Port Petro China International Terminal Co., Ltd.	125,000,000.00	121,483,436.33	5,449,810.07	126,933,246.40	50.00	50.00	—
Dalian Assembling Transportation Logistics Co., Ltd. (Note 1)	21,000,000.00	21,779,062.02	351,002.36	22,130,064.38	70.00	60.00	159,021.22
Dalian Container Terminal Co., Ltd.	700,093,890.12	704,618,664.15	(704,618,664.15)	—	51.00	51.00	—
Dalian United International Shipping Agency	2,175,192.85	5,218,510.74	2,013,544.75	7,232,055.49	50.00	50.00	—
Dalian Vanguard International Logistics Co., Ltd.	37,000,000.00	36,829,398.40	(2,150,946.18)	34,678,452.22	50.00	50.00	—
Dalian Yidu Jifa Cold Logistics Co., Ltd.	18,000,000.00	23,743,471.41	6,956,750.17	30,700,221.58	50.00	50.00	—
China United Tally Co., Ltd. Dalian	5,103,200.33	4,584,098.58	851,565.56	5,435,664.14	50.00	50.00	1,840,666.21
Dalian China Oil Dock Management Co., Ltd.	16,301,068.34	22,342,384.86	(5,169,974.52)	17,172,410.34	49.00	49.00	8,006,600.00
Liaoning Electronic Port Co., Ltd. (Note 2)	6,600,000.00	5,368,992.54	22,551.52	5,391,544.06	55.00	50.00	—
Liaoning Con-Rail International Logistics Co., Ltd.	8,000,000.00	2,541,271.81	(1,107,888.01)	1,433,383.80	50.00	50.00	—
Dalian Dagang China Shipping Container Terminal Co., Ltd.	5,798,464.21	2,717,127.03	4,322,702.13	7,039,829.16	57.00	57.00	2,074,762.79
Dalian Port Container Terminal Co., Ltd.	255,500,000.00	206,711,993.88	1,256,347.41	207,968,341.29	35.00	35.00	23,754,168.19
Dalian International Container Terminal Co., Ltd.	560,000,000.00	531,035,642.96	705,581.53	531,741,224.49	40.00	40.00	—
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	32,316,549.19	1,121,262.01	33,437,811.20	30.00	30.00	—
Dalian Automobile Terminal Co., Ltd.	152,503,840.00	139,588,153.94	10,418,410.80	150,006,564.74	40.00	40.00	—
Dalian Singamas International Container Co., Ltd.	42,859,398.30	31,819,657.05	12,417,713.04	44,237,370.09	43.63	43.63	1,241,352.65
Dalian Shunda Logistics Services Corporation	21,718,000.00	17,813,708.33	(918,997.02)	16,894,711.31	50.00	50.00	—
China Unite Northeast Rail Containers Co., Ltd.	102,000,000.00	58,863,388.91	26,766,175.32	85,629,564.23	40.00	40.00	—
ODFJELL AP Port Holding Pte. Ltd.	314,717.79	330,323.63	(38,348.71)	291,974.92	50.00	50.00	—
Dalian Changxing Island Port Co., Ltd.	248,000,000.00	153,214,222.62	80,233,889.10	233,448,111.72	40.00	40.00	—
大連散貨物流中心有限公司	2,000,000.00	—	2,000,000.00	2,000,000.00	40.00	40.00	—
Total for jointly-controlled entities	2,469,268,199.74	2,267,239,763.04	(540,614,266.69)	1,726,625,496.35			52,076,571.06
<i>Associates</i>							
China Shipping Gang Lian Co., Ltd	90,000,000.00	95,328,623.03	(3,600,000.00)	91,728,623.03	30.00	30.00	—
Dalian Petro China International Warehousing and Transportation Co., Ltd.	20,288,520.00	30,930,387.09	4,790,494.79	35,720,881.88	20.00	20.00	5,191,000.00
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	720,000.00	405,857.97	465,924.05	871,782.02	40.00	40.00	48,000.00
Dalian Prologis-Jifa Logistics Development Co., Ltd.	239,636,434.98	192,514,372.35	(4,974,535.45)	187,539,836.90	40.00	40.00	—
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	48,876,656.89	47,414,472.85	766,466.25	48,180,939.10	40.00	40.00	—
太倉興港拖輪有限公司	900,000.00	1,594,247.92	500,783.85	2,095,031.77	30.00	30.00	600,000.00
Petro China Dalian LNG Co., Ltd.	520,000,000.00	520,000,000.00	(7,648,445.31)	512,351,554.69	20.00	20.00	—
SINOECL Auto Liners, Limited	4,540,396.87	—	—	—	20.00	20.00	—
Jadeway Limited	1,667.40	—	—	—	20.00	20.00	—
Dalian North Petroleum Logistics Co., Ltd.	29,600,000.00	29,042,430.84	(794,845.64)	28,247,585.20	20.00	20.00	—
中鐵渤海鐵路輪渡有限公司	274,500,286.56	—	278,003,004.56	278,003,004.56	17.50	17.50	—
中世國際物流有限公司	90,000,000.00	—	90,000,000.00	90,000,000.00	30.00	30.00	—
Dalian Port Corporation Finance Company Limited	200,000,000.00	—	200,000,000.00	200,000,000.00	40.00	40.00	—
大連鑫海陽環保工程有限公司	200,000.00	—	200,000.00	200,000.00	40.00	40.00	—
Total for associates	1,519,263,962.70	917,230,392.05	557,708,847.10	1,474,939,239.15			5,839,000.00
Total for the equity method	3,988,532,162.44	3,184,470,155.09	17,094,580.41	3,201,564,735.50			57,915,571.06
Cost method:							
秦皇島港新港灣集裝箱碼頭有限公司	60,000,000.00	60,000,000.00	—	60,000,000.00	15.00	15.00	—
錦州新時代集裝箱碼頭有限公司	52,843,634.00	52,843,634.00	—	52,843,634.00	15.00	15.00	—
山東威海港股份有限公司	11,900,000.00	11,900,000.00	—	11,900,000.00	9.97	9.97	—
大仁輪渡有限公司	1,900,057.50	1,900,057.50	—	1,900,057.50	7.50	7.50	875,067.64
大連港口設計研究院有限公司	634,600.00	634,600.00	—	634,600.00	5.80	5.80	223,330.23
大連韓鐵誠達清潔能源有限公司	1,500,000.00	1,500,000.00	—	1,500,000.00	5.00	5.00	—
大連保稅區北良油品貿易有限公司	400,000.00	400,000.00	—	400,000.00	20.00	20.00	—
Total for the cost method	129,178,291.50	129,178,291.50	—	129,178,291.50			1,098,397.87
Total	4,117,710,453.94	3,313,648,446.59	17,094,580.41	3,330,743,027.00			59,013,968.93

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

13. LONG-TERM EQUITY INVESTMENTS (Continued)

2010

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
Equity method:							
<i>Jointly-controlled entities</i>							
大連港通利船務代理有限公司	1,311,300.00	1,200,972.86	206,374.34	1,407,347.20	50.00	50.00	—
Dalian Harbour ECL Logistics Co., Ltd.	11,104,400.00	4,146,208.98	6,975,881.60	11,122,090.58	50.00	50.00	—
Odfjell Terminals (Dalian) Ltd.	86,878,185.37	119,207,797.21	12,582,469.67	131,790,266.88	50.00	50.00	—
Dalian Port Petro China International Terminal Co., Ltd.	125,000,000.00	123,854,626.85	(2,371,190.52)	121,483,436.33	50.00	50.00	—
Dalian Assembling Transportation Logistics Co., Ltd. (Note 1)	21,000,000.00	21,436,689.56	342,372.46	21,779,062.02	70.00	60.00	81,352.13
Dalian Container Terminal Co., Ltd.	700,093,890.12	704,107,480.98	511,183.17	704,618,664.15	51.00	51.00	78,818,744.72
Dalian United International Shipping Agency	2,579,249.31	4,969,457.27	249,053.47	5,218,510.74	50.00	50.00	1,630,000.00
Dalian Vanguard International Logistics Co., Ltd.	37,000,000.00	37,142,501.26	(313,102.86)	36,829,398.40	50.00	50.00	—
Dalian Yidu Jifa Cold Logistics Co., Ltd.	18,000,000.00	20,272,993.95	3,470,477.46	23,743,471.41	50.00	50.00	—
China United Tally Co., Ltd. Dalian	5,103,200.33	4,357,458.18	226,640.40	4,584,098.58	50.00	50.00	1,614,025.80
Dalian China Oil Dock Management Co., Ltd.	16,301,068.34	19,576,351.49	2,766,033.37	22,342,384.86	49.00	49.00	4,900,000.00
Liaoning Electronic Port Co., Ltd. (Note 2)	6,600,000.00	5,926,139.92	(557,147.38)	5,368,992.54	55.00	50.00	—
Liaoning Con-Rail International Logistics Co., Ltd.	8,000,000.00	2,661,157.96	(119,886.15)	2,541,271.81	50.00	50.00	—
Dalian Dagang China Shipping Container Terminal Co., Ltd.	2,298,464.21	2,694,384.65	22,742.38	2,717,127.03	22.00	22.00	1,057,521.71
Dalian Port Container Terminal Co., Ltd.	255,500,000.00	199,355,703.68	7,356,290.20	206,711,993.88	35.00	35.00	8,612,437.46
Dalian International Container Terminal Co., Ltd.	560,000,000.00	312,879,896.37	218,155,746.59	531,035,642.96	40.00	40.00	—
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	30,513,511.98	1,803,037.21	32,316,549.19	30.00	30.00	—
Dalian Automobile Terminal Co., Ltd.	152,503,640.00	72,987,944.66	66,600,209.28	139,588,153.94	40.00	40.00	—
Dalian Singamas International Container Co., Ltd.	30,746,648.30	31,811,598.87	8,058.18	31,819,657.05	32.21	32.21	757,470.18
Dalian Shunda Logistic Services Corporation	21,718,000.00	18,640,338.84	(826,630.51)	17,813,708.33	50.00	50.00	—
China Unite Northeast Rail Containers Co., Ltd.	64,000,000.00	64,000,000.00	(5,136,611.09)	58,863,388.91	40.00	40.00	—
ODFJELL AP Port Holding Pte. Ltd.	330,323.63	—	330,323.63	330,323.63	50.00	50.00	—
Dalian Changxing Island Port Co., Ltd.	168,000,000.00	156,795,016.34	(3,580,793.72)	153,214,222.62	40.00	40.00	—
Total for jointly-controlled entities	2,315,068,369.61	1,958,538,231.86	308,701,531.18	2,267,239,763.04			97,471,552.00
<i>Associates</i>							
中海港聯航運有限公司	90,000,000.00	93,967,596.39	1,361,026.64	95,328,623.03	30.00	30.00	—
Dalian Petro China International Warehousing and Transportation Co., Ltd.	20,288,520.00	20,461,356.64	10,469,030.45	30,930,387.09	20.00	20.00	—
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	320,000.00	394,092.07	11,765.90	405,857.97	40.00	40.00	40,000.00
Dalian Prologis-Jifa Logistic Development Co., Ltd.	239,636,434.98	198,639,389.13	(6,125,016.78)	192,514,372.35	40.00	40.00	—
Shenyang Prologis-Jifa Logistic Development Co., Ltd.	48,876,656.89	47,936,839.49	(522,366.64)	47,414,472.85	40.00	40.00	—
太倉興港拖輪有限公司	900,000.00	1,574,946.54	19,301.38	1,594,247.92	30.00	30.00	675,000.00
Petro China Dalian LNG Co., Ltd.	520,000,000.00	200,000,000.00	320,000,000.00	520,000,000.00	20.00	20.00	—
SINOECL Auto Liners, Limited	4,088,215.59	—	—	—	20.00	20.00	—
Jadeway Limited	1,762.20	—	—	—	20.00	20.00	—
Dalian North Petroleum Logistics Co., Ltd.	29,600,000.00	—	29,042,430.84	29,042,430.84	20.00	20.00	—
Total for associates	953,711,589.66	562,974,220.26	354,256,171.79	917,230,392.05			715,000.00
Total for the equity method	3,268,779,959.27	2,521,512,452.12	662,957,702.97	3,184,470,155.09			98,186,552.00
Cost method:							
秦皇島港新港灣集裝箱碼頭有限公司	60,000,000.00	60,000,000.00	—	60,000,000.00	15.00	15.00	—
錦州新時代集裝箱碼頭有限公司	52,843,634.00	52,843,634.00	—	52,843,634.00	15.00	15.00	—
山東威海港股份有限公司	11,900,000.00	11,900,000.00	—	11,900,000.00	9.97	9.97	1,595,979.21
大仁輪渡有限公司	1,900,057.50	1,900,057.50	—	1,900,057.50	7.50	7.50	699,366.43
大連港口設計研究院有限公司	634,600.00	450,000.00	184,600.00	634,600.00	5.80	5.80	—
大連韓銀誠達清潔能源有限公司	1,500,000.00	—	1,500,000.00	1,500,000.00	5.00	5.00	—
大連保稅區北良油品貿易有限公司	400,000.00	—	400,000.00	400,000.00	20.00	20.00	—
Total for the cost method	129,178,291.50	127,093,691.50	2,084,600.00	129,178,291.50			2,295,345.64
Total	3,397,958,250.77	2,648,606,143.62	665,042,302.97	3,313,648,446.59			100,481,897.64

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements *(Continued)*

13. LONG-TERM EQUITY INVESTMENTS *(Continued)*

2010 *(Continued)*

Note 1: Dalian Assembling Transportation Logistics Co., Ltd. ("DATL") was established by the Group's subsidiary DCT Logistics Co., Ltd. ("DCTL") and Dalian Customs Institution Service Center (大連海關機構服務中心) in July 2008. DCTL holds 70% equity interests. According to the Articles of Associations of DATL, the two shareholders have joint control over DATL and the long-term equity investment is accounted for using the equity method.

Note 2: Liaoning Electronic Port Co., Ltd. ("LEP") was established by the Group's subsidiary Dalian Portnet Co., Ltd. ("DPN"), Dalian Customs Institution Service Center (大連海關機構服務中心), 大連德海船舶服務有限公司, and Electronic-port Information Data Center in October 2008. DPN holds 55% equity interests. According to the Articles of Associations of LEP, DPN and other shareholders have joint control over LEP and the long-term equity investment is accounted for using the equity method.

* As at 31 December 2011 and 2010, the Group's long-term equity investments were investments in unlisted companies.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

14. INVESTMENT PROPERTIES

	Buildings	Land use right	Container terminals	Total
Cost:				
At 1 January 2010	5,720,805.24	73,582,840.08	936,260,016.22	1,015,563,661.54
Additions	—	693,257.48	—	693,257.48
Disposals	(1,730,249.13)	(1,942,958.05)	(6,083,464.20)	(9,756,671.38)
At 31 December 2010 and 1 January 2011	3,990,556.11	72,333,139.51	930,176,552.02	1,006,500,247.64
Transferred to property, plant and equipment	—	—	(195,840,526.00)	(195,840,526.00)
Transferred to intangible assets	—	(11,003,955.42)	—	(11,003,955.42)
Disposals	(2,272,426.59)	—	(4,396,648.10)	(6,669,074.69)
Reclassification	15,349,874.94	—	(15,349,874.94)	—
At 31 December 2011	17,068,004.46	61,329,184.09	714,589,502.98	792,986,691.53
Accumulated depreciation:				
At 1 January 2010	3,240,312.47	3,922,259.74	97,070,818.04	104,233,390.25
Depreciation charged	163,546.68	1,532,529.66	19,672,260.84	21,368,337.18
Disposals	(835,691.71)	(156,368.30)	(1,515,960.22)	(2,508,020.23)
At 31 December 2010 and 1 January 2011	2,568,167.44	5,298,421.10	115,227,118.66	123,093,707.20
Depreciation charged	449,592.60	1,318,263.79	16,143,091.74	17,910,948.13
Transferred to property, plant and equipment	—	—	(28,380,713.13)	(28,380,713.13)
Transferred to intangible assets	—	(1,448,810.74)	—	(1,448,810.74)
Disposals	(1,369,247.75)	—	(3,006,457.67)	(4,375,705.42)
Reclassification	2,727,154.94	—	(2,727,154.94)	—
At 31 December 2011	4,375,667.23	5,167,874.15	97,255,884.66	106,799,426.04
Carrying amount:				
At 31 December 2011	12,692,337.23	56,161,309.94	617,333,618.32	686,187,265.49
At 31 December 2010	1,422,388.67	67,034,718.41	814,949,433.36	883,406,540.44

* The above investment properties are erected in Mainland China and held on medium-term leases.

As at 31 December 2011, the investment properties above were all leased out under operating lease arrangements.

Management is of the opinion that no provision for impairment was necessary for investment properties at the balance sheet date.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

15. FIXED ASSETS

	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
Cost:										
At 1 January 2010	899,423,209.75	3,015,352,222.30	2,094,204,422.81	1,655,028,089.19	528,711,453.94	849,053,826.22	1,111,648,400.14	546,467,285.18	398,772,732.60	11,098,661,642.13
Additions	85,353,907.61	330,000.26	142,148.50	8,215,991.00	3,350,622.31	–	14,395,175.07	6,153,123.47	7,403,837.59	125,344,805.81
Change in consolidation scope and acquisition of a subsidiary	–	–	–	–	1,156,780.04	–	–	22,752.20	248,918.15	1,428,450.39
Transferred from construction in progress	6,731,958.43	37,527,272.99	8,441,318.44	70,898,115.64	2,481,089.95	223,359,441.62	44,102,307.85	6,422,912.34	16,427,853.12	416,392,270.38
Reclassification	(28,334,255.80)	25,515,307.75	–	9,000.00	(109,324.00)	(115,881.43)	2,239,027.82	13,599.00	782,526.66	–
Disposals	(9,796,710.49)	(13,875,348.21)	(9,439,018.39)	(8,645,164.07)	(2,872,834.87)	(2,931,323.28)	(6,720,157.96)	(1,940,918.81)	(9,903,405.66)	(66,123,881.74)
At 31 December 2010 and 1 January 2011	953,379,109.50	3,064,849,455.09	2,093,348,871.36	1,725,506,031.76	532,717,787.37	1,069,366,063.13	1,165,664,752.92	557,138,753.38	413,732,462.46	11,575,703,286.97
Additions	2,937,727.70	895,973.29	–	29,999,541.00	2,489,532.62	–	208,000.00	6,080,993.13	5,333,089.56	47,944,857.30
Change in consolidation scope and acquisition of a subsidiary	155,730,850.93	676,841,507.87	1,144,000.00	900,523,025.17	17,544,295.70	3,000.00	628,992,537.09	57,169,859.59	58,644,374.20	2,496,593,450.55
Transferred from construction in progress	57,277,068.02	326,737,440.65	337,832,135.98	153,434,197.42	278,118,539.94	521,247,413.22	35,266,172.18	59,198,041.20	25,475,582.67	1,794,586,591.28
Transferred from investment properties	–	195,840,526.00	–	–	–	–	–	–	–	195,840,526.00
Reclassifications	542,157.26	25,255,970.76	(143,687,993.39)	–	710,376.72	–	13,934,902.35	66,261,419.29	36,963,167.01	–
Disposals	(9,672,441.32)	(365,104.33)	(867,453.96)	(11,983,999.82)	(17,844,324.63)	(39,391,780.61)	–	(1,515,559.89)	(7,568,404.76)	(89,189,069.32)
At 31 December 2011	1,160,194,472.09	4,290,055,769.33	2,287,769,559.99	2,797,498,795.53	813,736,207.72	1,551,224,695.74	1,844,066,364.54	744,353,506.70	532,580,271.14	16,021,479,642.78
Accumulated depreciation:										
At 1 January 2010	125,540,987.34	326,036,399.69	299,557,846.92	709,135,220.68	170,844,913.41	159,743,619.10	114,376,294.79	164,612,129.65	117,610,121.82	2,187,457,533.40
Depreciation charged	27,259,952.21	65,194,194.86	113,733,375.80	93,289,889.44	28,989,926.51	62,489,051.80	28,805,025.65	45,511,533.91	28,366,173.00	493,639,123.18
Reclassifications	7,771.45	–	–	(9,002.95)	(169,488.65)	(27,694.80)	102,622.10	(335,665.96)	431,458.81	–
Disposals	(3,131,033.94)	(3,293,791.91)	(2,844,827.81)	(7,187,415.74)	(2,585,652.53)	(2,784,757.12)	(3,133,624.66)	(1,161,956.71)	(9,108,024.70)	(35,231,085.12)
At 31 December 2010 and 1 January 2011	149,677,677.06	387,936,802.64	410,446,394.91	795,228,691.43	197,079,698.74	219,420,218.98	140,150,317.88	208,626,040.89	137,299,728.93	2,645,865,571.46
Depreciation charged	33,580,621.12	77,858,740.36	126,309,732.51	133,243,106.99	38,657,006.41	70,983,232.35	40,066,026.15	45,126,137.83	31,846,636.14	597,671,239.86
Change in consolidation scope and acquisition of a subsidiary	46,030,292.27	148,969,447.75	106,206.81	436,514,855.33	11,047,898.70	–	196,187,531.61	30,537,747.17	39,202,287.98	908,596,267.62
Transferred from investment properties	–	28,380,713.13	–	–	–	–	–	–	–	28,380,713.13
Reclassifications	(13,482,839.53)	629,169.46	(12,200,997.74)	9,002.90	519,698.40	–	2,369,036.30	18,776,132.20	3,380,798.01	–
Disposals	(2,305,441.93)	(118,685.68)	(51,700.39)	(10,884,724.65)	(13,430,723.57)	(35,902,191.58)	–	(1,418,004.46)	(6,898,755.49)	(71,010,227.75)
At 31 December 2011	213,500,308.99	643,656,187.66	524,609,636.10	1,354,110,932.00	233,873,578.68	254,501,259.75	378,772,911.94	301,648,053.63	204,830,695.57	4,109,503,564.32
Carrying amount:										
At 31 December 2011	946,694,163.10	3,646,399,581.67	1,763,159,923.89	1,443,387,863.53	579,862,629.04	1,296,723,435.99	1,465,293,452.60	442,705,453.07	327,749,575.57	11,911,976,078.46
At 31 December 2010	803,701,432.44	2,676,912,652.45	1,682,902,476.45	930,277,340.33	335,638,088.63	849,945,844.15	1,025,514,435.04	348,512,712.49	276,432,733.53	8,929,837,715.51

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

15. FIXED ASSETS (Continued)

As at 31 December 2011, the ownership of certain vessels of the Group with an aggregate carrying amount of RMB55,062,217.93 (31 December 2010: RMB57,395,716.84) was restricted (Note V.23(1)). Apart from this, there were no restricted fixed assets.

As at 31 December 2011, the Group was in the process of obtaining the ownership certificates of certain of its buildings with an aggregate carrying amount of RMB43,914,323.15 (31 December 2010: RMB26,974,664.53). Management of the Company is of the opinion that there are neither legal nor other obstacles in getting the certificates once the register formalities are completed and the relevant charges are paid.

As at 31 December 2011, there were no temporarily idled fixed assets (31 December 2010: Nil).

Management of the Company is of the opinion that no provision for impairment of fixed assets was necessary at the balance sheet date.

Fixed assets leased out under operating lease arrangements are as follows:

	2011 Carrying amount	2010 Carrying amount
Buildings	62,282,461.62	58,450,964.18
Terminal facilities	325,229,968.04	331,741,186.04
Oil tanks and pipelines	245,909,702.09	259,256,608.78
Loading equipment	8,203,501.19	4,847,192.35
Machinery and equipment	90,722,921.02	92,404,274.40
Transportation equipment	398,329,108.06	85,627,046.88
Other equipment	37,898,647.16	46,250,479.47
Vessels	250,774,854.45	—
Total	1,419,351,163.63	878,577,752.10

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

16. CONSTRUCTION IN PROGRESS

	2011		2010	
	Ending balance	Impairment Carrying amount	Ending balance	Impairment Carrying amount
大連港老港區搬遷改造大連灣				
雜貨及滾裝泊位擴建工程	1,499,557,385.25	— 1,499,557,385.25	728,727,685.80	— 728,727,685.80
大窯灣二期13-16#泊位	765,501,144.69	— 765,501,144.69	840,965,410.31	— 840,965,410.31
大連港石化1#庫區	342,026,627.82	— 342,026,627.82	321,291,459.48	— 321,291,459.48
大連港石化碼頭	290,914,883.02	— 290,914,883.02	272,655,341.04	— 272,655,341.04
新港9#原油罐組	262,222,685.06	— 262,222,685.06	212,640,867.24	— 212,640,867.24
礮石4#堆場	280,637,051.11	— 280,637,051.11	72,053,922.39	— 72,053,922.39
大連港石化主管廊	182,416,805.97	— 182,416,805.97	171,357,891.63	— 171,357,891.63
新港18-21#泊位	221,407,568.36	— 221,407,568.36	81,603,367.41	— 81,603,367.41
新港沙坨子導流堤	161,829,519.33	— 161,829,519.33	146,960,119.92	— 146,960,119.92
新港7#-8#原油罐組	182,266,280.12	— 182,266,280.12	259,697,327.79	— 259,697,327.79
Others	1,137,198,550.14	— 1,137,198,550.14	1,509,145,499.34	— 1,509,145,499.34
	5,325,978,500.87	— 5,325,978,500.87	4,617,098,892.35	— 4,617,098,892.35

As at 31 December 2011, the ownership of certain construction in progress with an aggregate of carrying amount of RMB86,450,874.33 was pledged (31 December 2010: Nil) (Note V.23(2)).

Management of the Company is of the opinion that no provision for impairment of construction in progress was necessary at the balance sheet date.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

16. CONSTRUCTION IN PROGRESS (Continued)

2011

	Budget	Opening balance	Additions	Change in consolidation scope and acquisition of a subsidiary	Transferred to fixed assets or intangible assets	Disposals	Closing balance	Source of funds	% of budget
大連港老港區搬遷改造 大連灣雜貨及滾裝泊位 擴建工程	2,835,110,000.00	728,727,685.80	770,829,699.45	—	—	—	1,499,557,385.25	Loans from financial institutions and other sources	53%
大窯灣二期13-16#泊位	3,783,000,000.00	840,965,410.31	97,345,734.38	—	(172,810,000.00)	—	765,501,144.69	Proceeds from public offering, loans from financial institutions and other sources	25%
大連港石化1#庫區	343,000,000.00	321,291,459.48	20,735,168.34	—	—	—	342,026,627.82	Loans from financial institutions and other sources	99%
大連港石化碼頭	291,000,000.00	272,655,341.04	18,259,541.98	—	—	—	290,914,883.02	Loans from financial institutions and other sources	99%
新港9#原油罐組	598,400,000.00	212,640,867.24	49,718,441.82	—	(136,624.00)	—	262,222,685.06	Proceeds from public offering	44%
礮石4#堆場	570,600,000.00	72,053,922.39	208,583,128.72	—	—	—	280,637,051.11	Proceeds from public offering	49%
大連港石化主管廊	183,000,000.00	171,357,891.63	11,058,914.34	—	—	—	182,416,805.97	Loans from financial institutions and other sources	99%
新港18-21#泊位	413,770,000.00	81,603,367.41	139,804,200.95	—	—	—	221,407,568.36	Loans from financial institutions and other sources	54%
新港沙坨子導流堤	213,000,000.00	146,960,119.92	14,869,399.41	—	—	—	161,829,519.33	Loans from financial institutions and other sources	76%
新港7#-8#原油罐組	718,500,000.00	259,697,327.79	234,804,527.53	—	(312,235,575.20)	—	182,266,280.12	Proceeds from public offering	69%
Others	1,509,145,499.34	814,142,027.81	197,372,317.82	197,372,317.82	(1,315,621,033.02)	(67,840,261.81)	1,137,198,550.14		
Total	4,617,098,892.35	2,380,150,784.73	197,372,317.82	197,372,317.82	(1,800,803,232.22)	(67,840,261.81)	5,325,978,500.87		

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

16. CONSTRUCTION IN PROGRESS (Continued)

2010

	Budget	Opening balance	Additions	Change in consolidation scope and acquisition of a subsidiary	Transferred to fixed assets	Disposals	Closing balance	Source of funds	% of budget
大連港老港區搬遷改造 大連灣雜貨及滾裝泊位 擴建工程	3,190,760,000.00	262,822,001.29	465,905,684.51	—	—	—	728,727,685.80	Loans from financial institutions and other sources	23%
大窯灣二期13-16#泊位	3,783,000,000.00	763,031,189.68	77,934,220.63	—	—	—	840,965,410.31	Proceeds and loans from financial institutions and other sources	22%
大連港石化1#庫區	343,000,000.00	—	—	321,291,459.48	—	—	321,291,459.48	Loans from financial institutions and other sources	94%
大連港石化碼頭	291,000,000.00	—	—	272,655,341.04	—	—	272,655,341.04	Loans from financial institutions and other sources	94%
新港9#原油罐組	626,770,000.00	477,955.00	212,162,912.24	—	—	—	212,640,867.24	Proceeds and loans from financial institutions and other sources	33%
礮石4#堆場	520,970,000.00	6,590,960.00	65,462,962.39	—	—	—	72,053,922.39	Proceeds from public offering	14%
大連港石化主管廊	183,000,000.00	—	—	171,357,891.63	—	—	171,357,891.63	Loans from financial institutions and other sources	94%
新港18-21#泊位	245,100,000.00	69,034,206.58	12,569,160.83	—	—	—	81,603,367.41	Proceeds and loans from financial institutions and other sources	33%
新港沙坨子導流堤	171,051,600.00	91,824,980.74	55,135,139.18	—	—	—	146,960,119.92	Loans from financial institutions and other sources	87%
新港7#-8#原油罐組	763,510,000.00	7,010,331.94	252,686,995.85	—	—	—	259,697,327.79	Proceeds and loans from financial institutions and other sources	35%
Others		774,072,503.85	647,011,371.05	507,005,894.82	(416,392,270.38)	(2,552,000.00)	1,509,145,499.34		
Total	1,974,864,129.08	1,788,868,446.68	1,272,310,586.97	(416,392,270.38)	(2,552,000.00)	(2,552,000.00)	4,617,098,892.35		

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

16. CONSTRUCTION IN PROGRESS (Continued)

2011

	Stage of completion	Accumulated capitalised interest	Interest capitalised during the year	Capitalisation rate
大連灣雜貨、滾裝碼頭搬遷 擴建工程	53%	234,342,847.98	105,697,126.98	5.4%
大窯灣二期13-16#泊位	25%	212,790,128.09	41,147,054.24	4.5%
新港18-21#泊位	54%	21,112,707.07	13,079,726.49	5.6%
大連港石化1#庫區	99%	14,823,625.46	14,823,625.46	6.0%
新港沙坨子導流堤	76%	13,585,644.44	7,180,154.48	4.5%
大連港石化碼頭	99%	12,579,670.38	12,579,670.38	6.0%
大連港石化主管廊	99%	7,906,046.46	7,906,046.46	6.0%
大連港石化碼頭設備	99%	6,380,657.29	6,380,657.29	6.0%
大連港石化鐵路車場	99%	4,660,237.46	4,660,237.46	6.0%
礦石泊位碼頭改造	78%	4,047,569.10	3,180,187.27	4.5%
Others		22,788,068.04	17,017,666.11	4.5%
		555,017,201.77	233,652,152.62	

2010

	Stage of completion	Accumulated capitalised interest	Interest capitalised during the year	Capitalisation rate
大窯灣二期13-16#泊位	22%	171,643,073.85	40,868,337.17	4.5%
大連灣雜貨、滾裝碼頭搬遷 擴建工程	23%	128,645,721.00	88,152,246.00	5.5%
新港沙坨子導流堤	87%	6,405,489.96	5,561,212.06	4.5%
新港18-21#泊位	33%	8,032,980.58	3,735,758.18	4.5%
礦石泊位碼頭改造	45%	867,381.83	867,381.83	4.5%
Others		5,770,401.93	2,480,224.95	4.5%
		321,365,049.15	141,665,160.19	

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

17. INTANGIBLE ASSETS

	Land use rights	Port information platform	Customer relationships	Container flat vehicle use rights	Software	Golf membership	Sea area use rights	Port facilities use rights	Total
Cost									
At 1 January 2010	238,579,934.61	64,310,000.00	15,970,000.00	46,660,098.18	79,893,263.06	1,340,000.00	—	—	446,753,295.85
Change in consolidation scope and acquisition of a subsidiary	—	—	—	—	—	—	96,962,376.91	—	96,962,376.91
Additions	21,338,916.45	—	—	—	11,810,831.94	—	—	—	33,149,748.39
Disposals	(7,497,804.45)	—	—	—	(1,180,000.00)	—	—	—	(8,677,804.45)
At 31 December 2010 and 1 January 2011	252,421,046.61	64,310,000.00	15,970,000.00	46,660,098.18	90,524,095.00	1,340,000.00	96,962,376.91	—	568,187,616.70
Change in consolidation scope and acquisition of a subsidiary	212,420,766.90	—	—	—	14,357,586.86	637,376.00	3,455,982.72	253,448,422.59	484,320,134.07
Additions	2,141,235.20	—	—	—	3,215,430.00	—	—	—	5,356,665.20
Transferred from construction in progress	—	—	—	—	6,216,640.94	—	—	—	6,216,640.94
Transferred from investment properties	11,003,955.42	—	—	—	—	—	—	—	11,003,955.42
Disposals	(10,410,833.04)	—	—	—	(1,193,470.81)	—	—	—	(11,604,303.85)
At 31 December 2011	467,576,170.09	64,310,000.00	15,970,000.00	46,660,098.18	113,120,281.99	1,977,376.00	100,418,359.63	253,448,422.59	1,063,480,708.48
Accumulated amortisation									
At 1 January 2010	17,561,047.86	10,182,416.67	3,038,000.00	10,206,896.46	29,882,809.79	335,000.10	—	—	71,206,170.88
Additions	5,174,478.34	6,431,000.00	1,597,000.00	2,916,256.20	9,340,966.51	134,000.04	—	—	25,593,701.09
Disposals	(619,574.43)	—	—	—	(9,833.33)	—	—	—	(629,407.76)
At 31 December 2010 and 1 January 2011	22,115,951.77	16,613,416.67	4,635,000.00	13,123,152.66	39,213,942.97	469,000.14	—	—	96,170,464.21
Additions	8,528,760.29	6,431,000.00	1,597,000.00	2,916,256.20	9,789,732.53	144,317.28	2,480,984.50	3,922,528.59	35,810,579.39
Change in consolidation scope	57,448,663.47	—	—	—	4,858,024.06	159,343.39	—	68,992,321.60	131,458,352.52
Transferred from investment properties	1,448,810.74	—	—	—	—	—	—	—	1,448,810.74
Disposals	(642,001.37)	—	—	—	(1,152,974.69)	—	—	—	(1,794,976.06)
At 31 December 2011	88,900,184.90	23,044,416.67	6,232,000.00	16,039,408.86	52,708,724.87	772,660.81	2,480,984.50	72,914,850.19	263,093,230.80
Carrying amount									
At 31 December 2011	378,675,985.19	41,265,583.33	9,738,000.00	30,620,689.32	60,411,557.12	1,204,715.19	97,937,375.13	180,533,572.40	800,387,477.68
At 31 December 2010	230,305,094.84	47,696,583.33	11,335,000.00	33,536,945.52	51,310,152.03	870,999.86	96,962,376.91	—	472,017,152.49

* The above land use rights are located in Mainland China and held under medium-term leases.

As at 31 December 2011, the ownership of land use rights with an aggregate carrying amounts of RMB16,957,605.19 (31 December 2010: Nil) was restricted (Note V.23(2)).

Management of the Company is of the opinion that no provision for impairment of intangible assets was necessary at the balance sheet date.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

18. GOODWILL

2011

	Opening balance	Increase	Decrease	Closing balance	Provision
Dalian Jiyi Logistics Co., Ltd. ("Dalian Jiyi")	2,397,589.82	—	—	2,397,589.82	—
DCT Logistics Co., Ltd. ("DCTL")	6,218,460.29	—	—	6,218,460.29	—
Dalian Portnet Co., Ltd. ("DPN")	7,419,238.63	—	—	7,419,238.63	—
Dalian Port Petroleum & Chemical Co., Ltd. ("DPPC")	61,700,000.00	—	—	61,700,000.00	—
	77,735,288.74	—	—	77,735,288.74	—

2010

	Opening balance	Increase	Decrease	Closing balance	Provision
Dalian Jiyi	2,397,589.82	—	—	2,397,589.82	—
DCTL	6,218,460.29	—	—	6,218,460.29	—
DPN	7,419,238.63	—	—	7,419,238.63	—
DPPC	—	61,700,000.00	—	61,700,000.00	—
	16,035,288.74	61,700,000.00	—	77,735,288.74	—

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

DCTL, DPN and Dalian Jiyi

The recoverable amounts of DCTL, DPN and Dalian Jiyi have been determined based on the present value of cash flow projections of the assets groups based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 12% (2010: 12%). The growth rate used to extrapolate the cash flows beyond the five-year period is 3% (2010: 3%). 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 valuation related to the estimation of cash inflows and outflows include budgeted sales and budgeted gross margin. This estimation is determined based on the assets groups' past performance and management's expectation for the market development.

DPPC

The recoverable amount of DPPC has been determined based on the present value of cash flow projections of the assets group based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 12% (2010: 12%). The growth rate used to extrapolate the cash flows beyond the five-year period is 5% (2010: 5%). 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 valuation related to the estimation of cash inflows and outflows include budgeted sales and budgeted gross margin. This estimation is determined based on management's expectation for the market development and the future performance of the assets group.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

19. LONG-TERM PREPAID EXPENSES

	Public facilities in bonded port	Building decoration	Others	Total
At 1 January 2010	13,436,881.78	6,333,956.63	2,997,895.35	22,768,733.76
Additions	—	—	630,000.00	630,000.00
Amortisation	(746,493.53)	(1,646,276.22)	(160,394.76)	(2,553,164.51)
At 31 December 2010 and 1 January 2011	12,690,388.25	4,687,680.41	3,467,500.59	20,845,569.25
Additions	—	1,890,866.39	1,960,109.20	3,850,975.59
Change in consolidation scope and acquisition of a subsidiary	1,818,612.48	633,674.80	—	2,452,287.28
Amortisation	(827,923.94)	(2,082,474.95)	(305,818.19)	(3,216,217.08)
At 31 December 2011	13,681,076.79	5,129,746.65	5,121,791.60	23,932,615.04

20. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and deferred tax liabilities are as follows:

Recognised deferred tax assets and liabilities:

	2011	2010
Deferred tax assets:		
Accrued employee benefits	387,572.00	6,597,572.00
Unrealised inter-group profit	34,292,292.98	33,128,869.77
Accrued land appreciation tax	4,500,149.85	12,601,731.20
Assets impairment provision	1,566,353.20	700,667.03
Tax paid on advance received	3,041,909.03	3,557,329.16
Accrued land development cost	8,177,911.66	6,360,368.15
Temporary difference on amortisation of decoration	130,333.33	210,980.99
Temporary difference on amortisation of software	401,750.05	319,250.05
Expenses without invoices	784,854.49	—
Deductible losses	3,448,063.93	—
Deferred taxable income	—	(1,340,791.60)
Changes in fair values of available-for-sale financial assets	2,248,714.13	—
Others	1,200.00	3,600.01
Net value	58,981,104.65	62,139,576.76
Deferred tax liabilities:		
Fair value adjustment on assets acquired in a business combination not under common control	77,337,293.53	74,672,592.27

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

20. DEFERRED TAX ASSETS/LIABILITIES (Continued)

Unrecognised deferred tax assets are as follows:

	2011	2010
Deductible losses	30,991,311.13	13,006,029.87

Deductible losses that were not recognised as deferred tax assets will expire in the following years:

	2011	2010
2011	—	2,983,640.99
2012	7,383,403.55	7,383,403.55
2013	7,193,159.71	7,193,159.71
2014	12,251,609.75	13,008,589.48
2015	21,383,489.38	21,455,325.76
2016	77,056,427.81	—
	125,268,090.20	52,024,119.49

21. PROVISION FOR IMPAIRMENT OF ASSETS

2011

	Opening balance	Provision	Increase due to change in consolidation scope	Write-off	Closing balance
Provision for bad debts:	3,033,234.61	—	1,568,657.50	(143,555.80)	4,458,336.31
Accounts receivable	2,939,524.54	—	56,953.00	(143,555.80)	2,852,921.74
Other receivables	93,710.07	—	1,511,704.50	—	1,605,414.57
Write-down of inventories to net realisable value	—	—	2,037,642.99	—	2,037,642.99
	3,033,234.61	—	3,606,300.49	(143,555.80)	6,495,979.30

2010

	Opening balance	Provision	Increase due to change in consolidation scope	Write-off	Closing balance
Provision for bad debts:	3,342,573.47	—	93,710.07	(403,048.93)	3,033,234.61
Accounts receivable	3,240,744.54	—	—	(301,220.00)	2,939,524.54
Other receivables	101,828.93	—	93,710.07	(101,828.93)	93,710.07
	3,342,573.47	—	93,710.07	(403,048.93)	3,033,234.61

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

22. OTHER NON-CURRENT ASSETS

		2011	2010
Loan to a jointly-controlled entity	(1)	5,610,000.00	—
Loans to associates	(2)	24,449,257.33	25,590,961.60
Entrusted investment	(3)	1,000,000,000.00	—
		1,030,059,257.33	25,590,961.60

As at 31 December 2011, other non-current assets comprised:

- (1) In 2011, the Group provided an unsecured loan of RMB5,610,000.00 to its jointly-controlled entity, Liaoning Con-Rail International Logistics Co., Ltd.. The loan bears interest at 5.265% per annum and is repayable in full on 18 January 2013.
- (2) In 2009, the Group provided an unsecured loan of RMB18,866,643.99 to its associate, Jadeway Limited. The loan bears interest at 2% per annum and is repayable in full on 29 January 2024.

In 2011 and 2010, the Group provided unsecured loans of RMB1,668,527.80 and RMB3,914,085.54 to its associate, SINOECL Auto Liners Limited in 2010 and 2011, respectively. The loans bear interest at HIBOR plus 2% per annum and are repayable in full on 2 December 2013.

- (3) The entrusted investment of RMB1,000,000,000.00 was a single trust investment with designated usage entrusted by Huachen Trust Co., Ltd. The entrusted investment was used to provide entrusted loans to third parties. The expected annual rate of return is 9%. The entrusted investment will expire on 19 October 2013. Its principal and income were guaranteed by Huaxin Huitong Group Co., Ltd.

23. ASSETS WITH RESTRICTED OWNERSHIP

2011

		Opening balance	Increase	Decrease	Closing balance
Guaranteed assets:					
Fixed assets	(1)	57,395,716.84	—	(2,333,498.91)	55,062,217.93
Construction in progress	(2)	—	86,450,874.33	—	86,450,874.33
Intangible assets	(2)	—	16,957,605.19	—	16,957,605.19
Pledged assets:					
Cash and bank balances	(3)	1,266,425.76	22,155,657.08	—	23,422,082.84
Notes receivable	(3)	—	20,000,000.00	—	20,000,000.00
		58,662,142.60	145,564,136.60	(2,333,498.91)	201,892,780.29

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

23. ASSETS WITH RESTRICTED OWNERSHIP (Continued)

2010

		Opening balance	Increase	Decrease	Closing balance
Guaranteed assets:					
Fixed assets	(1)	—	57,395,716.84	—	57,395,716.84
Pledged assets:					
Cash and bank balances	(3)	—	1,266,425.76	—	1,266,425.76
		—	58,662,142.60	—	58,662,142.60

(1) As at 31 December 2011, certain vessels of the Group with an aggregate carrying amount of RMB55,062,217.93 (31 December 2010: RMB57,395,716.84) were pledged to secure a bank loan of RMB18,200,000.00 (31 December 2010: RMB28,200,000.00) (Note V.34).

(2) As at 31 December 2011, certain construction in progress with an aggregate carrying amount of RMB86,450,874.33 (31 December 2010: Nil) and land use rights with an aggregate carrying amount of RMB16,957,605.19 (31 December 2010: Nil) were pledged to secure a bank loan of RMB30,445,907.13 (31 December 2010: Nil) (Note V.34). The amortization amount of the land use rights was RMB351,762.00 in 2011.

(3) As at 31 December 2011, cash and bank balances of RMB23,422,082.84 (31 December 2010: RMB1,266,425.76) were pledged to secure the bank acceptance notes RMB54,030,000.00 (31 December 2010: RMB12,650,000.00); and notes receivable of RMB20,000,000.00 (31 December 2010: Nil) were pledged to secure bank acceptance notes payable of RMB20,000,000.00.

24. SHORT-TERM BORROWINGS

		2011	2010
Credit borrowings	Note	21,000,000.00	415,000,000.00
Guaranteed borrowings		600,000,000.00	850,000,000.00
		621,000,000.00	1,265,000,000.00

As at 31 December 2011, the interest rate for the above borrowings was 4.00%–6.56% per annum (31 December 2010: 4.00%–5.30% per annum).

Note: The credit borrowings include unsecured short-term borrowings of RMB10,000,000.00, RMB5,000,000.00 and RMB6,000,000.00 obtained from a jointly-controlled entity, Dalian Assembling Transportation Logistics Co., Ltd. The borrowings bear interest at 4% per annum and are repayable in full on 15 February 2012, 19 May 2012 and 11 August 2012, respectively.

As at 31 December 2011, the Group had no short-term borrowings due but not yet repaid. (31 December 2010: Nil).

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

25. NOTES PAYABLE

	2011	2010
Bank acceptance notes	74,030,000.00	12,650,000.00

26. ACCOUNTS PAYABLE

Accounts payable are interest-free and the terms are usually 90 days.

*An ageing analysis of accounts payable is as follows:

	2011	2010
Within 1 year	142,155,524.21	93,550,702.21
1 to 2 years	3,554,033.31	651,430.86
2 to 3 years	273,390.52	101,665.22
	145,982,948.04	94,303,798.29

As at 31 December 2011, there were no accounts payable due to shareholders holding 5% (including 5%) or more of the Company's voting shares (31 December 2010: Nil).

Accounts payable due to related parties as at 31 December 2011 and 2010 are disclosed in Note VI Related parties and related party transactions.

As at 31 December 2011, the Group had no significant accounts payable with ageing over one year (31 December 2010: Nil).

27. ADVANCES FROM CUSTOMERS

	2011	2010
Rental fee	19,566,574.16	24,097,857.16
Advances for public facilities maintenance	12,167,636.11	14,229,316.63
Transportation charges	16,288,131.94	119,837.66
Port construction fee	11,451,112.76	—
Advances for transfer of land use rights	—	71,216,772.00
Others	27,569,455.68	20,038,361.33
	87,042,910.65	129,702,144.78

As at 31 December 2011, there were no advances from shareholders holding 5% (including 5%) or more of the Company's voting shares (31 December 2010: RMB227,917.50).

Advances from related parties as at 31 December 2011 and 2010 are disclosed in Note VI Related parties and related party transactions.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

27. ADVANCES FROM CUSTOMERS (Continued)

As at 31 December 2011, significant advances from customers with ageing over one year are as follows:

	2011	2010	Reasons for being outstanding
Advances for public facilities maintenance	12,167,636.11	14,229,316.63	Transfer as stipulated by the contact

28. EMPLOYEE BENEFITS PAYABLE 2011

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	47,741,373.03	530,829,005.53	(508,015,756.15)	70,554,622.41
Staff welfare	—	55,467,605.04	(55,467,605.04)	—
Social insurances	404,369.31	135,741,837.28	(134,600,646.38)	1,545,560.21
Including: Medical insurance	117,909.83	28,488,942.81	(28,326,740.13)	280,112.51
Pension insurance	164,732.31	77,098,408.48	(76,640,978.82)	622,161.97
Supplementary pension insurance	—	16,322,681.77	(15,888,681.77)	434,000.00
Unemployment insurance	52,370.16	7,729,925.58	(7,684,174.86)	98,120.88
Work injury insurance	59,110.24	3,026,650.65	(2,998,783.97)	86,976.92
Maternity insurance	10,246.77	3,075,227.99	(3,061,286.83)	24,187.93
Housing funds	6,378,647.00	70,153,426.65	(76,081,830.75)	450,242.90
Monetary housing subsidies	25,055,028.80	35,000,000.00	(15,320,478.00)	44,734,550.80
Labour union fund and employee education fund	927,773.49	17,398,387.61	(17,140,057.94)	1,186,103.16
Compensation for termination of employment relationship	—	223,294.50	(223,294.50)	—
Other allowances	3,170,998.60	112,685,482.28	(102,637,390.31)	13,219,090.57
	83,678,190.23	957,499,038.89	(909,487,059.07)	131,690,170.05

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

28. EMPLOYEE BENEFITS PAYABLE (Continued)

2010

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	33,013,326.75	453,844,329.58	(439,116,283.30)	47,741,373.03
Staff welfare	—	46,413,482.80	(46,413,482.80)	—
Social insurances	407,493.14	115,625,593.10	(115,628,716.93)	404,369.31
Including: Medical insurance	121,293.08	54,007,209.13	(54,010,592.38)	117,909.83
Pension insurance	165,125.22	53,191,403.05	(53,191,795.96)	164,732.31
Unemployment insurance	52,364.44	4,942,618.80	(4,942,613.08)	52,370.16
Work injury insurance	58,356.43	2,072,650.23	(2,071,896.42)	59,110.24
Maternity insurance	10,353.97	1,411,711.89	(1,411,819.09)	10,246.77
Housing funds	248,853.00	74,241,287.79	(68,111,493.79)	6,378,647.00
Monetary housing subsidies	7,310,186.00	18,006,200.80	(261,358.00)	25,055,028.80
Labour union fund and employee education fund	778,987.33	14,660,779.62	(14,511,993.46)	927,773.49
Other allowances	2,813,264.67	163,537,896.42	(163,180,162.49)	3,170,998.60
	44,572,110.89	886,329,570.11	(847,223,490.77)	83,678,190.23

As at 31 December 2011, no defaulted payables were included in the employee benefits payable (31 December 2010: Nil).

29. TAXES PAYABLE

	2011	2010
VAT	(1,692,074.45)	(1,373,236.63)
Business tax	34,643,064.59	49,109,660.88
CIT	38,575,813.70	41,975,148.20
City maintenance and construction tax	2,519,722.60	2,466,053.94
Education surcharge	1,639,154.54	1,408,235.93
Land appreciation tax	517,282.25	50,924,207.05
Individual income tax	5,153,356.04	5,614,445.83
Others	2,560,813.83	4,789,927.83
	83,917,133.10	154,914,443.03

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

30. INTERESTS PAYABLE

	2011	2010
Interest on bank loans	4,338,868.40	4,028,285.35
Interest on corporate bonds (Note V. 35)	192,751,084.50	63,783,888.91
Interest on entrusted loans	514,666.59	497,777.75
	197,604,619.49	68,309,952.01

31. DIVIDENDS PAYABLE

	2011	2010
Payable due to minority shareholders		
Singapore Dalian Port Investment Pte Ltd.	91,264,154.04	—
United States Sankyo Holdings Limited	1,642,339.51	—
美國科利爾貨運有限公司	—	1,012,331.32
Dalian Bonded Zhengtong Company Limited	5,779,554.22	5,779,554.22
	98,686,047.77	6,791,885.54

32. OTHER PAYABLES

	2011	2010
Amount due to PDA	12,695,268.50	1,617,171,077.69
Construction payables	679,428,224.06	490,936,365.40
Deposits due to related parties (Note)	47,506,163.17	530,266,467.57
Compensation collected	24,498,859.07	53,756,876.95
Port construction fee collected	491,514.00	26,721,618.43
Fare collected	6,709,655.59	18,848,690.48
Rental payables	15,079,025.00	8,119,475.00
Subsidies received	3,001,324.00	5,900,100.00
Others	128,274,797.38	102,330,168.72
	917,684,830.77	2,854,050,840.24

Note: Deposits due to related parties represent the demand deposits collected by the finance centre of the Company from PDA and its subsidiaries, jointly-controlled entities and associates which bear interest at the current deposit interest rate and are repayable on demand.

As at 31 December 2011, except for the other payables due to the parent, PDA, of RMB12,695,268.50 (31 December 2010: RMB1,617,171,077.69), there were no other payable due to shareholders holding 5% (including 5%) or more of the Company's voting shares.

Other payables due to related parties as at 31 December 2011 and 2010 are disclosed in Note VI Related parties and related party transactions.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

32. OTHER PAYABLES (Continued)

As at 31 December 2011, significant other payables with ageing over one year are as follows:

	Amount	Reason for not being repaid
Shanghai Zhenhua Heavy Industry Co., Ltd. No.3 Engineering Company Ltd. of CCCC	18,600,000.00	Unsettled construction payables
First Harbor Engineering Company Ltd. 大連寶榮機械化工程有限公司	56,419,351.00	Unsettled construction payables
Dalian Port Construction Engineering Co., Ltd.	10,375,938.50	Unsettled construction payables
Changjiang Wuhan Waterway Engineering Company	36,005,059.30	Unsettled construction payables
	13,125,831.42	Unsettled construction payables
	134,526,180.22	

Among the aforesaid significant other payables with ageing over one year, an amount of RMB13,605,865.00 was repaid after the balance sheet date.

As at 31 December 2010, significant other payables with ageing over one year are as follows:

	Amount	Reason for not being repaid
Dalian Port Machinery and Electric Co., Ltd.	5,220,716.13	Unsettled construction payables
Dalian Port Construction Engineering Co., Ltd.	15,534,978.14	Unsettled construction payables
Shanxi Machinery Construction Company	8,040,346.00	Unsettled construction payables
	28,796,040.27	

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

33. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Long-term borrowings due within one year are as follows:

	2011	2010
Credit borrowings	210,000,000.00	20,000,000.00

As at 31 December 2011, long-term borrowings due within one year are as follows:

	Starting date	Maturity date	Currency	Interest rate (%)	31 December 2011	31 December 2010
Bank of China, Dalian Dayaowan Branch	2006.12.31	2011.12.31	RMB	5.643	—	20,000,000.00
Bank of China, Dalian Dayaowan Branch	2006.12.31	2012.12.31	RMB	6.080	20,000,000.00	—
China Bohai Bank, Dalian Branch	2010.03.31	2012.01.17	RMB	5.990	20,000,000.00	—
Bank of China, Dalian Xigang Branch	2009.07.17	2012.07.17	RMB	5.940	20,000,000.00	—
China Construction Bank, Dalian Zhongshan Branch	2010.10.21	2012.12.08	RMB	6.345	150,000,000.00	—
					210,000,000.00	20,000,000.00

As at 31 December 2011, no borrowings which were due but not yet repaid were included in the long-term borrowings due within one year.

34. LONG-TERM BORROWINGS

	2011	2010
Pledged borrowings	48,645,907.13	28,200,000.00
Guaranteed borrowings	289,841,456.80	1,004,763,068.52
Credit borrowings	1,860,000,000.00	1,360,000,000.00
	2,198,487,363.93	2,392,963,068.52

*The long-term borrowings are repayable as follows:

	2011	2010
2013	551,000,000.00	680,117,724.04
2014	286,000,000.00	346,000,000.00
2015	556,041,456.80	256,000,000.00
2016	505,445,907.13	560,845,344.48
Year after 2016	300,000,000.00	550,000,000.00
	2,198,487,363.93	2,392,963,068.52

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

34. LONG-TERM BORROWINGS (Continued)

As at 31 December 2011, certain of the Group's long-term bank borrowings of RMB28,200,000.00 were secured by certain vessels of the Group with an aggregate carrying amount of RMB55,062,217.93 (31 December 2010: RMB57,395,716.84). Among the above long-term bank borrowings, RMB10,000,000.00 was repaid in 2011.

As at 31 December 2011, certain of the Group's long-term bank borrowings of RMB30,445,907.13 were secured by certain construction in progress and land use rights of the Group with aggregate carrying amounts of RMB86,450,874.33 (31 December 2010: Nil) and RMB16,957,605.19 (31 December 2010: Nil), respectively.

As at 31 December 2011, certain of the Group's bank loans of RMB289,841,456.80 (31 December 2010: RMB754,763,068.52) were denominated in USD and were secured by a guarantee provided by the Company.

As at 31 December 2011, the top five long-term borrowings were as follows:

	Starting date	Maturity date	Currency	Interest rate	Balance at 31 December 2011	
					Foreign currency	RMB
China Construction Bank, Dalian Zhongshan Branch	2009.12.9	2017.12.8	RMB	6.345%		1,300,000,000.00
China Merchants Bank, Hong Kong Branch	2010.4.21	2015.4.20	USD	LIBOR+1.30%	46,000,000.00	289,841,456.80
China Construction Bank, Dalian Zhongshan Branch	2011.1.31	2016.1.30	RMB	5.598%		250,000,000.00
Dalian Ganjingzi Rural Cooperative Bank	2011.4.21	2013.4.19	RMB	5.985%		200,000,000.00
China Bohai Bank, Dalian Branch	2010.1.12	2013.1.7	RMB	5.985%		50,000,000.00
						2,089,841,456.80

As at 31 December 2010, the top five long-term borrowings were as follows:

	Starting date	Maturity date	Currency	Interest rate	Balance at 31 December 2010	
					Foreign currency	RMB
China Construction Bank, Dalian Zhongshan Branch	2009.12.9	2017.12.8	RMB	5.526%		1,500,000,000.00
China Construction Bank, Hong Kong Branch	2009.3.1	2012.3.1	USD	LIBOR+1.27%	68,000,000.00	450,117,724.04
China Merchants Bank, Hong Kong Branch	2010.4.21	2015.4.20	USD	LIBOR+1.30%	46,000,000.00	304,645,344.48
China Bohai Bank, Dalian Branch	2010.1.12	2013.1.7	RMB	5.490%		70,000,000.00
Bank of China, Dalian Dayaowan Branch	2006.4.7	2013.12.31	RMB	5.643%		40,000,000.00
						2,364,763,068.52

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

35. BONDS PAYABLE

2011

	Opening balance	Increase	Decrease	Closing balance
Non-current:				
Medium-term notes	2,481,670,772.08	5,045,160.08	—	2,486,715,932.16
Corporate bonds	—	5,343,228,657.48	—	5,343,228,657.48
	2,481,670,772.08	5,348,273,817.56	—	7,829,944,589.64
Current:				
Short-term financing bonds	—	200,000,000.00	—	200,000,000.00
	2,481,670,772.08	5,548,273,817.56	—	8,029,944,589.64

2010

	Opening balance	Increase	Decrease	Closing balance
Non-current:				
Medium-term notes	2,476,729,514.52	4,941,257.56	—	2,481,670,772.08

As at 31 December 2011, bonds payable are as follows:

	Date of issuance	Maturity period	Amount issued	Accumulated adjustment in interest	Closing balance	Interests payable at the end of the year
Medium-term note	2009.05.26	5 years	1,500,000,000.00	(7,970,440.70)	1,492,029,559.30	37,450,000.00
Medium-term note	2009.06.01	5 years	1,000,000,000.00	(5,313,627.14)	994,686,372.86	24,966,666.67
Corporate bonds	2011.05.23	10 years	2,350,000,000.00	(23,716,498.38)	2,326,283,501.62	76,094,931.51
Corporate bonds	2011.09.26	7 years	2,650,000,000.00	(26,744,136.47)	2,623,255,863.53	42,606,917.81
Corporate bonds	2011.10.27	3 years	400,000,000.00	(6,310,707.67)	393,689,292.33	4,195,068.51
Short-term financing bonds	2011.04.14	1 year	200,000,000.00	—	200,000,000.00	7,437,500.00
			8,100,000,000.00	(70,055,410.36)	8,029,944,589.64	192,751,084.50

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

35. BONDS PAYABLE (Continued)

As at 31 December 2010, bonds payable are as follows:

	Date of issuance	Maturity period	Amount issued	Accumulated adjustment in interest	Closing balance	Interests payable at the end of the year
Medium-term note	2009.5.26	5 years	1,500,000,000.00	(10,997,536.75)	1,489,002,463.25	38,270,333.35
Medium-term note	2009.6.1	5 years	1,000,000,000.00	(7,331,691.17)	992,668,308.83	25,513,555.56
			2,500,000,000.00	(18,329,227.92)	2,481,670,772.08	63,783,888.91

On 25 May 2011, the Company issued corporate bonds in an aggregate principal amount of RMB2,350,000,000.00 with a maturity period of 10 years. The interest rate is fixed and the nominal interest rate is 5.3% per annum. The interests are payable each year. The relevant issuance cost amounted to RMB25,156,495.00. On 28 September 2011, the Company issued corporate bonds in an aggregate principal amount of RMB2,650,000,000.00 with a maturity period of seven years. By the end of the fifth year since the insurance of the bonds, the Company has the right to increase the nominal interest rate of the bonds and the bond holders have the right to sell back a portion or all of the bonds to the Company. The interest rate is fixed and the nominal interest rate of is 6.05% per annum. The interests are payable each year. The relevant issuance cost amounted to RMB27,775,729.25. On 28 October 2011, the Group issued corporate bonds in an aggregate principal amount of RMB400,000,000.00 with a maturity period of three years. The interest rate is fixed and the nominal interest rate is 5.80% per annum. The interests are payable each half year. The relevant issuance cost amounted to RMB6,700,000.00.

On 14 April 2011, the Group issued financing bonds in an aggregate principal amount of RMB200,000,000.00 with a maturity period of one year. The interest rate is fixed and the nominal interest rate is 5.25% per annum. The principal and interests shall be repaid together when the bonds fall due. The relevant issuance cost amounted to RMB1,245,333.00.

On 26 May 2009 and 1 June 2009, the Company issued medium-term notes in an aggregate principal amount of RMB1,500,000,000.00 and RMB1,000,000.00, respectively. The maturity period of the notes is five years. The interest rate is fixed and the nominal interest rate is 4.28% per annum. The interest is repayable each half year and the principal is repayable when the notes fall due.

36. LONG-TERM PAYABLES

	2011	2010
Issuance costs for medium-term notes	7,941,050.00	11,846,400.00
Less: Long-term payables due within one year	3,905,350.00	3,905,350.00
	4,035,700.00	7,941,050.00

* As at 31 December 2011, the balance represents the costs for issuance of the medium-term notes that are payable to the issuance institution. The amount is unsecured, interest-free and repayable in the future three years.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

37. OTHER NON-CURRENT LIABILITIES

	2011	2010
Deferred income	656,746,024.14	688,478,086.57
Including:		
Government grants related to assets:		
Relocation compensation (1)	628,355,213.73	662,860,397.78
Construction of vessels (2)	6,830,969.00	7,622,186.60
Equipment reconstruction (3)	1,952,339.22	—
Government grants related to income:		
Operation subsidy (4)	19,357,502.19	17,845,502.19
Others	250,000.00	150,000.00
	656,746,024.14	688,478,086.57

- (1) The amount was received in respect of the compensation for the relocation of the terminals. The amount will be recognised in the income statement over the estimated useful lives of the new terminals upon commencement of their operations.
- (2) The amount was received in relation to the subsidy for the construction of vessels and oil tanks. The amount will be recognised in the income statement over the useful lives of the relevant assets.
- (3) The amount was received in respect of the subsidy of RMB1,980,000.00 for the equipment reconstruction. The amount will be recognised in the income statement over the useful lives of the relevant assets.
- (4) The amount was received in respect of the subsidy for the first five years of operation of a subsidiary, Heilongjiang Suimu Logistics Co., Ltd. The amount will be recognised in the income statement over the next five years upon commencement of operation of this subsidiary.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

38. SHARE CAPITAL

2011

	Opening balance	Movements during the year			Closing balance
		New shares issued	Others	Subtotal	
1. Restricted shares					
(1) State-owned shares	2,564,312,000	—	(9,317,000)	(12,317,000)	2,554,995,000
(2) State-owned legal entity shares	37,268,000	—	(37,268,000)	(37,268,000)	—
(3) Other domestic shares	342,820,000	—	(342,820,000)	(342,820,000)	—
Subtotal	2,944,400,000	—	(389,405,000)	(389,405,000)	2,554,995,000
2. Non-restricted shares					
(1) RMB ordinary shares	419,000,000	—	389,405,000	389,405,000	808,405,000
(2) Shares listed overseas	1,062,600,000	—	—	—	1,062,600,000
Subtotal	1,481,600,000	—	389,405,000	389,405,000	1,871,005,000
Total	4,426,000,000	—	—	—	4,426,000,000

2010

	Opening balance	Movements during the year			Closing balance
		New shares issued	Others	Subtotal	
1. Restricted shares					
(1) State-owned shares	1,826,132,000	738,180,000	—	738,180,000	2,564,312,000
(2) State-owned legal entity shares	37,268,000	—	—	—	37,268,000
(3) Other domestic shares	—	342,820,000	—	342,820,000	342,820,000
Subtotal	1,863,400,000	1,081,000,000	—	1,081,000,000	2,944,400,000
2. Non-restricted shares					
(1) RMB ordinary shares	—	419,000,000	—	419,000,000	419,000,000
(2) Shares listed overseas	1,062,600,000	—	—	—	1,062,600,000
Subtotal	1,062,600,000	419,000,000	—	419,000,000	1,481,600,000
Total	2,926,000,000	1,500,000,000	—	1,500,000,000	4,426,000,000

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

39. CAPITAL RESERVE

2011

	Opening balance	Increase	Decrease	Closing balance
Share premium	6,103,901,654.75	—	—	6,103,901,654.75
Others	30,265,850.51	2,300,211.81	(20,181,246.64)	12,384,815.68
	6,134,167,505.26	2,300,211.81	(20,181,246.64)	6,116,286,470.43

The decrease in the capital reserve during the year is due to the following: (1) change in the fair value of available-for-sale financial assets resulting in a decrease in the capital reserve by RMB16,590,971.20; (2) capital contribution from non-controlling shareholders resulting in a decrease in the capital reserve by RMB1,033,843.59; and (3) transfer of the asset revaluation surplus arising from business combinations achieved in stages in previous years to retained earnings of RMB2,556,431.85. The increase in the capital reserve is due to the deferred tax assets of RMB2,248,714.13 arising from the change in the fair value of available-for-sale financial assets.

2010

	Opening balance	Increase	Decrease	Closing balance
Share premium	2,344,838,383.49	3,759,063,271.26	—	6,103,901,654.75
Others	2,371,532,851.12	6,223.13	(2,341,273,223.74)	30,265,850.51
	4,716,371,234.61	3,759,069,494.39	(2,341,273,223.74)	6,134,167,505.26

40. SURPLUS RESERVE

2011

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	346,528,882.64	63,721,037.23	—	410,249,919.87
Reserve fund	353,065.88	—	—	353,065.88
Enterprise expansion fund	620,468.49	—	—	620,468.49
	347,502,417.01	63,721,037.23	—	411,223,454.24

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

40. SURPLUS RESERVE (Continued)

2010

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	289,474,863.52	57,054,019.12	—	346,528,882.64
Reserve fund	353,065.88	—	—	353,065.88
Enterprise expansion fund	620,468.49	—	—	620,468.49
	290,448,397.89	57,054,019.12	—	347,502,417.01

According to the Company Law and the Company's Articles of Association, the Company should appropriate 10% of its net profit to the statutory surplus reserve. Where the accumulated amount of surplus reserve reaches 50% or more of the Company's registered capital, the appropriation may not be needed.

After the appropriation to the statutory surplus reserve, the Company may also make an appropriation to its discretionary surplus reserve. Upon approval, the discretionary surplus reserve can be used to recover the accumulated losses of the Company or to increase the share capital.

41. RETAINED EARNINGS

	2011	2010
Retained earnings at the beginning of the year	1,283,035,481.54	1,587,289,079.30
Profit attributable to the parent	666,337,610.41	813,154,280.39
Transfer from capital reserve	2,556,431.85	2,556,431.87
Less: Appropriation to statutory surplus reserve	63,721,037.23	57,054,019.12
Ordinary shares cash dividends payable	221,300,000.00	731,500,000.00
Business combination under common control	—	331,050,937.96
Appropriation of employee bonus and welfare fund	2,546,464.28	359,352.94
Retained earnings at the end of the year	1,664,362,022.29	1,283,035,481.54

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

42. REVENUE AND COST OF SALES

Revenue, which is also the Group's turnover, represents the value of services rendered after trade discounts; the gross rental income received and receivable from investment properties during the year.

Revenue is as follows:

	2011	2010
Revenue from the principal operations	3,660,418,868.82	3,095,732,317.43
Revenue from other operations	294,975,520.98	241,218,348.34
	3,955,394,389.80	3,336,950,665.77

Cost of sales is as follows:

	2011	2010
Cost of the principal operations	2,248,493,997.93	1,652,950,316.07
Cost of other operations	239,258,092.67	235,324,269.46
	2,487,752,090.60	1,888,274,585.53

Revenue by segment is as follows:

	2011		2010	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil/liquefied chemicals terminal and logistics services	875,470,142.51	448,045,724.31	887,091,396.68	393,830,703.04
Container terminal and logistics services	887,635,682.17	607,270,739.70	483,137,204.41	256,944,088.63
Passenger and roll-on, roll-off terminal and logistics services	114,848,968.50	70,159,458.65	75,032,422.49	32,588,423.57
Automobile terminal and logistics services	9,920,000.00	5,056,377.71	—	—
Ore terminal and logistics services	313,705,891.55	177,188,675.68	304,994,487.39	183,929,675.54
Bulk grains terminal and logistics services	322,103,930.34	176,556,869.56	267,638,326.01	153,138,627.01
General cargo terminal and logistics services	355,113,504.60	315,479,813.98	310,931,948.16	279,019,984.82
Port value-added services and ancillary port operations	956,452,068.50	610,374,783.20	898,005,608.13	547,763,280.06
Unallocated	120,144,201.63	77,619,647.81	110,119,272.50	41,059,802.86
	3,955,394,389.80	2,487,752,090.60	3,336,950,665.77	1,888,274,585.53

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

42. REVENUE AND COST OF SALES (Continued)

Revenue from the top five customers of 2011 is as follows:

	Amount	Percentage of revenue (%)
Petro China Dalian Petrochemical Company	266,779,036.88	6.74
Dalian West Pacific Petrochemical Company Ltd.	226,823,247.17	5.73
Petro China International Co., Ltd.	186,463,033.84	4.71
China Ocean Shipping Agency (Dalian) Co., Ltd.	149,505,298.65	3.78
Dalian Port Container Terminal Co., Ltd.	123,933,692.08	3.13
	953,504,308.62	24.09

Revenue from the top five customers of 2010 is as follows:

	Amount	Percentage of revenue (%)
Petro China Dalian Petrochemical Company	273,914,318.13	8.21
Dalian West Pacific Petrochemical Company Ltd.	249,605,841.32	7.48
Petro China International Co., Ltd.	199,236,738.49	5.97
Dalian Port Container Terminal Co., Ltd.	101,637,135.12	3.05
Dalian Angang International Trade Transportation Agency Co., Ltd.	94,882,490.92	2.84
	919,276,523.98	27.55

Revenue is analysed as follows:

	2011	2010
Loading services	1,640,356,627.31	1,240,817,165.32
Logistics services	714,888,208.70	660,822,484.30
Storage services	459,240,590.70	334,074,379.74
Port management services	204,506,341.02	210,671,333.73
Leasing services	241,175,110.67	185,637,939.11
Agency services	49,934,193.35	46,367,986.21
Tallying services	58,875,569.41	53,532,885.51
Electric supply services	100,179,911.37	99,690,239.13
Project construction and inspection services	164,211,780.54	115,194,093.84
Information services	67,535,380.86	84,491,036.10
Others	254,490,675.87	305,651,122.78
	3,955,394,389.80	3,336,950,665.77

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

43. TAXES AND SURCHARGES

	2011	2010
Business tax	142,143,284.10	125,065,169.80
City maintenance and construction tax and education surcharge	17,282,599.79	11,160,874.82
Land appreciation tax	745,430.25	23,634,803.20
	160,171,314.14	159,860,847.82

The basis for the provision and payment of taxes and surcharges is disclosed in Note III Taxation.

44. GENERAL AND ADMINISTRATIVE EXPENSES

	2011	2010
Payroll	268,249,154.60	222,362,279.10
Depreciation and amortisation	39,162,981.47	39,054,913.08
Tax expenses	18,402,973.70	13,433,802.12
Entertainment expenses	20,115,633.56	14,413,374.40
Office charges	7,407,524.46	5,412,451.12
Intermediary fees	10,719,816.92	6,892,070.33
Rental expenses	12,064,141.96	9,961,572.20
Property insurance expenses	6,505,534.38	3,860,613.59
Others	66,479,820.49	52,406,427.84
	449,107,581.54	367,797,503.78

* The above general and administrative expenses included the audit fee with an amount of RMB5,652,300.85 (2010: RMB3,293,263.17).

45. FINANCIAL EXPENSES

	2011	2010
Interest expense	503,734,882.25	266,463,781.33
include: Interests on bank loans, overdrafts, and other loans wholly repayable within five years	125,250,715.27	180,164,618.87
Interests on other loans	378,484,166.98	86,299,162.46
Less: Interest income	61,662,603.80	12,768,133.18
Less: Capitalised interest	251,788,654.77	181,172,252.49
Foreign exchange differences	(13,608,365.67)	(9,988,164.66)
Others	1,427,100.68	2,748,569.80
	178,102,358.69	65,283,800.80

The amount of capitalised interest has been included in construction in progress.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

46. INVESTMENT INCOME

	2011	2010
Investment income from long-term equity investments under the cost method	1,098,397.87	2,295,345.64
Investments income from long-term equity investments under the equity method	86,541,376.20	118,379,808.23
including: profit from associates	(1,552,439.46)	5,364,948.66
profit from jointly-controlled entities	88,093,815.66	113,014,859.57
Investment income from available-for-sale financial assets	621,240.73	579,803.74
Gain on disposal of financial assets held for trading	30,231,501.48	17,170,227.93
Investments income from entrusted investments	22,587,500.00	—
	141,080,016.28	138,425,185.54

Among the investment income from long-term equity investments under the cost method, the investee with investments income accounting for more than 5% of the Group's total profit or the top investee in terms of the proportion of its investment income to the Group's total profit is as follows:

Investee	2011	2010	Reason for fluctuations
大仁輪渡有限公司	875,067.64	699,366.43	Dividend distribution

Among the income from long-term equity investments under the cost method, the investees with investment income accounting for more than 5% of the Group's total profit or the top five investees in terms of the proportion of their investment income to the Group's total profit are as follows:

Investee	2011	2010	Reason for fluctuations
Dalian Container Terminal Co., Ltd.	28,036,404.56	79,329,927.88	(1)
Dalian Port Container Terminal Co., Ltd.	25,010,515.60	15,968,727.69	Performance fluctuation
Odfjell Terminals (Dalian) Ltd.	13,855,070.02	12,582,469.65	Performance fluctuation
Dalian Automobile Terminal Co., Ltd.	10,418,410.80	2,600,209.28	Performance fluctuation
Dalian Petrochina International Warehousing and Transportation Co., Ltd.	9,981,494.79	10,469,030.45	Performance fluctuation
	87,301,895.77	120,950,364.95	

(1) Dalian Container Terminal Co., Ltd. ("DCT") has been included in the consolidation scope of the Group from 1 April 2011 (Note IV.2)

As at 31 December 2011, there was no significant restriction on the remittance of the Group's investment income.

* As at 31 December 2011, the Group's investment income of RMB13,712,489.29 was generated from the investment on listed companies.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

47. NON-OPERATING INCOME

	2011	2010
Gain on disposal of non-current assets	14,798,043.22	39,595,869.91
Including: Gain on disposal of fixed assets	11,522,114.60	7,920,113.40
Gain on disposal of intangible assets	3,275,928.62	31,675,756.51
Government grants	156,150,241.77	64,171,680.21
Others	6,521,160.55	432,459.63
	177,469,445.54	104,200,009.75

Government grants credited to the income statement during the period are as follows:

	2011	2010
Recognition of deferred income	35,324,062.43	35,296,401.65
Financial subsidy (Note)	118,740,919.20	23,588,700.00
Refund of turnover tax	2,085,260.14	5,286,578.56
	156,150,241.77	64,171,680.21

Note: The financial subsidy income recognised by the Group in 2011 mainly comprised the following:

- (1) Pursuant to 《大連市人民政府關於促進大連港口集裝箱業務加快發展的意見》(Da Zheng Fa [2011]61) issued by the Government of Dalian City in August 2011 and 《關於促進大連港口集裝箱加快發展補貼資金發放的實施細則的通知》(Da Gang Kou Fa [2011]147) issued by the Port of Dalian Authority and Dalian Municipal Bureau of Finance in September 2011, the Group recognised income relating to the government grants of RMB85,770,000.00.
- (2) Pursuant to 《關於對環渤海內支線、東北集裝箱班列、國際集裝箱班輪業務給予財政扶持的有關問題的通知》(Da Cai Qi [2005]590), the Group received the subsidy of RMB10,000,000.00 and RMB5,000,000.00 for its business relating to Bohai Rim Internal Trade Shipping Line and Northeastern Container Railway in 2011, respectively.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

48. NON-OPERATING EXPENSES

	2011	2010
Loss on disposal of non-current assets	1,804,943.04	14,211,288.93
Including: Loss on disposal of fixed assets	1,804,943.04	14,211,288.93
Compensation for losses	—	3,341,907.86
Others	1,963,055.40	2,859,400.98
	3,767,998.44	20,412,597.77

49. INCOME TAX EXPENSES

	2011	2010
Current income tax expense	232,750,784.04	249,403,046.96
Deferred income tax expense	4,837,181.23	(17,921,009.66)
	237,587,965.27	231,482,037.30

The relationship between income tax expenses and the total profit is as follows:

	2011	2010
Total profit	995,052,508.21	1,078,299,808.96
Income tax expense at the statutory rate (Note)	248,763,127.05	269,574,952.24
Effect of different tax rates applicable to subsidiaries in Mainland China	(3,397,733.68)	(566,733.12)
Effect of different tax rates applicable to subsidiaries outside Mainland China	1,160,910.16	1,223,491.66
Adjustments in respect of current income tax of previous years	(2,547,073.60)	(125,107.18)
Income not subject to tax	(8,695,133.38)	(9,472,050.91)
Investment income	(22,065,253.70)	(30,313,739.40)
Expenses not deductible for tax	6,846,862.53	3,171,516.53
Tax losses utilised from previous periods	(1,485,252.18)	(7,287,015.43)
Tax losses not recognised	19,007,512.07	5,276,722.91
Tax charged at the Group's effective income tax rate	237,587,965.27	231,482,037.30

Note: The income tax of the Group is calculated based on the estimated taxable profit from Mainland China and the applicable tax rate. Taxes arising from the taxable income in other regions are calculated at the applicable tax rates according to existing laws, interpretations and practices of the countries in which the Group operates.

* The current income tax expenses of the Group were all incurred in Mainland China in 2011.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements *(Continued)*

50. BASIC EARNINGS PER SHARE (“EPS”)

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

The calculation of the basic EPS is as follows:

	2011	2010
Earnings		
Net profit of the year attributable to ordinary shareholders of the Company	666,337,610.41	813,154,280.39
Shares		
Weighted average number of ordinary shares in issue	4,426,000,000.00	3,727,665,000.00

51. OTHER COMPREHENSIVE INCOME

	2011	2010
Fair value changes in available-for-sale financial assets	(16,590,971.20)	(6,250,449.95)
Deferred tax relating to available-for-sale financial assets	2,248,714.13	—
Exchange differences on foreign currency translations	11,406,176.33	9,732,708.01
	(2,936,080.74)	3,482,258.06

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

52. NOTES TO ITEMS IN THE STATEMENT OF CASH FLOWS

	2011	2010
Cash received from other operating activities:		
Other non-operating income	3,982,316.81	392,301.72
Government grants received	32,970,919.20	41,434,202.19
Bank interest income received	53,151,317.35	12,768,133.18
Compensation collected	—	53,756,876.95
Port construction fee collected	—	12,137,360.43
Others	2,027,527.04	39,175,968.05
	92,132,080.40	159,664,842.52
Cash paid for other operating activities:		
Entertainment	20,115,633.56	14,413,364.40
Labour	9,197,875.60	6,097,634.27
Rental	12,064,141.96	10,009,946.20
Insurance	6,505,534.38	3,860,613.59
Fuel	8,215,649.32	6,142,238.11
Office charges	7,407,524.46	5,444,678.85
Utility fees	3,516,769.85	3,538,737.45
Travel	5,743,925.08	5,136,300.32
Repair and maintenance	5,702,635.98	4,076,560.70
Commuting fees	3,364,315.60	2,121,860.70
Communication	1,722,888.69	1,618,919.71
Bank charges	1,280,006.20	2,748,569.80
Materials	1,790,878.92	1,848,308.35
Research and development	2,702,131.34	2,177,000.00
Compensation	29,258,017.88	—
Port construction fee collected	19,786,446.67	—
Others	36,178,528.30	48,694,995.93
	174,552,903.79	117,929,728.38
Cash received from other financing activities:		
Government grants received	58,188,153.85	—
Deposits received from related parties	—	530,266,467.57
	58,188,153.85	530,266,467.57
Cash paid for other financing activities:		
Repayment of an amount due to PDA	1,617,171,077.69	102,915,808.47
Payment of A share issuance fees	—	10,009,334.15
Issuance cost of medium-term notes	3,905,350.00	3,905,350.00
Issuance cost of corporate bonds	8,632,224.25	—
Deposits paid to related companies	482,760,304.40	—
	2,112,468,956.34	116,830,492.62

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

53. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(1) Supplementary information to the consolidated statement of cash flows

Reconciliation from net profit to cash flows from operating activities:

	2011	2010
Net profit	757,464,542.94	846,817,771.66
Add: Impairment losses	–	(324,338.86)
Depreciation of fixed assets	597,671,239.86	493,639,123.18
Amortisation of intangible assets	35,810,579.39	25,593,701.09
Depreciation of investment properties	17,910,948.13	21,368,337.18
Amortisation of long-term prepaid expenses	3,216,217.08	2,553,164.51
Recognition of deferred income	(35,324,062.43)	(17,450,899.46)
Negative goodwill arising from acquisition of a long-term equity investment in an associate	(2,538,843.74)	–
Gain on disposal of fixed assets, intangible assets and other long-term assets	(12,993,100.18)	(25,384,580.98)
Financial expenses	238,337,861.81	85,291,528.84
Interest income on entrusted loans	(2,633,623.13)	–
Investment income	(141,080,016.28)	(138,425,185.54)
Gains on changes in fair values	–	(28,944.74)
Decrease/(increase) in deferred tax assets	6,272,698.36	(16,485,492.53)
Decrease in deferred tax liabilities	(1,435,517.13)	(1,435,517.13)
Increase in inventories	(22,867,709.72)	(5,487,701.40)
Increase in operating receivables	(173,542,422.22)	(93,384,978.18)
Increase/(decrease) in operating payables	(34,418,647.73)	264,995,045.79
Net cash flows from operating activities	1,229,850,145.01	1,441,851,033.43

	2011	2010
Net increase in cash and cash equivalents:		
Cash at the end of the year	2,230,657,276.32	3,256,318,448.77
Less: Cash at the beginning of the year	3,256,318,448.77	1,260,269,509.32
Net increase in cash and cash equivalents	(1,025,661,172.45)	1,996,048,939.45

(2) Acquisition of subsidiaries

	2011	2010
Consideration of the acquisition	217,580,000.00	3,398,996,884.74
Cash paid for the acquisition	80,110,000.00	593,884,191.53
Less: Cash in the subsidiaries acquired	94,656,796.94	1,621,686.09
Net cash paid to/(received) from the acquisition	(14,546,796.94)	592,262,505.44

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

53. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(3) Cash and cash equivalents

	2011	2010
Cash		
Including: Cash on hand	118,013.22	94,970.27
Cash at banks that can be readily drawn on demand	2,228,637,569.51	3,088,447,998.54
Other cash and cash equivalents that can be readily drawn on demand	1,901,693.59	167,775,479.96
Cash and cash equivalents at the end of the year	2,230,657,276.32	3,256,318,448.77

VI. Related Parties and Related Party Transactions

1. PARENT

	Type of the company	Place of registration	Legal representative	Type of business	Registered capital RMB	Percentage of shareholding (%)	Percentage of voting rights (%)	Code of organisation
PDA	State-owned	Dalian	Hui Kai	Port business	4 billion	54.42%	54.42%	11842055-3

The Company's parent and ultimate holding company is PDA.

During the year, there was no change in the registered capital of the parent.

2. SUBSIDIARIES

The general information of subsidiaries is set out in Note IV Consolidation scope of the consolidated financial statements.

3. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

The general information of the jointly-controlled entities and associates is set out in Note V.12.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

4. OTHER RELATED PARTIES

	Related party relationship	Code of organisation
大連港勞務公司	Subsidiary of the parent	11841131-5
大連港保安服務公司	Subsidiary of the parent	24236458-7
大連港置地有限公司	Subsidiary of the parent	71135122-9
大連經濟技術開發區海灣貨運公司	Subsidiary of the parent	11837238-7
大連海港大廈	Subsidiary of the parent	24168740-5
大連港燃氣汽車運輸隊	Subsidiary of the parent	74090724-9
大連港鯉魚灣渡假村	Subsidiary of the parent	24237442-7
大連港船舶代理有限公司	Subsidiary of the parent	24239355-6
大連保稅區永德信房地產開發建設有限公司	Subsidiary of the parent	75156903-8
大連港萬通物流有限公司	Subsidiary of the parent	11837932-7
大連宏譽大廈有限公司	Subsidiary of the parent	60480207-1
大連市優秀專家協會糖尿病醫院	Subsidiary of the parent	42242938-4
大連迅捷機械服務有限公司	Subsidiary of the parent	60485938-5
大連港機械有限公司	Subsidiary of the parent	11841433X
大連港東旺汽車修配廠	Subsidiary of the parent	24166772X
大連萬通榮海船務有限公司	Subsidiary of the parent	79202273-3
葫蘆島綏中煤炭碼頭有限公司	Subsidiary of the parent	69617352-3
英瑞控股有限公司	Subsidiary of the parent	74788882-9
大連港集團(錦州)遼西港口投資開發有限公司	Subsidiary of the parent	55259470-8
瓦房店太平灣港有限公司	Subsidiary of the parent	55499914-3
大連創意產業項目發展有限公司	Subsidiary of the parent	669211897
丹東海洋紅港口投資開發有限公司	Subsidiary of the parent	56462822-3
大連港城家園房地產開發有限公司	Subsidiary of the parent	56551965-1
莊河北黃海港口投資開發有限公司	Subsidiary of the parent	56552286-9
錦州遼西大連港置業有限公司	Subsidiary of the parent	57094454-8
錦州凌港投資開發建設有限公司	Subsidiary of the parent	57723846-X
長海縣廣鹿碼頭建設管理有限公司	Subsidiary of the parent	5820231-8
寧德港口發展有限公司	Subsidiary of the parent	587513955
大連港集團財務有限公司	Subsidiary of the parent	58203640-8
大連東北亞國際航運中心船舶交易市場有限公司	Subsidiary of the parent	58805416-4
大連經濟技術開發區灣港儲運公司	Jointly-controlled entity of the parent	11838593-8
大連長興島港口投資發展有限公司	Jointly-controlled entity of the parent	69140687-7
大連中油船用燃料運銷有限責任公司	Associate of the parent	74788099-0
Dalian Wanpeng Infrastructure Co., Ltd.	Associate of the parent	75991518-5
Dalian Port Machinery and Electric Co., Ltd.	Associate of the parent	24183221-1
大連救生筏檢驗有限公司	Associate of the parent	24107508-9
大連水產品交易市場有限公司	Associate of the parent	9691219-4
大通證券股份有限公司	Associate of the parent	42242513X
大連龍港船務有限公司	Associate of the parent	24167860-5
Dalian Port Construction Engineering Co., Ltd.	Associate of the parent	11843148X
大連港鍋爐安裝有限公司	Associate of the parent	24168462-6
大連港日興實業有限公司新港加油站	Associate of the parent	75990360-0
大連港日興園林綠化工程有限公司	Associate of the parent	75158191-8
Dalian Port New Harbour Construction Engineering Co., Ltd.	Associate of the parent	11868471-9
大連港實綠化工程有限公司	Associate of the parent	67405219-X
大連港實業有限公司	Associate of the parent	24124937-6
大連港物業管理有限公司	Associate of the parent	24238883-7
大連港地產集團有限公司	Associate of the parent	24123742-5
大連中油海港石油銷售有限公司	Associate of the parent	696035390
龍棲灣港口投資發展有限公司	Associate of the parent	68966326-8
Dalian Port Design and Research Institute Co., Ltd.	Associate of the parent	E5761614X

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES

(1) Sales or purchase of goods, and rendering of or receiving services

	Type of goods or services (Note)	2011		2010	
		Amount	Percentage (%)	Amount	Percentage (%)
Purchases of goods and services					
Transactions with the parent					
PDA	Comprehensive services	12,103,433.60	21.47	9,769,754.94	18.78
Transactions with jointly-controlled entities and associates					
Dalian Changxing Island Port Co., Ltd.	Comprehensive services	1,774,029.12	3.15	2,552,911.93	4.91
大連港通利船務代理有限公司	Comprehensive services	2,463,893.45	4.36	2,187,901.02	4.20
Dalian Port Container Terminal Co., Ltd.	Comprehensive services	54,352.00	0.10	—	—
Dalian China Oil Dock Management Co., Ltd.	Comprehensive services	149,051.68	0.26	—	—
Dalian Assembling Transportation Logistics Co., Ltd.	Comprehensive services	736,000.00	1.31	—	—
Dalian Wanpeng Infrastructure Co., Ltd.	Comprehensive services	43,809.00	0.08	—	—
		5,221,135.25	9.26	4,740,812.95	9.11
Transactions with other related parties					
大連救生筏檢驗有限公司	Maintenance services	116,316.58	0.21	117,143.00	0.23
大連港新港建築工程有限公司	Maintenance services	374,939.41	0.67	271,672.52	0.52
大連保稅區永德信房地產開發建設有限公司	Comprehensive services	112,827.00	0.2	—	—
Dalian Port Machinery and Electric Co., Ltd	Maintenance services	399,000.00	0.71	105,000.00	0.2
大連交通國際旅行社有限公司	Comprehensive services	73,650.00	0.13	248,760.00	0.48
大連港實業綠化工程有限公司	Comprehensive services	238,230.00	0.42	1,797,077.08	3.45
大連宏譽大廈有限公司	Comprehensive services	1,130,497.27	2.01	373,583.72	0.73
Dalian Port Machinery Co., Ltd.	Maintenance and labour services	6,468,811.13	11.47	6,982,375.59	13.42
大連港日興實業有限公司	Comprehensive services	—	—	12,429,815.05	23.89
大連港實業有限公司	Maintenance and labour services	23,216,441.04	41.18	10,256,191.05	19.71
Dalian Port Construction Engineering Co., Ltd.	Maintenance services	1,064,380.23	1.89	2,426,588.12	4.66
大連港東旺汽車修配廠	Maintenance services	163,589.36	0.29	275,902.28	0.53
大連港保安服務公司	Security services	2,238,840.00	3.97	1,797,750.00	3.46
大連海港大廈	Comprehensive services	1,123,910.66	1.99	9,000.00	0.02
大連港日興鍋爐安裝有限公司	Maintenance services	2,170,974.57	3.85	365,765.58	0.7
大連港物業管理有限公司	Comprehensive services	158,493.16	0.28	59,664.94	0.11
		39,050,900.41	69.27	37,516,288.93	72.11
		56,375,469.26	100.00	52,026,856.82	100.00

The purchases of goods and receiving services from related parties have been conducted in accordance with the terms/agreements mutually agreed between the parties.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(1) Sales or purchase of goods, and rendering of or receiving services (Continued)

	Type of goods or services (Note)	2011		2010	
		Amount	Percentage (%)	Amount	Percentage (%)
Sales of goods and rendering of services					
Transactions with the parent					
PDA	Comprehensive services	26,396,463.56	13.26	16,530,151.19	10.03
Transactions with jointly-controlled entities and associates					
Dalian Port Container Terminal Co., Ltd.	Transportation services	53,668,262.42	26.96	19,247,135.12	11.68
太倉興港拖輪有限公司	Transportation services	10,760,000.00	5.40	10,347,333.00	6.28
Dalian International Container Terminal Co., Ltd.	Comprehensive services	52,286,180.36	26.26	23,317,764.09	14.15
Dalian Singamas International Container Co., Ltd.	Comprehensive services	689,973.80	0.35	851,937.76	0.52
China Unite Northeast Rail Containers Co., Ltd.	Comprehensive services	2,515,981.42	1.26	1,223,359.43	0.74
Dalian Shunda Logistic Services Corporation	Comprehensive services	570,991.45	0.29	810,970.48	0.49
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Comprehensive services	3,346,905.82	1.68	902,405.24	0.55
Dalian Automobile Terminal Co., Ltd.	Construction services	3,527,432.03	1.77	1,539,661.30	0.93
Dalian Jilong Logistics Co., Ltd.	Comprehensive services	1,005,432.35	0.51	154,828.82	0.09
Dalian Prologis-Jifa Logistics Development Co., Ltd.	Communication services	54,908.40	0.03	1,522,714.19	0.92
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	Communication services	—	—	1,996,459.19	1.21
Dalian Container Terminal Co., Ltd.	Comprehensive services	21,613,405.85	10.86	31,665,665.71	19.21
Odfjell Terminals (Dalian) Ltd.	Comprehensive services	3,118,111.01	1.57	1,435,269.33	0.87
Dalian Yidu Jifa Cold Logistics Co., Ltd.	Comprehensive services	763,331.49	0.38	596,192.36	0.36
Liaoning Con-Rail International Logistics Co., Ltd.	Comprehensive services	423,214.52	0.21	435,967.94	0.26
Dalian China Oil Dock Management Co., Ltd.	Comprehensive services	2,054,385.31	1.03	7,679,556.14	4.66
Dalian United International Shipping Agency	Comprehensive services	618,000.00	0.31	615,000.00	0.37
China United Tally Co., Ltd. Dalian	Comprehensive services	793,266.60	0.40	741,763.82	0.45
Dalian Changxing Island Port Co., Ltd.	Construction services	1,441,504.96	0.72	7,698,847.52	4.67
Dalian Port Petro China International Terminal Co., Ltd.	Comprehensive services	1,911,395.24	0.96	8,483,111.64	5.15
Dalian Assembling Transportation Logistics Co., Ltd.	Comprehensive services	1,568,740.24	0.79	1,158,752.56	0.71
Liaoning Electronic Port Co., Ltd.	Comprehensive services	—	—	300,000.00	0.18
Petro China Dalian LNG Co., Ltd.	Comprehensive services	390,051.27	0.20	1,750,000.00	1.06
Dalian Vanguard International Logistics Co., Ltd.	Comprehensive services	4,971,483.76	2.50	5,589,525.38	3.39
Dalian North Petroleum Logistics Co., Ltd.	Construction services	—	—	990,000.00	0.61
Dalian Harbour ECL Logistics Co., Ltd.	Comprehensive services	303,719.00	0.15	303,318.00	0.18
Dalian Port Corporation Finance Co., Ltd.	Comprehensive services	65,811.96	0.03	—	—
Dalian Petro China International Warehousing and Transportation Co., Ltd.	Comprehensive services	—	—	3,185,960.24	1.93
		168,462,489.26	84.62	134,543,499.26	81.62

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(1) Sales or purchase of goods, and rendering of or receiving services (Continued)

	Type of goods or services (Note)	2011		2010	
		Amount	Percentage (%)	Amount	Percentage (%)
Sales of goods and rendering of services (continued)					
Transactions with other related parties					
大連海港大廈	Comprehensive services	33,842.44	0.02	1,058,359.96	0.64
大連港萬通物流有限公司	Telecommunication services and labour services	639,455.21	0.32	608,467.52	0.37
大連港實業有限公司	Telecommunication services	343,505.17	0.17	1,720,337.46	1.04
大連經濟技術開發區灣港儲運公司	Telecommunication services and labour services	—	—	596,905.29	0.36
大連宏譽大廈有限公司	Comprehensive services	518,339.39	0.26	1,366,936.88	0.83
大連保稅區永德信房地產開發建設有限公司	Comprehensive services	342,767.24	0.17	840,854.72	0.51
大連港日興實業有限公司	Telecommunication services	—	—	394,297.18	0.24
Dalian Port Construction Engineering Co., Ltd.	Comprehensive services	192,655.26	0.10	2,527,555.67	1.53
Dalian Port Machinery Co., Ltd.	Construction services	263,497.06	0.13	334,028.32	0.20
大連水產品交易市場有限公司	Comprehensive services	44,666.62	0.02	3,161,891.75	1.92
大通證券股份有限公司	Telecommunication services	869,658.13	0.44	15,600.00	0.01
Dalian Port Machinery and Electric Co., Ltd.	Comprehensive services	150,000.00	0.08	351,114.91	0.22
大連長興島港口投資發展有限公司	Telecommunication services	495,203.50	0.25	—	—
大連港萬鵬基礎工程有限公司	Comprehensive services	3,596.04	0.00	149,612.00	0.09
大連創意產業項目發展有限公司	Comprehensive services	47,801.26	0.02	311,686.84	0.19
大連港集團(錦州)遼西港口投資開發有限公司	Telecommunication services	3,621.37	0.00	142,584.57	0.09
大連港置地有限公司	Comprehensive services	65,846.88	0.03	38,572.99	0.02
大連港地產集團有限公司	Comprehensive services	213,800.00	0.11	—	—
瓦房店太平灣港有限公司	Telecommunication services	—	—	149,290.62	0.09
		4,228,255.57	2.12	13,768,096.68	8.35
		199,087,208.39	100.00	164,841,747.13	100.00

The sales of goods and rendering of services to related parties have been conducted in accordance with the terms/agreements mutually agreed between the parties.

Note: The comprehensive services include services related to loading, storage, agency, tallying, information, container supplementary business, technical maintenance for equipment, water and electricity, etc.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(2) Leases

	Type of assets leased	2011 Rental income	2010 Rental income
Operating leases of assets to related parties			
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Buildings	1,451,991.35	1,759,530.69
大連港萬通物流有限公司	Buildings	47,056.00	47,056.00
Dalian Jilong Logistics Co., Ltd.	Storage facilities	3,826,479.96	3,826,479.96
Dalian Port Container Terminal Co., Ltd.	Berths	5,296,337.59	23,900,350.36
大連經濟技術開發區灣港儲運公司	Buildings	—	328,500.00
Dalian China Oil Dock Management Co., Ltd.	Berths and facilities	54,826,522.56	50,035,039.09
Liaoning Con-Rail International Logistics Co., Ltd.	Loading equipment	1,077,056.78	925,424.88
Dalian Assembling Transportation Logistics Co., Ltd.	Storage facilities	736,000.00	736,000.00
大連港集團(錦州)遼西港口投資開發有限公司	Vehicles	42,000.00	83,950.60
大連水產品交易有限公司	Terminal facilities	300,000.00	—
大連港實業有限公司	Vehicles	556,231.56	—
Dalian International Container Terminal Co., Ltd.	Others	194,683.20	—
Dalian Yidu Jifa Cold Logistics Co., Ltd.	Machinery and equipment	594,276.84	—
Dalian Port Container Terminal Co., Ltd.	Berths	88,109,184.00	82,390,000.00
Dalian Prologis-Jifa Logistics Development Co., Ltd.	Buildings	451,491.27	122,880.00
		157,509,311.11	164,155,211.58

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(2) Leases (Continued)

	Type of assets leased	2011 Rental Expense	2010 Rental Expense
Operating leases of assets from related parties			
Dalian Container Terminal Co., Ltd.	Storage facilities	1,969,646.34	9,444,546.42
Dalian Prologis-Jifa Logistics Development Co., Ltd.	Storage facilities	297,998.83	—
大連保稅區永德信房地產開發建設有限公司	Buildings	2,592,989.54	2,083,441.25
Dalian International Container Terminal Co., Ltd.	Storage facilities	1,805,720.00	1,200,000.00
大連港實業有限公司	Vehicles	658,350.00	521,104.00
大連海港大廈	Buildings	2,084,885.50	684,845.00
大連宏譽大廈有限公司	Buildings	246,914.67	789,588.00
Dalian Port Petro China International Terminal Co., Ltd.	Tanks	58,400,000.00	12,640,000.00
大連港機械有限公司	Buildings	330,482.26	191,369.55
Dalian Port Container Terminal Co., Ltd.	Storage facilities	2,816,920.00	2,230,004.00
PDA	Buildings and Terminal facilities	17,994,970.48	10,143,250.61
大連港鯨魚灣渡假村	Buildings	—	160,992.00
大連港實業綠化工程有限公司	Others	80,400.00	117,400.00
Dalian Changxing Island Port Co., Ltd.	Loading equipment	130,200.00	65,020.00
		89,409,477.62	40,271,560.83

The rental of assets leased to or from the related parties has been determined in accordance with the terms/agreements mutually agreed between the parties.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(3) Guarantees

Guarantees received from a related party

2011

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
PDA	600,000,000.00	12 April 2011	11 April 2012	No
PDA	250,000,000.00	29 November 2010	11 November 2011	Yes
PDA	2,350,000,000.00	23 May 2010	22 November 2021	No
PDA	2,650,000,000.00	26 September 2011	25 March 2019	No

The above guarantees were received from the related party without any charges.

Guarantees provided to related parties

2011

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
China Unite Northeast Rail Containers Co., Ltd.	116,000,000.00	31 July 2009	31 July 2017	No

2010

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
Dalian Petro China International Warehousing and Transportation Co., Ltd.	74,284,000.00	23 March 2009	22 March 2010	Yes
Dalian Petro China International Warehousing and Transportation Co., Ltd.	46,900,000.00	11 December 2009	10 December 2010	Yes
China Unite Northeast Rail Containers Co., Ltd.	116,000,000.00	31 July 2009	30 July 2017	No

The above guarantees were received from or provided to related parties without any charges.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(4) Loans or borrowings

Borrowings from related parties

2011

	Amount	Interest rate	Starting date	Maturity date
Dalian Assembling Transportation Logistics Co., Ltd.	10,000,000.00	4%	2011.2.15	2012.2.14
Dalian Assembling Transportation Logistics Co., Ltd.	6,000,000.00	4%	2011.8.11	2012.8.10
Dalian Assembling Transportation Logistics Co., Ltd.	5,000,000.00	4%	2011.5.20	2012.5.19

2010

	Amount	Interest rate	Starting date	Maturity date
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	6,660,000.00	4%	2010.5.14	2010.8.13

Interest expenses paid

	2011	2010
Dalian Assembling Transportation Logistics Co., Ltd.	701,888.85	535,555.19
Shenyang Prologis-Jifa Logistic Development Co., Ltd.	—	157,862.23
	701,888.85	693,417.42

The borrowings from related parties bear interest rates mutually agreed between the parties by reference to the upper limit of the interest rate for the same type of bank loans as stipulated by the People's of Bank of China.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(4) Loans or borrowings (Continued)

Loans to related parties

2011

	Amount	Interest rate	Starting date	Maturity date
China Unite Northeast Rail Containers Co., Ltd.	16,000,000.00	4.815%	2011.1.14	2011.12.20
Liaoning Con-Rail International Logistics Co., Ltd.	1,755,000.00	6.31%	2011.4.21	2012.4.20
Liaoning Con-Rail International Logistics Co., Ltd.	1,075,000.00	6.31%	2011.6.28	2012.6.27
Liaoning Con-Rail International Logistics Co., Ltd.	5,610,000.00	5.265%	2011.1.19	2013.1.18
SINOECL Auto Liners Limited	3,914,085.54	HIBOR+2%	2011.1.21	2013.12.2

2010

	Amount	Interest rate	Starting date	Maturity date
Dalian Vanguard International Logistics Co., Ltd.	13,000,000.00	4.779%	2010.8.10	2011.8.9
Dalian International Container Terminal Co., Ltd.	55,000,000.00	4.779%	2010.3.31	2011.3.30
SINOECL Auto Liners, Limited	1,668,527.80	HIBOR+2%	2010.12.3	2013.12.2

Interest income received

	2011	2010
Dalian Automobile Terminal Co., Ltd.	—	433,638.99
Dalian Harbour ECL Logistics Co., Ltd.	—	16,744.70
SINOECL Auto Liners, Limited	273,462.69	144,553.17
Jadeway Limited	353,490.32	362,694.21
Dalian International Container Terminal Co., Ltd.	503,786.25	2,015,145.00
China Unite Northeast Rail Containers Co., Ltd.	729,740.00	—
Liaoning Con-Rail International Logistics Co., Ltd.	393,478.87	—
Dalian Vanguard International Logistics Co., Ltd.	379,665.00	248,508.00
	2,633,623.13	3,221,284.07

The loans to related parties bear interest rates mutually agreed between the parties by reference to the upper limit of the interest rate for the same type of bank loans as stipulated by the People's Bank of China.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(5) Acquisition or transfer of assets

	2011		2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Acquisition of assets from:				
PDA	22,082,220.00	5.51	—	—
Dalian Port Machinery and Electronic Co., Ltd.	59,197,328.38	14.75	13,567,496.44	9.51
Dalian Port Construction Engineering Co., Ltd.	243,833,538.55	60.79	83,776,581.93	58.72
Dalian Port Machinery Co., Ltd.	10,034,326.80	2.50	1,666,448.30	1.17
Dalian Port New Harbour Construction Engineering Co., Ltd.	7,881,339.29	1.96	12,164,296.26	8.53
大連港日興鍋爐安裝工程公司	31,566,066.01	7.87	24,117,490.81	16.91
Dalian Port Design & Research Institute Co., Ltd.	1,184,700.00	0.30	4,757,900.00	3.34
大連港日興園林綠化工程有限公司	438,000.00	0.11	1,490,643.64	1.04
大連宏譽大廈有限公司	—	—	230,640.00	0.16
大連港萬鵬基礎工程有限公司	24,905,894.03	6.21	889,480.00	0.62
	401,123,413.06	100.00	142,660,977.38	100.00

The prices of the acquisition of assets from related parties are in accordance with the terms/agreements mutually agreed between the parties.

	2011		2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Transfer of assets to:				
Dalian North Petroleum Logistics Co., Ltd.	84,662,820.00	95.59	—	—
PDA	3,905,564.07	4.41	25,721,483.00	100.00
	88,568,384.07	100.00	25,721,483.00	100.00

The prices of the transfer of assets to related parties are in accordance with the terms/agreements mutually agreed between the parties.

(6) Joint investment

On 21 June 2011, the Group entered into an investment agreement with PDA for the establishment of Dalian Port Corporation Finance Co., Ltd ("DPCF"). The Group injected capital of RMB200 million, holding 40% of equity interest of DPCF. PDA injected capital of RMB300 million, holding 60% of equity interest of DPCF.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(7) Compensation of key management personal

	2011	2010
Compensation of key management personal	4,467,407.18	4,574,758.87

*Note: Except for item (4) loans or borrowings, part of the above major transaction with related parties constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

6. *PARENT AND SUBSIDIARIES

Investments in subsidiaries

		2011	2010
Unlisted shares, at cost		4,234,037,137.40	3,083,207,137.40
Amounts due from subsidiaries included in current assets			
Interest-bearing	(1)	362,000,000.00	445,450,000.00
Interest-free	(2)	232,511,308.31	10,399,418.07
		594,511,308.31	455,849,418.07
Amounts due to subsidiaries included in current liabilities			
Interest-bearing	(3)	386,171,699.86	95,465,786.71
Interest-free	(2)	53,986,807.60	56,633,994.38
		440,158,507.46	152,099,781.09

- (1) The balance comprises unsecured loans provided by the Company through entrusting the relevant banks and unsecured loans provided by the affiliated finance centre to the subsidiaries. The relevant loans will fall due within one year.
- (2) The amounts due from and due to subsidiaries included in the Company's current assets and liabilities are unsecured, interest-free and payable on demand or due within one year.
- (3) The balance represents deposits collected by the finance centre of the Company from the subsidiaries, which bear interest at the current deposit interest rate and are repayable on demand.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

7. AMOUNTS DUE FROM RELATED PARTIES

	2011		2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable:				
Amounts due from jointly-controlled entities				
Dalian Vanguard International Logistics Co., Ltd.	29,727.50	0.18	3,576,984.00	15.98
Dalian Container Terminal Co., Ltd.	3,894,728.76	23.37	2,453,075.92	10.96
China Unite Northeast Rail Containers Co., Ltd.	203,000.00	1.22	103,011.00	0.46
Dalian International Container Terminal Co., Ltd.	2,646,421.34	15.88	6,859,657.19	30.65
Dalian Yidu Jifa Cold Logistics Co., Ltd.	166,024.35	1.00	—	—
Dalian Automobile Terminal Co., Ltd.	86,311.00	0.52	198,544.00	0.89
Odfjell Terminals (Dalian) Ltd.	139,800.04	0.84	23,119.00	0.10
Dalian Port Container Terminal Co., Ltd.	1,241,915.62	7.45	2,128,156.20	9.51
Dalian United International Shipping Agency	2,273,860.80	13.65	18,716.00	0.08
Dalian Singamas International Container Co., Ltd.	29,629.00	0.18	15,697.00	0.07
Liaoning Con-Rail International Logistics Co., Ltd.	139,811.95	0.83	1,016,713.15	4.54
Dalian Changxing Island Port Co., Ltd.	30,807.20	0.18	1,317,765.12	5.89
Dalian Container Terminal Co., Ltd.	—	—	2,948,400.02	13.18
Dalian Jilong Logistics Co., Ltd.	—	—	232,479.00	1.04
Dalian Dagang China Shipping Container Terminal Co., Ltd.	—	—	61,969.00	0.28
Dalian Shunda Logistic Services Corporation	—	—	34,500.00	0.15
	10,882,037.56	65.30	20,988,786.60	93.78
Amounts due from associates				
Dalian North Petroleum Logistics Co., Ltd.	380,000.00	2.28	—	—
Dalian Prologis-Jifa Logistics Development Co., Ltd.	1,417,771.39	8.51	162,954.04	0.73
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	979,387.26	5.88	413,475.18	1.85
	2,777,158.65	16.67	576,429.22	2.58
Amounts due from other related parties				
大連保稅區永德信房地產開發建設有限公司	471,531.20	2.83	—	—
大連港萬通物流有限公司	2,530,493.00	15.19	—	—
大連港城家園房地產開發有限公司	1,666.66	0.01	—	—
大連創意產業項目發展有限公司	—	—	557,397.00	2.49
Dalian Port Machinery and Electric Co., Ltd.	—	—	258,093.50	1.15
	3,003,690.86	18.03	815,490.50	3.64
	16,662,887.07	100.00	22,380,706.32	100.00

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

7. AMOUNTS DUE FROM RELATED PARTIES (Continued)

	2011		2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Note receivable:				
Amount due from an associate				
Petro China Dalian LNG Co., Ltd.	—	—	250,000.00	100.00
Other receivables:				
Amounts due from jointly-controlled entities				
Dalian Vanguard International Logistics Co., Ltd.	4,570,053.14	15.14	888,895.18	4.70
Dalian Container Terminal Co., Ltd.	572,084.43	1.90	427,996.05	2.27
Dalian International Container Terminal Co., Ltd.	1,024,039.37	3.39	1,878,093.75	9.96
Dalian Yidu Jifa Cold Logistics Co., Ltd.	2,045,270.00	6.78	2,000,000.00	10.60
Dalian Automobile Terminal Co., Ltd.	977,641.69	3.23	20,561.80	0.11
Petro China Dalian LNG Co., Ltd.	539,200.00	1.79	2,642,826.00	14.01
Odfjell Terminals (Dalian) Ltd.	233,339.60	0.77	198,156.48	1.05
Dalian Port Container Terminal Co., Ltd.	745,819.00	2.47	567,435.00	3.00
Dalian United International Shipping Agency	248,530.00	0.82	—	—
Dalian Assembling Transportation Logistics Co., Ltd.	14,669.00	0.05	3,802.00	0.02
Dalian Jilong Logistics Co., Ltd.	252,479.00	0.83	20,000.00	0.11
Dalian Changxing Island Port Co., Ltd.	1,920,931.51	6.36	1,912,240.64	10.14
Dalian Container Terminal Co., Ltd.	—	—	653,396.88	3.47
Liaoning Con-Rail International Logistics Co., Ltd.	—	—	89,690.05	0.48
Dalian Dagang China Shipping Container Terminal Co., Ltd.	—	—	18,816.27	0.10
	13,144,056.74	43.53	11,321,910.10	60.02
Amounts due from associates				
Dalian Port Corporation Finance Co., Ltd.	2,929.00	0.01	—	—
Dalian North Petroleum Logistics Co., Ltd.	8,403,780.00	27.84	—	—
Dalian Prologis-Jifa Logistics Development Co., Ltd.	146,827.00	0.49	—	—
大連港散貨物流中心有限公司	100.00	—	—	—
	8,553,636.00	28.34	—	—
Amount due from the parent				
PDA	4,970,631.92	16.47	3,258,697.65	17.28

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

7. AMOUNTS DUE FROM RELATED PARTIES (Continued)

	2011		2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables: (continued)				
Amounts due from other related parties				
大連保稅區永德信房地產開發建設有限公司	33,125.00	0.11	33,125.00	0.18
大連創意產業項目發展有限公司	557,397.00	1.85	300,000.00	1.59
大連宏譽大廈有限公司	18,614.00	0.06	18,614.00	0.10
大連港萬通物流有限公司	83,000.00	0.27	—	—
Dalian Port Machinery Co., Ltd.	47,693.00	0.16	—	—
大連中油海港石油銷售有限公司	138,250.39	0.46	—	—
大連海港大廈	6,120.00	0.02	3,720.00	0.02
Dalian Port Machinery and Electric Co., Ltd.	971,368.50	3.22	12,200.00	0.06
Dalian Port New Harbour Construction Engineering Co., Ltd.	40,577.00	0.13	40,577.00	0.22
Dalian Port Construction Engineering Co., Ltd.	1,275,463.02	4.23	2,198,050.45	11.65
大連經濟開發區灣港儲運有限公司	347,875.00	1.15	1,670,890.88	8.86
大連交通國際旅行社有限公司	—	—	3,510.91	0.02
大連港日興實業有限公司新港加油站	—	—	126.00	—
	3,519,482.91	11.66	4,280,814.24	22.70
	30,187,807.57	100.00	18,861,421.99	100.00
Prepayments:				
Amount prepaid to a jointly-controlled entity				
Dalian Container Terminal Co., Ltd.	—	—	3,360.00	100.00
Amount prepaid to other related party				
大連中油海港石油銷售有限公司	1,686,895.07	100.00	—	—
	1,686,895.07	100.00	3,360.00	100.00
Interests receivable:				
Amounts due from jointly-controlled entities				
Dalian International Container Terminal Co., Ltd.	—	—	80,313.75	80.88
Dalian Vanguard International Logistics Co., Ltd.	—	—	18,983.25	19.12
Liaoning Con-Rail International Logistics Co., Ltd.	5,456.05	100.00	—	—
	5,456.05	100.00	99,297.00	100.00

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

7. AMOUNTS DUE FROM RELATED PARTIES (Continued)

	Note	2011		2010	
		Amount	Percentage (%)	Amount	Percentage (%)
Non-current asset due within one year:	Note V.9				
Amount due from an associate					
SINOECL Auto Liners, Limited		4,864,200.00	100.00	—	—
Other current assets:	Note V.10				
Amounts due from jointly-controlled entities					
Dalian International Container Terminal Co., Ltd.		—	—	55,000,000.00	80.88
Dalian Vanguard International Logistics Co., Ltd.		—	—	13,000,000.00	19.12
Liaoning Con-Rail International Logistics Co., Ltd.		2,830,000.00	100.00	—	—
		2,830,000.00	100.00	68,000,000.00	100.00
Other non-current assets:	Note V.22				
Amounts due from a jointly-controlled entity					
Liaoning Con-Rail International Logistics Co., Ltd.		5,610,000.00	18.67	—	—
Amounts due from associates					
Jadeway Limited		18,866,643.99	62.76	18,563,883.60	72.54
SINOECL Auto Liners, Limited		5,582,613.34	18.57	7,027,078.00	27.46
		24,449,257.33	81.33	25,590,961.60	100.00
		30,059,257.33	100.00	25,590,961.60	100.00

Except for the amounts due from related parties included in non-current asset due within one year, other current and non-current assets, the amounts due from related parties are unsecured, interest-free and have no fixed repayment terms.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

8. AMOUNTS DUE TO RELATED PARTIES

	2011		2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Other payables:				
Amounts due to jointly-controlled entities				
Dalian Dagang China Shipping Container Terminal Co., Ltd.	20,000.00	0.01	20,000.00	—
Dalian International Container Terminal Co., Ltd.	37,000.00	0.01	2,736,155.00	0.16
Dalian Port Container Terminal Co., Ltd. 大連中聯理貨有限公司	100,042.90	0.04	1,456,047.00	0.08
Dalian Yidu Jifa Cold Logistics Co., Ltd.	12,000.00	—	—	—
Dalian Automobile Terminal Co., Ltd.	20,800.00	0.01	20,000.00	—
Dalian United International Shipping Agency	7,985.00	—	444,495.48	0.03
Dalian Singamas International Container Co., Ltd.	310,800.00	0.12	—	—
Dalian Assembling Transportation Logistics Co., Ltd. 大連順達綜合物流有限公司	20,700.00	0.01	20,000.00	—
Odfjell Terminals (Dalian) Ltd.	50,000.00	0.02	—	—
Dalian Container Terminal Co., Ltd.	20,000.00	0.01	—	—
	—	—	1,591,000.00	0.09
	—	—	2,181,653.50	0.12
	599,327.90	0.23	8,469,350.98	0.48
Amount due to an associate				
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	96,907.77	0.04	—	—
	96,907.77	0.04	—	—
Amount due to the parent				
PDA	12,695,268.50	5.10	1,617,171,077.69	91.95

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

8. AMOUNTS DUE TO RELATED PARTIES (Continued)

	2011		2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Other payables: (continued)				
Amounts due to other related parties				
Dalian Port Machinery Co., Ltd.	5,683,223.22	2.28	2,355,873.35	0.13
大連保安服務公司	1,032,961.03	0.41	—	—
大連保稅區永德信房地產開發建設有限公司	117,167.16	0.05	—	—
大連宏譽大廈有限公司	882,465.05	0.35	—	—
大連海港大廈有限公司	83,821.56	0.03	—	—
大連港萬通物流有限公司	560,312.63	0.22	—	—
大連港東旺汽車修配廠	286,477.44	0.11	3,655.64	—
大連港勞務公司	1,074,123.86	0.43	—	—
Dalian Port Construction Engineering Co., Ltd.	164,005,168.59	65.79	87,481,868.33	4.97
大連港燃氣車運輸隊	630,897.02	0.25	—	—
大連港置地有限公司	119,273.41	0.05	—	—
大連經濟技術開發區海灣貨運公司	302,433.34	0.12	—	—
瓦房店太平灣港有限公司	525,445.31	0.22	—	—
大連創意產業項目發展有限公司	5,000.00	0.00	—	—
大連萬鵬基礎工程有限公司	3,929,583.43	1.58	1,145,900.40	0.07
Dalian Port Machinery and Electric Co., Ltd	33,960,532.11	13.63	18,958,063.57	1.08
大連港實業有限公司	209,500.00	0.08	—	—
大連港實綠化工程有限公司	120,300.00	0.05	12,100.00	—
大連新港建築工程有限公司	5,772,797.89	2.32	5,732,613.48	0.33
大連港日興園林綠化工程有限公司	640,342.54	0.26	82,342.54	—
大連港日興鍋爐安裝有限公司	14,608,040.29	5.87	16,381,273.26	0.93
大連交通國際旅行社有限公司	—	—	47,040.00	—
大連港口設計研究院有限公司	1,333,300.00	0.53	1,016,650.00	0.06
	235,883,165.88	94.63	133,217,380.57	7.57
	249,274,670.05	100.00	1,758,857,809.24	100.00
Interest payable:				
Amount due to a jointly-controlled entity				
Dalian Assembling Transportation Logistics Co., Ltd.	—	—	497,777.75	100.00

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

8. AMOUNTS DUE TO RELATED PARTIES (Continued)

Note	2011		2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Notes payable:				
Other related parties				
大連萬鵬基礎工程有限公司 Dalian Port New Harbour Construction Engineering Co., Ltd.	6,450,000.00	19.00	—	—
大連港日興園林綠化工程有限公司 大連港日興鍋爐安裝有限公司 大連港機械有限公司 Dalian Port Construction Engineering Co., Ltd.	2,430,000.00 1,000,000.00 2,750,000.00 1,450,000.00 19,860,000.00	7.16 2.95 8.10 4.27 58.52	600,000.00 — — — 500,000.00	54.55 — — — 45.45
	33,940,000.00	100.00	1,100,000.00	100.00
Accounts payable:				
Amounts due to jointly-controlled entities				
大連國際集裝箱碼頭有限公司 Dalian Singamas International Container Co., Ltd. 大連集裝箱運輸物流有限公司 Dalian Jilong Logistics Co., Ltd. 大連集裝箱碼頭有限公司	102,528.30 2,735.82 813,472.00 1,735.50 —	1.51 0.04 11.97 0.03 —	124,487.00 — 395,700.00 — 121,134.00	16.99 — 53.99 — 16.53
	920,471.62	13.55	641,321.00	87.51
Amounts due to other related parties				
大連港新港建設工程股份有限公司 大連港機械及電氣有限公司 大連港機械有限公司 大連港建設工程股份有限公司	536,189.41 5,292,185.60 2,500.00 42,294.00	7.89 77.90 0.04 0.62	30,000.00 — — 61,588.00	4.09 — — 8.40
	5,873,169.01	86.45	91,588.00	12.49
	6,793,640.63	100.00	732,909.00	100.00
Short-term borrowing:				
Amount due to a jointly-controlled entity				
大連集裝箱運輸物流有限公司 Dalian Assembling Transportation Logistics Co., Ltd.	Note V.24 21,000,000.00	100.00	15,000,000.00	100.00

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

8. AMOUNTS DUE TO RELATED PARTIES (Continued)

	2011		2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Advances from customers				
Advance from the parent				
PDA	—	—	227,917.50	0.27
Advances from jointly-controlled entities				
Dalian Port Container Terminal Co., Ltd.	12,207,716.64	87.86	14,229,316.63	16.60
Dalian International Container Terminal Co., Ltd.	16,032.21	0.11	—	—
Dalian Yidu Jifa Cold Logistics Co., Ltd.	75,129.03	0.54	—	—
Dalian Automobile Terminal Co., Ltd.	70,860.21	0.51	—	—
Odfjell Terminals (Dalian) Ltd.	108,609.00	0.78	—	—
Dalian United International Shipping Agency	36,000.00	0.26	—	—
Dalian Singamas International Container Co., Ltd.	252,971.03	1.82	—	—
Dalian Jilong Logistics Co., Ltd.	660,580.41	4.75	—	—
Dalian Shunda Logistic Services Corporation	80,271.18	0.58	—	—
	13,508,169.71	97.21	14,229,316.63	16.60
Advances from associates				
大連萬鵬港口工程檢測公司	5,341.15	0.04	—	—
Dalian Prologis-Jifa Logistics Development Co., Ltd.	2,759.72	0.02	—	—
Dalian North Petroleum Logistics Co., Ltd.	—	—	71,216,772.00	83.13
	8,100.87	0.06	71,216,772.00	83.13
Advances from other related parties				
大連萬鵬基礎工程有限公司	16,145.22	0.12	—	—
大連港萬通物流有限公司	2,301.50	0.02	—	—
大連港實業有限公司	233,791.64	1.68	—	—
大連港實綠化工程有限公司	19,605.31	0.14	—	—
Dalian Port Construction Engineering Co., Ltd.	107,100.11	0.77	—	—
	378,943.78	2.73	—	—
	13,895,214.36	100.00	85,674,006.13	100.00

Except for the amounts due to related parties included in short-term borrowing and deposits due to related parties included in other payables, the amounts due to related parties are unsecured, interest-free and have no fixed repayment terms.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

VII. Commitments

	2011	2010
Capital commitments:		
Contracted, but not provided	636,304,367.79	556,686,240.82
Authorised but not contracted	4,519,040,220.64	4,319,065,532.65
	5,155,344,588.43	4,875,751,773.47
Investment commitments:		
*Authorised, but not contracted	24,600,000.00	643,600,000.00
Contracted, but not fulfilled	—	90,000,000.00
	24,600,000.00	733,600,000.00

VIII. Events after the Balance Sheet Date

Pursuant to the resolution in the third session of the board meeting in 2012 held on 29 March 2012,

- the Company proposed to pay a cash dividend to shareholders of RMB265,560,000.00, which is calculated based on issued ordinary shares, in aggregate of 4,426,000,000 shares, and RMB6 cents per share (inclusive of applicable tax). The resolution will be submitted to the forth coming general meeting for approval; and
- the Company will acquire 50% equity interests of 大連長興島港口投資發展有限公司 from PDA and the proposed consideration of this acquisition is about RMB350 million. 大連長興島港口投資發展有限公司, which is specialised in port development, construction and investment, was established by PDA and Dalian Changxing Island Port Industrial District Management Committee and is principally engaged in the development and construction of public docks and related facilities within the Dalian Changxing Island Port Industrial District.

IX. Other Important Items

1. NET CURRENT ASSETS

	2011 Group	2010 Group	2011 Company	2010 Company
Current assets	3,897,527,421.10	4,261,694,903.83	3,795,403,342.78	4,103,934,218.82
Less: Current liabilities	2,767,638,659.87	4,689,401,254.12	1,773,342,862.53	3,570,379,711.87
Net current assets/(liabilities)	1,129,888,761.23	(427,706,350.29)	2,022,060,480.25	533,554,506.95

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items (Continued)

2. TOTAL ASSETS LESS CURRENT LIABILITIES

	2011 Group	2010 Group	2011 Company	2010 Company
Total assets	27,173,854,323.81	22,690,819,102.17	24,154,028,114.79	20,375,575,245.30
Less: Current liabilities	2,767,638,659.87	4,689,401,254.12	1,773,342,862.53	3,570,379,711.87
Total assets less current liabilities	24,406,215,663.94	18,001,417,848.05	22,380,685,252.26	16,805,195,533.43

3. LEASES

As lessor

Fixed assets under operating leases are disclosed in Note V.15.

As lessee

In 2011, the operating lease expenses charged to the income statement amounted to RMB194,836,450.28 (2010: RMB121,628,458.05).

Significant operating leases: pursuant to the leasing contracts with the lessor, the Group had total future minimum lease payments under non-cancellable leases falling due as follows:

	2011	2010
Within one year, inclusive	42,729,627.33	36,889,847.45
First to second years, inclusive	3,799,500.00	1,657,112.85
Second to third years, inclusive	3,520,000.00	—
Third to fourth years, inclusive	3,520,000.00	—
Fourth to fifth years, inclusive	3,520,000.00	—
After five years	56,320,000.00	—
	113,409,127.33	38,546,960.30

4. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

2011

	Opening balance	Profit or loss from changes in fair value during the period	Accumulated changes in fair value recognised in equity	Impairment	Closing balance
Financial assets:					
Available-for-sale financial assets	26,804,054.61	—	(16,590,971.20)	—	26,577,769.81

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items (Continued)

4. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (Continued)

2010

	Opening balance	Profit or loss from changes in fair value during the period	Accumulated changes in fair value recognised in equity	Impairment	Closing balance
Financial assets:					
Available-for-sale financial assets	30,224,043.00	—	(6,250,449.95)	—	26,804,054.61

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

2011

	Opening balance	Profit or loss from changes in fair value during the period	Accumulated changes in fair value recognised in equity	Impairment	Closing balance
Financial assets:					
Cash and bank balances	21,696,245.42	—	—	—	16,829,706.41
Available-for-sale financial assets	23,853,194.61	—	(8,116,525.73)	—	14,609,746.31
Loans and receivables	25,590,961.60	—	—	—	29,064,795.37
	71,140,401.63	—	(8,116,525.73)	—	60,504,248.09
Financial liabilities:					
Long-term borrowings	754,763,068.52	—	—	—	289,841,400.00

2010

	Opening balance	Profit or loss from changes in fair value during the period	Accumulated changes in fair value recognised in equity	Impairment	Closing balance
Financial assets:					
Cash and bank balances	21,439,284.96	—	—	—	21,696,245.42
Available-for-sale financial assets	30,224,043.00	—	(6,250,449.95)	—	23,853,194.61
Loans and receivables	22,465,018.38	—	—	—	25,590,961.60
	74,128,346.34	—	(6,250,449.95)	—	71,140,401.63
Financial liabilities:					
Long-term borrowings	464,316,882.60	—	—	—	754,763,068.52

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

6. SEGMENT INFORMATION

Operating segments

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

- | | | |
|-----|---|--|
| (1) | Oil/liquefied chemicals terminal and logistics services | Loading and discharging, storage and transhipment of oil products and liquefied chemicals and port management services |
| (2) | 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 |
| (3) | Passenger and roll-on, roll-off terminal and logistics services | Passenger transportation and general cargo roll-on and roll-off and provision of related logistics services |
| (4) | Automobile terminal and logistics services | Loading and discharging of automobile and related logistics services |
| (5) | Ore terminal and logistics services | Loading and unloading of ore and provision of related logistics services |
| (6) | Bulk grains terminal and logistics services | Loading and unloading of grains and provision of related logistics services |
| (7) | General cargo terminal and logistics services | Loading and unloading of general cargo and provision of related logistics services |
| (8) | Port value-added services and ancillary port operations | Tallying, tugging, transportation, power supply, information technology and construction services |

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profit. The adjusted total profit is measured consistently with the Group's total profit except for certain revenue and expenses attributable to headquarters. Segment assets and liabilities exclude certain assets and liabilities attributable to headquarters as these assets and liabilities are managed by the Group.

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

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

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items (Continued)

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

2011

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Passenger and roll-off, roll-off terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Ore terminal and logistics services RMB'000	Bulk grains terminal and logistics services RMB'000	General cargo terminal and logistics services RMB'000	Port value-added services and ancillary port operations RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	875,470	887,636	114,849	9,920	313,706	322,104	355,114	956,452	120,143	3,955,394
Less: Cost of sales and services	448,046	607,271	70,159	5,056	177,189	176,557	315,480	610,375	77,619	2,487,752
Gross profit	427,424	280,365	44,690	4,864	136,517	145,547	39,634	346,077	42,524	1,467,642
Less: Tax and surcharges	38,016	40,644	4,401	556	12,042	14,339	13,024	32,463	4,686	160,171
General and administrative expenses	42,408	103,483	19,333	1,076	23,602	25,373	32,378	117,327	84,128	449,108
Financial expenses	3,217	21,136	1,253	(1,697)	(10)	(669)	390	(6,633)	161,115	178,102
Impairment losses	—	—	—	—	—	—	(10)	—	—	(10)
Add: Gains on changes in fair value	—	—	—	—	—	—	—	—	—	—
Investment income	23,657	47,847	778	10,575	—	—	182	34,833	23,208	141,080
Operating profit	367,440	162,949	20,481	15,504	100,883	106,504	(5,966)	237,753	(184,197)	821,351
Add: Non-operating income	39,629	110,891	2,550	—	—	9,186	3,425	8,789	2,999	177,469
Less: Non-operating expenses	35	200	102	—	—	164	1,219	1,439	608	3,767
Total profit	407,034	273,640	22,929	15,504	100,883	115,526	(3,760)	245,103	(181,806)	995,053
Less: Income tax expenses	97,676	71,524	4,738	1,190	25,038	28,927	303	61,092	(52,900)	237,588
Net profit	309,358	202,116	18,191	14,314	75,845	86,599	(4,063)	184,011	(128,906)	757,465
Total assets	7,550,477	6,167,997	858,091	718,896	2,139,734	1,481,202	3,141,600	1,629,662	3,486,195	27,173,854
Total liabilities	2,244,845	893,268	98,503	17,296	110,363	46,998	234,799	174,794	9,713,324	13,534,190
Supplementary information:										
Depreciation and amortisation	205,044	122,348	10,818	5,056	81,690	71,988	59,782	81,849	16,034	654,609
Interest income	1,441	3,143	102	100	1	622	10	11,324	47,553	64,296
Capital expenditure	663,072	272,759	27,431	169,828	261,909	151,894	820,650	54,696	15,064	2,437,303
Intersegment sales	2,354	1,736	—	—	—	747	3,021	214,582	—	222,440

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items (Continued)

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

2010

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Passenger and roll-off, terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Ore terminal and logistics services RMB'000	Bulk grains terminal and logistics services RMB'000	General cargo terminal and logistics services RMB'000	Port value-added services and ancillary port operations RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	887,091	483,137	75,032	—	304,994	267,638	310,932	898,006	110,121	3,336,951
Less: Cost of sales and services	393,830	256,944	32,588	—	183,929	153,138	279,020	547,764	41,062	1,888,275
Gross profit	493,261	226,193	42,444	—	121,065	114,500	31,912	350,242	69,059	1,448,676
Less: Tax and surcharges	34,838	48,126	2,704	—	10,873	13,731	10,784	30,194	8,611	159,861
General and administrative expenses	40,656	64,451	12,364	203	24,154	18,653	34,999	110,191	62,127	367,798
Financial expenses	3,445	9,596	(25)	(17)	(1)	(106)	(5)	(2,276)	54,672	65,283
Impairment losses	—	(264)	—	—	(8)	—	(15)	(37)	—	(324)
Add: Gains on changes in fair value	—	—	—	—	—	—	—	—	29	29
Investment income	27,989	87,833	2,060	2,748	—	—	(3,581)	20,796	580	138,425
Operating profit	442,311	192,117	29,461	2,562	86,047	82,222	(17,432)	232,966	(55,742)	994,512
Add: Non-operating income	66,364	22,010	65	—	—	417	73	14,306	965	104,200
Less: Non-operating expenses	13,972	100	3,342	—	—	—	2,841	95	62	20,412
Total profit	494,703	214,027	26,184	2,562	86,047	82,639	(20,200)	247,177	(54,839)	1,078,300
Less: Income tax expenses	109,494	29,718	6,066	—	21,524	20,762	(2,323)	59,787	(13,546)	231,482
Net profit	385,209	184,309	20,118	2,562	64,523	61,877	(17,877)	187,390	(41,293)	846,818
Total assets	7,183,808	4,874,205	156,086	628,899	1,957,634	1,327,179	2,312,914	1,958,474	2,291,620	22,690,819
Total liabilities	2,584,751	474,071	26,990	57,497	89,070	37,861	161,489	653,857	6,249,541	10,335,127
Supplementary information:										
Depreciation and amortisation	192,849	55,865	64,374	37	70,979	46,054	32,589	77,652	2,755	543,154
Interest income	828	3,421	25	32	1	106	5	2,735	12,212	19,365
Capital expenditure	636,752	291,187	531	148,491	168,422	138,706	506,414	33,456	22,215	1,946,174
Intersegment sales	362	1,410	—	—	—	54	1,370	120,492	—	123,688

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

6. SEGMENT INFORMATION *(Continued)*

Other information

Information about products and services

The revenue classified by category is disclosed in Note V.43.

Geographical information

The entire group's operations, and all its customers, are located in Mainland China. Accordingly, all revenue is generated from the customers in Mainland China and major non-current assets are located in Mainland China.

Information about a major customer

In 2011, revenue of RMB499,291,122.34 (2010: RMB477,584,325.62) representing 10% or more of the Group's total revenue was derived from sales to a single customer in the segment of oil/liquefied chemicals terminal and logistics services, including sales to a group of entities which are known to be under control with that customer.

7. FINANCIAL INSTRUMENTS AND RISKS

The Group's major financial instruments comprise bank borrowings, bonds payable, financial assets held for trading and cash and bank balances. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk.

Financial instruments by category

The carrying amounts of each category of financial instruments at each balance sheet date are as follows:

2011

Financial assets

	Loans and receivables RMB'000	Available- for-sale financial assets RMB'000	Total RMB'000
Cash and bank balances	2,254,079	—	2,254,079
Notes receivable	143,128	—	143,128
Accounts receivable	436,020	—	436,020
Interests receivable	17,078	—	17,078
Dividends receivable	27,229	—	27,229
Other receivables	198,697	—	198,697
Other current assets	702,830	—	702,830
Available-for-sale financial assets	—	26,578	26,578
Non-current assets due within one year	4,864	—	4,864
Other non-current assets	1,030,059	—	1,030,059
	4,813,984	26,578	4,840,562

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

7. FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

Financial instruments by category *(Continued)*

2011 *(Continued)*

Financial liabilities

	Other financial liabilities RMB'000
Short-term borrowings	621,000
Notes payable	74,030
Accounts payable	145,983
Employee benefits payable	131,690
Interests payable	197,605
Dividends payable	98,686
Other payables	917,685
Non-current liabilities due within one year	210,000
Long-term borrowings	2,198,487
Bonds payable	8,029,945
Long-term payables	4,036
	12,629,147

2010

Financial assets

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Cash and bank balances	3,257,585	—	3,257,585
Notes receivable	95,491	—	95,491
Accounts receivable	340,820	—	340,820
Interests receivable	1,564	—	1,564
Dividends receivable	89,328	—	89,328
Other receivables	187,942	—	187,942
Other current assets	68,000	—	68,000
Available-for-sale financial assets	—	26,804	26,804
Other non-current assets	25,591	—	25,591
	4,066,321	26,804	4,093,125

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

7. FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

Financial instruments by category *(Continued)*

2010 *(Continued)*

Financial liabilities

	Other financial liabilities RMB'000
Short-term borrowings	1,265,000
Notes payable	12,650
Accounts payable	94,304
Employee benefits payable	83,678
Interests payable	68,310
Dividends payable	6,792
Other payables	2,854,051
Non-current liabilities due within one year	20,000
Long-term borrowings	2,392,963
Bonds payable	2,481,671
Long-term payables	7,941
	9,287,360

Credit risk

Credit risk is the risk of financial losses on one party of a financial instrument due to the failure of the counterparty to meet its obligations.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, accounts receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the special approval of the credit control department of the Group.

Other financial assets of the Group include cash and bank balances, available-for-sale financial assets, interests receivable, dividends receivable, other receivables and other current/non-current assets. The credit risk on these financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer. As at 31 December 2011, the Group had certain concentration of credit risk as 34% (31 December 2010: 41%) of the Group's accounts receivable were due from the five largest customers. The Group did not hold any collateral or other credit enhancements over the accounts receivable balances.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and other receivables are disclosed in Note V.5 and 6.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

7. FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

Credit risk *(Continued)*

As at 31 December 2011 and 2010, the analysis of the Group's accounts receivable that are undue but unimpaired and accounts receivable that are past due but not impaired is as follows:

	2011	2010
Undue and unimpaired	404,952,244.77	302,845,779.47
Past due and unimpaired — within 3 months	10,681,051.60	20,852,009.57
Past due and unimpaired — over 3 months	20,386,963.18	17,121,966.85
	436,020,259.55	340,819,755.89

Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, bonds payable and other interest-bearing loans. As at 31 December 2011, 9% (31 December 2010: 21%) of the Group's interest-bearing debts will fall due within one year.

The Group relies sufficient operating cash inflows to meet its obligations associated with matured debts and external financing to fulfil its commitments to future capital expenditure. As at 31 December 2011, the Company has obtained bank loan facilities of RMB17,298,000,000 provided by several domestic banks to meet the future capital commitment and financing needs. Out of the total bank facilities, RMB11,062,550,000 has not been utilised.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

7. FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities at each balance sheet date, based on the contractual undiscounted payments, is as follows:

31 December 2011

	On demand RMB'000	Less than 3 months RMB'000	3 months to 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Notes payable	—	20,000	54,030	—	—	74,030
Accounts payable	145,983	—	—	—	—	145,983
Employee benefits payable	—	131,690	—	—	—	131,690
Interests payable	—	16,477	181,128	—	—	197,605
Dividends payable	7,422	—	91,264	—	—	98,686
Other payables	913,227	—	4,458	—	—	917,685
Bank borrowings	—	68,994	906,028	2,204,935	318,664	3,498,621
Bonds payable	—	—	432,844	4,299,900	6,424,375	11,157,119
Long-term payables	—	—	—	4,036	—	4,036
	1,066,632	237,161	1,669,752	6,508,871	6,743,039	16,225,455

31 December 2010

	On demand RMB'000	Less than 3 months RMB'000	3 months to 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Notes payable	—	9,600	3,050	—	—	12,650
Accounts payable	94,304	—	—	—	—	94,304
Employee benefits payable	21,832	61,846	—	—	—	83,678
Interests payable	—	4,526	63,784	—	—	68,310
Dividends payable	6,792	—	—	—	—	6,792
Other payables	1,233,072	—	1,620,979	—	—	2,854,051
Bank borrowings	—	47,676	1,417,616	2,135,162	597,157	4,197,611
Bonds payable	—	—	43,216	2,821,000	—	2,864,216
Long-term payables	—	—	—	7,941	—	7,941
	1,356,000	123,648	3,148,645	4,964,103	597,157	10,189,553

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

7. FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The market risk mainly includes interest rate risk, foreign exchange risk and equity investment price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The main risk that the Group faces is its liabilities with a floating rate.

The Group manages its interest expenses through maintaining an appropriate combination of fixed rate borrowings and floating rate borrowings.

The sensitivity analyses below reflected the impact on net profit and shareholders' equity (mainly through the impact on floating rate borrowings) when there is a reasonable possible change in interest rates, with all other variables held constant.

	Basis points Increase/(decrease)	Net profit Increase/(decrease)	Equity (note) Increase/(decrease)
2011			
RMB	50	(13,593,229.54)	—
USD	50	(1,449,207.28)	—
RMB	(50)	13,593,229.54	—
USD	(50)	1,449,207.28	—
2010			
RMB	50	(130,410,000.00)	—
USD	50	(37,738,153.43)	—
RMB	(50)	130,410,000.00	—
USD	(50)	37,738,153.43	—

Note: Excluding retained earnings.

Foreign exchange risk

Foreign exchange risk is the risk of fluctuation on fair value or future cash flows of financial instruments resulting from changes in foreign exchange rates. The Group's foreign exchange risk mainly arises from the financial assets and financial liabilities denominated in USD, HKD and JPY held by the Group.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items (Continued)

7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

Market risk (Continued)

Foreign exchange risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in the USD, HKD or JPY exchange rate, with all other variables held constant, of the Group's total profit and the Group's equity.

	Increase/(decrease) in exchange rates	Increase/(decrease) in total profit	Increase/(decrease) in equity (Note)
2011			
RMB strengthens against USD	1%	2,766,660.42	—
RMB strengthens against HKD	1%	(137,640.19)	(146,097.46)
RMB strengthens against JPY	1%	(189,552.19)	—
		2,439,468.04	(146,097.46)
RMB weakens against USD	(1%)	(2,766,660.42)	—
RMB weakens against HKD	(1%)	137,640.19	146,097.46
RMB weakens against JPY	(1%)	189,552.19	—
		(2,439,468.04)	146,097.46
2010			
RMB strengthens against USD	1%	7,364,040.03	—
RMB strengthens against HKD	1%	(99,566.25)	(238,531.95)
RMB strengthens against JPY	1%	(187,574.96)	—
		7,076,898.82	(238,531.95)
RMB weakens against USD	(1%)	(7,364,040.03)	—
RMB weakens against HKD	(1%)	99,566.25	238,531.95
RMB weakens against JPY	(1%)	187,574.96	—
		(7,076,898.82)	238,531.95

Note: Excluding retained earnings.

Equity investment price risk

Equity investment price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of share indices and the value of individual securities. As at 31 December 2011, the Group was exposed to equity investment price risk arising from individual equity investments classified as available-for-sale equity investments (Note V.11). The Group's listed investments are listed on the Shanghai, Shenzhen and Hong Kong stock exchanges and are valued at quoted market prices at the balance sheet date.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items (Continued)

7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

Market risk (Continued)

Equity investment price risk (Continued)

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the balance sheet date, and their respective highest and lowest points during the year were as follows:

	2011 31 December	2011 Highest/Lowest	2010 31 December	2010 Highest/Lowest
Shanghai — A Share Index	2,304	3,202/2,269	2,940	3,443/2,478
Shenzhen — A Share Index	907	1,373/889	1,351	1,455/965
Hong Kong — Heng Seng Index	18,434	24,420/16,250	23,035	24,964/18,986

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments on the Group's total profit and shareholders' equity, with all other variables held constant and before any impact on tax. For the purpose of this analysis, for the available-for-sale investments, the effect is deemed to be on the changes in fair values of available-for-sale equity investments and no account is given for factors such as impairment which might impact the income statement.

	Carrying amount of equity investments	Change in total profit	Change in shareholders' equity
2011			
Available-for-sale equity investments			
Shanghai	4,012,708.00	—	200,635.40
Shenzhen	7,955,315.50	—	397,765.78
Hong Kong	14,609,746.31	—	730,487.32
	26,577,769.81	—	1,328,888.50
2010			
Available-for-sale equity investments			
Shanghai	706,820.00	—	35,341.00
Shenzhen	2,244,040.00	—	112,202.00
Hong Kong	23,853,194.61	—	1,192,659.73
	26,804,054.61	—	1,340,202.73

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

7. FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

Fair value

The carrying amount and fair value of each category of financial instruments are as follows:

	Carrying amount		Fair value	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Financial assets				
Cash and bank balances	2,254,079	3,257,585	2,254,079	3,257,585
Notes receivable	143,128	95,491	143,128	95,491
Accounts receivable	436,020	340,820	436,020	340,820
Interests receivable	17,078	1,564	17,078	1,564
Dividends receivable	27,229	89,328	27,229	89,328
Other receivables	198,697	187,942	198,697	187,942
Other current assets	702,830	68,000	702,830	68,000
Non-current assets due within one year	4,864	—	4,864	—
Available-for-sale financial assets	26,578	26,804	26,578	26,804
Other non-current assets	1,030,059	25,591	1,030,059	25,591
	4,840,562	4,093,125	4,840,562	4,093,125
Financial liabilities				
Short-term borrowings	621,000	1,265,000	621,000	1,265,000
Notes payable	74,030	12,650	74,030	12,650
Accounts payable	145,983	94,304	145,983	94,304
Employee benefits payable	131,690	83,678	131,690	83,678
Interests payable	197,605	68,310	197,605	68,310
Dividends payable	98,686	6,792	98,686	6,792
Other payables	917,685	2,854,051	917,685	2,854,051
Non-current liabilities due within one year	210,000	20,000	210,000	20,000
Long-term borrowings	2,198,487	2,392,963	2,198,487	2,392,963
Bonds payable	8,029,945	2,481,671	8,029,945	2,481,671
Long-term payables	4,036	7,941	4,036	7,941
	12,629,147	9,287,360	12,629,147	9,287,360

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values.

The fair value of cash and bank balances, notes receivable, accounts receivable, other current assets, notes payable, accounts payable and etc. approximate to their carrying amounts largely due to the short-term maturities of these instruments.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

7. FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

Fair value *(Continued)*

The fair values of other non-current assets, long/short-term borrowings, bonds payable and long-term payables have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

The fair values of listed financial instruments are based on quoted market prices.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values are measured using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date; Level 2: fair values are measured using adjusted quoted prices for similar assets or liabilities in active markets or for identical or similar assets or liabilities in markets that are not active when the entity can assess such prices at the measurement date; Level 3: for situations in which quoted prices for identical or similar assets or liabilities are not available in comparable markets, fair values are measured based on other inputs that represent the assumptions that market participants would use when pricing the asset or liability.

Financial instruments measured at fair value

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
2011				
Available-for-sale financial assets	26,578	—	—	26,578
2010				
Available-for-sale financial assets	26,804	—	—	26,804

8. *EMPLOYEE BENEFIT EXPENSE

	2011	2010
Employee benefit expense, including directors' remuneration (Note 9):		
Salaries, allowances and benefits in kind	703,668,531.65	600,836,644.84
Pension scheme contributions	93,421,090.25	63,110,508.64
	797,089,621.90	663,947,153.48

The Group's full-time employees in Mainland China 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 20% of employees' basic salaries. The related pension costs are expensed as incurred.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

9. *DIRECTORS' AND SUPERVISORS' REMUNERATION

Pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, the directors' and supervisors' remuneration for the current year is disclosed as follows:

	2011	2010
Fees	551,070.00	330,186.00
Other emoluments:		
Salaries, allowances and benefits in kind	1,847,233.28	1,314,769.20
Pension scheme contributions	106,505.88	82,566.78
	1,953,739.16	1,397,335.98
	2,504,809.16	1,727,521.98

(1) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2011	2010
Wang Zuwen	110,000.00	80,000.00
Zhang Xianzhi	110,000.00	80,000.00
Wu Minghua	81,070.00	170,186.00
Yin Jintao	100,000.00	—
Liu Yongze	75,000.00	—
Gui Liyi	75,000.00	—
	551,070.00	330,186.00

There were no other emoluments payable to the independent non-executive directors during the year (2010: Nil).

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

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

(2) Executive directors, non-executive directors and supervisors

	2011	2010
Salaries, allowances and benefits in kind:		
Executive directors:		
Sun Hong	—	—
Zhang Fengge	—	—
Jiang Luning	—	512,314.60
Su Chunhua	—	468,974.60
Xu Song	599,066.64	—
Zhu Shiliang	479,666.64	—
Non-executive directors:		
Xu Jian	—	—
Zhang Zuogang	—	—
Lu Jianmin	—	—
Supervisors:		
Fu Bin	—	—
Zhang Xianzhi	50,000.00	—
Lv Jing	50,000.00	—
Xu Fangsheng	307,900.00	—
Gui Yuchan	181,400.00	116,570.00
Zhang Guofeng	—	—
Diao Chengbao	70,000.00	60,000.00
Fu Rong	70,000.00	60,000.00
Xu Jinrong	39,200.00	96,910.00
	1,847,233.28	1,314,769.20

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

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

(2) Executive directors, non-executive directors and supervisors *(Continued)*

	2011	2010
Pension scheme contributions:		
Executive directors:		
Sun Hong	—	—
Zhang Fengge	—	—
Jiang Luning	—	20,827.80
Su Chunhua	—	20,827.80
Xu Song	24,434.82	—
Zhu Shiliang	24,434.82	—
Non-executive directors:		
Xu Jian	—	—
Zhang Zuogang	—	—
Lu Jianmin	—	—
Supervisors:		
Fu Bin	—	—
Zhang Xianzhi	—	—
Lv Jing	—	—
Xu Fangsheng	24,434.82	—
Gui Yuchan	24,434.82	20,827.80
Zhang Guofeng	—	—
Diao Chengbao	—	—
Fu Rong	—	—
Xu Jinrong	8,766.60	20,083.38
	106,505.88	82,566.78

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

10. *FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, there were two director (2010: two directors) of the Company whose emoluments is included in the disclosures in note 9 above. The emoluments of the remaining three (2010: three) individuals are as follows:

	2011	2010
Salaries, allowances and benefits in kind	2,350,190.44	2,294,187.20
Pension scheme contributions	57,544.44	41,655.60
	2,407,734.88	2,335,842.80

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

IX. Other Important Items *(Continued)*

10. *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	
	2011	2010
Nil to RMB1,000,000	2	2
RMB1,000,001 to RMB1,500,000	1	1

X. Contingency

1. GUARANTEE

The Company's associate, Dalian North Petroleum Logistics Co., Ltd. ("DNPL"), applied to the Bank of China for a bank loan of RMB220 million for a period of no more than 10 years. China Zhenhua Oil Co., Ltd., which is the substantial shareholder (29% equity interests) of DNPL provided a guarantee for the bank loan.

Pursuant to the directors' resolution at the fourth meeting in 2011 of the second board of directors, the Company provided a counter guarantee for 20% of the guarantee liability actually assumed by China Zhenhua Oil Co., Ltd. to the Bank of China for DNPL. The counter guarantee was unconditional and non-cancellable and the relevant counter guarantee contract was signed on 25 October 2011. The counter guarantee period was two years since the date China Zhenhua Oil Co., Ltd. had the guarantee responsibility to the Bank of China according to the guarantee contract. If China Zhenhua Oil Co., Ltd. fulfilled its guarantee obligation to the Bank of China over one time according to the guarantee contract, the counter guarantee period provided by the Company would have been calculated separately.

2. UNRESOLVED LAWSUIT

The Company leased its tugboat "Liang Gang No.8" to 大連華富船務有限公司 ("Huafu Shipping"). During the leasing period, an accident that the cargo fell into the sea occurred when the Huafu Shipping shipped machinery parts for 上海港機重工有限公司 (the "Prosecutor") on 6 October 2006. On 29 September 2007, the Prosecutor initiated legal proceedings at Shanghai Maritime Court and claimed a compensation of RMB20,488K for the cargo and other losses. The Company was regarded as the second-mentioned defendant. During the hearing period, as the Prosecutor took legal proceedings against the insurance company for the insurance compensation, Shanghai Maritime Court ruled to cease this lawsuit on 12 December 2008. On 9 June 2011, Shanghai Maritime Court resumed the trial of this lawsuit as the judgment of the insurance compensation was effective and determined that the Huafu Shipping assumed the compensation liability and rejected legal proceedings took by Da Di Insurance (became the prosecutor after the compensation was paid) against the Company. Huafu Shipping and Da Di Insurance lodged an appeal respectively. Up to date, the trial of second instance was still in the process.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements

1. ACCOUNTS RECEIVABLE

The credit terms of accounts receivable are usually 90 days. Accounts receivable are interest-free.

An ageing analysis of accounts receivable is as follows:

	2011	2010
Within 1 year	286,424,620.91	234,058,916.14
1 to 2 years	7,555,742.10	791,918.00
2 to 3 years	661,166.00	639,568.00
Over 3 years	770,320.00	130,752.00
	295,411,849.01	235,621,154.14
Less: Provision for bad debts	(548,752.00)	(548,752.00)
	294,863,097.01	235,072,402.14

Movements in provision for bad debts are as follows:

	2011	2010
Opening balance	548,752.00	418,000.00
Increase	—	130,752.00
Closing balance	548,752.00	548,752.00

	2011				2010			
	Ending balance		Bad debts provision		Ending balance		Bad debts provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	228,494,695.05	77.35	—	—	169,315,315.37	71.86	—	—
Not individually significant but subject to separate provision	66,917,153.96	22.65	548,752.00	0.82	66,305,838.77	28.14	548,752.00	0.83
	295,411,849.01	100.00	548,752.00		235,621,154.14	100.00	548,752.00	

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

1. ACCOUNTS RECEIVABLE (Continued)

As at 31 December 2011, top five accounts receivable were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
Dalian West Pacific Petrochemical Co., Ltd.	Third party	35,982,746.40	Within 1 year	12.18
Benxi Steel Group Corporation	Third party	35,818,044.48	Within 1 year	12.12
RGL Group Co., Ltd.	Third party	32,614,996.34	Within 1 year	11.04
Shenyang Oriental Steel Co., Ltd.	Third party	26,370,684.03	Within 1 year	8.93
Dalian Angang International Trade Transportation Agency Co., Ltd.	Third party	19,321,153.41	Within 1 year	6.54
		150,107,624.66		50.81

As at 31 December 2010, the top five accounts receivable were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
Dalian Angang International Trade Transportation Agency Co., Ltd.	Third party	50,242,883.81	Within 1 year	21.32
Benxi Steel Group Corporation	Third party	38,800,524.28	Within 1 year	16.47
Shenyang Oriental Steel Co., Ltd.	Third party	21,856,741.08	Within 1 year	9.28
Hebei Iron & Steel Co., Ltd.	Third party	19,291,678.60	Within 1 year	8.19
Tonghua Iron & Steel Group Import & Export Co., Ltd.	Third party	11,130,265.95	Within 1 year	4.72
		141,322,093.72		59.98

Accounts receivable due from subsidiaries and jointly-controlled entities were as follows:

	2011	2010
Amounts due from subsidiaries	2,166,196.57	240,480.00
Amounts due from jointly-controlled entities	6,204,307.40	7,066,915.15
Amounts due from other related entities	3,002,024.20	—
	11,372,528.17	7,307,395.15

The above accounts receivable are unsecured, interest-free and repayable on demand.

As at 31 December 2011, there were no accounts receivable due from shareholders holding 5% (including 5%) or more of the Company's voting shares (31 December 2010: Nil).

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

2. OTHER RECEIVABLES

An ageing analysis of the other receivables is as follows:

	2011	2010
Within 1 year	113,968,978.94	53,884,731.57
1 to 2 years	6,169,274.53	4,874,996.16
2 to 3 years	1,145,188.78	48,872,432.00
Over 3 years	18,679,311.35	73,189,833.20
	139,962,753.60	180,821,992.93
Less: Provision for bad debts	(93,710.07)	(93,710.07)
	139,869,043.53	180,728,282.86

Movements in provision for bad debts are as follows:

	2011	2010
Opening balance	93,710.07	—
Increase	—	93,710.07
Closing balance	93,710.07	93,710.07

	2011				2010			
	Ending balance		Bad debts provision		Ending balance		Bad debts provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	112,673,780.00	80.50	—	—	125,399,297.85	69.35	—	—
Not individually significant but subject to separate provision	27,288,973.60	19.50	93,710.07	0.34	55,422,695.08	30.65	93,710.07	0.17
	139,962,753.60	100.00	93,710.07		180,821,992.93	100.00	93,710.07	

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

2. OTHER RECEIVABLES (Continued)

As at 31 December 2011, the top five other receivables were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
Dalian Financial Bureau	Third party	88,270,000.00	Within 1 year	63.07
Dalian Financial Bureau	Third party	18,000,000.00	3 to 4 years	12.86
Dalian North Petroleum Logistics Co., Ltd.	Associate	8,403,780.00	Within 1 year	6.00
Dalian Angang International Trade Transportation Agency Co., Ltd.	Third party	3,104,231.25	Within 1 year	2.22
大連港引航站	Third party	3,021,093.52	Within 1 year	2.16
		120,799,104.77		86.31

As at 31 December 2010, the top five other receivables were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
Dalian Financial Bureau	Third party	72,596,153.85	3 to 4 years	40.15
Dalian Petrochemical Corporation	Third party	47,783,250.00	2 to 3 years	26.43
Angang Group International Trade Corporation Dalian Company	Third party	5,019,894.00	Within 1 year	2.78
大連港引航站	Third party	4,424,480.00	Within 1 year	2.45
大連經濟技術開發區灣港儲運有限公司	Third party	1,670,890.88	Within 1 year	0.92
		131,494,668.73		72.73

Other receivables due from subsidiaries, jointly-controlled entities, associates, PDA and other related parties were as follows:

	2011	2010
Amounts due from subsidiaries	3,529,137.48	35,877,188.34
Amounts due from jointly-controlled entities	26,349.60	2,858,297.24
Amounts due from associates	9,060,932.69	—
Amount due from PDA	1,426,725.00	1,431,904.00
Amounts due from other related parties	914,244.68	2,588,646.47
	14,957,389.45	42,756,036.05

The above other receivables due from related parties are unsecured, interest-free and repayable on demand.

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

2. OTHER RECEIVABLES (Continued)

As at 31 December 2011, except for the above amount due from PDA, there were no other receivables due from shareholders holding 5% (including 5%) or more of the Company's voting rights (31 December 2010: Nil).

3. LONG-TERM EQUITY INVESTMENTS

2011

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding %	Percentage of voting rights %	Cash dividend during the year
Cost method:							
Dalian Port Container Development Co., Ltd.	2,845,297,222.35	2,304,047,222.35	541,250,000.00	2,845,297,222.35	100.00	100.00	133,554,037.07
Asia Pacific Ports Company Limited	76,155,000.00	76,155,000.00	—	76,155,000.00	100.00	100.00	—
Dalian ETDZ Jin Xin Petrochemistry Company Limited	6,629,301.65	6,629,301.65	—	6,629,301.65	100.00	100.00	3,100,357.81
Dalian Jifa Shipping Management Co., Ltd.	236,984,354.73	56,984,354.73	180,000,000.00	236,984,354.73	70.00	70.00	—
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	99,960,000.00	99,960,000.00	—	99,960,000.00	51.00	51.00	—
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	14,259,172.03	—	14,259,172.03	84.00	84.00	12,308,516.04
Dalian Portsoft Technology Co., Ltd.	11,126,271.39	11,126,271.39	—	11,126,271.39	49.00	49.00	1,960,000.00
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	18,278,125.97	—	18,278,125.97	75.00	75.00	6,000,000.00
Dalian Port Telecommunication Engineering Co., Ltd.	6,137,212.61	6,137,212.61	—	6,137,212.61	45.00	45.00	1,354,500.00
Dalian Port Construction Management Co., Ltd.	13,778,541.68	13,778,541.68	—	13,778,541.68	100.00	100.00	5,575,121.19
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	53,156,426.75	—	53,156,426.75	37.50	75.00	—
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	—	—	—	—	100.00	100.00	—
Dalian Port Power Supply Co., Ltd.	25,895,508.24	25,895,508.24	—	25,895,508.24	100.00	100.00	3,757,193.35
Dalian Port Petroleum and Chemical Co., Ltd.	596,800,000.00	396,800,000.00	200,000,000.00	596,800,000.00	100.00	100.00	—
Dalian Lvshun Port Co., Ltd.	217,580,000.00	—	217,580,000.00	217,580,000.00	60.00	60.00	—
福建寧連港口有限公司	12,000,000.00	—	12,000,000.00	12,000,000.00	60.00	60.00	—
山東威海港股份有限公司	11,900,000.00	11,900,000.00	—	11,900,000.00	9.97	9.97	—
大仁輪渡有限公司	1,900,057.50	1,900,057.50	—	1,900,057.50	7.50	7.50	875,067.64
Total for the cost method	4,247,837,194.90	3,097,007,194.90	1,150,830,000.00	4,247,837,194.90			168,484,793.10

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

3. LONG-TERM EQUITY INVESTMENTS (Continued)

2011 (Continued)

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding %	Percentage of voting rights %	Cash dividend during the year
Equity method:							
Jointly-controlled entities							
大連港通利船務代理有限公司	1,311,300.00	1,407,347.20	448,855.50	1,856,202.70	50.00	50.00	—
Dalian Harbour ECL Logistics Co., Ltd.	30,147,500.00	11,122,090.58	19,199,320.61	30,321,411.19	50.00	50.00	—
Odfjell Terminals (Dalian) Ltd.	86,878,185.37	131,790,266.88	(1,144,929.98)	130,645,336.90	50.00	50.00	15,000,000.00
Dalian Port Petro China International Terminal Co., Ltd.	125,000,000.00	121,483,436.33	5,449,810.07	126,933,246.40	50.00	50.00	—
China United Tally Co., Ltd. Dalian	5,103,200.33	4,584,098.58	851,565.56	5,435,664.14	49.00	49.00	1,840,666.21
Dalian China Oil Dock Management Co., Ltd.	16,301,068.34	22,342,384.86	(5,169,974.52)	17,172,410.34	49.00	49.00	8,006,600.00
Dalian Automobile Terminal Co., Ltd.	152,503,640.00	139,588,153.94	10,418,410.80	150,006,564.74	40.00	40.00	—
Dalian Changxing Island Port Co., Ltd.	232,893,844.88	153,214,222.62	80,233,889.10	233,448,111.72	40.00	40.00	—
大連散貨物流中心有限公司	2,000,000.00	—	2,000,000.00	2,000,000.00	40.00	40.00	—
Total for jointly-controlled entities	652,138,738.92	585,532,000.99	112,286,947.14	697,818,948.13			24,847,266.21
Associates							
Dalian Petro China International Warehousing and Transportation Co., Ltd.	20,288,520.00	30,930,387.09	4,790,494.79	35,720,881.88	20.00	20.00	5,191,000.00
太倉興港拖輪有限公司	900,000.00	1,594,247.92	500,783.85	2,095,031.77	30.00	30.00	600,000.00
Petro China Dalian LNG Co., Ltd.	520,000,000.00	520,000,000.00	(7,648,445.31)	512,351,554.69	20.00	20.00	—
Dalian North Petroleum Logistics Co., Ltd.	29,600,000.00	29,042,430.84	(794,845.64)	28,247,585.20	20.00	20.00	—
中海港聯航運有限公司	95,044,267.30	95,328,623.03	(3,600,000.00)	91,728,623.03	30.00	30.00	—
中鐵渤海鐵路輪渡有限公司	277,012,443.74	—	278,003,004.56	278,003,004.56	17.50	17.50	—
中世國際物流有限公司	90,000,000.00	—	90,000,000.00	90,000,000.00	30.00	30.00	—
Dalian Port Corporation Finance Co., Ltd.	200,000,000.00	—	200,000,000.00	200,000,000.00	40.00	40.00	—
Total for associates	1,232,845,231.04	676,895,688.88	561,250,992.25	1,238,146,681.13			5,791,000.00
	1,884,983,969.96	1,262,427,689.87	673,537,939.39	1,935,965,629.26			30,638,266.21
Total for the equity method	6,132,821,164.86	4,359,434,884.77	1,824,367,939.39	6,183,802,824.16			199,123,059.31

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

3. LONG-TERM EQUITY INVESTMENTS (Continued)

2010

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding %	Percentage of voting rights %	Cash dividend during the year
Cost method:							
Dalian Port Container Development Co., Ltd.	2,304,047,222.35	1,604,047,222.35	700,000,000.00	2,304,047,222.35	100.00	100.00	82,957,187.20
Asia Pacific Ports Company Limited	76,155,000.00	76,155,000.00	—	76,155,000.00	100.00	100.00	—
Dalian ETDZ Jin Xin Petrochemistry Company Limited	6,629,301.65	6,629,301.65	—	6,629,301.65	100.00	100.00	4,277,948.75
Dalian Jifa Shipping Management Co., Ltd.	56,984,354.73	56,984,354.73	—	56,984,354.73	70.00	70.00	—
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	99,960,000.00	99,960,000.00	—	99,960,000.00	51.00	51.00	—
Dalian Ocean Shipping Tally Co., Ltd.	7,455,021.68	8,498,527.33	5,760,644.70	14,259,172.03	84.00	84.00	6,227,965.33
Dalian Portsoft Technology Co., Ltd.	11,126,271.39	—	11,126,271.39	11,126,271.39	49.00	49.00	—
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	—	18,278,125.97	18,278,125.97	75.00	75.00	—
Dalian Port Telecommunication Engineering Co., Ltd.	6,137,212.61	—	6,137,212.61	6,137,212.61	45.00	45.00	—
Dalian Port Construction Management Co., Ltd.	13,778,541.68	—	13,778,541.68	13,778,541.68	100.00	100.00	—
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	—	53,156,426.75	53,156,426.75	37.50	37.50	—
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	—	—	—	—	00.00	100.00	—
Dalian Port Power Supply Co., Ltd.	25,895,508.24	—	25,895,508.24	25,895,508.24	100.00	100.00	1,646,293.43
Dalian Port Petroleum & Chemical Co., Ltd.	396,800,000.00	—	396,800,000.00	396,800,000.00	100.00	100.00	—
山東威海港股份有限公司	11,900,000.00	—	11,900,000.00	11,900,000.00	9.97	9.97	—
大仁輪渡有限公司	1,900,057.50	—	1,900,057.50	1,900,057.50	7.50	7.50	—
Total for the cost method	3,090,203,044.55	1,852,274,406.06	1,244,732,788.84	3,097,007,194.90			95,109,394.71

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

3. LONG-TERM EQUITY INVESTMENTS (Continued)

2010 (Continued)

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding %	Percentage of voting rights %	Cash dividend during the year
Equity method:							
Jointly-controlled entities							
大連港通利船務代理有限公司	1,311,300.00	1,200,972.86	206,374.34	1,407,347.20	50.00	50.00	—
Dalian Harbour ECL Logistics Co., Ltd.	11,104,400.00	4,146,208.98	6,975,881.60	11,122,090.58	50.00	50.00	—
Odfjell Terminals (Dalian) Ltd.	86,878,185.37	119,207,797.21	12,582,469.67	131,790,266.88	50.00	50.00	—
Dalian Port Petro China International Terminal Co., Ltd.	125,000,000.00	123,854,626.85	(2,371,190.52)	121,483,436.33	50.00	50.00	—
China United Tally Co., Ltd. Dalian	5,103,200.33	4,357,458.18	226,640.40	4,584,098.58	50.00	50.00	1,614,025.80
Dalian China Oil Dock Management Co., Ltd.	16,301,068.34	19,576,351.49	2,766,033.37	22,342,384.86	49.00	49.00	4,900,000.00
Dalian Automobile Terminal Co., Ltd.	152,503,640.00	72,987,944.66	66,600,209.28	139,588,153.94	40.00	40.00	—
Dalian Changxing Island Port Co., Ltd.	152,893,844.88	—	153,214,222.62	153,214,222.62	40.00	40.00	—
Total for jointly-controlled entities	551,095,638.92	345,331,360.23	240,200,640.76	585,532,000.99			6,514,025.80
Associates							
Dalian Petro China International Warehousing and Transportation Co., Ltd.	20,288,520.00	20,461,356.64	10,469,030.45	30,930,387.09	20.00	20.00	—
太倉興港拖輪有限公司	900,000.00	1,574,946.54	19,301.38	1,594,247.92	30.00	30.00	675,000.00
Petro China Dalian LNG Co., Ltd.	520,000,000.00	200,000,000.00	320,000,000.00	520,000,000.00	20.00	20.00	—
Dalian North Petroleum Logistics Co., Ltd.	29,600,000.00	—	29,042,430.84	29,042,430.84	20.00	20.00	—
中海港聯航運有限公司	95,044,267.30	—	95,328,623.03	95,328,623.03	30.00	30.00	—
Total for associates	665,832,787.30	222,036,303.18	454,859,385.70	676,895,688.88			675,000.00
	1,216,928,426.22	567,367,663.41	695,060,026.46	1,262,427,689.87			7,189,025.80
Total for the equity method	4,307,131,470.77	2,419,642,069.47	1,939,792,815.30	4,359,434,884.77			102,298,420.51

4. REVENUE AND COST OF SALES

Revenue is as follows:

	2011	2010
Revenue from the principal operations	2,250,527,563.71	1,338,987,713.24
Revenue from other operations	348,106,294.49	144,717,343.48
	2,598,633,858.20	1,483,705,056.72

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

4. REVENUE AND COST OF SALES (Continued)

Cost of sales is as follows:

	2011	2010
Cost of the principal operations	1,362,228,943.12	682,226,710.98
Cost of other operations	250,863,779.73	61,760,642.79
	1,613,092,722.85	743,987,353.77

Revenue by segment is as follows:

	2011		2010	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil/Liquefied chemicals terminal and logistics services	767,225,053.95	419,485,385.71	794,266,841.40	368,093,773.98
Port value-added services and ancillary port operations	660,272,832.51	428,133,496.05	448,412,257.79	257,912,547.58
General cargo terminal and logistics services	339,555,221.89	300,979,927.50	47,675,774.88	43,946,434.78
Bulk grains terminal and logistics services	262,072,618.42	157,394,484.47	30,791,834.94	23,695,213.73
Ore terminal and logistics services	313,705,891.55	177,921,666.93	51,086,523.78	13,733,194.71
Passenger and roll-on, roll-off terminal and logistics services	94,266,937.29	46,305,451.40	13,989,754.95	6,808,724.52
Others	161,535,302.59	82,872,310.79	97,482,068.98	29,797,464.47
	2,598,633,858.20	1,613,092,722.85	1,483,705,056.72	743,987,353.77

Revenue from the top five customers in 2011 is as follows:

	Amount	Percentage of revenue (%)
Petro China Dalian Petrochemical Company	263,749,036.88	10.15
West Pacific Petrochemical Company Ltd. Dalian	226,823,247.17	8.73
Petro China International Co., Ltd.	88,643,033.84	3.41
Benxi Steel Group Corporation	84,027,080.70	3.23
Angang Group International Trade Corporation Dalian Company	73,320,162.11	2.82
	736,562,560.70	28.34

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

4. REVENUE AND COST OF SALES (Continued)

Revenue from the top five customers in 2010 is as follows:

	Amount	Percentage of revenue (%)
Petro China Dalian Petrochemical Company	273,770,071.63	18.45
West Pacific Petrochemical Company Ltd. Dalian	249,605,841.32	16.82
Petro China International Co., Ltd.	121,046,738.49	8.16
Angang Group International Trade Corporation Dalian Company	28,443,411.50	1.92
Benxi Steel Group Corporation	21,092,800.95	1.42
	693,958,863.89	46.77

Revenue is analysed as follows:

	2011	2010
Logistics services	483,652,244.62	344,388,571.89
Loading services	1,141,820,797.77	523,009,114.62
Storage services	302,846,399.32	229,795,804.54
Agency services	8,969,827.80	1,438,513.02
Port management services	203,791,171.12	121,153,709.56
Leasing services	137,142,200.99	62,291,755.21
Utility services	136,360,124.98	22,447,276.74
Others	184,051,091.60	179,180,311.14
	2,598,633,858.20	1,483,705,056.72

5. INVESTMENT INCOME

	2011	2010
Investment income from long-term equity investments under the cost method	168,484,793.10	94,277,183.59
Investment income from long-term equity investments under the equity method	38,581,321.36	39,924,105.28
Including: Investment income from associates	2,541,705.38	14,785,066.74
Investment income from jointly-controlled entities	36,039,615.98	25,139,038.54
Gain on disposal of available-for-sale financial assets	30,231,501.48	2,515,811.40
Investment income from entrusted investments	22,587,500.00	—
	259,885,115.94	136,717,100.27

Notes to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

6. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

Reconciliation from net profit to cash flows from operating activities:

	2011	2010
Net profit	637,210,372.34	570,540,191.12
Add: Depreciation of fixed assets	454,683,043.31	252,869,614.04
Long-term prepaid expenses	501,243.17	—
Amortisation of intangible assets	9,281,384.05	4,733,178.25
Recognition of deferred income	(34,405,184.05)	(34,294,932.45)
Negative goodwill arising from acquisition of an long-term equity investment in an associate	(2,538,843.74)	—
Loss from disposal of fixed assets, intangible assets and other non-current assets	(3,799,744.26)	12,655,996.52
Gains on changes in fair value	—	(28,944.74)
Asset impairment provision	—	(23,118.86)
Financial expenses	211,359,470.90	63,225,386.07
Interest income on entrusted loans	(48,294,725.00)	(67,078,711.59)
Investment income	(259,885,115.94)	(136,717,100.27)
Decrease in deferred tax assets	5,210,492.54	2,163,929.21
Increase/(decrease) in inventories	(5,248,570.61)	24,614,767.05
Increase in operating receivables	(192,203,390.11)	(14,915,994.57)
Increase/(decrease) in operating payables	(34,015,196.49)	117,936,336.00
Net cash flows from operating activities	737,855,236.11	795,680,595.78

Supplementary Information to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

I. Summary of Extraordinary Profit or Loss

The Group recognises extraordinary profit or loss for 2011 in accordance with “Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – Extraordinary Profit or Loss (2008)” (the CSRC Announcement [2008] No.43).

	2011
Profit and loss from disposal of non-current assets, including the offset portion of impairment provision for such assets	12,993,100.18
Government grants charged to profit or loss for the current period (except for those closely related to the normal operation of the Company and gained constantly at a fixed amount or quantity according to a certain standard based on state policies)	9,378,617.00
Gains arising when the investment cost of acquiring an associate is less than the Company’s share of fair value of the identifiable net assets of the investee upon acquisition date	2,538,843.74
Investment income from the disposal of financial assets held for trading	30,231,501.48
Profit from entrusting others with investment or asset management	22,587,500.00
Reversal of impairment provision for accounts receivable that were tested for impairment individually	10,000.00
Profit from outward entrusted loans	2,633,623.13
Non-operating income and expenses other than the above items	2,019,261.41
Total extraordinary profit or loss	83,285,046.94
Impact on income tax	(20,022,437.68)
Impact on minority interests (after tax)	(4,615,321.50)
	57,754,687.76

Supplementary Information to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

II. Return on Net Assets and Earnings Per Share

2011

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	5.37%	0.15
Net profit after deducting extraordinary profit or loss attributable to ordinary shareholders of the Company	4.90%	0.14

2010

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	8.31%	0.22
Net profit after deducting extraordinary profit or loss attributable to ordinary shareholders of the Company	8.07%	0.20

No dilutive potential ordinary shares have been issued by the Company.

III. Analysis on Changes of Financial Statements Items

- (1) As at 31 December 2011, cash and bank balances amounted to RMB2,254,079,359.16, a decrease of 31% compared with last year. This is mainly due to the continuing investment on assets of each segment and settlement of payables due to PDA during the year.
- (2) As at 31 December 2011, notes receivable amounted to RMB143,128,482.88, an increase of 50% compared with last year. This is mainly owing to the fact that more transactions were settled by notes in 2011.
- (3) As at 31 December 2011, dividends receivable amounted to RMB27,229,304.85, a decrease of 70% compared with last year. This is mainly due to the change in the Group consolidation scope.
- (4) As at 31 December 2011, interest receivables amounted to RMB17,077,678.32, an increase of 992% compared with last year. This is mainly due to the increase in the Group's time deposits and purchase of financial products in 2011.
- (5) As at 31 December 2011, prepayments amounted to RMB24,501,915.18, a decrease of 85% compared with last year. This is mainly owing to the fact that the acquisition of a subsidiary was completed in 2011 and the prepayment for the acquisition in 2010 was transferred to long-term equity investments.
- (6) As at 31 December 2011, the carrying amount of inventories amounted to RMB89,099,506.55, an increase of 64% compared with last year. This is mainly due to an increase of the Group's fuel storage and the change in the consolidation scope in 2011.
- (7) As at 31 December 2011, other current assets amounted to RMB702,830,000.00, an increase of 934% compared with last year. This is mainly due to the purchase of financial products in 2011.

Supplementary Information to Financial Statements

31 December 2011
(Expressed in Renminbi Yuan)

III. Analysis on Changes of Financial Statements Items *(Continued)*

- (8) As at 31 December 2011, other non-current assets amounted to RMB1,030,059,257.33, an increase of 3925% compared with last year. This is mainly due to the entrusted investments made by the Group in 2011.
- (9) As at 31 December 2011, fixed assets amounted to RMB11,911,976,078.46, an increase of 33% compared with last year. This is mainly due to the Group's continuing investments on assets of each segment.
- (10) As at 31 December 2011, intangible assets amounted to RMB800,387,477.68, an increase of 70% compared with last year. This is mainly due to the change in the Group's consolidation scope in 2011.
- (11) As at 31 December 2011, short-term borrowings amounted to RMB621,000,000.00, a decrease of 51% compared with last year. This is mainly due to the partial repayment of the short-term borrowings in 2011.
- (12) As at 31 December 2011, notes payable amounted to RMB74,030,000.00, an increase of 485% compared with last year. This is mainly owing to the fact that more payments for project construction were settled by notes in 2011.
- (13) As at 31 December 2011, accounts payable amounted to RMB145,982,948.04, an increase of 55% compared with last year. This is mainly due to the increase of the Group's business operation in 2011.
- (14) As at 31 December 2011, advances from customers amounted to RMB87,042,910.65, a decrease of 33% compared with last year. This is mainly owing to the fact that the advance received for the transfer of the land use right last year was recognised as revenue when the transaction was completed in the current year.
- (15) As at 31 December 2011, employee benefits payable amounted to RMB131,690,170.05, an increase of 57% compared with last year. This is mainly due to the unpaid monetary housing subsidies of the Group at the end of 2011.
- (16) As at 31 December 2011, taxes payable amounted to RMB83,917,133.10, a decrease of 46% compared with last year. This is mainly due to the payment of land appreciation tax in 2011.
- (17) As at 31 December 2011, interests payable amounted to RMB197,604,619.49, an increase of 189% compared with last year. This is mainly due to the issuance of corporate bonds and short-term financing bonds by the Group in 2011.
- (18) As at 31 December 2011, dividends payable amounted to RMB98,686,047.77, an increase of 1353% compared with last year. This is mainly due to the change in the Group's consolidation scope in 2011.
- (19) As at 31 December 2011, other payables amounted to RMB917,684,830.77, a decrease of 68% compared with last year. This is mainly due to the settlement of payables due to PDA in 2011.
- (20) As at 31 December 2011, bonds payable amounted to RMB8,029,944,589.64, an increase of 224% compared with last year. This is mainly due to the issuance of corporate bonds in 2011.
- (21) In 2011, cost of sales amounted to RMB2,487,752,090.60, an increase of 32% compared with last year. This is mainly due to the increase in leasing expenses, labour cost and other operating expenses of the Group in 2011.
- (22) In 2011, financial expenses amounted to RMB178,102,358.69, an increase of 173% compared with last year. This is mainly due to the issuance of corporate bonds and short-term financing bonds by the Group in 2011.
- (23) In 2011, non-operating expenses amounted to RMB3,767,998.44, a decrease of 82% compared with last year. This is mainly due to the disposal of certain long-term assets by the Group in 2010.

Financial Highlights for the Past Five Financial Years

	2011 RMB'000	2010* RMB'000	2009* RMB'000	2008* RMB'000	2007* RMB'000
Revenue and Profit					
Revenue	3,955,394	3,336,951	3,022,480	2,952,947	2,702,632
Gross profit	1,467,642	1,448,676	1,231,351	1,104,722	1,009,535
Operating profit	821,351	994,512	817,927	682,643	735,225
Total profit	995,053	1,078,300	865,602	1,115,377	787,988
Net profit	757,465	846,818	737,183	879,395	649,073
Net profit attributable to owners of the parent	666,338	813,154	727,270	810,218	615,579
Basic earnings per share (RMB)	0.15	0.22	0.20	0.22	0.17
Assets and Liabilities					
Cash and bank balances	2,254,079	3,257,585	1,260,270	912,051	695,385
Current assets	3,897,527	4,261,695	2,171,027	1,875,261	1,665,794
Non-current assets	23,276,327	18,429,124	15,022,699	13,931,374	13,204,004
Borrowings	11,059,432	6,159,634	5,002,706	2,440,110	2,471,275
Current liabilities	2,767,639	4,689,401	1,124,510	1,084,598	1,627,797
Non-current liabilities	10,766,551	5,645,726	6,417,655	5,523,389	4,681,766
Total assets	27,173,854	22,690,819	17,193,726	15,806,635	14,869,798
Net assets	13,639,665	12,355,692	9,651,562	9,198,648	8,560,235
Capital and Equity					
Share capital	4,426,000	4,426,000	2,926,000	2,926,000	2,926,000
Equity attributable to owners of the parent	12,628,799	12,190,226	9,509,896	8,899,835	8,304,736
Minority interests	1,010,866	165,466	141,665	298,813	255,498
Total equity	13,639,665	12,355,692	9,651,562	9,198,648	8,560,235
Net assets per share (RMB)	2.85	2.75	3.25	3.04	2.84

* The financial information was prepared in accordance with CAS.



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)

Address: No. 1, Gangwan Street, Zhongshan District, Dalian, China (P.C.: 116004)

地址：大連市中山區港灣街 1 號 (郵編：116004)

Tel 電話：86-0411-82798566

Fax 傳真：86-0411-82798108

Website 網址：www.dlport.cn