



# DALIAN PORT (PDA) COMPANY LIMITED

## 大連港股份有限公司

(A sino-foreign joint stock limited company incorporated in the People's Republic of China)

(於中華人民共和國註冊成立之外商投資股份有限公司)

(Stock Code 股份代號: 2880)



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# 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 on 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 the stock exchanges of both 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, an 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.

## General Information on the Company

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.

In terms of dry grain terminal and related logistics services, the Group, as a highly 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 increase in volume 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. Hui Kai   |
| 3. Contact person   |   |
| Secretary to the Board of Directors/<br>Joint Company Secretary | Ms. Gui Yuchan<br>Address: Room 613, 6th Floor, No.1, Gangwan Street,<br>Zhongshan District, Dalian, Liaoning, PRC<br>Telephone: 86 411 82623910<br>Facsimile: 86 411 82623159<br>E-mail: guiych@dlport.cn      |
| Qualified Accountant/Joint Company Secretary                    | Mr. Lee, Kin Yu Arthur<br>Address: Room 615, 6th Floor, No.1, Gangwan Street,<br>Zhongshan District Dalian, Liaoning, PRC<br>Telephone: 86 411 82625379<br>Facsimile: 86 411 82623159<br>E-mail: lijr@dlport.cn |



## General Information on the Company

4.	Registered office	Xingang Commercial Building, Dayao Bay, Dalian Free Trade Zone, PRC	
	Postal Code	116600	
	Place of Business and Postal Code in PRC	No.1, Gangwan Street, Zhongshan District Dalian, Liaoning, PRC (116004)	
	Place of Business in Hong Kong	8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road, Central, Hong Kong	
	Company website	www.dlport.cn	
	Company e-mail	ir@dlport.cn	
5.	Designated newspapers for information disclosure of the Company	China Securities Daily, Shanghai Securities Daily, Securities Times, and Securities Daily	
	Website designated by the China Securities Regulatory Commission for publishing the A share annual reports	www.sse.com.cn	
	Website for publishing the H share annual report	www.hkexnews.hk	
	Place for collection of annual report	Room 616, 6th Floor, No.1, Gangwan Street, Zhongshan District, Dalian, Liaoning, PRC	
6.	Places of listing	Shanghai Stock Exchange	Hong Kong Stock Exchange
	Stock abbreviations	Dalian Port	Dalian Port
	Stock codes	601880 (Shanghai)	2880 (Hong Kong)
7.	A share registrar and transfer office	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	
	H share registrar and transfer office	Computershare Hong Kong Investor Services Limited	
8.	Auditors	Ernst & Young Hua Ming (LLP) 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) Liaoning Huaxia Law Firm 5th floor, Liyuan Mansion, 16 Mingze Street, Zhongshan District, Dalian City, Liaoning Province, PRC	
		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



# General Information on the Company

## JAN

- The Company held the first extraordinary general meeting in 2012.
- No.17 and No.18 Ro-Ro berth at Dalian Bay port were put into trial operations.

## FEB

- The transshipment storage of Shanghai Volkswagen Automotive Co., Ltd. was moved to the Group's automobile terminal, which effectively facilitated the control of the supply and enhanced the market share of the Group.

## MAR

- The Company announced the annual results for the year 2011.
- The ore terminal fully launched the first 84,000 tonnes of mixed ore business operation, which is the first mixed-mining operation in a bonded zone in China.
- The bulk grain terminal segment of the Group cooperated with shipping companies and other customers to start operating regular route between Dalian and Shekou for large-size vessels, and established a new operational model of providing exclusive liner shipping service to the customers of the Group with comprehensive logistics solutions.

## APR

- The Company held the second extraordinary general meeting in 2012.
- The supertanker, named "ELEKTRA GLORY", which carried 309,500 tonnes of Merey crude oil, successfully berthed at the No. 0 berth of the Group's oil terminal, setting a record for berthing and loading the largest tanker with maximum cargo capacity at the Group's oil terminal.

## MAY

- Dalian International Container Terminal Co., Ltd. (in which the Company owns 40% equity interest) achieved operating efficiency of 422.7 TEU per hour, breaking the operating record of 385.7 TEU per hour for a single container vessel at Dalian Port.

## JUN

- The Company held the annual general meeting for the year 2011.
- A Ro-Ro vessel named "Changshan Island" built by China Shipping Passenger Liner Co., Ltd (中海客輪有限公司) launched operations on the route connecting Dalian with Yantai.

## JUL

- The 9th China Freight Industry Awards in China were announced, and Dalian Jifa Bohai Rim Container Lines Co., Ltd. (in which the Company owns 97.36% equity interest) won the title of "The Most Competitive Domestic Transportation Enterprise".

## AUG

- The Company announced the interim results for the year 2012.

## SEP

- No.19 and No.20 Ro-Ro berths at Dalian Bay port were put into trial operations.
- The first Ro-Ro vessel named "Shi Yuan" built by Zhongshi International Logistics Co., Ltd. (中世國際物流有限公司) launched its maiden voyage, demonstrating that the Group has further improved its integrated automobile logistics system.

## General Information on the Company

### OCT

- Dalian Container Terminal Co., Ltd. (in which the Company owns 51% equity interest) won the “National Transportation Enterprise Management Modernization Innovation Achievement Award” which recognized the Company’s innovative management model.
- The Group’s oil terminal handled a total of 12 voyages of VLCC, breaking the record for loading and unloading VLCC in a single month.
- The Group’s No.8 crude oil storage tanks of the oil terminal were successfully put into operation as a public bonded warehouse.

### NOV

- The Group’s No.2 refined oil storage tanks were successfully put into operation as a public bonded warehouse. With the operation of No. 8 crude oil storage tanks and No.2 refined oil storage tanks, the Group’s oil terminal has become the first qualified port which provides public bonded warehousing facilities for both crude oil and refined oil in northern China.
- The establishment of Dalian City Steel Logistics Park Company Limited (which is the Company’s wholly-owned subsidiary) provided a solid foundation for expanding business and promoted the development of the Group.

### DEC

- The Group handled container throughput of 8.917 million TEU in 2012, which, together with the container throughput in 2010 and 2011, successfully meet the container throughput target of 10 million TEUs within 3 years.
- The first batch of vehicles manufactured by Chery (Dalian) plant exported via the Group’s automobile terminal, which symbolized. Meanwhile, the further development of the Group’s automotive logistics business.



# Chairman's Statement

I am pleased to present the annual report of the Group for the year ended 31 December 2012.

In 2012, the economy around the world was highly complex and ever-changing, emerging with a mixture of unprecedented opportunities, risks and challenges. The global economic landscape was mainly characterized by the following features: slow economic recovery with a low growth rate in developed countries, general slowdown in growth rate in emerging economies, sharp decline in the growth of international trade with frequent trade disputes, dramatic fluctuations in bulk commodity prices, quantitative easing measures in developed economies, and drastic fluctuations in international financial markets. On the other hand, the Chinese macro economy was exposed to increased downward pressure in 2012, with a lower GDP growth rate of 7.8%, which was below 8% for the first time over a decade, and a lower volume of imports and exports of 5.7% (excluding the impact of price factors) representing a decrease from 5.9% in the previous year.

## Operating Results and Dividend

2012 marked a very difficult year for the Group's business operations. There was a slowdown in growth rate of port throughput across the country. Particularly, there was a sharp fall in throughput growth of coal and related products, a negative growth in throughput of oil and gas and related products, plus a slowdown in throughput of metal ores and containers. There was slackness in the overall macroeconomic situation of the industries relevant to the principal activities of the Group, and continued sluggishness in port and shipping situation. Faced with the tough economic situation and the tremendous development pressure, the Group actively took a number of bold initiatives, with main vision to step up market expansion efforts and constantly enhance the offering of services through the innovation of products and services, and to stabilize and attract the number of passenger and the volume of freight traffic. Internally, endeavours were dedicated to reinforce production safety

and strict cost control, thereby maximizing the revenue for the Company. Under the influence of severe external economic environment, EBIT of the Group maintained a year-on-year growth, and an increase of 6.1% over the same period last year.

In 2012, the Group's net profit attributable to shareholders of the parent company amounted to RMB 600,089,816.53, representing a year-on-year decrease of 9.9% as compared with the figure of 2011. The Board recommended the payment of a final dividend of RMB 0.50 per 10 shares (tax included) for the year 2012.

## 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 with 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 Segment") and value-added and ancillary port operations ("Value-added Services Segment").

In face of complicated and changing economic environment within and outside the country, cored on the establishment of an integrated logistics services system and an integrated commerce, industry and trade platform, the Group continued to strengthen the innovation of logistics products and services and actively diversify the horizons of port trading business. With efforts on multiple spectrums, we had better fulfilled our production and management tasks. In particular, we had handled container throughput of 8.917 million TEUs, indicating that the Group had moved great steps to accomplish the goal of "a container handling throughput of over ten million TEUs in three years".

## Chairman's Statement

2012, under the backdrop of a couple of factors including fluctuations in international crude oil prices, imperfect pricing mechanism of refined oil in Mainland China and surplus capacity for refinery factors in Mainland China, the Group handled a total of approximately 38.577 million tonnes of oil and liquefied chemicals, which was a year-on-year decrease of 5.6%. However, the Group expanded oil products bonded warehousing business through the establishment of public bonded warehouses for crude oil and refined oil. We thus achieved new breakthroughs in business models and operating varieties, and further optimized the Group's oil logistics services business, which became a new profit growth driver for the oil business. On front of the Container Segment, the Group extended active efforts on opening up new shipping routes, vigorously developing the sea transshipment, and expanding the Bohai Rim feeder transshipment network by capitalizing on the advantage of its own fleet, with an aim to effectively boost an increase in the transshipment volume. We delivered enthusiastic efforts on carrying out sea-to-rail intermodal transportation network demonstration project and promoting innovative-typed corporate production and management security modal with the Group, contributing to a growth in container handling volume to a record-breaking level of 8.00 million TEUs. In relation to the Automobile Terminal Segment, continued efforts were pursued to step up the construction of the south-north convective transport system network for commodity automobiles. Blossoming into a basic water transport port for a number of automobile manufacturers, Dalian has further carved out a stronger niche as a basic port. As regards the Ore Segment, the image as a Zero-Loss service brand was built through the implementation of electricity suspension. The brand received widespread recognition from customers, and became a new brand for the Group's services. In respect of the General Cargo Segment, integrated logistics services system was put into place through the resumed operation of a group of circular-route trains transporting steel and ore running between Dalian port area and the iron and steel enterprises and the implementation of steel liner transportation. A steel logistics park company was established to give strong impetus to the development and growth of the steel logistics business. For the

Bulk Grain Segment, we further optimized the freight traffic structure and passenger mix. We also rationally allocated bulk grain automobile resources, and cemented partnership with sizeable customers, thus driving a growth in throughput. In connection with the Passenger Ro-Ro Segment, we strived for improvement in service levels and expansion of the offering of services by building an e-commerce platform and expanding customer sales channels through a variety of measures. Relating to the Value-added Services Segment, focused efforts were placed on strengthening communication with customers, with a view to providing customers with high-quality value-added port services, and to adding essential momentums and fuels for the development of our main business operations.

### Prospects

In 2013, the Group will continue to face with severe rigours and challenges, which stem mainly from the remote chance of change from the weak recovery in the global economy and international trade in the short term, the continued imbalance and contradiction in the shipping market, and the intensified contradiction between the downward pressure of economic growth and relative surplus capacity in Mainland China. However, we will also be blessed with a new flurry of exciting opportunities and chances for our development. Internationally, the economic crisis will inevitably bring about a new round of revolution in the shipping industry. The development of routes will be based on deep-water ports and hub ports. The Group has distinct edges in this respect. Domestically, increasing urbanization will invigorate the economic development to another boom cycle. In the Northeast region, the policy of the revitalization of northeast old industrial bases in joint forces among the country and provincial and municipal governments, the marine development tactic, together with the strategy of the establishment of the Northeast Asia International Shipping Centre will present immense development opportunities, and will also create robust development support.

## Chairman's Statement

The hinterland of the Group is mainly concentrated in Heilongjiang Province, Jilin Province and Liaoning Province (collectively, the "Three Northeastern Provinces of China") and the eastern regions in Inner Mongolia. Cargo supply is mainly related to bulk general cargo, oil products, containers, roll-on, roll-off commodity automobiles as well as passenger and roll-on and roll-off operations, such as iron ore, coal, steel and grain. We offer a comprehensive range of varieties of cargoes, which provides stronger risk-resisting capability for the Group. Throughput of the Group's bulk general cargo is expected to grow in 2013. The support from the government's subsidy policy will foster a sustained growth in container business. Driven by the domestic trade market, the business of roll-on, roll-off commodity automobiles is expected to maintain a steady growth rate. The overall throughput will continue to show a steady growth.

In 2013, with the gradual domestic and international economic recovery, coupled with the development opportunities emerging from the government policies in China, the Group will continue to further develop its business in accordance with the country's overall development strategy and the vision of the building the Dalian Northeast Asia International Shipping Centre, in order to achieve improvement of the Group's overall profitability and to create promising returns for its shareholders.

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

### **Dalian Port (PDA) Company Limited**

*Chairman*

**Hui Kai**

28 March 2013

# Financial Highlights

	2012 RMB'000	2011 RMB'000	Change (%)
<b>Income Statement</b>			
Revenue	<b>4,644,559</b>	3,955,394	17.4%
Gross profit	<b>1,587,870</b>	1,467,642	8.2%
Operating profit	<b>698,206</b>	821,351	-15.0%
Net profit attributable to owners of the parent	<b>600,090</b>	666,338	-9.9%
Basic earnings per share (RMB cents)	<b>13.56</b>	15.06	-9.9%
<b>Balance Sheet</b>			
Cash and bank balances	<b>2,507,327</b>	2,254,079	11.2%
Net current assets	<b>1,121,220</b>	1,129,889	-0.8%
Total assets	<b>27,828,780</b>	27,173,854	2.4%
Borrowings	<b>11,535,906</b>	11,059,432	4.3%
Gearing ratio (%)	<b>64.6%</b>	64.6%	0.0%
Net assets value per share (RMB)	<b>2.93</b>	2.85	2.8%
Return on equity (%)	<b>4.69%</b>	5.37%	-12.7%
<b>Cash Flow Statement</b>			
Net cash generated from operating activities	<b>1,299,068</b>	1,229,850	5.6%
Net cash used in investing activities	<b>-428,881</b>	-4,153,185	-89.7%
Net cash used in/generated from financing activities	<b>-606,145</b>	1,898,373	-131.9%
The increase/decrease in cash and cash equivalents	<b>263,815</b>	-1,025,661	-125.7%

The financial information was prepared in accordance with CAS.





# Management Discussion and Analysis



# Management Discussion and Analysis

## Summary

2012 marked a year of challenges for the worldwide economy, featured by slowdown in pace of economic growth, fluctuation and volatility in global financial shocks and steep fall in degree of activeness of international trade. Under this backdrop, the country continued to pursue the macroeconomic policies based on “steady growth, structural adjustment”. The year-round GDP jumped by 7.8% on a year-on-year basis. This reflects that the economic growth rate has dropped to the lowest level for over a decade. Despite lower growth rate, there was greater emphasis on quality and efficiency. With improved economic structure, consumption but not investment has become an active source of fresh impetus to fuel economic growth. Meanwhile, China’s economy picked up and rebounded in the fourth quarter, thus successfully attaining a “soft landing”.

In 2012, port throughput across the country posted a sustained growth, yet the rate of such growth was slowed down remarkably. Throughput of coal and products grew at a much lower rate. Throughput of oil and natural gas as well as products recorded a negative growth, whereas throughput of metal ores and containers showed a slowdown in growth rate.

The Group’s principal activities include 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 (“Value-added Services Segment”).

In 2012, the macro economic background and industries relevant to the Group’s principal business were as follows:

**Oil Segment:** International political turbulence led to fluctuation in international crude oil prices. At the same time, due to unstable market price and trading volume of China’s refined oil resulted from the imperfect pricing mechanism of China’s refined oil, there were heightened uncertainties for oil trade, and hence crimped the growth of the crude oil imports. In 2012, China’s crude oil imports amounted to about 271 million tons, up 6.8% on a year-on-year basis.

**Container Segment:** In 2012, the total GDP in Heilongjiang Province, Jilin Province and Liaoning Province (collectively, the “Three Northeastern Provinces of China”) was RMB5.0738 trillion, an increase of 12.6% as compared with 2011. The GDP in the Three Northeastern Provinces of China remained flat as compared to the figure in 2011 and grew at a relatively high speed. In 2012, the import and export value of the Three Northeastern Provinces of China was USD170.8 billion, an increase of 5%, being 1% lower than the national average. The foreign trade value in the Three Northeastern Provinces of China accounted for 4.42% of China’s total foreign trade, which was 0.03% lower than 2011.

**Automobile Terminal Segment:** According to the statistics published by China Association of Automobile Manufacturers, in 2012, China manufactured 19,271,800 vehicles, an increase of 4.63% and sold 19,306,400 vehicles, an increase of 4.33% as compared with 2011. In 2012, China exported a total of 1,056,000 vehicles, an increase of 24.23%. 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 2012, China imported 744 million tonnes of iron ore, an increase of 8.4% over 2011. The average price for China’s imported iron ore was USD128.6 per tonne, a decrease of 21.6%. Given the decrease in demand for steel in China and the serious losses incurred by the steel industry, the volume of import of iron ore into the northeast port from external sources fell sharply.



# Management Discussion and Analysis

**General Cargo Segment:** In 2012, affected by the sluggishness in demand and the import of coal from external sources, in 2012, China's nationwide cumulative port shipment of coal amounted to 610 million tonnes, down 4.7% year-on-year. In 2012, China's crude steel production was 720 million tonnes, a year-on-year growth of 3.1%. Against the backdrop of a decrease in demand for steel, crude steel production maintained a growth. The problem of surplus capacity in the steel market was serious.

**Bulk Grain Segment:** In 2012, affected by the national food regulatory policy, fluctuations in food prices and supply and demand within and outside the country, as well as the large-scale imports of corns in the southern area, the prices in China's corn market showed a continued slackness. The transportation of grain from the northern to southern parts revealed seasonal phenomenon of shortages and overages.

**Passenger and Ro-Ro Segment:** Although the economic slowdown in China had a negative impact on the passenger and freight traffic in Liaoning Province and Shandong Province and their respective hinterlands to some extent, the number of passengers and volume of cargoes originated from such areas showed mixed performance, in which the volume of cargoes originated from such areas was higher than the previous year, whereas the number of passengers originated from such areas were lower than the previous year.

Against the background of quite complicated environment within and outside the country in 2012, the Group built on its efforts on putting in place an integrated logistics services system and an integrated industry and trade platform, offering active innovations of products and services and striving for preferential policies and market exploration, and managed to realize a growth in both port cargo throughput and container volume. In particular, the Automobile Terminal Segment achieved remarkable growth. Throughput in the Container Segment increased significantly and throughput in the General Cargo Segment, Bulk Grain Segment and Passenger and Ro-Ro Segment also attained growth of certain rate. The Group handled a total of approximately 38.577 million tonnes of oil and liquefied chemicals, a decrease of 5.6% as compared with 2011, of which approximately 20.088 million tonnes was imported crude oil, a decrease of 8.5% as compared with 2011. In the Container Segment, the Group handled approximately 8.917 million TEUs,

an increase of 20.2%, of which approximately 8.009 million TEUs were handled by the Group at Dalian port, an increase of 26.1%. In the Automobile Terminal Segment, the Group handled 227,000 vehicles, an increase of 28.3%. In the Ore Segment, the Group handled approximately 22.488 million tonnes, a decrease of 17.8%. In the General Cargo Segment, the Group handled approximately 32.142 million tonnes of cargoes, an increase of 4.8%. In the Bulk Grain Segment, the Group handled approximately 7.246 million tonnes of bulk grain, an increase of 2.5%. In the Passenger and Ro-Ro Segment, the Group transported approximately 4.062 million passengers, a decrease of 0.4% and approximately 832,000 vehicles, an increase of 32.7% as compared to with 2011.

## Overall analysis of results

In 2012, The Group's profit attributable to shareholders amounted to RMB600,089,816.53, representing a decrease of RMB66,247,793.88 or 9.9% as compared with RMB666,337,610.41 in 2011. The increase was due to the Group's fund raising to finance its on-going investment projects, adjustments in loan interest rates, as well as the increased expensing of financing costs when certain capex investments were put into production during the year. The Group managed to report a growth of 6.1% in its EBIT despite the severe impact of the external economic environment.

In 2012, the Group's basic earnings were RMB13.56 cents per share, representing a decrease of 9.9% from RMB15.06 cents in 2011.

In 2012, the Group's revenue amounted to RMB4,644,558,994.83, representing an increase of 17.4% from RMB3,955,394,389.80 in 2011. The overall revenue increase was attributable to the substantial sales brought about by the new port-related trading business, increased tariffs for certain customers and cargo items, and the revenue growth of port logistics business generated by the commissioning of new assets. However, the foreign trade throughput decrease caused by the global economy imposed a drag on these growth factors.

# Management Discussion and Analysis

In 2012, the Group's cost of sales and services amounted to RMB3,056,689,429.56 which increased by 22.9% as compared with RMB2,487,752,090.60 in 2011. Such costs increased because the new port-related trading business incurred cost of sales, depreciation expenses increased with the commissioning of new assets, operating costs increased with the growth of the volume of business, as well as labor costs increased owing to salaries and wages adjustments in the current year.

In 2012, the Group's gross profit was RMB1,587,869,565.27 which increased by 8.2% from RMB1,467,642,299.20 in 2011. The gross margin was 34.2% (2011: 37.1%). As a new type of business, the gross profit margin of port-related trading business is lower than that of the traditional port operations. Excluding the impact of such trading business, the gross profit margin was 37.8%, which was a modest year-on-year growth.

In 2012, the Group's financial expenses amounted to RMB377,311,719.61, representing an increase of 111.9% from RMB178,102,358.69 in 2011. The increase was due to the Group's fund raising to finance its on-going investment projects, adjustments in loan interest rates, as well as the increased expensing of financing costs when certain capex investments were put into production during the year.

In 2012, the Group's investments income amounted to RMB170,873,749.71 representing an increase of 21.1% from RMB141,080,016.28 in 2011. 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 2012, the Group's non-operating revenue amounted to RMB208,275,416.50, representing an increase of 19.9% from RMB173,701,447.10 in 2011. The increase was mainly due to the government subsidies for the Group's container segment.

In 2012, the Group's income tax expenses amounted to RMB221,718,576.73, representing an decrease of 6.7% from RMB237,587,965.27 in 2011. The decrease was due to a decrease of assessable income mainly caused by an increase of financing costs during the current year.

## ASSETS AND LIABILITIES

As of 31 December 2012, the Group's total assets and net assets amounted to RMB27,828,780,431.66 and RMB13,974,991,812.50, respectively, and its net asset value per share was RMB2.93, representing an increase of 2.8% as compared with that as of 31 December 2011. The increase was mainly due to the accumulation from business operation.

As of 31 December 2012, the Group's total liabilities amounted to RMB13,853,788,619.16, of which total outstanding bank and other borrowings amounted to RMB11,535,906,271.53.

## FINANCIAL RESOURCES AND LIQUIDITY

As of 31 December 2012, the Group had a balance of cash and cash equivalents of RMB2,494,472,560.75, which represented an increase of RMB263,815,284.43 as compared with 31 December 2011.

In 2012, the Group's net cash inflows generated from operating activities amounted to RMB1,299,068,275.21. The Group's operating activities have kept generating stable cash inflows. The Group's net cash outflows from financing and investing activities amounted to RMB606,145,385.99 and RMB 428,881,092.16, respectively. Benefited from stable cash inflows from its operating activities, receipts of principals invested in treasury products, and the Group's prudent approach for fixed assets and equity investments, the Group had maintained a strong financial position and a good debt profile.

As of 31 December 2012, the Group's bank and other borrowings amounted to RMB11,535,906,271.53 of which RMB9,552,873,170.41 was due after one year and RMB1,983,033,101.12 was due within one year. The Group's net gearing ratio was 64.6% as at 31 December 2012 (64.6% as at 31 December 2011).

As of 31 December 2012, the Group's unutilized banking facilities amounted to RMB10,456,260,000.00.

As of 31 December 2012, 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

RMB2,772,091,500.00. As at 31 December 2012, the Company had utilized approximately RMB2,187,501,700.00 of the net proceeds and the balance of the net proceeds was RMB639,482,100.00.

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 except for changes announced by the Company on 30 December 2011. As at 31 December 2012, the details of the use of proceeds were as follows:

Projects	Proceeds from A Shares IPO	Use of proceeds as of 31 December 2012	Balance
Construction of oil storage tanks with a total capacity of 1,000,000 m <sup>3</sup> in Xingang	760,000,000.00	437,267,400.00	322,732,600.00
Construction of oil storage tanks with a total capacity of 600,000 m <sup>3</sup> in the Xingang resort area	550,000,000.00	275,043,600.00	274,956,400.00
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	292,198,500.00	227,801,500.00
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	31,900,700.00	18,099,300.00
Increase in the registered capital of Dalian International Container Terminal Co., Ltd.	84,041,500.00	84,041,500.00	–
<b>Total</b>	<b>2,772,091,500.00</b>	<b>1,910,501,700.00</b>	<b>861,589,800.00</b>

Note 1: The remaining balance as at 31 December 2012 shown in the above table was RMB861,589,800.00. With the subtraction of RMB277,000,000.00 temporarily used for six months to supplement the Group’s working capital, the remaining balance of the net proceeds was RMB584,589,800.00 (excluding an interest income of RMB54,892,300.00 earned on the proceeds), and RMB639,482,100.00 (including the interest income), respectively.

Note 2: In order to reduce the amount of idle cash and the financing cost and to manage cash efficiently, the seventh meeting of the third session of the Company’s board of directors in 2012 passed a resolution on 30 October 2012 regarding the temporary use of certain idle cash from the A Shares IPO proceeds to improve the liquidity of the Company’s working capital. The Company was authorized to use idle cash of RMB277,000,000.00 out of the A Share IPO proceeds to supplement the Company’s working capital. Such an authorization is valid for a period of six months commencing 30 October 2012 when the Board passed the relevant resolution. The Company’s independent directors, supervisors, and sponsors expressed their respective opinions on the board resolution. The Company made a public announcement in relation to the above board resolution on 31 October 2012.

# 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 30 June 2012, the net proceeds had been used for the acquisition of fixed assets, loans repayment and working capital funding in compliance with the proceeds usage as disclosed in the H Share IPO prospectus. Since all the projects funded by the H Share IPO proceeds were substantially completed, the management proposed that the unutilized fund of RMB54,550,000.00 allocated for constructing 12 crude oil storage tanks at Xingang be used as the Company's daily operating funds. The proposal was approved on 29 March 2012 at the third meeting of the third session of the Company's Board of Directors. As at 30 June 2012, all the H Share IPO proceeds had been fully utilized.

## CAPITAL EXPENDITURE

In 2012, the Group's capital expenditure amounted to RMB1,039,477,769.68 which was mainly funded by the surplus cash generated from operating activities, the proceeds from the public offering of A Shares and corporate bonds.

The performance analysis of each business segment in 2012 was as follows:

## Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2012 and its comparative results in 2011:

	2012 ('000 tonnes)	2011 ('000 tonnes)	+/--%
Crude oil	<b>24,231</b>	28,950	-16.3%
– Foreign trade			
imported crude oil	<b>20,088</b>	21,948	-8.5%
Refined oil	<b>9,973</b>	10,625	-6.1%
Liquefied chemicals	<b>1,066</b>	886	20.3%
Others (Including LNG)	<b>3,307</b>	414	698.8%
<b>Total</b>	<b>38,577</b>	40,875	-5.6%

In 2012, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 38.577 million tonnes, a decrease of 5.6%.

In 2012, the Group's crude oil throughput decreased by 16.3% as compared with 2011 to 24.231 million tonnes, of which imported crude oil throughput decreased by 8.5% to 20.088 million tonnes. In 2012, the major refineries suspended operations for a period for conducting overhaul. Facing relatively higher fluctuation in crude oil prices in the international markets, which was in an upside down trend of crude oil prices in China, the refineries located in the Group's hinterland scaled down their production with a strategy of reducing losses by reducing production and lowered the proportion of imports of crude oil via the sea. At the same time, certain individual customers reduced crude oil transshipment at Dalian port. However, the Group strengthened the freight traffic of crude oil transshipment of other customers. Moreover, we established public bonded warehouse to tap into crude oil bonded and international transshipment business. Certain fruitful results were achieved.

In 2012, the Group's refined oil throughput amounted to approximately 9.973 million tonnes, a decrease of 6.1% as compared with 2011. As PetroChina's petrochemical base in Guangxi was put into production PetroChina reduced transshipment of refined oil via the northeast railway and Dalian port. Meanwhile, the refineries located in the Group's hinterland scaled down their production resulting in a decrease in refined oil shipment. As a result of these factors, coupled with a slowdown in China's economic growth, the operating rate of private enterprises was maintained at a low level, whereas the sales sentiment in terminal market was depressing.

In 2012, the Group's liquefied chemicals throughput amounted to 1.066 million tonnes, an increase of 20.3% as compared with 2011. The increase in shipment volume was mainly attributable to the efforts on securing freight traffic of liquefied chemicals from the existing refinery customers.

Liquefied throughput handled by the Group in 2012 amounted to 3.307 million tonnes, an increase of nearly seven times. Since the production and operation of LNG terminal operations in November 2011, smooth progress had been attained for the related business, and stable freight traffic had been obtained.

## Management Discussion and Analysis

In 2012, the total imported crude oil volume handled by the Group accounted for 100% (100% in 2011) of the total amount of crude oil imported into Dalian and 69.8% (71.4% in 2011) of the total amount of crude oil imported into the Three Northeastern Provinces of China. The decrease in our market share of crude oil throughput in the Three Northeastern Provinces of China was mainly due to the reduction of production to reduce losses by major refineries in our hinterland and the increase in utilization of crude oil imported from Russia and Daqing by major petrochemicals, which offset the combined impacts of the growth in crude oil imports via the sea, and the enhancement of surrounding port capabilities.

In 2012, the revenue from oil/liquefied chemicals terminal and logistics services amounted to RMB997,182,728.75, accounted for 21.5% (22.1% in 2011) of the Group's total revenue, representing an increase of RMB121,712,586.24 or 13.9% as compared with that in 2011. In 2012, the increase was mainly due to the growth of handling income and rental income from new oil tanks put into use in the current year, increased tariff rates for certain customers, and an increase in revenue from oil sales.

In 2012, the gross profit from oil/liquefied chemicals terminal and logistics services amounted to RMB464,765,628.40, representing an increase of RMB37,341,210.20 as compared with that in 2011. This profit accounted for 29.3% (29.1% in 2011) of the Group's total gross profit, and represented a gross margin of 46.6% (48.8% in 2011). Without the impact of oil sale business, the gross margin is 50.1% increasing 1.3 percentage points over that of 2011. Such an increase in gross margin was mainly caused by the tariff rate hike and new oil tanks in operation.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's Oil Segment were as follows:

- The Group has completed the application for resuming operations of Nanhai phase-I bonded storage tanks. We actively coordinated with customers to speed up transshipment of crude oil, improved the utilization of storage tanks and increased the volume of transshipment.
- The Group has completed the application for the operations of public bonded storage tanks. We successively set up 400,000 cubic metres of public crude oil bonded storage tanks and 30,000 cubic metres of public refined oil bonded storage tanks, thereby making an active step into crude oil and refined oil bonded warehousing business.
- No. 8 storage tank with a total capacity of 400,000 cubic metres was put into operation and rented to customers, thus creating a favourable condition for securing stable cargoes for bonded transshipment.
- The Group has completed the share acquisition of and equity capital expansion in Changxing Island Investment Development Co., Ltd., and effectively promoted the construction and development of the projects of Group's oil/liquefied chemicals terminals and storage tanks in the area of Changxing Island.

# Management Discussion and Analysis

## Container Segment

The following table sets out the container throughput handled by the Group in 2012 and its comparative results in 2011:

		2012 (‘000 TEUs)	2011 (‘000 TEUs)	+/-%
Foreign trade	Dalian	<b>4,662</b>	4,558	2.3%
	Other Ports (note 1)	<b>124</b>	150	-17.3%
	Sub-total	<b>4,786</b>	4,708	1.7%
Domestic trade	Dalian	<b>3,347</b>	1,793	86.7%
	Other Ports (note 1)	<b>784</b>	919	-14.7%
	Sub-total	<b>4,131</b>	2,712	52.3%
Total	Dalian	<b>8,009</b>	6,351	26.1%
	Other Ports (note 1)	<b>908</b>	1,069	-15.1%
	Total	<b>8,917</b>	7,420	20.2%

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 2012, in terms of container throughput, the Group handled a total of approximately 8.917 million TEUs, an increase of 20.2% over 2011. Affected by the economic crisis, the performance of foreign trade container volume was depressed, with a cumulative total of 4.786 million TEUs, an increase of 1.7% year-on-year. In face of an unfavorable international economic environment, the Group's stepped up its efforts in the domestic trade market and reinforced strategic partnership in a number of projects with an aim to expand the transshipment operations. Container throughput for domestic trade amounted to 4.131 million TEUs in 2012, an increase of 52.3% over 2011, thus becoming a major source of fresh impetus to the growth in the Group's container volume.

In 2012, the Group's container terminal business represented 99.3% (99.2% in 2011) of the total markets share in Dalian and 53.3% (53.0% in 2011) of that in the Three Northeastern Provinces of China. The Group's container throughput for foreign trade accounted for 100% (100% in 2011) of the total volume in Dalian and 96.6% (96.6% in 2011) of that in the Three Northeastern Provinces of China.

In 2012, the revenue from container terminal and logistics services amounted to RMB1,102,164,370.80, accounted for 23.7% (22.4% in 2011) of the Group's total revenue, representing an increase of RMB214,528,688.63 or 24.2%, as compared with that in 2011. This revenue increase was mainly attributable to the gain from disposal of land use rights, rental from leasing of assets newly put into operation in 2012 and increase in income from transportation business.



## Management Discussion and Analysis

In 2012, the gross profit from container terminal and logistics services amounted to RMB340,708,341.98, representing an increase of 60,343,399.51 as compared with that in 2011. This profit accounted for 21.5% (19.1% in 2011) of the Group's total gross profit, and represented a gross margin of 30.9% (31.6% in 2011). Such a decrease in gross margin was mainly caused by the lower gross margin of the transportation business as a result of increased operating costs.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's Container Segment were as follows:

- In relation to the opening up of routes market, targeted marketing efforts were made in respect of the headquarters of the shipping company. With preferential policies issued by the Liaoning provincial and Dalian municipal government and the efficiency of terminal operations, we stabilized the existing trunk routes and promoted the upgrades of the ship models of the trunk routes. There was a net increase of four near-sea routes. We also added three additional domestic routes.
- We strived to significantly grow the incremental markets such as, marine transshipment operation, transshipment cooperation within Bohai Bay area and the Yellow Sea rim feeders and substitution of vessels. We had commenced transshipment cooperation with various elite shipping corporations,

thereby attaining ongoing expansion in Dalian port area's transshipment business. Capitalizing on development of the harbor-neighboring industries, we also seek to expand sources for container load freight. Meanwhile, taking advantage of its self-owned vessels, we launched the transshipment business within feeders in Bohai Bay area and the Yellow Sea rims, effectively mobilizing growth in transshipment.

- In relation to land-based logistics, the Group joined forces with the railway sector by adhering to the "route-opening, frequency-increasing" position. We added three new train lines. The number of major train lines amounted to 14. Mudanjiang Muling inland port had passed through examination and acceptance procedures. Dalian port container sea-to-rail intermodal transportation network demonstration project had passed through expert assessment by the Ministry of Communications and was granted with a national license. In addition, to step up the construction of road mass transit system, the Group began to provide road transportation services in Shenyang area with an aim to being able to provide one-stop service from the inland port to plant. Logistics support services from Dalian to Shenyang were also put into place.

### Automobile Terminal Segment

The following table sets out the throughput handled by the Group's automobile terminal in 2012 and its comparative results in 2011:

		2012	2011	+/-%
Vehicles (units)	Foreign trade	<b>23,366</b>	36,659	-36.3%
	Domestic trade	<b>203,197</b>	139,965	45.2%
Total		<b>226,563</b>	176,624	28.3%
Equipments (tonnes)		<b>26,393</b>	21,036	25.5%

## Management Discussion and Analysis

In 2012, the Group handled a total of 226,563 vehicles, a significant increase of 28.3% on a year-on-year basis.

The destinations of cargo originated from our hinterland were mainly the South America and the Middle East region, due to the increase in Brazilian tariff and Syrian political unrest, foreign trade export in the Automobile Terminal Segment dropped significantly. In terms of foreign trade imports, negatively affected by the Sino-Japanese dispute over the Senkaku/Diaoyu Islands, the volume had continued to shrink since September 2012.

On front of domestic trade, benefiting from the Group's reinforced efforts on tapping into freight traffic market, attracting new customers in the northern and southern China and the increase in schedules and frequency of the existing routes over the previous year, Dalian's status as a hub port for domestic trade roll-on and roll-off commodity automobiles had been initially built.

In 2012, the vehicles handled by the Group accounted to 99.5% (92.2% in 2011) of the total volume in northeastern China.

Since the automobile terminal was owned by one of the Company's joint ventures, its income was not consolidated into its results. The revenue from automobile terminal and logistics services was derived mainly from the lease of the Group's automobile roll-on-roll-off ships and automobile-trade service revenue.

In 2012, the revenue from automobile terminal and logistics services amounted to RMB30,104,988.63, accounted for 0.6% (0.3% in 2011) of the Group's total revenue, representing an increase of RMB20,184,988.63 or 203.5%, as compared with that in 2011. Such an increase was mainly due to the full year lease of ro-ro ships in 2012 (the ro-ro ships commenced leasing in July 2011) and the additional revenue from the new automobile trading business in 2012.

In 2012, the gross profit from automobile terminal and logistics services amounted to RMB11,694,086.48, representing an increase of RMB 6,830,464.19 as compared with that in 2011. This profit accounted for 0.7% (0.3% in 2011) of the Group's total gross profit, and represented a gross margin of 38.8% (49.0% in 2011). Without the impact of trading business, the gross margin is 48.8%, approximately as the same as that in 2011.

In 2012, the investment income from the automobile terminal and logistics services amounted to RMB9,602,479.13, a decrease of RMB972,152.28 as compared with the corresponding period in 2011. The decrease of investment income from this segment is caused by the decrease in the net profit of the automobile terminal with the decline in foreign trade throughput.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's Automobile Terminal Segment were as follows:

- The Group strengthened cooperation with customers, and has procured Anji Automotive Logistics Co. Ltd to move its transshipment storage to Dalian's automobile terminal. Meanwhile, leveraging on the existing car-carrying vessel lines and cooperation with the shipping companies, the Group strengthened the market development for vehicles shipment between the south and the north of China, and the water transportation volume of vehicle for domestic trade has significantly increased. As a result of such measures, the status of Dalian port as a hub port for car-carrying has been further consolidated.
- With regard to export business, we have actively expanded other export business operations in our hinterland, which are mainly related to large trucks, passenger buses and sedans. In terms of export trade from other customers, the number of vehicles handled by us was nearly 7,000, thus maintaining the stable operation of the existing two routes for foreign trade export.
- We have stepped into vehicle logistics business and KD (Knock Down) business, which offer customers with a wide range of value-added logistics services including customs clearance, additional installation, PDI (Pre Delivery Inspection), short refute shipping and warehouse reservation. The Group has expanded its customer base.

## Management Discussion and Analysis

- The Group made significant progress in strengthening cooperation with major customers. In September 2012, the first roll-on and roll-off vessel named “中甫航運” of Zhongshi International Logistics Co., Ltd. (中世國際物流公司), which is a joint venture set up by the Group, Chery Automobile Company Limited (“Chery”) and Beijing Changjiu Logistics Co., Ltd. (北京長久物流有限公司), was put into commercial operation. In terms of total transshipment, the number of commodity automobiles being handled was nearly 15,000.
- We have built an integrated trading platform in order for us to enter into the field of automotive trading services.

### Ore Segment

The following table sets out the throughput handled by the Group’s ore terminal in 2012 and its comparative results in 2011:

	2012 ('000 tonnes)	2011 ('000 tonnes)	+/-%
Ore	<b>21,936</b>	27,225	-19.4%
Others	<b>552</b>	123	348.8%
<b>Total</b>	<b>22,488</b>	27,348	-17.8%

In 2012, throughput handled by the Group’s ore terminal was 22.488 million tonnes, a year-on-year decrease of 17.8%.

Ore throughput of the Group accounted for a market share of 29% (32.8% in 2011) of the ore throughput of the Three Northeastern Provinces of China in 2012.

In 2012, the revenue from ore terminal and logistics services amounted to RMB294,272,735.55, accounted for 6.3% (7.9% in 2011) of the Group’s total revenue, representing a decrease of RMB19,433,156.00 or 6.2%, as compared with that in 2011. Such a decrease was mainly due to the throughput reduction and this decrease was partly offset by the impact of increased handling rates in the current year.

In 2012, the gross profit from ore terminal and logistics services amounted to RMB104,770,257.32, representing a decrease of RMB 31,746,958.55 as compared with that in 2011. This profit accounted for 6.6% (9.3% in 2011) of the Group’s total gross profit, and represented a gross margin of 35.6% (43.5% in 2011). Such a decrease was due to the decrease in handling revenue and an increase in depreciation expenses.

In 2012, the Group’s major measures taken and the progress of major projects related to the Group’s Ore Segment were as follows:

- We took first-mover initiatives to build a Zero-Loss brand for Dalian port area across the country, and have provided customers with personalized services.
- We sought for expansion into the mixed ore business based on port bonded functions. Dalian’s standard mine has now been formed and has been successfully transferred by sea. Value-added services have become the Company’s main source of freight traffic and income growth driver.

### General Cargo Segment

The following table sets out the throughput handled by the Group’s general cargo terminal in 2012 and its comparative results in 2011:

	2012 ('000 tonnes)	2011 ('000 tonnes)	+/-%
Steel	<b>7,618</b>	7,666	-0.6%
Coal	<b>12,720</b>	12,542	1.4%
Equipment	<b>2,158</b>	1,723	25.2%
Others	<b>9,646</b>	8,742	10.3%
<b>Total</b>	<b>32,142</b>	30,673	4.8%

The throughput handled by the Group’s general cargo terminal in 2012 amounted to 32.142 million tonnes, a year-on-year increase of 4.8%.

In 2012, the volume of steel handled by the Group was 7.618 million tonnes, a year-on-year decrease of 0.6%. The decline was mainly due to the drop in demand.

## Management Discussion and Analysis

The volume of coal handled by the Group in 2012 was 12.72 million tonnes, a year-on-year increase of 1.4%. Despite a decline in domestic demand for coal, the Group embraced a growth in coal throughput against the backdrop with attracting new customers in the harbour-based industry and the solicitation of coal import companies.

The volume of equipment handled by the Group in 2012 amounted to 2.158 million tonnes, a significant increase of 25.2% over the previous year. While keeping existing customers, we actively increase our customer base by tapping into new additions of freight traffic, and thus achieved a substantial growth in equipment throughput.

In 2012, steel throughput and coal throughput handled by the Group's general cargo terminal accounted to 17.6% (18.3% in 2011) and 16% (14.3% in 2011) of the total throughput in the Three Northeast Provinces of China, respectively.

The Group operates its general cargo terminal business at three port areas, namely Dalian Bay, Zhuanghe and Changxing Island. The Group's revenue for the General Cargo Segment was derived mainly from operations at Dalian Bay and Zhuanghe. Dalian Changxing Island Port Co., Ltd. which operates at Changxing Island is owned by one of the Company's joint ventures, therefore its revenue was not consolidated into the Company's results.

In 2012, the revenue from general cargo terminal and logistics services amounted to RMB335,990,523.40, accounted for 7.2% (9.0% in 2011) of the Group's total revenue, representing a decrease of RMB19,122,981.20 or 5.4%, as compared with that in 2011. Such a decrease was mainly due to the throughput reduction in Dalian Bay port region, and this decrease was partly offset by the impact of tariff increase for certain items of general cargo.

In 2012, the gross profit from general cargo terminal and logistics services amounted to RMB38,655,227.92, representing a decrease of RMB978,462.70 as compared with that in 2011. This profit accounted for 2.4% (2.7% in 2011) of the Group's total gross profit, and represented a gross margin of 11.5% (11.2% in 2011), approximately the same as that in 2011.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's General Cargo Segment were as follows:

- We have built an integrated logistics system. With an aim to stabilize freight traffic, in collaboration with the railway sector and steel mills we have put into operation a group of circular-route trains for transporting steel and ore running between Dalian port area and the iron and steel enterprises.
- We timely adjusted our direction of market development, and captured more cargo from customers operating in the harbour-based industry and secured more coal storage business from customers who procure coal for sale during the winter months and customers who engage in coal importing business.
- By leveraging on our brand in handling large-sized equipment, and catering for customer demand through offering a full range of integrated logistics services, we further enhanced cargo solicitation.
- We played an active part in fostering the development of steel trading business through the establishment of 大連市鋼材物流園有限公司 (Dalian City Steel Logistics Park Co., Ltd.) which started operations in the fourth quarter, which will further promote the development and growth of the steel logistics business.

### Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in 2012 and its comparative results in 2011:

	2012 ('000 tonnes)	2011 ('000 tonnes)	+/-%
Corn	3,674	3,926	-6.4%
Soy bean	1,668	1,041	60.2%
Barley	221	139	59.0%
Wheat	59	31	90.3%
Others	1,624	1,930	-15.9%
<b>Total</b>	<b>7,246</b>	7,066	2.5%



# Management Discussion and Analysis

Throughput handled by the Group's bulk grain terminal in 2012 was approximately 7.246 million tonnes, an increase of 2.5%.

Corn throughput handled by the Group's bulk grain terminal in 2012 was approximately 3.674 million tonnes, a decrease of 6.4%. In 2012, against the backdrop of prolonged sluggishness of the corn market, we achieved a relatively larger throughput growth by taking a number of initiatives to increase cargo delivery volume and improve efficiency in the first half of 2012. The decrease in corn throughput was mainly because many trading companies' enterprises remained cautious in maize procurement due to a decrease in demand in the domestic market in the second half of the year.

Soybean throughput handled by the Group's bulk grain terminal in 2012 was 1.668 million tonnes, a year-on-year growth of 60.2%. To withstand the downturn of the corn market, the Group proactively adjusted its cargo solicitation strategy and shifted its focus on securing cargo supply from import trading companies, as the result, the Group recorded a substantial growth in throughput of imported soybean from foreign trade. The transshipment business at Dalian port area also grew and accounted for 73% of the Group's soybean throughput, an increase of 8.7% percentage point.

Grain throughput handled by the Group's bulk grain terminal in 2012 accounted for 17.6% (16.6% in 2011) of that of the Three Northeast Provinces of China.

In 2012, the revenue from bulk grain terminal and logistics services amounted to RMB723,526,990.34, accounted for 15.6% (8.1% in 2011) of the Group's total revenue, representing an increase of RMB401,423,060.00 or 124.6%, as compared with that in 2011. Such increase was mainly attributed to the new grain-trading business. Without the impact of this new business, the revenue increased by RMB27,426,289.96, that is a 8.5% increase. Such an increase was attributed to throughput growth and tariff rate increases.

In 2012, the gross profit from bulk grain terminal and logistics services amounted to RMB187,011,115.80, representing an increase of RMB41,464,055.02 as compared with that in 2011. This profit accounted for 11.8% (9.9% in 2011) of the Group's total gross profit, and represented a gross margin of 25.8% (45.2% in 2011). Without the impact of grain-trading business, the gross margin is 52.7% increasing 7.5 percentage points over that in 2011. Such an increase was attributed to throughput growth and tariff increases.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's Bulk Grain Segment were as follows:

- We optimized of our cargo supply structure and customer mix, and strived to obtain the cargo supply from foreign trade import companies.
- By reasonably allocating various bulk grain truck resources, strengthening strategic collaborations with large customers, and implementing an integrated vehicle-ship logistics model, we have provided a support for the stable income from operation of the bulk grain trucks. At the same time, we also significantly improved the operations of bulk grain trucks, thereby we have achieved a growth in throughput and created a new growth point.
- 大連港糧油貿易有限公司 (Dalian port Grains & Oil Trading Co., Ltd.), a wholly-owned subsidiary of the Group, was incorporated in October 2012. By capturing the favourable opportunity emerging from the new grain coming into market, the Company made an active move into the grain trade business on the basis of logistics-supported trade and trade-driven logistics, thus adding fresh impetus to the dual growth in both the overall cargo supply and operation results of bulk grain business.

## Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on roll-off throughput handled by the Group in 2012 and its comparative results in 2011:

	2012	2011	+/-%
Passengers ( '000 persons)	<b>4,062</b>	4,080	-0.4%
Vehicles ('000 units) (note 2)	<b>832</b>	627	32.7%

Note 2: The number of vehicles refers to the number of vehicles handled at the passenger and roll-on, roll-off terminals of the Group and at the terminals of the companies in which the Group has equity interests.

# Management Discussion and Analysis

In 2012, the Group transported approximately 4.062 million passengers, a decrease of 0.4% over 2011, and handled approximately 832,000 vehicles, an increase of 32.7%.

In 2012, China's economic slowdown and price wars among shipping companies negatively affected the Group's roll-on and roll-off business. With commencement of operation of two vessels of the Group and one vessel of Sino Rail Bohai Train Ferry Co., Ltd. ("SBTF") in Dalian Lvshun Port, the Group has expanded its power of influence and market share.

In 2012, the revenue from passenger and roll-on roll-off and logistics services amounted to RMB131,596,278.98, accounted for 2.8% (2.9% in 2011) of the Group's total revenue, representing an increase of RMB16,747,310.48 or 14.6%, as compared with that in 2011. Without the consolidation of the income of the newly-acquired Lvshun port, the revenue grew by 9.1%. Such an increase was mainly due to the growth of the passenger and roll-on roll-off throughput.

In 2012, the gross profit from passenger and roll-on roll-off and logistics services amounted to RMB48,119,593.16, representing an increase of RMB3,430,083.31 as compared with that in 2011. This profit accounted for 3.0% (3.0% in 2011) of the Group's total gross profit, and represented a gross margin of 36.6% (38.9% in 2011). Without the impact of consolidating Lvshun port, the gross margin was 40.0%. Such an increase was due to throughput growth.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's Passenger and Ro-Ro Segment were as follows:

- Two roll-on roll-off vessels named MV. Qingshandao and MV. Changshandao consecutively have been put by China Shipping Passenger Liner Co., Ltd. into operation on the route connecting Dalian and Yantai. Both vessels call at the Group's terminals, therefor the Group's market influence and competitiveness further increased.
- We made significant improvement in customer services and launched services for high-end passenger. To meet various needs and uplift the image of the port, the Group, in collaboration with China Mobile, also launched services such as the green channels for VIP, the disabled, senior citizens and the children.

- We have built up an e-commerce platform on the whole to enhance ticket selling services.
- Berths No. 17, 18, 19 and 20 at Dalian Bay area dedicated for passenger and roll-on roll-off service have been put into operation.

## Value-added Services Segment

### TUGGING

In 2012, the port services, ocean engineering and shipbuilding services recorded a stable performance. The Group paid great attention to communication with customers and quality of tugging services so that the Group achieved a stable performance in the tugging business in Dalian.

In the market outside Dalian, facing changing market conditions, the Group timely changed tugboats' location and optimized the distribution of tugging services so that the Group maintained a stable long-term customer base and developed relationship with new customers. In 2012, there were totally 15 tugboats allocated for the market outside Dalian.

As at the end of 2012, the Group had a total of 39 tugboats and four pilot boats, among which, 15 tugboats were leased out under long-term leases to other ports outside Dalian. The Group retained a leading position in tugging services among its peers across the country.

### TALLYING

In 2012, the total tallying throughput handled by the Group was approximately 41.994 million tonnes, an increase of 0.5% over last year.

### RAILWAY

In terms of the operation of railway transportation, the Group handled a total of 700,000 carriages, a decrease of 10% as compared with the last year.

In 2012, the revenue from port value-add services amounted to RMB890,756,178.33, accounted for 19.2% (24.2% in 2011) of the Group's total revenue, representing a decrease of RMB65,695,890.17 or 6.9%, as compared with that in 2011. Such a decrease was mainly due to the reduction of project construction revenue and construction management revenue.

# Management Discussion and Analysis

In 2012, the gross profit from port value-add services amounted to RMB305,492,342.99, representing a decrease of RMB40,584,942.31 as compared with that in 2011. This profit accounted for 19.2% (23.6% in 2011) of the Group's total gross profit, and represented a gross margin of 34.3% (36.2% in 2011). Such a decrease was mainly due to the decrease of the high-margined construction management revenue which accounted for a large portion of the revenue from value-added services and the decrease in the gross margin of the transportation business.

In 2012, in addition to the above measures, the Group also put energetic efforts on stepping up the building of an integrated commerce, industry and trade platform, taking an equity participation in Northeast Asia Spot Commodity Exchanges, establishing a grain trading company, an auto trading company and a steel logistics park. Smooth progress was attained in the related trading business. A spot commodity delivery warehouse was established in Changxing Island port area to attract cargoes for transshipment at the port area.

## Core Competence

In 2012, the handling capacity and storage capacity of the Group continued to grow. The No. 8 storage tanks of Oil terminal were put into operation. Construction of berths and tank farms at Changxing Island for handling oil and liquefied chemicals has been partly completed. Upon completion of the abovementioned projects the Group's handling and storage capacity will be significantly improved that provide support for further development and expansion of the terminal logistics business of the Group. At the same time, the Group has been proactively building an integrated logistics services system for handling a variety of different kinds of cargo from containers, grain, steel and commodity automobiles through consolidation of rails, roads, inland principal ports as well as shipping and port resources. We established close cooperation relationship with the relevant units so that we have built an integrated commerce-industry-trade platform for grain, commodity automobiles and steel trading business. With a vision to create a promising prospect for trading companies as well as logistics services providers, we made great efforts to benefit both trade and logistics.

## Future Development

### (I) COMPETITIVE LANDSCAPE AND THE INDUSTRY TREND

In 2013, the global economy began to bottom out, with more apparent signs of moderate recovery. The increasing urbanization in the country will invigorate the economic development to another boom cycle. The State will soon put in place new policies of revitalization of old industrial bases in the northeast China in the next decade, and unveil marine development strategies. Liaoning provincial government has determined to develop Dalian into the Northeast Asia International Shipping Centre in five years. The PRC government will issue further policies to support the establishment of the Free Trade Area among China, Japan and South Korea. However, it is expected that the economic recovery within and outside China still have to undergo a long, challenging process.

The hinterland of the Group is mainly concentrated in Heilongjiang Province, Jilin Province and Liaoning Province and the eastern regions in Inner Mongolia. Cargo supply is mainly related to bulk general cargo, oil products, containers, automobiles as well as passenger and roll-on and roll-off operations, such as iron ore, coal, steel and grain. We offer a comprehensive range of services for a variety of different cargoes, which enable the Group to have a stronger risk-resisting capability. With the gradual economic recovery within and outside China, throughput of the Group's bulk cargo and general cargo is expected to grow. The support from the government's subsidy policy will foster a sustained growth in container business. Driven by the domestic trade market, the business of Ro-Ro commodity automobile segment will maintain a growth. The Group's throughput will continue to grow steadily.

# Management Discussion and Analysis

## (II) POSSIBLE RISK EXPOSURES

The world economic situation remains relatively complex and challenging. The impact of the global financial crisis lingers on in a prolonged trend. It seems unlikely for the global economy and the international trade situation to revive from weak recovery in the short term. The shipping market is still in time of tough rigours, and is faced with the ongoing contradictions of imbalanced capacity. The downward pressure of China's economic growth and the contradictions of relative surplus capacity may continue to be intensified. Due to the continued economic downturn and the increase in the proportion of cargoes of domestic trade, customers are increasingly becoming price sensitive. Multiple railway price adjustments led to adverse impact on our business. Moreover, as neighboring ports around Dalian are putting great efforts on stepping up the construction of port infrastructure and improving port capacity, the Group is under increasing pressures.

## (III) THE DEVELOPMENT STRATEGY OF THE COMPANY

Facing new trends that are featured by the changes in the landscape of the current worldwide economy and the adjustment to China's industrial structure, the Group will continue to actively pursue further business development according to the State's overall development strategy and the policy of building Dalian into the Northeast Asia International Shipping Centre. In order to develop the Group into a leading port operator in China, we will make great efforts in eight aspects, e.g., brand building, logistics business innovation, development of trading business, activate financial business through further opening up of markets, improving port facilities, strive for further exploration through industry development, improving information system, and market development to attract new customers. The Group will focus on the business development in four aspects, including the building of an integrated logistics system and an integrated commerce-industry-trade platform, attracting the harbour-based industrial customers, and services innovation. The Group is aiming to leverage the strengths of the Northeastern Asia Spot Commodity Exchanges and with the support of trading companies to build up a new port operation mode. At the same time, the Group will implement strict cost control in order to achieve continuous growth in both the Company's revenue and operating results.

## Opportunities, challenges faced and major market development measures to be taken by the group in 2013

### *Oil Segment*

In 2013, China's economy is expected to stabilize. However, due to factors including overcapacity of refineries, the flawed refined oil pricing mechanism and an adjustment by PetroChina of its crude oil transportation and distribution plan, the refineries located in our hinterland may reduce their oil processing volume, crude oil import and refined oil shipment via sea port and railways.

- In connection with the expansion of oil transshipment business, we took full advantage of the newly-built crude oil storage tanks to attract international oil trading operators and to explore the international crude oil transshipment business opportunities, while strengthening our positions in the crude oil transshipment via the sea in China.
- We further stepped up the construction of public bonded warehouses, thereby promoting public bonded business.
- We will further explore logistics and financial services such as warehouse receipts pledge, so as to establish a safe, efficient financing platform for customers.
- We have commenced construction of No. 9 # storage tank with a capacity of 600,000 cubic metres, the foundation of the tank has completed. We have completed the tendering process for construction of the main body of the tank. The project is expected to be completed by the end of 2013.
- We continue to build crude oil terminal and tank facilities with a capacity of 100,000 tonnes at Changxing Island Port.



# Management Discussion and Analysis

## *Container Segment*

The Group expects that the world economy will continue to experience turbulence and complication in 2013. The economic adversities may linger on for some time. The global economy is expected to bottom out and show a mild recovery. In the meantime, as the measures of stabilizing growth and boosting domestic demand begins to take effect, China's economy is expected to grow at a slow yet stable pace.

- On front of expansion of shipping routes, the Group will strive to maintain stable and smooth operation of the current network, while making use of effective marketing and business strategy to consolidate the routes structure in the key port, and to expand the cooperation in transshipment. We will also enhance our route structure for domestic trade and add new shipping routes in this area, with a focus on routes to and from Nansha, Fujian and Shanghai etc. Attempts will also be made to set up direct routes in the Gulf of Tonkin, as well as in Jiangsu and Zhejiang Provinces.
- In relation to transshipment business, we continued to take advantage of government subsidies to promote vessel change, empty container allocation, transshipment business in two Bohai Rim and Huanghai Rim and build a strong brand in the transshipment business in these regions. We will make great efforts in offering a full range of integrated logistics services, and to maintain its leading position as a hub port for transshipment business in these regions.
- In respect of land-based logistics, we adhered to the strategy of increasing the number of intersection points and routes, and joined forces with the railway sector, inland enterprises and high-quality logistics providers to develop sea-to-rail intermodal transportation market. We took great steps in building a land-based logistics cloud services platform, optimizing road transport service system, and developing a comprehensive logistics security system combining the means of transport via roads and railways.
- Leverage natural port resources, we continued to promote the development of specialized container logistics services for dangerous goods, chemicals and automobiles.

## *Automobile Terminal Segment*

China's automobile industry enters into a period of steady growth. In 2013, we expect that automobile sales volume (including imports) will reach 20 million units, representing an increase of approximately 4% year-on-year. Leading automobile manufacturers are gradually accepting water transport as a means of transportation. Issues such as the upward adjustment in Brazil tariff, the political instability in Syria, the territorial dispute between the PRC and Japan over the Senkaku/Diaoyu Islands, would all cast dark shadow over the Group's automobile terminal business.

- The Group will continue to explore cargo transportation business opportunities for automobiles industry between the southern and northern China. Having managed to stabilize the existing source of business and achieve organic growth from the existing customers, the Group will specifically cooperate with authorities to facilitate the water transportation project for relevant customers and push for the introduction of new shipping route between the southern and northern China with Dalian as a basic port, so as to strengthen the Group's position in automobile transportation for domestic trade between the southern and northern China.
- The Group will enhance coordination with customers in order to strengthen our position as an export hub for automobiles. Emphasis will be placed on working for the relevant customers to shifting forward their export logistics bases into the Group's facilities, and on conduct of business in accordance with the customers' requirement so that the risk of losing out source of business could be minimized.
- Subject to assurance on operational safety, the Group will deploy more handling equipment in order to expand foreign trade bulk cargo operation and domestic trade large-scaled equipments.
- We will move ahead to establish our integrated logistics system for automobiles, to assume a leading role as the distributor in the inner part of northeastern China, and also to carry out logistics services for automobile spare parts.
- The Group will push forward our exploration of business opportunities in automobile trade services.

# Management Discussion and Analysis

## *Ore Segment*

We do not expect the iron ore market in 2013 to change significantly as compared to last year, albeit the overall market may register a growth. Hampered by the current bottleneck occurred at the demand side, the extent of growth in both market price and quantity of demand should be limited.

- We will strengthen our close business relationships with steel manufacturers to secure more sources of iron ores supply in the hinterland.
- The Group will strive to further expand our collaboration with trading corporations and steel manufacturers located around the Bohai Rim area in search of transshipment business opportunities.
- We look to commence offering a range of value-added service items such as bonded warehousing for iron ores and iron ores mixing.

## *General Cargo Segment*

The development of the steel and coal industries, amongst others, has apparently been going into a phase where fundamental adjustments are necessary. With the economy now growing at a much slower pace, the imbalanced supply and demand situation is destined to get worse. We, however, expect that the steel and coal markets may display a mild rebound in near future.

- We intend to develop a full-range logistics chain that covers the entire operation flow from upstream to downstream with Dalian port as the core. Co-operation with railways in the upstream would be struck to form an alliance which will seek for common interests, whereas in downstream setting up new shipping service routes will be the focus, so that a well connected and extensive marine-railway transportation network may be established in the northeastern hinterland of China, with scheduled shipping routes as the key element.
- With corporations residing in the steel logistics park as the basis, the Group resolve to establish an integrated industrial and commercial platform through our solid and effective work, and leveraging on our strong resources, with an aim to solicit steel factories and trade customers to move into the park, thereby increase the turnover of the steel logistics park and expand the port service scope and generate new source of income.

- The Group is set to speed up the development of timber fuming and heating treatment zone in Changxing Island area, to actively promote the development in onshore timber fuming and heating treatment activity, and eventually solicit clients to invest and set up facilities in the port.

## *Bulk Grain Segment*

The structurally-driven growth in China's demand for feed corn and imported soybean in 2013 led us to spot the emerging opportunity in business development. To this end, the Group will make moves to reinforce our strategic partnership with some of our major customers, to further the co-operation in trade as well as in logistics resources, thereby to achieve breakthroughs in terms of customer, trade and logistics.

- The Group looks to further consolidate our position in upstream supply chain, to secure a stable corn product supply. Firstly, we will make efforts to strengthen our corporations with certain bulk grain trucks service providers for further enhancing our capability in this segment. Secondly, we will seek to enter into an annual bulk grain transportation and container port service agreement with targeted major customers so as to secure stable transshipment volume. Thirdly, we would go ahead to form a master planning for strategic loading points to improve efficiency of carrier operation and market sensitivity. Fourthly, we will proceed to explore opportunities of acquisition, thereby to expand the capacity of our own bulk grain carrier fleet.
- We will also look to expand our sources for import goods from other countries, aiming to retain and further increase the current market share in traditional customers, as well as to seal new long-term partnership among new customers.
- We intend to launch the grain trading business on a solid basis to fully utilize our advantage in our integrated grain logistics service system. The move could create a mutually beneficial and supportive model and relationship between the logistics operation and the trading operation, that not only would it contribute growth in throughput but would also derive new bright spots for growth in the bulk grain segment.

# Management Discussion and Analysis

## *Passenger and Ro-Ro Segment*

The market conditions of Passenger and Ro-Ro Segment in 2013 will still offer few reasons to cheer for. Nevertheless, as the urbanization process is gathering pace, a rebounding domestic consumption market of construction materials, home appliances and furniture etc. should serve to stimulate development of the passenger and ro-ro market, that the market may see certain growth in passengers and goods rolling on and rolling off volumes.

- The Group will proactively seek to add new routes in response to changing market, provided that the conditions of the current routes services having been stabilized.
- We continue to promote and encourage cooperation between port operators and the shipping industry in pursuit of a mutually benefiting environment, work for market and price stability, and create a favourable market environment for all parties and sectors involved.
- work diligently to bring in new ticketing services such as ticket booking for medium and long routes within the economic hub in the northeastern hinterland of the PRC, on-line ticket booking, advancing ticket booking and delivery, as well as to bring about the electronic pass system, to strictly implement the control requirement over vessel crew number, in an effort to ensure the safety of passengers and vehicles in the course of transportation.
- The Group aims to take advantage of our route services to work with strategic partners such as travel agencies for developing new commuter products (e.g. travel and tour service), so as to expand our port services.

## *Value-added Service Segment*

- Benefiting from the development of regionalization and port consolidation, the Group will be able to add new driving force to revenue increase by optimizing resource deployment and adjusting tugboat deployment structure.
- Of the four 7,200-horsepower reversible tugboats of which construction had commenced since 2011, two of them were put into operation in January 2013, and the remaining two of them will be put into operation within the first half of 2013. This will help us meet the needs of large-scaled vessels.
- The Group will continue to provide comprehensive port supporting services (such as tallying and railway 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.

## **(IV) OTHER ASPECTS**

### **Human Resources**

Taking into consideration of the Company's development strategies and target, the Group took efforts to facilitate employee growth and development, formulate an employment mechanism for staff selecting, training and appointment so as to promote the Company's sustainable development.

Focusing on position, performance and ability, the Company attempted to establish a compensation system compatible with the human resources management through optimizing remuneration system and positive incentives in various aspects.

We also place emphasis on provision of training to our staff with both internal training and outside courses at our disposal so that a talent pool could be formed and sizing up to provide strong support to the Company's business development.

As at 31 December 2012, the Group had a total of 6,606 full-time employees. The Group and its invested businesses together had a total of 9,454 employees. The Group undertakes review of its employee remuneration policy annually by taking into account the Group's performance, staff annual appraisal results and the labor market in Dalian and on this basis determines or makes adjustments to our remuneration policy.

# Management Discussion and Analysis

## **Investor relations**

The Company always places an indispensable focus on strengthening investor relation management, and regards this as a key and integral part of corporate governance. Our investor relation team has played well to its role as the communication channel between our senior managers and the investment community. Adhering to the principles of regularity, fairness and transparency, the Company strives to provide true and accurate information disclosure in a timely manner. We have established various channels for communication with 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 regularly collect feedbacks from investors, take careful consideration of their suggestions and make improvement along its corporate development. We perform ongoing analyses on shareholders' structure on a regular basis, which include review of the shareholdings of both institutional and retail investors, tracking and interpreting changes in shareholding structure by types of investors. These procedures enable us to build up and maintain good relationships with our existing and future potential investors.

In 2012, to promote and facilitate better understanding of the Company's performance, development strategies and prospects among all interested parties, we had hosted a variety of activities including press conferences, analyst briefings, conference calls, luncheons and investor road shows. We also arranged meetings and site visits to Dalian port for investors, and took up investors' enquires, among other means and channels, to attain an active, straightforward and open communication with the capital market and domestic and overseas investors. In compliance with 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 medium designated by the regulatory authorities.

Investor relation is a long-term strategic task for the Company. The Company will continue to improve its investor relation management so as to better serve investors and earn their trust and confidence, thereby making us one of the most esteemed listed companies in terms of trustworthiness amongst capital market investors.

## **Corporate social responsibility**

We have consistently complied with the state's laws and regulations, and strictly followed laws and regulations relating to corporate governance, production safety and environmental protection. The Group always duly fulfills its tax payment obligations, and has made a total tax payment of RMB490,000,000 in 2012.

The operational procedures as well as supervision and inspection procedures put in place by us are in strict compliance with the quality assurance system and safety assurance system so as to ensure a complete and thorough control production quality and safe assurance. During the year, we had neither experienced any quality issues of material impact nor made any compensation in relation to any quality issues.

In the aspect of environmental protection, we steadfastly uphold the principle of "strengthening control over reduction of emissions and reduction of energy consumption, and playing an active part in creating green environment at all levels of the Group". In doing so, we have assumed our responsibility in terms of natural resources conservation, exploration and protection, and we have been also extending untiring efforts to exercise measures against environmental pollution as well as those for environment conservation, in best effort to run our port operation up to the present-day's standards on environmental protection and conservation.



# 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 2012.

## 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 X. 6 to the financial statements.

Details of the analysis of the Group’s operating results by business segments for the year ended 31 December 2012 are set out in Note X. 6 to the financial statements.

## Results and Appropriations

The results of the Group for the year ended 31 December 2012 are set out in the consolidated income statement of the financial statements.

The Board now recommends the payment of a final dividend of RMB5 cents per share, aggregating to approximately RMB221,300,000.00 to the shareholders of the Company.

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 general meeting. Accordingly, the aforesaid dividend distribution proposal will be implemented following the approval of the Company’s annual general meeting for 2012.

## 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 changes in equity of the financial statements.

## Distributable Reserves

As at 31 December 2012, the Company’s reserves available for distribution were RMB1,815,790,904.77, which was calculated 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 2012, the total amount of outstanding bank loans and other borrowings of the Group was RMB11,535,906,271.53. Details of the relevant loans are set out in Note V. 25, Note V. 34, Note V. 35, and Note V. 36 to the financial statements.

## Capitalisation of Interest

As at 31 December 2012, the total amount of interest capitalised of the Group was approximately RMB256,001,476.58.

## 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 2012 are set out in Note V. 15 and Note V. 17 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 2012 are set out in Note V. 14 to the financial statements.

## Share Capital

The share capital structure of the Company as at 31 December 2012 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. 39 to the financial statements.

## Pre-emption Rights

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

## Purchase, Redemption or Sale of Shares

During the year ended 31 December 2012, 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 year are:

### EXECUTIVE DIRECTORS

Mr. Hui Kai (Note 1)  
Mr. Sun Hong (Note 2)  
Mr. Zhang Fengge (Note 3)  
Mr. Xu Song  
Mr. Zhu Shiliang

### NON-EXECUTIVE DIRECTORS

Mr. Xu Jian  
Mr. Zhang Zuogang

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Yongze  
Mr. Gui Liyi  
Mr. Wan Kam To, Peter

Note 1: Mr. Hui Kai was appointed as the director of the Company on 27 April 2012.

Note 2: Mr. Sun Hong resigned from his office as director of the Company on 20 February 2012.

Note 3: Mr. Zhang Fengge resigned from his office as director of the Company on 25 January 2013.

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.

# Report of the Directors

## **SUPERVISORS**

Mr. Fu Bin (Note 1)  
Ms. Su Chunhua (Note 2)  
Mr. Zhang Xianzhi  
Mr. Lv Jing  
Mr. Xu Fangsheng  
Ms. Gui Yuchan (Note 3)  
Mr. Jiang Weihong (Note 4)

Note 1: Mr. Fu Bin resigned from his office as the supervisor of the Company on 25 January 2013.

Note 2: Ms. Su Chunhua resigned from her office as the supervisor of the Company on 27 June 2012.

Note 3: Ms. Gui Yuchan resigned from her office as the supervisor of the Company on 29 November 2012.

Note 4: Ms. Jiang Weihong was elected as supervisor of the Company by employee representatives of the Company on 5 December 2012.

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 2012, 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).

## **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 2012, 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.

# Report of the Directors

## 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 X. 8 to the financial statements.

## Five Highest Paid Individuals

For the year ended 31 December 2012, information in respect of the five highest paid individuals of the Group is set out in Note X. 9 to the financial statements.

## Management Contracts

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

## Connected Transactions

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

### NON-EXEMPT CONNECTED TRANSACTION UNDER LISTING RULES 14A.31

- A. On 6 January 2012, the Company entered into the Dalian Bay Property Compensation Agreement with Dalian Port Corporation Limited ("PDA"), the controlling shareholder of Company, for the compensation for demolition of the certain properties and assets located at Dalian Bay in Dalian at an aggregate cash consideration of RMB 2,136,360. On the same day, the Company entered into the Acquisition Agreement with PDA for the acquisition of certain steelwork dismantled from a warehouse in connection with the construction by the Company of the Dalian Bay passenger and roll-on, roll-off terminals and general cargo terminals at an aggregate cash consideration of RMB 2,081,300. Both of the considerations under the two aforesaid agreements were determined with reference to the respective appraised value of the assets which were conducted by an independent PRC qualified valuer appointed by both PDA and the Company.
- B. On 27 June 2012, the Company and PDA entered into the Equity Interests Transfer Agreement for the acquisition from PDA of 45% equity interests in Dalian Changxing Island Port Investment and Development Co., Ltd. by the Company. The cash consideration of RMB313,147,800 for the acquisition 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. As the acquisition involved state-owned assets, the acquisition was subject to the approval of State-owned Assets Supervision and Administration Commission of Dalian Municipal Government.

Dalian Changxing Island Port Investment and Development Co., Ltd. was established in 2009 and is primarily engaged in investing in development of crude oil terminal and oil storage tanks and other port facilities in Changxing Island industrial zone near the Group's current port facilities and certain projects.

- C. On 30 October 2012, the Company and PDA entered into the Equity Transfer Agreement for the sale by the Company of 100% equity interests in Dalian Port Petrochemical Co., Ltd to PDA. The cash consideration of RMB 596,000,000 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 transaction was subject to the approval of State-owned Assets Supervision and Administration Commission of Dalian Municipal Government.



## Report of the Directors

Pursuant to the non-competition agreement dated 23 March 2006 entered into between the Company and PDA, during the restricted period, PDA undertook to the Company that it would not engage in competition with the Company within Dalian by means of its direct or indirect ownership of any interest in, or acquisition or holding of, the terminal and related logistics business, including but not limited to oil products and liquid chemicals (the “Non-Competition Agreement”). Accordingly, PDA would be restricted from carrying on business which Dalian Port Petrochemical Co., Ltd. was engaged in upon completion of the transaction. The Company, therefore, agreed to exempt PDA from strict compliance with the requirements of the Non-Competition Agreement, and the Company would have the right to repurchase its shares if Dalian Port Petrochemical Co., Ltd. had become profitable.

### 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 2012.

Connected transactions	Connected persons	Cap for 2012 (RMB'000)	Actual amount for 2012 (RMB'000)
A Construction supervision services	PDA Group (Note 1)	14,000	4,769
B Project management services provided by DCM and Project management services provided by Superintendence Company	PDA Group	35,500 <sup>(1)</sup>	3,322
C Property Leasing	PDA Group	26,770	25,421
Property Leasing <sup>(2)</sup>	PDA Group	1,725	–
D Supply of goods and services	PDA Group	43,403	34,154
E Receiving of goods and services	PDA Group	230,727 <sup>(3)</sup>	120,841
F Terminal facilities design and construction services	PDA Group	50,350	4,222
Total		402,475	192,729

(1) On 26 April 2012, Dalian Port Construction Management Company Limited (“DCM”) and PDA entered into the Supplemental Agreement to revise the annual cap under the Project Management Services Agreement dated 30 September 2009 for the year ended 31 December 2012 from RMB14,500,000 to RMB35,500,000. Please refer to the details in paragraph headed “B. Project Management Services” below.

(2) On 9 June 2011, Dalian Port Container Development Co., Ltd. (“DPC”), a wholly-owned subsidiary of the Company entered into an agreement with PDA for leasing a plot of land. Please refer to the details in paragraph headed “C. Property Leasing” below.

(3) On 27 April 2012, the Company and PDA entered into the Supplemental Agreement dated 27 April 2012 to revise the annual cap under the Mutual Supply Master Agreement dated 30 September 2009 for the year ended 31 December 2012 from RMB65,727,000 to RMB230,727,000. Please refer to the details in paragraph headed “E. Receiving of goods and services” below.

The main reason for the significant difference between the actual amount and the relevant annual cap of the above transactions for 2012 was that certain former connected persons, as defined under the Listing Rules, ceased to be the Company’s connected persons due to the change of ownership structure of those companies.

# Report of the Directors

## 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 2012 was RMB14,000,000. The actual amount of the transactions in 2012 was RMB4,769,000.

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;
- The initial terms of the agreement will commence from the Completion Date (Note 2) 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 polices; 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 (“DCM”) to the Group pursuant to the Construction Management Services Agreement dated 30 September 2009. The annual cap for the project management services for the year ended 31 December 2012 under this agreement was RMB14,500,000.

On 26 April 2012, DCM and PDA subsequently entered into the Supplemental Agreement to revise the existing annual cap under the Construction Management Services Agreement for the year ended 31 December 2012. The annual cap for the project management services for the year ended 31 December 2012 was revised from RMB14,500,000 to RMB35,500,000.

On 29 August 2012, Superintendence Company signed the New Construction Management Services Agreement with PDA pursuant to which Superintendence Company took over the role of DCM under the Construction Management Services Agreement dated 30 September 2009 and Supplemental Agreement dated 26 April 2012 to provide the project management services to the Group. The annual cap for the construction management services for the six months ending 31 December 2012 under the New Construction Management Services Agreement was RMB35,500,000.

The actual amount paid to DCM and to Superintendence Company for the project management services under the aforementioned agreements in 2012 were RMB3,322,000 and nil, respectively.

# Report of the Directors

The major terms of the New Construction 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 end on 31 December 2012;
- The construction 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 polices; 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 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 2012 was RMB26,770,000. The actual amount of the transactions in 2012 was RMB25,421,000.

On 9 June 2011, Dalian Port Container Development Co., Ltd. ("DPC"), a wholly-owned subsidiary of the Company, entered into the Lease Agreement with PDA, pursuant to which DPC leased from PDA the plot of land located at the south bank of Dayao Bay in Dalian for a term commencing on 9 June 2011 and ending on 31 December 2013 for developing a depot for storing and handling dangerous goods. The annual cap for the rental charged by PDA and the actual amount of transaction under this agreement for the year ended 31 December 2012 were RMB1,725,000 and nil, respectively.

The aggregate annual cap for the above property leasing and the actual amount of transactions under the two aforesaid agreements for the year ended 31 December 2012 were RMB28,495,000 and RMB25,421,000 respectively.

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 (Note 2) 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 annual cap for the supply of goods and services for the year ended 31 December 2012 was RMB43,403,000. The actual amount of the transaction in 2012 was RMB34,154,000.

# Report of the Directors

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 (Note 2) 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 polices;
  - (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 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. Purchase 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 annual cap for the supply of goods and services by PDA and/or its relevant associates under this agreement for the year ended 31 December 2012 was RMB65,727,000.

On 27 April 2012, the Company and PDA subsequently entered into the Supplemental Agreement to revise the existing annual cap for the purchase of goods and services from PDA and/or its relevant associates under the Mutual Supply Master Agreement for the year ended 31 December 2012. The annual cap for the purchase of goods and services for the year ended 31 December 2012 was revised from RMB65,727,000 to RMB230,727,000. The actual amount of the transaction in 2012 was RMB120,841,000.

Under the Supplemental Agreement, the main considerations for revising the existing annual cap for the year ended 31 December 2012 were (i) PDA and/or its relevant associates had provided to the Group a discount of RMB100 per ton of fuel on the basis of the State recommended retail price, which would generate significant savings in the fuel costs of the Group; and (ii) PDA and/or its relevant associates had established various gas stations nearby the Group's terminal area to provide timely and high-quality services to the Company.

# Report of the Directors

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 favorable than those available from independent third parties;
- The initial term of the Mutual Supply Master Agreement will commence from the Completion Date (Note 2) 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 polices;
  - (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.

## **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 annual cap for the terminal facilities design and construction services for the year ended 31 December 2012 was RMB50,350,000. The actual amount of transaction in 2012 was RMB4,222,000.

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;



## Report of the Directors

- The initial term of the agreement will commence from the Completion Date (Note 2) 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 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 annual cap for the daily deposit balance and the actual highest daily deposit balance for the year ended 31 December 2012 were RMB4,000,000,000 and RMB1,555,962,000, respectively. The annual cap for the daily loan balance and the actual highest daily loan balance for the year ended 31 December 2012 were RMB5,000,000,000 and RMB475,000,000, respectively. The annual cap for the other handling fees in connection with the settlement services and other financial services and the actual amount of such handling fees for the year ended 31 December 2012 were RMB700,000 and RMB109,000, respectively.

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

- Financial services to be provided by Dalian Port Group Finance Company Limited (the "Finance Company") to the Group include:
  - (a) depository services, including current deposit, fixed term deposit, call deposit and agreement deposit; and
  - (b) loan services, including line of credit, bill acceptance, bill discount, financial leasing and other credit services;
  - (c) settlement services, including payment and clearance services; and
  - (d) other financial services within the scope of Financial Company's license;
- The terms and conditions on which the financial 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 Financial Services Agreement will commence from the 1 January 2012 and will end on 31 December 2014; and

# Report of the Directors

- The financial services shall be priced in accordance with the following principles:
  - (a) The interest rates payable by the Finance Company to Group for any deposits should not be lower than the interest rate prescribed by the People's Bank of China for comparable deposits and should not be lower than the interest rates paid by other major commercial banks in China for comparable deposits, and should 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) The interest rates for any loan provided by the Finance Company to the Group should not be higher than the rate charged by major commercial banks for comparable loans, and should not be 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 service fee for other financial services will not be higher than the fee charged by other financial institutions in China for comparable services;
- The Group undertakes to the Finance Company that it shall strictly abide the rules governing the usage of the Finance Company's services systems and shall be responsible for safekeeping and confidentiality of any relevant information and security credentials.

Note 1: PDA Group refers to PDA and/or its associates.

Note 2: Completion Date refers to 1 November 2010.

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.

## Related Party Transactions

During the year ended 31 December 2012, the Company has entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of these related party transactions are disclosed in Note 6 to the financial statements. These related party transactions also contained non-exempt connected transactions and non-exempt continuing connected transactions as disclosed in the paragraph headed "Connected Transactions" in this report.

# 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	4.08%
The top five suppliers as a percentage of the Group's purchases	16.44%
The largest customer as a percentage of the Group's turnover	9.27%
The top five customers as a percentage of the Group's turnover	27.28%

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 V. 29 to the financial statements.

## Substantial Shareholders' Interests

As at 31 December 2012, 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 <sup>1</sup>	As a % of total share capital <sup>2</sup>
Dalian Port Corporation Limited	A shares	2,408,745,000 (long position)	Beneficial owner	71.62%	54.42%
N.Y.K. Line (Hong Kong) Limited	H shares	114,800,000 (long position)	Beneficial owner	10.80%	2.59%
N.Y.K. Line Group (Hong Kong) Limited	H shares	114,800,000 (long position)	Interest of controlled corporation	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	84,658,090 (long position)	Beneficial owner	7.97%	1.91%

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.

3. During the period from January 2012 to June 2012 and up to 30 June 2012, Dalian Port Corporation Limited ("PDA") had purchased on the H share market a total of 53,000,000 H shares of the Company (the "H Shares Acquisition"). As a result of the H Shares Acquisition, PDA holds a total of 2,461,745,000 shares of the Company, representing approximately 55.62% of the Company's total issued share capital as at 31 December 2012.

# Report of the Directors

Save as disclosed above, as at 31 December 2012, 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 of the Company for the year ended 31 December 2012 have been audited by Ernst & Young Hua Ming LLP as the Company's auditor, who were appointed at the annual general meeting for the year 2011.

For the year 2010, Ernst & Young Hua Ming LLP and Ernst & Young LLP were respectively appointed as the Company's domestic and international auditors at the annual general meeting on 18 June 2010 and Reanda Certified Public Accountants Co., Ltd was also appointed as the Company's domestic auditor at the extraordinary general meeting held on 25 February 2011 to audit the financial statements of the Company for the year 2010 prepared under PRC GAAP, which is required to be disclosed by the Company as an A Shares listed company. For the year 2011, Ernst & Young Hua Ming LLP was re-appointed as the Company's auditor at the annual general meeting on 24 June 2011 to audit the Company's financial statements prepared under PRC GAAP.

## Other Matters

### 1. IMPLEMENTATION OF THE NON-COMPETITION AGREEMENT

On 23 March 2006, the Company and PDA entered into the Non-Competition Agreement in preparation of its initial public offering and listing of its H shares on the main board of the Stock Exchange for the purpose of avoiding the actual and potential competition with the Company. In connection with the acquisition of certain port services related business and assets from PDA and issuance of A shares on the China domestic securities market, a revised non-competition agreement (the "Revised Non-Competition Agreement") (together with the Non-Competition Agreement, 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 2012 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.

### 2. THE CONSTRUCTION OF DAYAO BAY NORTH BANK

In the Meeting Minutes on the Construction and Development of Dayao Bay North Bank prepared by Dalian Municipal Government, it is explicitly stated that the municipal government will give priority to PDA on the development and construction of Dayao Bay North Bank. Regarding the relevant matters on the development and construction of Dayao Bay North Bank undertaken by PDA, which may have an effect on the Company, the Company delivered on 30 November 2012 an Enquiry Letter on the Development and Construction of Dayao Bay North Bank to PDA, and received on 4 January 2013 a reply on the same subject from PDA, by which the Company and PDA confirmed that:

## Report of the Directors

- (1) Although the construction of Dayao Bay North Bank covers automobile terminals, container terminals and other relevant professional terminals, PDA is now carrying out the development and construction of the infrastructure of relevant terminals, rather than operating the relevant terminals. Pursuant to the Non-Competition Agreements entered into by the Company and PDA, such behavior does not constitute the horizontal competition with the Company, nor the PDA's breach of non-competition undertakings.
- (2) Pursuant to Non-Competition Agreements and non-competition undertakings made by PDA, PDA will consider first giving the Company an opportunity in future to participate in the leasing, purchase or operation of the professional terminals on North Bank of Dayao Bay, and may also enter into relevant agreement with the Company on the operation of relevant terminals. Based on such an arrangement, the Company may, taking into consideration the progress of the project and its own operational conditions, obtain the operating rights in the most favourable manner for the Company. Therefore, it will not constitute potential competition menace to the Company for Dayao Bay North Bank to be constructed and developed by PDA.

The Company will pay close attention to the progress of the construction and development of Dayao Bay North Bank, as well as all discloseable matters regarding the Company and its controlling shareholder, to ensure the project move forward efficiently and in compliance with the applicable laws and regulations, for the purpose of protecting the interests of the Company and the shareholders as a whole and making distribution to the municipal economic development.

By Order of the Board

**Hui Kai**  
*Chairman*

Dalian, PRC  
28 March 2013



# Corporate Governance Report

## Introduction

Dalian Port (PDA) Company Limited (the “Company”) is well aware of the importance of corporate governance, and recognizes that maintaining a high standard of corporate governance is in the fundamental interests of the Company and its shareholders. The Company has been striving to improve its corporate governance practices since its establishment. We have adopted the code provisions (the “Old Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since its listing on the Stock Exchange in 2006. On 1 April 2012, amendments to the Old Code (the “New Code”, together with the “Old Code”, the “Corporate Governance Code”) came into force. The Company has then adopted the Corporate Governance Code as currently in force at the date of this report 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. CORPORATE GOVERNANCE PRACTICE

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 with the Corporate Governance Code without any deviation from the Code Provisions.

### B. 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 to all directors of the Company (the “Directors”), the Directors confirmed that they have complied with the required standards set out in the Model Code during the reporting period.

### C. BOARD OF DIRECTORS

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

#### 1. Board Composition

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

##### *Executive Directors*

Mr. Hui Kai (Chairman) (Note 1)

Mr. Sun Hong (Note 2)

Mr. Zhang Fengge (Note 3)

Mr. Xu Song (General Manager)

Mr. Zhu Shiliang

Ms. Su Chunhua (Note 3)

##### *Non-executive Directors*

Mr. Xu Jian

Mr. Zhang Zuogang

##### *Independent non-executive Directors*

Mr. Liu Yongze

Mr. Gui Liyi

Mr. Wan Kam To, Peter

# Corporate Governance Report

Note 1: Mr. Hui Kai was appointed as the director of the Company and the chairman of the Board with effect from 27 April 2012, following the resignation of Mr. Sun Hong.

Note 2: Mr. Sun resigned from his office as director of the Company with effect from 20 February 2012.

Note 3: Mr. Zhang Fengge resigned from his office as director of the Company with effect from 25 January 2013. Ms. Su Chunhua was appointed by the shareholders of the Company as the director of the Company with effect from 25 January 2013.

Pursuant to the Articles of Association of the Company, every Director (including non-executive Director and independent non-executive Director) shall be appointed for a term of three years from the date of his or her appointment comes into effect. During the term of office of the Director, if a candidate is appointed to fill the vacancy following the resignation of a director, his or her term of office shall commence from the date of appointment until the date of conclusion of the current session of the Board. As at the date of this report, each Director has entered into a service agreement for a term of no more than three years starting immediately from the commencement date of his or her appointment.

An updated list of the Directors is maintained on our Company's website and the Stock Exchange's website. 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.

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

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 year, 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 year, the Board held a total of nine Board meetings. The attendance rates of the Directors at those Board meetings during the reporting year are as follows:

Member of the Board	Number of meetings in his/her incumbency	Number of attendance in person	Number of attendance by alternate directors	Attendance rate
Hui Kai (Note 1)	6	6	0	100%
Xu Song	9	9	0	100%
Zhu Shiliang	9	9	0	100%
Xu Jian	9	9	0	100%
Zhang Zuogang	9	9	0	100%
Liu Yongze	9	8	1	89%
Gui Liyi	9	9	0	100%
Wan Kam To, Peter	9	8	1	89%
Sun Hong (Note 2)	1	1	0	100%
Zhang Fengge	9	9	0	100%

During the reporting year, the Company convened five general meetings. The attendance rates of Directors at those meetings are as follows:

Member of the Board	Number of meetings in his/her incumbency	Number of attendance in person	Number of attendance by alternate directors	Attendance rate
Hui Kai (Note 1)	1	1	0	100%
Xu Song	5	5	0	100%
Xu Jian	5	5	0	100%
Zhang Zuogang	5	5	0	100%
Zhu Shiliang	5	5	0	100%
Liu Yongze	5	5	0	100%
Gui Liyi	5	5	0	100%
Wan Kam To, Peter	5	5	0	100%
Sun Hong (Note 2)	3	3	0	100%
Zhang Fengge	5	5	0	100%

Note 1: Mr. Hui Kai was appointed as the director of the Company on 27 April 2012.

Note 2: Mr. Sun Hong resigned from his office as director of the Company on 20 February 2012.

### 3. Respective responsibilities of the Board and the Management

The responsibilities of the Board and the management of the Company have been clearly defined in the Articles of Association of the Company, which aims to provide sufficient check-and-balance mechanisms for 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 2012, 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.

# Corporate Governance Report

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.

In order to ensure the effective operation of the Company, the management is required to submit a monthly management report on the operation of the Company, or submit other quarterly project reports in relation to the execution of connected transaction and internal control to management to the Board. The Board, through reviewing such reports, understands the operational conditions of the Company in a timely manner and evaluates and supervises the management of the Company. At the same time, the management engages from time to time in formal and informal communications with the Directors on the operation and business of the Company and provides sufficient information to the Directors in timely manner to enable the Board to make informed decisions.

#### 4. 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 and compensation are also subject to the approval of the shareholders at the Company's general meetings.

#### 5. Continuing Professional Development and Training of Directors

During the reporting year, the Directors continuously develop their own professional knowledge as well as the necessary knowledge and skills for directors of listed companies in a proactive manner through self-learning, participation in research for relevant topics and special seminars provided by the Company and other relevant regulatory institutions. The Directors have provided the Company with a record of their training received during the reporting year as follows:

Members of the Board	Content of the training received during the reporting year	Mode of learning/training	Training provider
Hui Kai	Information about powers, obligations and responsibilities of directors of listed companies provided to new directors	Seminar	Foreign Legal Advisor of the Company
Xu Song	Information on the responsibilities and obligations of directors and rules for connected transactions and obligations for information disclosure issued by relevant regulatory institutions and stock exchange	Self-learning	–
Xu Jian	Training on information disclosure of listed companies and prevention of insider trading	Seminar	Dalian Regulatory Bureau under China Securities Regulatory Commission
Zhang Zuogang	Training on information disclosure of listed companies and prevention of insider trading	Seminar	Dalian Regulatory Bureau under China Securities Regulatory Commission

# Corporate Governance Report

Members of the Board	Content of the training received during the reporting year	Mode of learning/training	Training provider
Zhu Shiliang	Training on information disclosure of listed companies and prevention of insider trading	Seminar	Dalian Regulatory Bureau under China Securities Regulatory Commission
Liu Yongze	Training for practices of Hong Kong listed companies	Seminar	The Stock Exchange of Hong Kong Limited
	Directed the research on internal control in accounting department of ministry of finance	Research for special topic	–
Gui Liyi	Training for practices of Hong Kong listed companies	Seminar	The Stock Exchange of Hong Kong Limited
	Organizing research on legal implication of prevention of securities insider trading	Research for special topic	–
Wan Kam To, Peter	Listing Rules, responsibilities for directors, rules for Share acquisition and consolidation, rules for connected transaction, disclosure of price sensitive information and sharing of experience in corporate governance	Seminar	Professionals engaged by listed companies in which Mr. Wan holds the position of independent director
	Reading new notices and publications issued by regulatory institutions (e.g. the SFC, Stock Exchange and HKICA) with a view to understanding relevant requirements, implementation status and relevant issues	Self-learning	–
Sun Hong	Information on the responsibilities and obligations of directors and rules for connected transactions and obligations for information disclosure issued by relevant regulatory institutions and stock exchange	Self-learning	–
Zhang Fengge	Information on the responsibilities and obligations of directors and rules for connected transactions and obligations for information disclosure issued by relevant regulatory institutions and stock exchange	Self-learning	–



# Corporate Governance Report

## D. CHAIRMAN AND GENERAL MANAGER

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

## E. BOARD COMMITTEES

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

### Audit Committee

The Audit Committee consists of two independent non-executive Directors and one non-executive Director, namely Mr. Liu Yongze (independent non-executive Director), Mr. Wan Kam To, Peter (independent non-executive Director) and Mr. Zhang Zuogang (non-executive Director). During the reporting year, Mr. Liu Yongze served as the chairman of the Audit Committee.

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 year, the Audit Committee completed the following major tasks:

1. Coordination and supervision of the audit work performed by both the external auditors and the internal audit department of the Company – During the reporting year, the Audit Committee reviewed the annual external audit and internal audit work plan for the year 2011, conditions as to the Company's internal control and internal audit, and the audit work plan for the second half of 2012. Discussions were held with the external auditors and on matters relating to the annual financial audit and internal control of the Company for 2011. Examination was carried out and recommendations were made to the Board on the appointment of auditors for 2012.
2. Review of connected transactions – During the reporting year, the Audit Committee completed the review of certain connected transactions and certain continuing connected transactions for year 2012 to make sure the terms thereof are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole. The opinions of the Audit Committee with respect to these connected transactions and continuing connected transactions had been submitted to the Board for its consideration.
3. Review of the Company's periodical reports – During the reporting year, the Audit Committee had completed the review of the Company's annual report and financial report for 2011, the interim report for the first half of year 2012, the separate report on the use of the proceeds, and the internal assessment report on internal control.

# Corporate Governance Report

During the reporting year, the Audit Committee held six meetings. The attendance of the members is set out as follows:

Members of the Audit Committee	Number of meetings in his/her incumbency	Number of attendance in person	Number of attendance by alternate directors	Attendance rate
Mr. Liu Yongze (Chairman)	6	6	0	100%
Mr. Wan Kam To, Peter	6	6	0	100%
Mr. Zhang Zuogang	6	6	0	100%

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of two independent non-executive Directors and one executive Director. During the reporting year, the members of the committee included Mr. Gui Liyi (independent non-executive Director), Mr. Wan Kam To, Peter (independent non-executive Director), Mr. Hui Kai (executive Directors, who became a member from 27 April 2012), and Mr. Sun Hong (executive Director, who resigned on 20 February 2012). Mr. Gui Liyi served as the chairman of the Audit Committee.

The primary duties of the Nomination and Remuneration Committee are to study and formulate the criteria and procedures of selection and appraisal, to determine 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.

During the reporting year, the Nomination and Remuneration Committee performed the following major tasks:

1. Assessed the nomination and appointment of Directors and senior management, including appointment of Mr. Hui Kai as the executive Director, appointment of Mr. Zhu Shiliang as the deputy general manager of the Company, and appointment of Mr. Wang Tiefu as the deputy general manager of the Company, and made recommendations in respect of the appointment of such candidates to the Board;
2. Evaluated the performance of senior management and provided recommendations to the Board on the remuneration packages for the year 2011 of the senior management of the Company.

During the reporting year, the Nomination and Remuneration Committee held two meetings. The attendance of the members is set out as follows:

Members of the Nomination and Remuneration Committee	Number of meetings in his/her incumbency	Number of attendance in person	Number of attendance by alternate directors	Attendance rate
Mr. Gui Liyi (Chairman)	2	2	0	100%
Mr. Hui Kai (Note)	1	1	0	100%
Mr. Sun Hong (Note)	1	1	0	100%
Mr. Wan Kam To, Peter	2	2	0	100%

Note: Mr. Sun Hong ceased to be a member of the committee following his resignation as director of the Company on 20 February 2012. Mr. Hui Kai was appointed to the committee to fill the vacancy.

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.

# Corporate Governance Report

## Strategy Development Committee

The Strategy Development Committee consists of three Directors, namely Mr. Xu Jian (non-executive Director), Mr. Xu Song (executive Director) and Mr. Zhu Shiliang (executive Director). During the reporting year, Mr. Xu Jian served as the chairman of the Strategy Development Committee.

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 year, the major tasks performed by the Strategy Development Committee included the review of various joint venture and cooperation projects participated by the Company and other material investment projects, and the recommendations in respect of the necessity and feasibility of such issues to the Board.

During the reporting year, the Strategy Development Committee held one meeting. The attendance of the members is set out as follows:

Members of the Strategy Development Committee	Number of meetings in his/her incumbency	Number of attendance in person	Number of attendance by alternate directors	Attendance rate
Mr. Xu Jian (Chairman)	1	1	0	100%
Mr. Xu Song	1	1	0	100%
Mr. Zhu Shiliang	1	1	0	100%

## Financial Management Committee

The Financial Management Committee consists of three Directors. During the reporting year, the members include Mr. Zhang Fengge (non-executive Director), Mr. Liu Yongze (independent non-executive Director) and Mr. Wan Kam To, Peter (independent non-executive Director). During the reporting year, Mr. Zhang Fengge served as the chairman of the Financial Management Committee.

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.

During the reporting year, the major tasks performed by the Financial Management Committee included the review of, among others, the 2012 annual budget, the 2011 annual profit distribution plan, and the 2011 annual report (including the financial statements contained therein), and the recommendations to the Board in respect of the reasonableness, necessity and feasibility of such issues.

During the reporting year, the Financial Management Committee held four meetings. The attendance of its members is as follows:

Members of the Financial Management Committee	Number of meetings in his/her incumbency	Number of attendance in person	Number of attendance by alternate directors	Attendance rate
Mr. Zhang Fengge (Chairman)	4	4	0	100%
Mr. Liu Yongze	4	4	0	100%
Mr. Wan Kam To, Peter	4	4	0	100%

# Corporate Governance Report

## Corporate Governance Functions

The corporate governance functions of the Company have been reserved to the Board. During the reporting year, the Board has performed the following work:

- (1) developed and reviewed the Company's policies and practices on corporate governance;
- (2) reviewed and monitored the training and professional development of Directors and senior management;
- (3) reviewed and monitored the Company's disclosure in this report, compliance with the Corporate Governance Code and other legal and regulatory requirements; and
- (4) reviewed and monitored the code of conduct applicable to the Directors and the employees of the Company.

## F. AUDITORS

Ernst & Young Hua Ming LLP was appointed as the Company's auditor by the shareholders at the annual general meeting for the year 2011 to conduct audit work on the Company's financial statements prepared in accordance with accounting standards applicable to a PRC enterprise for the year of 2012. On the same day, Ernst & Young Hua Ming LLP was also appointed by the shareholders at the annual general meeting for the year 2011 as the auditor for internal control on financial reporting of the Company for the year of 2012.

During the reporting year, the total fees paid and payable to the auditors for audit service to the Group (with the meaning ascribed to it under the Independent Auditor's Report) were approximately RMB4,030,000 and the fees paid and payable for internal control audit were approximately RMB1,000,000. During the reporting year, the auditors of the Group (include any entity that is under common control, ownership or management with the auditors, or an entity that would be reasonably concluded by a reasonable and informed third party knowing all relevant information to be part of the domestic or international business of the auditors) did not provide any non-audit services to the Group.

## G. SENIOR MANAGEMENT'S INTERESTS IN SHARES

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

## H. COMPANY SECRETARY

During the reporting year, the joint company secretaries of the Company, Mr. Lee Kin Yu, Arthur and Mr. Zhu Hongbo had complied with the requirements on minimum time dedicated for related professional training as set out in Rule 3.29 of the Listing Rules. Mr. Zhu resigned his office as the joint company secretary of the Company on 7 December 2012. Ms. Gui Yuchan was then appointed by the Board as a joint company secretary of the Company on 7 December 2012 following the resignation of Mr. Zhu. Given the circumstances, Ms. Gui had not participated in any relevant professional training as at the date of this report, but Ms. Gui would strictly comply with the requirements on ongoing professional training.

## I. 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 year, 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 section headed “E. Board Committee” 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 control department of the Company has conducted an internal audit of the Company and its subsidiaries according to its annual plan for the reporting year. After reviewing the internal control system of the Company and its subsidiaries, the Board considered internal control system of the Company to be effective.

## 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”, the “Material Information Reporting Rules” and the “Insider Information and Insiders Management System” which provide the responsibilities and procedure for disclosure and reporting of the significant matters and inside information of the Company to ensure that the 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 section headed “E. Board Committee” 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.

## J. RIGHTS OF SHAREHOLDERS

Pursuant to the Articles of Association of the Company, shareholder(s) holding 10% or more of the Company’s outstanding issued shares carrying voting rights may request in writing the convening of an extraordinary general meeting. The Board shall furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days after receiving the proposal, and the notice of such general meeting shall be issued within five days after adopting the relevant resolution of the Board. If the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such proposal, the shareholders severally or jointly holding 10% or more of the Company’s shares may propose to the Supervisory Committee the convening of such extraordinary general meeting in writing. If the Supervisory Committee agrees to convene the extraordinary general meeting, the notice of convening the general meeting shall be issued within five days after receiving such request. Failure of the Supervisory Committee to issue a notice of general meeting within the stipulated period shall be deemed as the failure of the Supervisory Committee to convene and preside over a general meeting, and the shareholders severally or jointly holding 10% or more of the Company’s shares for more than ninety consecutive days shall be entitled to convene and preside over the meeting on an unilateral basis.



# Corporate Governance Report

Pursuant to the Articles of Association of the Company, whenever the Company convenes a general meeting, shareholder(s) severally or jointly holding more than 3% of the total number of the Company's shares shall have the right to propose motions in writing to the Company. Motions may be proposed as an ex tempore motion ten days prior to the general meeting by submitting the same to the convener in writing. The convener will issue a supplemental notice of general meeting within two days after receiving the proposed motion to announce the contents of the motion.

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

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

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

Secretary to the Board/Joint Company Secretaries:	Ms. Gui Yuchan	Tel: 86-411-82623910
Joint Company Secretaries/qualified accountant:	Mr. Lee Kin Yu, Arthur	Tel: 86-411-82798908
		Fax: 86-411-82623159

Company website: [www.dlport.cn](http://www.dlport.cn)

## K. INVESTOR RELATIONS

### 1. Amendments to the articles of association of the Company

On 27 April 2012, the Company convened the second extraordinary general meeting in 2012 to consider and approve, among other things, the amendment to the paragraph 2 of Article 13 of the Articles of Association of the Company as follows: "The Company's major scope of operation includes: provision of loading and discharging, transportation, trans-shipment, storage and other port and logistics services at international and domestic levels; provision of facilities and services for passengers in respect of vessel waiting, going abroad and disembarking; provision of terminal services for passenger vessels (cruises) of Domestic routes and international routes; provision of storage services for crude oil and refined oil within port area; import and export of goods and technology; (the items which are prohibited by laws and regulations are not allowed to be operated and the items which are limited by laws and regulations shall be operated subject to the competent approvals)". The aforesaid amendment was approved by the shareholders of the Company at the extraordinary general meeting on 27 April 2012. The updated and consolidated version of the Articles of Association of the Company is available on websites of the Stock Exchange and the Company. Save as disclosed above, there is no other significant change in the Company's constitutional documents during the reporting year.

### 2. Convening of General Meetings

During the reporting year, a total of two extraordinary general meetings, one annual general meeting, one class meeting of the holders of A shares of the Company and one class meeting of the holders of H shares of the Company had been convened by the Company.

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

## Profiles of Directors, Supervisors and Senior Management

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

### Directors:

**Mr. Hui Kai (惠凱先生)**, aged 49, Chinese national, Chairman and executive director of the Company. After graduating from the civil engineering department of Dalian Institute of Technology majoring in port and sea-route engineering in 1987, Mr. Hui held positions of the deputy commander for the Construction Projects of Yingkou Port; the general manager of Harbour Construction and Development Company of Port of Yingkou Authority; the deputy director of Port of Yingkou Authority; the vice director and deputy secretary of Party Committee of Yingkou City Planning Commission; the director and Party committee secretary of Yingkou City Foreign Economic Relations & Trade Commission; the director and secretary of Party Committee of Yingkou City Foreign Trade & Economic Cooperation Bureau; the deputy director of Dalian Port Authority (大連港務局); the director and secretary of Party Committee of Dalian Port Administration Bureau (大連市港口管理局); the director and secretary of Party Committee of Port of Dalian Authority (大連港口與口岸局); the deputy secretary of Dalian Port Party Working Committee; vice secretary of Party Committee and Chairman of the People's Government of Lvshunkou District of Dalian; and the director of Dalian Municipal Commission of Development and Reform. He is the chairman of the board of directors and general manager of Dalian Port Corporation Limited as well as chairman of Dalian Port Container Development Co., Ltd. and Northeast Asia Spot Commodity Exchange Limited. Mr. Hui has obtained a master degree in business administration from Roosevelt University, a postgraduate master degree in transportation planning and management from Dalian Maritime University, and a postgraduate doctor degree in management science and engineering from Dalian University of Technology.

**Mr. Xu Song (徐頌先生)**, aged 41, Chinese national, an executive director and the general manager 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 Port Logistics Network 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 is currently a director of Dalian Port Corporation Limited, and also serves as the chairman of the board of Odfjell Terminals (Dalian) Ltd., Dalian Ocean Shipping Tally 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 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 53, Chinese national, an executive director and a deputy general manager of the Company. Mr. Zhu joined Port of Dalian Authority in 1981 and held the positions of both deputy director and director of Dalian Port Freight Development and Service Center, the manager of Dalian Port Dayaowan Stevedoring Company, the general manager of Dalian Port Bulk Gain Terminal Company, the deputy general manager of Dalian Port (PDA) Company Limited, and the assistant to general manager of Dalian Port Corporation Limited. Mr. Zhu currently acts as the vice chairman of the board of Changxing Island Terminal Co., Ltd., the director of Dalian China Oil Dock Management Co., Ltd., Dalian Port Petro China International Terminal Co., Ltd., Dalian Ocean Shipping Tally Co., Ltd. and China United Tally Co., Ltd, and chairman of the board of Dalian Port Cereals and Oil Trade Co., Ltd.. He is an economist. Mr. Zhu received tertiary education at Dalian Radio and Television University majoring in management and is an economist. He has about thirty years of experience in port business operation and management.

## Profiles of Directors, Supervisors and Senior Management

**Ms. Su Chun Hua (蘇春華女士)**, aged 50, Chinese national, an executive director and the chief accountant of the Company. Ms. Su joined the Port of Dalian Authority in 1988. She held the positions of the deputy head (oversight of tasks) of the planning and financing department and the deputy head of management centre for finance department heads-appointment of Dalian Port Corporation Limited, the head of the finance department of Dalian Port Corporation Limited, the executive director, chief accountant and supervisor of Dalian Port (PDA) Company Limited. She also serves as director of Dalian Port Corporation Finance Company Limited, Dalian Port Industrial Co., Ltd., and supervisors 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, amongst others. 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. Xu Jian (徐健先生)**, aged 48, Chinese national, a non-executive director of the Company. After joining Port of Dalian Authority in 1988, he held the positions of deputy manager of Dalian Harbour Construction Superintendence and Consulting Co., Ltd., general manager of Dalian Port Construction Engineering Co., Ltd., commander in chief for the Key Engineering Projects of Dalian Port and assistant to general manager of Dalian Port Corporation Limited. He is currently a director and deputy general manager of Dalian Port Corporation Limited, chairman of the board of Dalian Port Design and Research Institute Co., Ltd and Dalian Harbour Construction Superintendence and Consulting Co., Ltd. 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".

**Mr. Zhang Zuogang (張佐剛先生)**, aged 50, Chinese national, a non-executive director of the Company. Mr. Zhang joined Dalian Port Corporation Limited in April 2010. Prior to this, he had held positions in Shenyang Industrial College, the finance office and general office of Dalian Municipal Government, and acted as assistant to general manager, deputy general manager of Shenyang Management Headquarter and the manager of Dalian Branch of China Southern Securities Co., Ltd., and vice president of Shanghai Shenhua Holdings Co., Ltd.. Mr. Zhang is currently a director and deputy general manager of Dalian Port Corporation Limited, chairman of the board of Dalian Northeast Asia International Shipping Center Vessels Market Co., Ltd., and director of Dalian Port and Shipping Industry Fund Management Co., Ltd. and Jilin Grain Group Co., Ltd.. Mr. Zhang obtained a master degree from Dongbei University of Finance and Economics majoring in industrial economy.

**Mr. Liu Yongze (劉永澤先生)**, aged 63, Chinese national, an independent 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 is also member of sixth session of the subject appraisal division of Academic Degrees Committee of the State Council, vice president of Accounting Society of China, committee member of National Professional Education Committee of Industry and Business Administration, and committee member of National MPAcc Education Committee. Mr. Liu presided over the publishing of 16 teaching materials and delivered more than 20 and 70 academic theses to national and provincial grade journals respectively, and led in 20 topical research projects. He was honored as Bi-centennial Leading Scholar of Dongbei University of Finance and Economics and of the Ministry of Finance, Excellent Teacher of Liaoning Province, Labor Model of Dalian City, "National grade Lecturer", and was entitled to special allowance of the State Council. Mr. Liu is also independent director of Jinzhou Port Co., Ltd. and Liaoning Julong Financial Equipment Corp., amongst others.

## Profiles of Directors, Supervisors and Senior Management

**Mr. Gui Liyi (貴立義先生)**, aged 70, Chinese national, an independent non-executive director of the Company. Mr. Gui graduated from Law Department of Renmin University of China, and obtained a master degree in law from Chinese Academy of Social Sciences. Mr. Gui held successive positions of, amongst others, professor, head of law department, member of academic committee and professional titles assessment committee of Dongbei University of Finance and Economics. He is currently a professor under special term of Dalian University of Technology and serves as member of the Administration Review Committee of Dalian People's Government, Home Affairs and Judiciary Committee of Dalian City People's Congress, Dalian Arbitration Committee, and legal advisor to Government of Dalian. Mr. Gui is representative to the Eleventh, Twelfth and Thirteenth People's Congress of Dalian City and entitled to special allowance of the State. He is also independent director of China Dalian International Economic and Technical Cooperation Group Co., Ltd..

**Mr. Wan Kam To, Peter (尹錦滔先生)**, aged 60, Chinese national with Hong Kong residency, 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/member of the audit committee of China Resources Land Limited, Greaterchina Professional Services Limited, Huaneng Renewables Corporation Limited, The Fairwood Holdings Limited and KFM Kingdom Holdings Limited, all being listed on The Stock Exchange of Hong Kong Limited. He was formerly independent non-executive director and chairman of the audit committee of Real Gold Mining Limited. He is a fellow member of Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and The Hong Kong Institute of Directors.

### Supervisors:

**Mr. Sun Junyou (孫俊友)**, aged 56, Chinese national, the chairman of the supervisory committee of the Company. He is deputy secretary of the party committee of Dalian Port Corporation Limited and secretary of its disciplinary committee. He held various positions in the past, including the vice executive director in the executive division and the director of the secretary division of the organization department of the party committee of Zhongshan District in Dalian. At Dalian Municipal Committee of the Communist Party of China ("CPC"), he was also the executive director of the finance and trade department, deputy commissioner and deputy director of the research and development department, commissioner of the research, policy and regulation department, the director of general office, director of the second executive division and a deputy-bureau-chief-level officer.

**Mr. Zhang Guofeng (張國峰)**, aged 58, Chinese national, a supervisor of the Company. Mr. Zhang joined the Port of Dalian Authority in 1975. He held positions of deputy manager of Dalian Port Construction Engineering Co., Ltd., deputy head of finance department of Port of Dalian Authority, auditor general and director of the audit management center of Port of Dalian Authority, the head of financial planning department of Dalian Port Corporation Limited and the chief accountant of the Company. Currently, Mr. Zhang serves as a director of Dalian Port Corporation Finance Company Limited, Dalian Automobile Terminal Co., Ltd., Dalian China Oil Dock Management Co., Ltd. and Dalian Container Terminal Co., Ltd.. He is also a supervisor of Dalian International Container Terminal Co., Ltd., Dalian Changxing Island Port Co., Ltd. and Sino Rail Bohai Train Ferry Co., Ltd.. Mr. Zhang graduated from the faculty of water transportation economics in Shanghai Maritime University, majoring in accounting. He is a senior accountant and has extensive experience in business management, internal control and financial management. He was honoured as "Pioneer of Internal Audit of the State" and "Pioneer of Internal Audit of Liaoning Province".

## Profiles of Directors, Supervisors and Senior Management

**Mr. Zhang Xianzhi (張先治先生)**, aged 56, Chinese national, an independent 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 and also serves as an independent non-executive director of Lingyuan Iron & Steel Co., Ltd.. Mr. Zhang is co-chairman of the Annual Conference of Finance of China, deputy chairman of Liaoning Institute of Chief Accountants and 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 senior visiting scholar at the State University of New York and senior research scholar at Oxford University. He is a non-practicing member of China Institute of Certified Public Accountants, and has more than twenty-six years of experience in finance, accounting and financial management and achieved certain results with research in the areas of financial statements analysis 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, National Outstanding Individual in Educational Integrity, Pioneer of Accountancy of the State, Labor Model of Liaoning Province, and Expert of Excellency of Dalian City.

**Mr. Lv Jing (呂靖先生)**, aged 54, Chinese national, an independent supervisor of the Company. Mr. Lv is currently the Dean of Transportation Management College at Dalian Maritime University, and is a professor and PhD supervisor there. His researches mainly focus on modernizing transportation management, transportation economics, logistics management and other related fields. In addition to teaching in university, Mr. Lv has presided over some fifty projects for Ministry of Education, Ministry of Communications, provincial and municipal governments. Mr. Lv also 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 had published over 150 papers in various academic journals and conferences. In recognitions of his efforts, he has received sixteen prizes including the third prize of Ministry of Communications' Advancement in Technology Awards. Mr. Lv is a member of The International Association of Maritime Economists, director of Management Committee of Liaoning Institute of Navigation, executive director of both Logistics Association of Liaoning Province and Logistics Association of Dalian. He was awarded Dalian Model Worker and "May 1st" Medal of Liaoning Province.

**Mr. Xu Fansheng (徐芳盛先生)**, aged 49, Chinese national, an employee representative supervisor of the Company. Since joining Port of Dalian Authority in 1983, Mr. Xu had held positions of deputy secretary to the Youth League of Dalian Port Services Company, head of league propaganda department and general office of Port of Dalian Authority, party secretary and secretary to disciplinary committee of Dalian Ocean Shipping Tally Co., Ltd.. He is the head of internal control department under the board of the Company, director of its audit management center, and also director of Taicang Xinggang Tugboat Co., Ltd., and supervisor of Dalian Port Corporation Finance Company Limited and 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. Jiang Weihong (姜衛紅女士)**, aged 43, Chinese national., an employee representative supervisor of the Company. Ms. Jiang graduated from an undergraduate program in Jilin University with secretary major. She is a senior specialist in logistics. She joined Dalian Port Corporation in 1988 and had since held various positions there, included deputy head of its business department, head of administration and human resources department and head of office of the board of Dalian Port (PDA) Company Limited. She is currently the head of administration and human resources department of Dalian Port (PDA) Company Limited.

# Profiles of Directors, Supervisors and Senior Management

## 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 Tiefu (王鐵夫先生)**, aged 49, Chinese national, a deputy general manager of the Company. Since joining Port of Dalian Authority in 1988, Mr. Wang held various positions there, included deputy manager of Dalian Port Dalian Bay Stevedoring Company, deputy director of the control centre of Port of Dalian Authority, deputy general manager of Dalian United International Shipping Agency, deputy chief of the business department of Port of Dalian Authority, deputy director of Dalian Port Freight Development and Service Center (oversight of tasks), manager of Dalian Port Ore Terminal Company, assistant to general manager of Dalian Port Corporation, amongst others. He is chairman of the board of Ningde Port Development Co., Ltd. and director of Fujian Ninglian Port Co., Ltd.. Mr. Wang held a bachelor degree of economics of Fudan University in domestic economics and management. He is a senior specialist in logistics, and has over twenty years of experience in port business operation and management.

**Mr. Wang Hongsuo (王洪鎖先生)**, aged 54, Chinese national, a deputy general manager of the Company. Mr. Wang joined Port of Dalian Authority in 1982 and held the positions of deputy chief of Energy Management Department, the chief of Technology Management Department of Port of Dalian Authority, deputy manager and manager of Dalian Port Power Supply Company, and chief of Corporate Development Department of Dalian Port Corporation Limited. He now serves as chairman of the board of ODFJELL AP Port Holding Pte. Ltd., director of Dalian Changxing Island Port Investment and 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.

**Zhang Chunquan (張春權先生)**, aged 53, Chinese national, a deputy general manager of the Company. Mr. Zhang joined Port of Dalian Authority in 1984. He had held positions included, amongst others, general manager of Dalian United International Shipping Agency, deputy general manager of Dalian Port Container Co., Ltd., deputy general manager of Dalian Container Terminal Co., Ltd.. He currently acts as general manager of Dalian Container Terminal Co., Ltd., general manager of Dalian Jifa Logistics Co., Ltd., general manager and party secretary of Dalian Port Container Development Co., Ltd.. He is also chairman of the board of both Dalian Container Terminal Co., Ltd., Dalian Port Container Terminal Co., Ltd., vice chairman of the board of Dalian International Container Terminal Co., Ltd., chairman of the board of Dalian Jifa Bohai Rim Container Lines Co., Ltd., DCT Logistics Co., Ltd., Dalian International Container Services Co., Ltd., Dalian Yido Jifa Cold Logistics Co., Ltd., amongst others. Mr. Zhang graduated from Dalian Maritime University with a Master’s degree in transportation planning and management. He is a senior engineer and has more than thirty years of experience in port business operation and management.

**Ms. Su Chun Hua (蘇春華女士)**, the chief accountant of the Company. Please refer to the above section headed “Directors” for Ms. Su’s profile.

**Ms. Gui Yuchan (桂玉嬋女士)**, aged 43, Chinese national, the secretary to the Board and a joint company secretary of the Company. Ms. Gui 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, deputy manager and manager of the securities and legal department of Dalian Port Container Co., Ltd., deputy head of the office of the Board and the representative of security affairs of the Company. Ms. Gui obtained a bachelor’s degree in law from Renmin University of China. She is an economist and holds lawyer qualification in the PRC.

**Mr. Lee Kin Yu, Arthur (李健儒先生)**, aged 53, Chinese national with Hong Kong residency, the qualified accountant and a joint company secretary of the Company. Mr. Lee has been a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants since 1993. He graduated from the Chinese University of Hong Kong with a bachelor 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 (2013) Shen Zi No.60777447\_E02

## 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 2012 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; and (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 the 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 2012 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 LLP

Beijing, the People's Republic of China

*Certified Public Accountant:*  
**Meng Dong**

*Certified Public Accountant:*  
**Wang Tianqing**

28 March 2013

# Consolidated Balance Sheet

As at 31 December 2012  
(Expressed in Renminbi Yuan)

	Note V	2012	2011
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	1	<b>2,507,326,672.09</b>	2,254,079,359.16
Notes receivable	2	<b>63,069,669.70</b>	143,128,482.88
Dividends receivable	3	<b>4,351,296.43</b>	27,229,304.85
Interests receivable	4	<b>4,065,075.97</b>	17,077,678.32
Accounts receivable	5	<b>473,175,991.01</b>	436,020,259.55
Other receivables	6	<b>295,204,982.42</b>	198,696,714.61
Prepayments	7	<b>224,396,334.74</b>	24,501,915.18
Inventories	8	<b>131,119,867.55</b>	89,099,506.55
Non-current assets due within one year	9	<b>1,005,610,000.00</b>	4,864,200.00
Other current assets	10	<b>4,870,000.00</b>	702,830,000.00
<b>Total current assets</b>		<b>4,713,189,889.91</b>	3,897,527,421.10
<b>Non-current assets</b>			
Available-for-sale financial assets	11	<b>18,924,264.64</b>	26,577,769.81
Long-term equity investments	13	<b>3,833,024,763.55</b>	3,330,743,027.00
Investment properties	14	<b>699,831,842.42</b>	686,187,265.49
Fixed assets	15	<b>12,773,054,294.56</b>	11,911,976,078.46
Fixed assets pending for disposal	16	<b>36,058,083.28</b>	3,768,517.64
Construction in progress	17	<b>4,689,753,318.12</b>	5,325,978,500.87
Intangible assets	18	<b>867,417,088.66</b>	800,387,477.68
Goodwill	19	<b>77,735,288.74</b>	77,735,288.74
Long-term prepaid expenses	20	<b>21,514,511.03</b>	23,932,615.04
Deferred tax assets	21	<b>60,732,174.17</b>	58,981,104.65
Other non-current assets	23	<b>37,544,912.58</b>	1,030,059,257.33
<b>Total non-current assets</b>		<b>23,115,590,541.75</b>	23,276,326,902.71
<b>TOTAL ASSETS</b>		<b>27,828,780,431.66</b>	27,173,854,323.81

# Consolidated Balance Sheet

As at 31 December 2012  
(Expressed in Renminbi Yuan)

	Note V	2012	2011
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	25	<b>1,278,033,101.12</b>	621,000,000.00
Notes payable	26	<b>16,730,000.00</b>	74,030,000.00
Accounts payable	27	<b>177,028,677.66</b>	145,982,948.04
Advances from customers	28	<b>92,795,891.74</b>	87,042,910.65
Employee benefits payable	29	<b>117,292,923.23</b>	131,690,170.05
Taxes payable	30	<b>73,953,249.60</b>	83,917,133.10
Interests payable	31	<b>194,319,909.95</b>	197,604,619.49
Dividends payable	32	<b>83,181,864.80</b>	98,686,047.77
Other payables	33	<b>853,633,931.38</b>	917,684,830.77
Bonds payable	36	<b>160,000,000.00</b>	200,000,000.00
Non-current liabilities due within one year	34	<b>545,000,000.00</b>	210,000,000.00
<b>Total current liabilities</b>		<b>3,591,969,549.48</b>	2,767,638,659.87
<b>Non-current liabilities</b>			
Long-term borrowings	35	<b>1,708,360,253.42</b>	2,198,487,363.93
Bonds payable	36	<b>7,844,512,916.99</b>	7,829,944,589.64
Long-term payables	37	<b>130,350.00</b>	4,035,700.00
Deferred tax liabilities	21	<b>75,717,224.83</b>	77,337,293.53
Other non-current liabilities	38	<b>633,098,324.44</b>	656,746,024.14
<b>Total non-current liabilities</b>		<b>10,261,819,069.68</b>	10,766,550,971.24
<b>Total liabilities</b>		<b>13,853,788,619.16</b>	13,534,189,631.11
<b>Owners' equity</b>			
Share capital	39	<b>4,426,000,000.00</b>	4,426,000,000.00
Capital surplus	40	<b>6,116,148,571.50</b>	6,116,286,470.43
Surplus reserve	41	<b>470,205,888.20</b>	411,223,454.24
Special reserve	42	<b>2,653,944.19</b>	–
Retained earnings	43	<b>1,940,095,861.84</b>	1,664,362,022.29
Exchange differences on foreign currency translation		<b>9,457,655.26</b>	10,926,656.88
Equity attributable to owners of the parent		<b>12,964,561,920.99</b>	12,628,798,603.84
Minority interests		<b>1,010,429,891.51</b>	1,010,866,088.86
<b>Total owners' equity</b>		<b>13,974,991,812.50</b>	13,639,664,692.70
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>27,828,780,431.66</b>	27,173,854,323.81

The financial statements have been signed by:

Legal Representative:  
**Hui Kai**

Chief Financial Officer:  
**Su Chunhua**

Chief Accounting Officer:  
**Wang Ping**

# Consolidated Income Statement

Year ended 31 December 2012  
(Expressed in Renminbi Yuan)

	Note V	2012	2011
Revenue	44	<b>4,644,558,994.83</b>	3,955,394,389.80
Less: Cost of sales	44	<b>3,056,689,429.56</b>	2,487,752,090.60
Taxes and surcharges	45	<b>190,580,607.81</b>	160,171,314.14
Sales expenses		<b>79,250.00</b>	–
General and administrative expenses	46	<b>491,396,037.19</b>	449,107,581.54
Financial expenses	47	<b>377,311,719.61</b>	178,102,358.69
Impairment losses		<b>1,169,487.21</b>	(10,000.00)
Add: Investment income	48	<b>170,873,749.71</b>	141,080,016.28
Including: Share of profits and losses of associates and jointly-controlled entities		<b>74,140,007.96</b>	86,541,376.20
Operating profit		<b>698,206,213.16</b>	821,351,061.11
Add: Non-operating income	49	<b>218,272,779.68</b>	177,469,445.54
Less: Non-operating expenses	50	<b>9,997,363.18</b>	3,767,998.44
Including: Losses on disposal of non-current assets		<b>8,316,946.61</b>	1,804,943.04
Total profit		<b>906,481,629.66</b>	995,052,508.21
Less: Income tax expenses	51	<b>221,718,576.73</b>	237,587,965.27
Net profit		<b>684,763,052.93</b>	757,464,542.94
Attributable to:			
Owners of the parent		<b>600,089,816.53</b>	666,337,610.41
Minority interests		<b>84,673,236.40</b>	91,126,932.53
Earnings per share			
Basic earnings per share	52	<b>0.14</b>	0.15
Diluted earnings per share		<b>Not applicable</b>	Not applicable
Other comprehensive income	53	<b>(44,370.67)</b>	(2,936,080.74)
Total comprehensive income		<b>684,718,682.26</b>	754,528,462.20
Attributable to:			
Owners of the parent		<b>600,045,445.86</b>	663,401,529.67
Minority interests		<b>84,673,236.40</b>	91,126,932.53

# Consolidated Statement of Changes in Equity

Year ended 31 December 2012  
(Expressed in Renminbi Yuan)

	Attributable to owners of the parent							Minority interests	Total owner's equity
	Share capital	Capital surplus	Surplus reserve	Special reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal		
I. Opening 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
II. Movements for the year									
(I) Net profit	-	-	-	-	600,089,816.53	-	600,089,816.53	84,673,236.40	684,763,052.93
(II) Other comprehensive income	-	1,424,630.95	-	-	-	(1,469,001.62)	(44,370.67)	-	(44,370.67)
Total comprehensive income	-	1,424,630.95	-	-	600,089,816.53	(1,469,001.62)	600,045,445.86	84,673,236.40	684,718,682.26
(III) Capital contributions									
(1) Capital contribution from a shareholder	-	-	-	-	-	-	-	4,000,000.00	4,000,000.00
(2) Acquisition of minority interests	-	(288,376.92)	-	-	-	-	(288,376.92)	(1,011,623.08)	(1,300,000.00)
(3) Disposal of a subsidiary	-	-	-	-	-	-	-	(218,717.76)	(218,717.76)
(IV) Transfer within owners' equity									
(1) Others	-	(2,556,431.85)	-	-	2,556,431.85	-	-	-	-
(V) Profit distribution									
(1) Profit distribution to shareholders	-	-	-	-	(265,560,000.00)	-	(265,560,000.00)	(86,398,367.90)	(351,958,367.90)
(2) Appropriation of surplus reserve	-	-	58,982,433.96	-	(58,982,433.96)	-	-	-	-
(3) Appropriation of employee bonus and welfare fund	-	-	-	-	(2,369,974.87)	-	(2,369,974.87)	(1,915,238.99)	(4,285,213.86)
(VI) Special reserve									
(1) Accrual	-	-	-	6,683,686.15	-	-	6,683,686.15	772,793.39	7,456,479.54
(2) Usage	-	-	-	(4,029,741.96)	-	-	(4,029,741.96)	(338,279.41)	(4,368,021.37)
(VII) Others	-	1,282,278.89	-	-	-	-	1,282,278.89	-	1,282,278.89
III. Closing balance of the year	4,426,000,000.00	6,116,148,571.50	470,205,888.20	2,653,944.19	1,940,095,861.84	9,457,655.26	12,964,561,920.99	1,010,429,891.51	13,974,991,812.50

# Consolidated Statement of Changes in Equity

Year ended 31 December 2011  
(Expressed in Renminbi Yuan)

	Attributable to owners of the parent						Minority interests	Total owner's equity
	Share capital	Capital surplus	Surplus reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal		
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 Cash Flows

Year ended 31 December 2012  
(Expressed in Renminbi Yuan)

	Note V	2012	2011
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from the sale of goods or rendering of services		<b>4,689,017,122.40</b>	3,868,182,951.17
Refunds of taxes		<b>1,608,299.13</b>	2,085,260.14
Cash received relating to other operating activities	54	<b>242,837,460.53</b>	92,132,080.40
Subtotal of cash inflows		<b>4,933,462,882.06</b>	3,962,400,291.71
Cash paid for goods and services		<b>2,049,433,998.41</b>	1,289,761,458.50
Cash paid to and on behalf of employees		<b>913,224,931.99</b>	761,216,413.24
Cash paid for all types of taxes		<b>452,487,732.24</b>	507,019,371.17
Cash paid relating to other operating activities	54	<b>219,247,944.21</b>	174,552,903.79
Subtotal of cash outflows		<b>3,634,394,606.85</b>	2,732,550,146.70
Net cash flows from operating activities	55	<b>1,299,068,275.21</b>	1,229,850,145.01
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash received from the sale of investments		<b>1,306,939,254.32</b>	1,808,387,980.00
Cash received from return on investments		<b>164,649,145.97</b>	92,685,478.50
Net cash received from acquisition of a subsidiary		–	14,546,796.94
Withdrawal of cash restricted as to use and deposited in financial institutions		<b>23,422,082.84</b>	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>31,064,594.43</b>	75,738,812.47
Subtotal of cash inflows		<b>1,526,075,077.56</b>	1,991,359,067.91
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>863,472,597.78</b>	1,950,724,033.41
Cash paid for acquisition of investments		<b>1,078,363,095.00</b>	4,171,664,278.16
Cash restricted as to use and deposited in financial institutions		<b>12,854,111.34</b>	22,155,657.08
Net cash paid for disposal of a subsidiary		<b>266,365.60</b>	–
Subtotal of cash outflows		<b>1,954,956,169.72</b>	6,144,543,968.65
Net cash flows used in investing activities		<b>(428,881,092.16)</b>	(4,153,184,900.74)

# Consolidated Statement of Cash Flows

Year ended 31 December 2012  
(Expressed in Renminbi Yuan)

	Note V	2012	2011
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from capital contributions		<b>4,000,000.00</b>	8,000,000.00
Cash received from the issuance of corporate bonds		<b>160,000,000.00</b>	5,349,000,000.00
Cash received from borrowings		<b>2,069,832,037.76</b>	2,986,445,907.13
Cash received relating to other financing activities	54	<b>6,836,000.00</b>	58,188,153.85
Subtotal of cash inflows		<b>2,240,668,037.76</b>	8,401,634,060.98
Cash repayments of borrowings		<b>1,767,000,000.00</b>	3,717,221,572.62
Cash paid for distribution of dividends or profits and for interest expenses		<b>1,027,953,688.70</b>	673,570,838.50
Including: Dividends paid to minority shareholders of subsidiaries		<b>101,902,550.87</b>	306,661,718.32
Cash paid relating to other financing activities	54	<b>51,859,735.05</b>	2,112,468,956.34
Subtotal of cash outflows		<b>2,846,813,423.75</b>	6,503,261,367.46
Net cash flows from/(used in) financing activities		<b>(606,145,385.99)</b>	1,898,372,693.52
<b>IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH</b>		<b>(226,512.63)</b>	(699,110.24)
<b>V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>263,815,284.43</b>	(1,025,661,172.45)
Add: Cash and cash equivalents at the beginning of the year		<b>2,230,657,276.32</b>	3,256,318,448.77
<b>VI. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	55	<b>2,494,472,560.75</b>	2,230,657,276.32

# Balance Sheet

As at 31 December 2012  
(Expressed in Renminbi Yuan)

	Note XI	2012	2011
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		<b>1,401,052,125.17</b>	1,875,669,875.44
Notes receivable		<b>52,751,405.00</b>	122,716,407.37
Accounts receivable	1	<b>278,082,597.18</b>	294,863,097.01
Prepayments		<b>5,876,080.09</b>	7,096,975.97
Interests receivable		<b>5,768,794.18</b>	18,652,778.22
Dividends receivable		<b>333,252,630.57</b>	225,186,703.27
Other receivables	2	<b>175,580,928.39</b>	139,869,043.53
Inventories		<b>42,522,236.45</b>	46,518,461.97
Other current assets due within one year		<b>1,000,000,000.00</b>	–
Other current assets		<b>1,001,000,000.00</b>	1,064,830,000.00
<b>Total current assets</b>		<b>4,295,886,797.03</b>	3,795,403,342.78
<b>Non-current assets</b>			
Available-for-sale financial assets		<b>4,390,026.00</b>	11,968,023.50
Long-term equity investments	3	<b>6,745,039,149.65</b>	6,183,802,824.16
Fixed assets		<b>9,596,900,553.67</b>	8,528,104,987.46
Fixed assets pending for disposal		<b>35,477,051.31</b>	3,768,517.64
Construction in progress		<b>3,043,663,214.62</b>	3,838,307,137.18
Intangible assets		<b>269,887,541.46</b>	165,143,275.11
Long-term prepaid expenses		<b>1,282,892.58</b>	1,193,295.12
Deferred tax assets		<b>5,853,093.97</b>	7,136,711.84
Other non-current assets		<b>711,680,000.00</b>	1,619,200,000.00
<b>Total non-current assets</b>		<b>20,414,173,523.26</b>	20,358,624,772.01
<b>TOTAL ASSETS</b>		<b>24,710,060,320.29</b>	24,154,028,114.79

# Balance Sheet

As at 31 December 2012  
(Expressed in Renminbi Yuan)

	2012	2011
<b>LIABILITIES AND OWNERS' EQUITY</b>		
<b>Current liabilities</b>		
Short-term borrowings	979,500,000.00	–
Notes payable	16,730,000.00	74,030,000.00
Accounts payable	13,786,356.04	9,682,820.83
Advances from customers	43,445,262.44	33,438,137.90
Employee benefits payable	51,934,133.73	73,187,481.84
Taxes payable	31,132,037.68	33,450,997.09
Interests payable	187,037,798.40	185,061,438.99
Other payables	702,561,675.36	1,214,491,985.88
Non-current liabilities due within one year	450,000,000.00	150,000,000.00
Total current liabilities	2,476,127,263.65	1,773,342,862.53
<b>Non-current liabilities</b>		
Long-term borrowings	1,300,000,000.00	1,750,000,000.00
Bonds payable	7,448,601,808.03	7,436,255,297.31
Long-term payables	130,350.00	4,035,700.00
Other non-current liabilities	595,008,696.31	628,455,213.73
Total non-current liabilities	9,343,740,854.34	9,818,746,211.04
Total liabilities	11,819,868,117.99	11,592,089,073.57
<b>Owners' equity</b>		
Share capital	4,426,000,000.00	4,426,000,000.00
Capital surplus	6,220,897,505.95	6,219,086,850.59
Surplus reserve	425,325,625.45	366,343,191.49
Special reserve	2,178,166.13	–
Retained earnings	1,815,790,904.77	1,550,508,999.14
Total owners' equity	12,890,192,202.30	12,561,939,041.22
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>24,710,060,320.29</b>	<b>24,154,028,114.79</b>

# Income Statement

Year ended 31 December 2012  
(Expressed in Renminbi Yuan)

	Note XI	2012	2011
Revenue	4	<b>2,674,426,876.77</b>	2,598,633,858.20
Less: Cost of sales	4	<b>1,597,467,987.42</b>	1,613,092,722.85
Taxes and surcharges		<b>99,498,514.18</b>	91,826,858.89
General and administrative expenses		<b>298,940,590.05</b>	273,250,942.49
Financial expenses		<b>330,408,996.65</b>	154,701,935.80
Impairment losses		<b>(10,000.00)</b>	(10,000.00)
Add: Investment income	5	<b>296,960,605.14</b>	259,885,115.94
Including: Share of profits and losses of associates and jointly-controlled entities		<b>64,444,991.27</b>	38,581,321.36
Operating profit		<b>645,081,393.61</b>	725,656,514.11
Add: Non-operating income		<b>70,365,336.97</b>	49,799,119.54
Less: Non-operating expenses		<b>4,213,981.87</b>	3,336,658.17
Including: Losses on disposal of non-current assets		<b>2,606,862.64</b>	1,489,228.67
Total profit		<b>711,232,748.71</b>	772,118,975.48
Less: Income tax expenses		<b>121,408,409.12</b>	134,908,603.14
Net profit		<b>589,824,339.59</b>	637,210,372.34
Other comprehensive income		<b>804,016.87</b>	(6,746,142.37)
Total comprehensive income		<b>590,628,356.46</b>	630,464,229.97

# Statement of Changes in Equity

Year ended 31 December 2012  
(Expressed in Renminbi Yuan)

	Share capital	Capital surplus	Surplus reserve	Special reserve	Retained earnings	Subtotal
I. Opening 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
II. Movements for the year						
(I) Net profit	-	-	-	-	589,824,339.59	589,824,339.59
(II) Other comprehensive income	-	804,016.87	-	-	-	804,016.87
Total comprehensive income	-	804,016.87	-	-	589,824,339.59	590,628,356.46
(III) Profit distribution						
(1) Profit distribution to shareholders	-	-	-	-	(265,560,000.00)	(265,560,000.00)
(2) Appropriation of surplus reserve	-	-	58,982,433.96	-	(58,982,433.96)	-
(IV) Special reserve						
(1) Accrual	-	-	-	5,465,463.35	-	5,465,463.35
(2) Usage	-	-	-	(3,287,297.22)	-	(3,287,297.22)
(V) Others	-	1,006,638.49	-	-	-	1,006,638.49
III. Closing balance of the year	4,426,000,000.00	6,220,897,505.95	425,325,625.45	2,178,166.13	1,815,790,904.77	12,890,192,202.30

	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 Cash Flows

Year ended 31 December 2012  
(Expressed in Renminbi Yuan)

	Note XI	2012	2011
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from the sale of goods or rendering of services		<b>2,668,593,388.12</b>	2,446,979,578.48
Cash received relating to other operating activities		<b>178,703,294.48</b>	57,980,077.82
Subtotal of cash inflows		<b>2,847,296,682.60</b>	2,504,959,656.30
Cash paid for goods and services		<b>748,690,915.50</b>	797,997,674.92
Cash paid to and on behalf of employees		<b>619,584,061.24</b>	518,084,415.32
Cash paid for all types of taxes		<b>235,948,589.80</b>	256,682,748.08
Cash paid relating to other operating activities		<b>177,772,948.94</b>	194,339,581.87
Subtotal of cash outflows		<b>1,781,996,515.48</b>	1,767,104,420.19
Net cash flows from operating activities	6	<b>1,065,300,167.12</b>	737,855,236.11
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash received from the sale of investments		<b>1,703,397,769.32</b>	3,422,637,980.00
Cash received from return on investments		<b>252,706,131.82</b>	448,287,835.37
Cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>13,588,648.66</b>	57,745,068.92
Cash received from disposal of a subsidiary and other operating units		<b>8,978,375.17</b>	–
Withdrawal of cash restricted as to use and deposited in financial institutions		<b>23,422,082.84</b>	–
Subtotal of cash inflows		<b>2,002,093,007.81</b>	3,928,670,884.29
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>856,503,241.95</b>	1,633,877,563.79
Cash paid for acquisition of investments		<b>2,267,963,490.00</b>	6,600,264,542.82
Cash paid for acquisition of a subsidiary		–	80,110,000.00
Cash restricted as to use and deposited in financial institutions		<b>1,473,944.17</b>	22,155,657.08
Subtotal of cash outflows		<b>3,125,940,676.12</b>	8,336,407,763.69
Net cash flows used in investing activities		<b>(1,123,847,668.31)</b>	(4,407,736,879.40)

# Statement of Cash Flows

Year ended 31 December 2012  
(Expressed in Renminbi Yuan)

	Note XI	2012	2011
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from the issuance of corporate bonds		–	4,950,000,000.00
Cash received from borrowings		<b>1,479,500,000.00</b>	2,050,000,000.00
Cash received relating to other financing activities		<b>1,080,000.00</b>	54,596,153.85
Subtotal of cash inflows		<b>1,480,580,000.00</b>	7,054,596,153.85
Cash repayments of borrowings		<b>650,000,000.00</b>	2,050,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses		<b>807,355,509.88</b>	495,007,861.66
Cash paid relating to other financing activities		<b>417,346,600.53</b>	1,816,063,043.19
Subtotal of cash outflows		<b>1,874,702,110.41</b>	4,361,070,904.85
Net cash flows from/(used in) financing activities		<b>(394,122,110.41)</b>	2,693,525,249.00
<b>IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH</b>		–	(3,540.67)
<b>V. NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(452,669,611.60)</b>	(976,359,934.96)
Add: Cash and cash equivalents at the beginning of the year		<b>1,852,247,792.60</b>	2,828,607,727.56
<b>VI. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>1,399,578,181.00</b>	1,852,247,792.60

# Notes to Financial Statements

31 December 2012  
(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 the 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 2012, the Company has issued 4,426,000,000 shares in total. Refer to Note V. 39 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; petroleum storage (restricted to those applying for free trade zone qualification and those at port storage facilities); refined oil products storage (restricted to those applying for free trade zone qualification and those at port storage facilities); import and export of goods and technology (excluding articles prohibited by relevant laws and regulations; import and export of articles restricted by laws and regulations may only conduct with the grant of license) (with capital contribution from foreign party no more than 25%).

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 28 March 2013. According to the Company’s Articles of Associations, the financial statements will be submitted to the forth coming annual 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 to 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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 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 2012, 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.

### 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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 5. BUSINESS COMBINATION *(Continued)*

#### **Business combinations not under common control** *(Continued)*

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.

### 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 2012 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 the 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.

# Notes to Financial Statements

31 December 2012  
(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

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.

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.



# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 9. FINANCIAL INSTRUMENTS (Continued)

#### Recognition and derecognition (Continued)

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.

#### 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 or 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 as 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 a 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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 9. FINANCIAL INSTRUMENTS (Continued)

#### **Classification and measurement of financial assets (Continued)**

##### *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.

#### **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 as 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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 9. FINANCIAL INSTRUMENTS (Continued)

#### 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 occurred 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.

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.

# Notes to Financial Statements

31 December 2012  
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## II. Significant Accounting Policies and Estimates (Continued)

### 9. FINANCIAL INSTRUMENTS (Continued)

#### Impairment of financial assets (Continued)

##### *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.

### 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 receivables 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 receivables 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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 11. INVENTORIES *(Continued)*

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.

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.

# Notes to Financial Statements

31 December 2012  
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## II. Significant Accounting Policies and Estimates *(Continued)*

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

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.

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 entities 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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 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.

### 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%	2.0–4.8%
Terminal facilities	50 years	5–10%	1.8–1.9%
Storage facilities	40 years	0–10%	2.3–2.5%
Oil tanks and pipelines	18–28 years	4%	3.4–5.3%
Loading equipment	10–20 years	5–10%	4.5–9.5%
Machinery and equipment	12 years	5%	7.9%
Vessels	28 years	4–10%	3.2–3.4%
Transportation equipment	7–10 years	5–10%	9.0–13.6%
Other equipment	5–11 years	4–10%	8.2–19.2%

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.



# Notes to Financial Statements

31 December 2012  
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## II. Significant Accounting Policies and Estimates *(Continued)*

### 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.

### 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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 16. BORROWING COSTS (Continued)

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.

### 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 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.

# Notes to Financial Statements

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

### 18. LONG-TERM PREPAID EXPENSES

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

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

### 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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 19. REVENUE (Continued)

#### 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.

### 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 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 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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 21. INCOME TAX *(Continued)*

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 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.

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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 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 are not 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.

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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 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 are 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.

### 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. SAFETY PRODUCTION EXPENSES

The safety production expenses accrued in accordance with the regulations are recorded in the relevant product cost or profit or loss of current period and special reserve. The treatment for usage of the safety production expenses depends on whether fixed assets are formed or not. If the usage of the safety production expenses is of expenditure, it is directly reversed against the special reserve. If the usage of the safety production expenses forms fixed assets, the expenditure incurred is accumulated and recognised as fixed assets when the intended usage condition is achieved. Meanwhile, the special reserve of equivalent amount is reversed and recognised as accumulated depreciation.



# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements and estimates 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.

##### *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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

#### Estimation uncertainty (Continued)

##### *Impairment of goodwill*

The Group determines whether the goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the 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. 19.

##### *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.

### 30. CHANGES IN ACCOUNTING ESTIMATES

The Group analysed the current technical status and actual usage condition of its oil tanks and pipelines and vessels. In order to make the useful lives of the said fixed assets to be closer to their estimated useful lives and present the Group's financial position and operating results more fairly, the Group has changed the useful lives of the said fixed assets since 1 January 2012. Details are set out below:

	Useful lives	
	Before change	After change
Oil tanks and pipelines	18 years	18–28 years
Vessels	10–20 years	28 years

The above changes in accounting estimates have been approved by the board of directors at the third meeting of the Company's third session of the board meeting in 2011.

# Notes to Financial Statements

31 December 2012  
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## II. Significant Accounting Policies and Estimates (Continued)

### 30. CHANGES IN ACCOUNTING ESTIMATES (Continued)

The effect of the above-mentioned changes is summarised as follows:

#### The Group

##### 2012

	Ending balance/ amount for the year ended before changes in accounting estimates	Impact of changes in accounting estimates Increase/ (decrease)	Ending balance/ amount for the year ended after changes in accounting estimates
Fixed assets	12,712,147,256.57	60,907,037.99	12,773,054,294.56
Cost of sales	3,117,596,467.55	(60,907,037.99)	3,056,689,429.56
Retained earnings	1,894,415,583.35	45,680,278.49	1,940,095,861.84
Total profit	845,574,591.67	60,907,037.99	906,481,629.66
Net profit	639,082,774.44	45,680,278.49	684,763,052.93

#### The Company

##### 2012

	Ending balance/ amount for the year ended before changes in accounting estimates	Impact of changes in accounting estimates Increase/ (decrease)	Ending balance/ amount for the year ended after changes in accounting estimates
Fixed assets	9,546,623,570.39	50,276,983.28	9,596,900,553.67
Cost of sales	1,647,744,970.70	(50,276,983.28)	1,597,467,987.42
Retained earnings	1,778,083,167.31	37,707,737.46	1,815,790,904.77
Total profit	660,955,765.43	50,276,983.28	711,232,748.71
Net profit	552,116,602.13	37,707,737.46	589,824,339.59

# Notes to Financial Statements

31 December 2012  
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## 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征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 assessed by the relevant government authorities as High and New Technology Enterprises (“HNTE”).

# Notes to Financial Statements

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## 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
<b>Subsidiaries acquired from PDA as equity injection at the date of incorporation</b>							
Dalian Port Container Development Co., Ltd. ("DPC")	Limited liability	Dalian	Hui Kai	Container services	265,946	Container loading, discharging and storage	73640137-6
Dalian Port Jifa Logistics Co., Ltd.	Limited liability	Dalian	Hui Kai	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	75157502-4
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	Ju Hongbin	Freight agency	200	Freight and Vessel agency	72604986-6
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Transportation	4,923	Container transportation	72888006-3
Dalian International Container Services Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Freight agency	USD 1,440,000	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 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	Zhang Chunquan	Vessel management services	26,000	Vessel leasing and management services	77729051-0
<b>Subsidiaries acquired from establishment or investment</b>							
Asia Pacific Ports Company Limited	Limited company	HK	N/A	Logistics services	HKD 75,000,000	Investment holding	N/A
Asia Pacific Carrier Ltd.	Limited company	British Virgin Islands ("BVI")	N/A	Logistics services	USD 50,000	Shipping and related services	N/A
Asia Pacific Ports Investment Co., Ltd.	Limited company	HK	N/A	Logistics services	HKD1	Investment holding	N/A
Asia Pacific Ports (Dalian) Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics services	USD 31,580,000	Operation of port facilities	68304705-0
Asia Pacific Ports Development Co., Ltd.	Limited liability	HK	N/A	Logistics services	USD1	Shipping and port investment	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
Heilongjiang 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	59359119-1
大連金港汽車聯合貿易有限公司	Limited liability	Dalian	Xu Song	Trading business	1,000	Vehicle trading services	58807526-4
大連港糧油貿易有限公司	Limited liability	Dalian	Zhu Shiliang	Trading business	1,000	Grain trading services	05113292-7
大連市鋼材物流園有限公司	Limited liability	Dalian	Yin Shihui	Trading business	800	Steel trading services	05114199-7
大連港航招標代理有限公司	Limited liability	Dalian	Xu Shengke	Construction Management services	100	Construction bidding agency services	05111846-3

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## 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
<b>Subsidiaries acquired in business combinations involving entities under common control</b>							
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 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	Zhu Shiliang	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
大連長興島臨港工業區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
<b>Subsidiaries acquired in business combinations involving entities not under common control</b>							
DCT Logistics Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Logistics services	15,200	Container logistics services	72885637-0
Dalian Portnet Co., Ltd.	Limited liability	Dalian	Xu Song	Information services	USD 2,800,000	Information services	72346333-2
Dalian Jiye 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	Zhang Chunquan	Terminal services	135,000	Cargo loading, discharging and storage services	60487463-0
Dalian Lvshun Port Co., Ltd.	Limited liability	Lvshun	Liu Wei	Terminal services	35,000	Port construction and operation	66922205-1
大連鑫海客運有限公司	Limited liability	Lvshun	Liu Wei	Agency services	50	Ticket agency services	69600259-9

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## 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 (%)				
<b>Subsidiaries acquired from PDA as equity injection at the date of incorporation</b>							
Dalian Port Container Development Co., Ltd. ("DPC")	2,897,297,222.35	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.	691,822.80	-	100.00	100.00	Yes	-	-
Dalian International Logistics Park Development Co., Ltd.	135,000,000.00	-	90.00	90.00	Yes	3,837,342.61	-
Dalian Port Jihuo Logistics Co., Ltd.	2,040,392.67	-	100.00	100.00	Yes	-	-
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	67,345,151.04	-	97.36	97.36	Yes	1,495,169.87	-
Dalian International Container Services Co., Ltd.	USD1,066,000.00	-	75.00	75.00	Yes	3,556,458.84	-
Dalian Jifa International Freight Co., Ltd.	5,328,134.09	-	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	(1,126,365.93)	-
Dalian ETDZ Jin Xin Petro Chemistry Company Limited	6,629,301.65	100.00	-	100.00	Yes	-	-
Dalian Jifa Shipping Management Co., Ltd.	262,704,875.71	90.77	9.23	100.00	Yes	-	-
<b>Subsidiaries acquired from establishment or investment</b>							
Asia Pacific Ports Company Limited	HKD75,000,000.00	100.00	-	100.00	Yes	-	-
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.	196,045,337.00	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	-	-
大連金港汽車聯合貿易有限公司	10,000,000.00	60.00	-	60.00	Yes	4,081,528.33	-
大連港糧油貿易有限公司	10,000,000.00	100.00	-	100.00	Yes	-	-
大連市鋼材物流園有限公司	8,000,000.00	100.00	-	100.00	Yes	-	-
大連港航招標代理有限公司	1,000,000.00	-	100.00	100.00	Yes	-	-
<b>Subsidiaries acquired in business combinations involving entities under common control</b>							
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	84.00	-	84.00	Yes	3,015,052.24	-
Dalian Portsoft Technology Co., Ltd. (Note 1)	11,126,271.39	49.00	-	60.00	Yes	13,113,996.56	-
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	9,414,179.78	-
Dalian Port Telecommunication Engineering Co., Ltd.	8,137,212.61	45.00	20.00	65.00	Yes	6,026,461.45	-
Dalian Golden Bay Grain Logistics Co., Ltd. (Note 2)	53,156,426.75	37.50	-	75.00	Yes	120,147,874.38	-
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	-	100.00	-	100.00	Yes	-	-
Dalian Port Power Supply Co., Ltd. 大連長興島臨港工業區 萬騰港口建設監理諮詢有限公司	25,895,508.24 100,000.00	100.00 -	- 100.00	100.00 100.00	Yes Yes	- -	- -



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## 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 (%)					
<b>Subsidiaries acquired in business combinations involving entities not under common control</b>							
DCT Logistics Co., Ltd.	176,809,813.23	-	100.00	100.00	Yes	-	-
Dalian Portnet Co., Ltd.	USD2,000,000.00	-	71.43	71.43	Yes	18,833,482.00	-
Dalian Jiyi Logistics Co., Ltd.	29,800,000.00	-	100.00	100.00	Yes	-	-
Dalian Port Petroleum and Chemical Co., Ltd. (Note 3)	596,800,000.00	100.00	-	100.00	Yes	-	-
Dalian Container Terminal Co., Ltd.	709,654,954.71	-	51.00	51.00	Yes	681,748,745.53	-
Dalian Lvshun Port Co., Ltd.	217,580,000.00	60.00	-	60.00	Yes	134,535,965.85	-
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.

Note 3: As approved by the board of directors at the seventh meeting of the Company's third session of the board meeting in 2012, on 30 October 2012, the Company entered into an equity transfer agreement with PDA to sell 100% equity interests in Dalian Port Petrochemical Co., Ltd. ("DPPC"). The equity transfer has been approved at the Company's 2013 first extraordinary general meeting on 25 January 2013, and is subject to approval by the State-owned Assets Supervision and Administration Commission of Dalian.

### 2. CHANGE OF CONSOLIDATION SCOPE

Except for the newly established subsidiaries and subsidiaries disposed of (Note IV. 3), the consolidation scope of the consolidated financial statements remains the same as last year.

### 3. ENTITY NOT IN THE CONSOLIDATION SCOPE IN THE CURRENT YEAR

The subsidiaries disposed of by the Group in this year are as follows:

	Net assets at the disposal date	Net loss for the year ended 31 December 2012
Asia Pacific Carrier Co., Ltd.	546,794.43	-
Dalian TBT Consulting Co., Ltd.	641,630.88	52,491.16
Dalian Port Construction Management Co., Ltd.	12,080,989.84	390,574.25

# Notes to Financial Statements

31 December 2012  
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## IV. Consolidation Scope of the Consolidated Financial Statements *(Continued)*

### 4. EXCHANGE RATES APPLIED TO FINANCIAL STATEMENT ITEMS OF ENTITIES OUTSIDE MAINLAND CHINA

	Average exchange rate		Exchange rate at the end of the year	
	2012	2011	2012	2011
USD	<b>6.3108</b>	6.4445	<b>6.2855</b>	6.3009
HKD	<b>0.8136</b>	0.8279	<b>0.8109</b>	0.8107

## V. Notes to Consolidated Financial Statements

### 1. CASH AND BANK BALANCES

	Original currency	2012		Original currency	2011	
		Exchange rate	RMB equivalent		Exchange rate	RMB equivalent
Cash						
– RMB			<b>122,167.37</b>			118,013.22
Bank deposits						
– RMB			<b>2,467,694,876.29</b>			2,212,402,560.31
– USD	<b>3,492,956.56</b>	<b>6.2855</b>	<b>21,954,978.43</b>	2,091,030.36	6.3009	13,175,373.18
– JPY	<b>1,021,643.97</b>	<b>0.0730</b>	<b>74,580.01</b>	1,090,819.36	0.0811	88,465.45
– HKD	<b>2,914,635.27</b>	<b>0.8109</b>	<b>2,363,477.74</b>	3,664,944.58	0.8107	2,971,170.57
Other cash balances						
– RMB			<b>14,212,860.92</b>			24,729,079.22
– HKD	<b>1,114,479.38</b>	<b>0.8109</b>	<b>903,731.33</b>	733,560.15	0.8107	594,697.21
			<b>2,507,326,672.09</b>			<b>2,254,079,359.16</b>

As at 31 December 2012, there was an amount of RMB12,854,111.34 of cash and bank balances that were restricted as to use (31 December 2011: RMB23,422,082.84) (Note V. 24(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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 2. NOTES RECEIVABLE

	2012	2011
Bank acceptance notes	<b>63,069,669.70</b>	143,128,482.88

As at 31 December 2012, the pledged bank acceptance notes were as follows:

Issuer	Period of the notes	Amount (Note)
First	within 6 months	1,000,000.00
Second	within 6 months	1,000,000.00
		2,000,000.00

As at 31 December 2011, the pledged bank acceptance notes were as follows:

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

Note: Bank acceptance notes with a carrying value of RMB2,000,000.00 (31 December 2011: RMB20,000,000.00) were pledged to obtain bank acceptance notes payable of RMB2,000,000.00 (Note V. 24(4)).

As at 31 December 2012, there were no discounted notes or notes that were transferred to accounts receivable due to issuer's failure in performance (31 December 2011: Nil).

As at 31 December 2012, the top five notes receivable that had been endorsed to other parties but not become due were as follows:

Issuer	Issue date	Due date	Amount
Company A	8 October 2012	8 April 2013	4,470,000.00
Company B	28 August 2012	28 February 2013	3,000,000.00
Company C	12 September 2012	28 February 2013	1,660,000.00
Company D	23 October 2012	23 April 2013	1,047,250.00
Company E	5 December 2012	5 June 2013	1,000,000.00
			11,177,250.00

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 2. NOTES RECEIVABLE (Continued)

As at 31 December 2011, the top five notes receivable that had been endorsed but not become due were as follows:

Issuer	Issue date	Due date	Amount
Company A	12 July 2011	12 January 2012	2,000,000.00
Company B	22 August 2011	22 February 2012	1,500,000.00
Company C	9 August 2011	9 February 2012	1,000,000.00
Company D	25 September 2011	25 March 2012	1,000,000.00
Company E	27 July 2011	27 January 2012	600,000.00
			6,100,000.00

### 3. DIVIDENDS RECEIVABLE 2012

	Opening balance	Increase	Decrease	Closing balance
<b>Ageing within one year</b>				
Dalian Dagang China Shipping Container Terminal Co., Ltd.	2,074,762.79	1,999,848.00	(2,074,762.79)	1,999,848.00
Dalian Port Container Terminal Co., Ltd.	23,754,168.19	-	(23,754,168.19)	-
Dalian Assembling Transportation Logistics Co., Ltd.	159,021.22	22,887.36	(159,021.22)	22,887.36
Dalian Port Design & Research Institute Co., Ltd.	-	58,000.00	(58,000.00)	-
Sino Rail Bohai Train Ferry Co., Ltd.	-	9,214,058.46	(9,214,058.46)	-
太倉興港拖輪有限公司	-	900,000.00	(900,000.00)	-
China United Tally Co., Ltd.	-	2,710,701.15	(2,710,701.15)	-
Dalian Port PetroChina International Terminal Co., Ltd.	-	1,739,921.76	(1,739,921.76)	-
Dalian China Oil Dock Management Co., Ltd.	-	3,013,500.00	(3,013,500.00)	-
Dalian Port Container Terminal Co., Ltd.	-	10,000,000.00	(10,000,000.00)	-
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	-	4,947,000.00	(4,947,000.00)	-
Dalian United International Shipping Agency	-	1,690,000.00	(1,690,000.00)	-
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	-	72,000.00	(72,000.00)	-
Dalian Harbour ECL Logistics Co., Ltd.	-	59,381.18	(59,381.18)	-
Da-In Ferry Co., Ltd.	-	1,144,561.36	(1,144,561.36)	-
<b>Above one year</b>				
Dalian Singamas International Container Co., Ltd.	1,241,352.65	1,087,208.42	-	2,328,561.07
	27,229,304.85	38,659,067.69	(61,537,076.11)	4,351,296.43

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 3. DIVIDENDS RECEIVABLE (Continued)

2011

	Opening balance	Increase	Decrease	Closing balance
<b>Ageing within one year</b>				
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)	-
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	-	48,000.00	(48,000.00)	-
Dalian Port Design & Research Institute Co., Ltd.	-	223,330.23	(223,330.23)	-
Da-In Ferry Co., Ltd.	-	875,067.64	(875,067.64)	-
	89,327,526.20	60,961,773.99	(123,059,995.34)	27,229,304.85

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

	2012	2011
Opening balance	<b>17,077,678.32</b>	1,563,707.73
Increase	<b>105,027,774.94</b>	40,376,599.28
Decrease	<b>(118,040,377.29)</b>	(24,862,628.69)
Closing balance	<b>4,065,075.97</b>	17,077,678.32

As at 31 December 2012, there were no overdue interests receivable (31 December 2011: Nil).

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 2012  
(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:

	2012	2011
Within 1 year	<b>425,351,291.01</b>	417,704,800.13
1 to 2 years	<b>35,721,475.05</b>	13,974,521.53
2 to 3 years	<b>8,414,281.22</b>	2,177,027.76
Over 3 years	<b>7,715,850.68</b>	5,016,831.87
	<b>477,202,897.96</b>	438,873,181.29
Provision for bad debts	<b>(4,026,906.95)</b>	(2,852,921.74)
	<b>473,175,991.01</b>	436,020,259.55

Movements in provision for bad debts are as follows:

	2012	2011
Opening balance	<b>2,852,921.74</b>	2,939,524.54
Accrual	<b>1,173,985.21</b>	–
Increase due to change in consolidation scope	–	56,953.00
Write-off	–	(143,555.80)
Closing balance	<b>4,026,906.95</b>	2,852,921.74

	2012				2011			
	Closing balance		Bad debt provision		Closing balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	<b>278,912,667.15</b>	<b>58.45</b>	–	–	277,099,942.76	63.14	–	–
Not individually significant but subject to separate provision	<b>198,290,230.81</b>	<b>41.55</b>	<b>4,026,906.95</b>	<b>2.03</b>	161,773,238.53	36.86	2,852,921.74	1.76
	<b>477,202,897.96</b>	<b>100.00</b>	<b>4,026,906.95</b>		438,873,181.29	100.00	2,852,921.74	

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 5. ACCOUNTS RECEIVABLE (Continued)

As at 31 December 2012, accounts receivable that were not individually significant but subject to separate provision were as follows:

	Closing balance	Provision for bad debts	Percentage	Reason
First	4,089,258.23	1,942,004.58	47.49%	Partly uncollectable
Second	1,173,985.21	1,173,985.21	100.00%	Uncollectable
Third	418,000.00	418,000.00	100.00%	Uncollectable
Others	492,917.16	492,917.16	100.00%	Uncollectable
	<b>6,174,160.60</b>	<b>4,026,906.95</b>		

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

	Closing 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
	<b>5,000,195.87</b>	<b>2,852,921.74</b>		

As at 31 December 2012, there were no accounts receivable due from shareholders holding 5% or more of the Company's voting shares (31 December 2011: Nil).

Accounts receivable due from related parties as at 31 December 2012 and 2011 are disclosed in Note VI. Related parties and related party transactions.

As at 31 December 2012, the top five accounts receivable were as follows:

	Relationship	Amount	Ageing	Percentage of receivable accounts (%)
PetroChina Dalian Petrochemical Company	Third party	55,366,747.85	Within 1 year	11.60
RGL Group Co., Ltd.	Third party	37,976,756.44	Within 2 year	7.96
Shenyang Oriental Steel Co., Ltd.	Third party	36,747,977.03	Within 2 year	7.70
Benxi Steel Group Corporation	Third party	35,582,397.65	Within 1 year	7.46
Petrolim Nasional Berhad	Third party	23,417,930.97	Within 1 year	4.91
		<b>189,091,809.94</b>		<b>39.63</b>



# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 5. ACCOUNTS RECEIVABLE (Continued)

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
PetroChina Dalian Petrochemical Company	Third party	22,158,751.70	Within 1 year	5.05
		<u>153,079,303.87</u>		<u>34.88</u>

### 6. OTHER RECEIVABLES

An ageing analysis of other receivables is as follows:

	2012	2011
Within 1 year	<b>263,230,087.44</b>	165,317,088.91
1 to 2 years	<b>8,972,948.86</b>	11,017,659.38
2 to 3 years	<b>2,054,477.87</b>	2,825,460.36
Over 3 years	<b>22,480,773.22</b>	21,141,920.53
	<b>296,738,287.39</b>	200,302,129.18
Provision for bad debts	<b>(1,533,304.97)</b>	(1,605,414.57)
	<b>295,204,982.42</b>	198,696,714.61

Movements in provision for bad debts are as follows:

	2012	2011
Opening balance	<b>1,605,414.57</b>	93,710.07
Increase due to change in consolidation scope	–	1,511,704.50
Accrual	<b>5,502.00</b>	–
Write-off	<b>(77,611.60)</b>	–
Closing balance	<b>1,533,304.97</b>	1,605,414.57

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 6. OTHER RECEIVABLES (Continued)

	2012				2011			
	Closing balance		Bad debt provision		Closing balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	219,156,925.90	73.86	-	-	117,972,449.44	58.90	-	-
Not individually significant but subject to separate provision	77,581,361.49	26.14	1,533,304.97	1.98	82,329,679.74	41.10	1,605,414.57	1.95
	<b>296,738,287.39</b>	<b>100.00</b>	<b>1,533,304.97</b>		200,302,129.18	100.00	1,605,414.57	

As at 31 December 2012, other receivables that were not individually significant but subject to separate provision were as follows:

	Closing balance	Provision for bad debts	Percentage	Reason
First	750,659.50	81,427.50	10.85%	Partly uncollectable
Second	561,978.00	561,978.00	100.00%	Uncollectable
Others	2,109,179.47	889,899.47	42.19%	Partly uncollectable
	<b>3,421,816.97</b>	<b>1,533,304.97</b>		

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

	Closing 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
	<b>3,553,744.57</b>	<b>1,605,414.57</b>		

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 6. OTHER RECEIVABLES (Continued)

As at 31 December 2012, the top five other receivables were as follows:

	Relationship	Amount	Ageing	Percentage of other receivables (%)
Dalian Municipal Bureau of Finance	Third party	155,889,875.00	Within 1 year	52.53
Dalian Municipal Bureau of Finance	Third party	18,000,000.00	Above 5 years	6.07
大連市土地儲備中心	Third party	9,965,359.80	Within 2 year	3.36
青島奔賽名車匯	Third party	9,136,771.19	Within 1 year	3.08
樺林輪胎有限公司	Third party	8,233,714.25	Within 1 year	2.77
		<b>201,225,720.24</b>		<b>67.81</b>

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

	Relationship	Amount	Ageing	Percentage of other receivables (%)
Dalian Municipal Bureau of Finance	Third party	88,270,000.00	Within 1 year	44.07
Dalian Municipal Bureau of Finance	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
		<b>125,078,388.02</b>		<b>62.45</b>

As at 31 December 2012, except for the receivables due from the parent, PDA, of RMB5,232,965.78 (31 December 2011: RMB4,970,631.92), 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 2012 and 2011 are disclosed in Note VI. Related parties and related party transactions.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 7. PREPAYMENTS

An ageing analysis of prepayments is as follows:

	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	<b>217,969,755.15</b>	<b>97.14</b>	23,771,426.18	97.02
1 to 2 years	<b>6,426,579.59</b>	<b>2.86</b>	730,489.00	2.98
	<b>224,396,334.74</b>	<b>100.00</b>	24,501,915.18	100.00

As at 31 December 2012, the top five prepayments were as follows:

	Relationship	Amount	Ageing	Percentage of prepayments (%)
吉糧進出口貿易有限公司	Third party	197,722,000.00	Within 1 year	88.11
Dalian Xinyang Transportation Co., Ltd.	Third party	5,830,924.35	Within 1 year	2.60
大連中綠糧油有限公司	Third party	5,657,049.00	Within 1 year	2.52
Liaoning Electric Power Co., Ltd. Dalian Branch	Third party	5,418,518.87	Within 1 year	2.41
哈爾濱敬業達科技開發有限公司	Third party	1,696,000.00	Within 1 year	0.76
		<b>216,324,492.22</b>		<b>96.40</b>

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
		<b>13,683,645.36</b>		<b>55.84</b>

As at 31 December 2012, there were no prepayments to shareholders holding 5% or more of the Company's voting shares (31 December 2011: Nil).

Prepayments to related parties as at 31 December 2012 and 2011 are disclosed in Note VI. Related parties and related party transactions.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 8. INVENTORIES

	2012			2011		
	Closing balance	Provision	Carrying amount	Closing balance	Provision	Carrying amount
Raw materials	71,024,114.78	2,037,642.99	68,986,471.79	83,006,839.65	2,037,642.99	80,969,196.66
Work in progress	-	-	-	166,757.18	-	166,757.18
Finished goods	58,048,387.64	-	58,048,387.64	2,373,577.43	-	2,373,577.43
Property development cost	4,085,008.12	-	4,085,008.12	5,589,975.28	-	5,589,975.28
	<b>133,157,510.54</b>	<b>2,037,642.99</b>	<b>131,119,867.55</b>	91,137,149.54	2,037,642.99	89,099,506.55

The movements of provision for inventories are as follows:

	2012	2011
Opening balance	2,037,642.99	-
Increase due to change in consolidation scope	-	2,037,642.99
Closing balance	<b>2,037,642.99</b>	2,037,642.99

As at 31 December 2012, inventories with a carrying amount of RMB20,537,425.32 (31 December 2011: Nil) were restricted as to use (Note V. 24(5)).

### 9. NON-CURRENT ASSETS DUE WITHIN ONE YEAR

	2012	2011
Entrusted investment (1)	1,000,000,000.00	-
Loan to an associate (2)	5,610,000.00	4,864,200.00
	<b>1,005,610,000.00</b>	4,864,200.00

As at 31 December 2012, other non-current assets due within one year comprised of:

- (1) 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.
- (2) The Group commissioned Agricultural Bank of China to provide an unsecured loan of RMB5,610,000.00 to its jointly-controlled entity, Liaoning Con-Rail International Logistics Co., Ltd. in 2011. The loan bears interest at a rate of 5.265% per annum and is repayable in full on 18 January 2013.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 10. OTHER CURRENT ASSETS

	2012	2011
Loans to a jointly-controlled entity (Note)	<b>4,870,000.00</b>	2,830,000.00
Entrusted investment	-	700,000,000.00
	<b>4,870,000.00</b>	702,830,000.00

Note: The loans to a jointly-controlled entity were provided by Dalian Port Corporation Finance Company Limited to Liaoning Con-Rail International Logistics Co., Ltd.. The amounts are RMB2,830,000.00, RMB1,020,000.00 and RMB1,020,000.00, respectively. The loans with an interest rate of 6.56% per annum are repayable in full on 26 March, 19 April and 3 September 2013, respectively.

### 11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2012	2011
Available-for-sale equity investments – H share	<b>14,534,238.64</b>	14,609,746.31
Available-for-sale equity investments – A share	<b>4,390,026.00</b>	11,968,023.50
	<b>18,924,264.64</b>	26,577,769.81

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 is measured at fair value.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

2012

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
<b>Jointly-controlled entities</b>						
大連港通利船務代理有限公司	Limited liability	Dalian	Zhang Hong	Domestic freight and vessel agency	60	73642304-9
Dalian Harbour ECL Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Storage loading and discharging services	USD9,000,000	75155081-2
Odjfell Terminals (Dalian) Co., Ltd.	Limited liability	Dalian	Xu Song	Construction and operation of storage terminal	USD28,000,000	60485936-9
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	24237571-0
Dalian Vanguard International Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	International container storage services	7,400	67996584-4
Dalian Yidu Jifa Cold Logistics Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Freight and storage agency	3,600	75606813-6
China United Tally Co., Ltd. Dalian	Limited liability	Dalian	Xu Song	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	Gao lian	Computer supporting and data analysis services	1,200	67997824-X
Liaoning Con-Rail International Logistics Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Logistics and storage services	1,600	75076324-2
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	Zhang Chunquan	Container services	73,000	76442085-7
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	Ju Hongbin	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	Zhang Chunquan	Container services	USD13,250,000	71695281-6
Dalian Shunda Logistics Services Corporation	Limited liability	Dalian	Ju Hongbin	Logistics and storage services	USD5,020,000	60486170-9
China Unite Northeast Rail Containers Co., Ltd.	Limited liability	Dalian	Zhu Youwen	International container services	25,500	79202427-X



# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2012 (Continued)

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
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	Jiang Luning	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
Odffjell Dalian Port Consulting Co., Ltd.	Limited liability	Dalian	Wang Hongsuo	Technical training	600.00	58204259-2
大連長興島港口投資發展有限公司	Limited liability	Dalian	Dong Yanhong	Development and construction of terminal facilities	95,000.00	69140687-7
<b>Associates</b>						
大連普集倉儲設施有限公司	Limited liability	Dalian	Yang Chuande	Other storage services	USD80,000,000	79204040-5
Dalian Petro China International Warehousing and Transportation Co., Ltd.	Limited liability	Dalian	Li Huaming	Crude oil tank leasing services	10,000	77728456-7
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	Limited liability	Shenyang	Yang Chuande	Other storage services	USD16,670,000	79849254-1
太倉興港拖輪有限公司	Limited liability	Suzhou	Zhu Shiliang	Vessel tugging services	300	76050857-9
Petro China Dalian LNG Co., Ltd.	Limited liability	Dalian	Wang Lixin	LNG related services	260,000	68707182-4
SINOECL Auto Liners, Limited	Limited company	HK	N/A	Shipping services	HKD4,150,000	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	55495911-7
China Shipping Gang Lian Co., Ltd.	Limited liability	Dalian	Meng Qingkuan	Shipping agency	30,000	66922139-0
Dalian Wapeng 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
Sino Rail Bohai Train Ferry Co., Ltd.	Limited liability	Yantai	Li Hongwei	Ferry transportation	120,000	71092935-9
中世國際物流有限公司	Limited liability	Wuhu	Zheng Zhaorui	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		69143298-7
大連港盛招標代理有限公司	Limited liability	Dalian	Ma Shuyuan	Bidding agency	200	56552295-7

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2012

	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
<b>Jointly-controlled entities</b>					
大連港通利船務代理有限公司 Dalian Harbour ECL Logistics Co., Ltd.	4,165,307.98	201,427.94	3,963,880.04	1,896,053.61	484,055.36
Odjell Terminals (Dalian) Co., Ltd. Dalian Port Petro China International Terminal Co., Ltd.	61,489,361.21	522,347.39	60,967,013.82	6,126,315.45	442,974.69
Dalian Assembling Transportation Logistics Co., Ltd.	523,655,469.98	131,585,421.48	392,070,048.50	96,248,921.31	38,391,587.52
Dalian United International Shipping Agency	591,146,037.22	315,509,228.60	275,636,808.62	75,120,000.00	25,250,159.34
Dalian Vanguard International Logistics Co., Ltd.	33,170,547.84	1,704,607.09	31,465,940.75	19,402,563.65	3,358,763.73
Dalian Yidu Jifa Cold Logistics Co., Ltd.	65,017,824.90	49,987,169.76	15,030,655.14	15,261,770.98	3,946,544.17
China United Tally Co., Ltd. Dalian Dalian China Oil Dock Management Co., Ltd.	195,518,626.19	126,094,185.42	69,424,440.77	32,894,107.45	67,536.32
Liaoning Electronic Port Co., Ltd. Liaoning Con-Rail International Logistics Co., Ltd.	134,782,779.41	52,326,324.80	82,456,454.61	80,837,874.76	21,056,011.45
Dalian Dagang China Shipping Container Terminal Co., Ltd.	8,282,267.87	1,760,657.49	6,521,610.38	22,387,993.97	1,071,684.41
Dalian Port Container Terminal Co., Ltd.	38,353,571.61	4,703,029.58	33,650,542.03	100,949,524.40	7,854,507.08
Dalian International Container Terminal Co., Ltd.	30,456,148.31	21,059,136.24	9,397,012.07	4,330,809.51	(408,734.49)
Dalian Jilong Logistics Co., Ltd. Dalian Automobile Terminal Co., Ltd.	28,855,002.89	22,769,246.37	6,085,756.52	32,415,100.80	3,218,988.94
Dalian Singamas International Container Co., Ltd.	19,009,549.78	6,617,062.66	12,392,487.12	18,892,645.00	3,773,397.78
Dalian Shunda Logistics Services Corporation	1,885,364,080.07	1,146,859,545.90	738,504,534.17	400,247,596.98	7,606,509.21
	3,188,428,379.88	1,850,580,081.68	1,337,848,298.20	291,930,284.93	6,552,485.30
	253,999,386.08	141,515,777.77	112,483,608.31	60,352,592.46	1,024,237.65
	467,583,834.50	133,224,199.30	334,359,635.20	68,966,504.05	23,848,218.35
	148,743,430.61	49,699,390.91	99,044,039.70	54,357,575.19	2,650,939.03
	24,405,046.50	482,247.34	23,922,799.16	7,275,975.07	(3,251,512.47)

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2012 (Continued)

	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
China Unite Northeast Rail Containers Co., Ltd.	504,311,225.59	305,628,762.85	198,682,462.74	38,534,795.03	(15,391,447.79)
ODFJELL AP Port Holding Pte. Ltd.	603,338.48	47,649.62	555,688.86	45,374.40	395.67
Dalian Changxing Island Port Co., Ltd.	1,568,041,660.62	1,042,430,239.51	525,611,421.11	67,178,704.07	(58,198,156.75)
大連港散貨物流中心有限公司	10,038,704.85	4,553,831.30	5,484,873.55	7,785,454.86	892,796.37
Odfjell Dalian Port Consulting Co., Ltd.	5,664,586.13	1,188,042.70	4,476,543.43	667,540.00	(1,523,456.57)
大連長興島港口投資發展有限公司	2,422,130,658.57	1,472,130,658.57	950,000,000.00	-	-
<b>Associates</b>					
大連普集倉儲設施有限公司	768,111,147.12	244,899,834.18	523,211,312.94	30,843,001.08	(21,242,595.32)
Dalian Petro China International Warehousing and Transportation Co., Ltd.	1,517,226,686.32	1,323,106,196.76	194,120,489.56	247,452,600.00	21,116,396.37
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	131,555,878.02	8,812,043.18	122,743,834.84	12,776,570.73	2,291,487.08
太倉興港拖輪有限公司	9,537,610.88	2,160,405.21	7,377,205.67	28,807,140.52	3,393,766.44
Petro China Dalian LNG Co., Ltd.	3,983,866,070.60	1,303,923,585.85	2,679,942,484.75	583,392,850.45	113,567,811.32
SINOECL Auto Liners, Limited	29,001,249.55	15,242,127.87	13,759,121.68	74,933,355.62	(4,005,910.28)
Jadeway Limited	292,529,707.22	351,624,665.22	(59,094,958.00)	30,221,137.24	48,389,539.37
Dalian North Petroleum Logistics Co., Ltd.	444,644,452.38	296,480,443.85	148,164,008.53	43,920,000.00	9,028,622.92
China Shipping Gang Lian Co., Ltd.	985,490,873.27	713,779,765.70	271,711,107.57	28,995,950.97	(33,605,025.81)
Dalian Wanpeng Port Engineering Examination and Testing Co., Ltd.	3,721,574.86	269,733.36	3,451,841.50	4,191,161.00	452,386.44
Dalian Port Corporation Finance Co., Ltd.	2,431,356,874.67	1,890,408,873.31	540,948,001.36	77,368,838.51	40,634,272.74
Sino Rail Bohai Train Ferry Co., Ltd.	2,503,808,899.70	1,199,018,772.44	1,304,790,127.26	947,165,456.57	52,271,507.97
中世國際物流有限公司	301,194,521.22	(14,264.59)	301,208,785.81	81,496,691.42	448,475.00
大連鑫海陽環保工程有限公司	200,000.00	-	200,000.00	-	-
大連港盛招標代理有限公司	22,791,478.71	20,330,436.64	2,461,042.07	11,150,238.13	299,373.58

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

### 12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2011

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
<b>Jointly-controlled entities</b>						
大連港通利船務代理有限公司	Limited liability	Dalian	Zhang Hong	Domestic freight and vessel agency	60	73642304-9
Dalian Harbour ECL Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Storage loading and discharging services	USD9,000,000	75155081-2
Odjfell Terminals (Dalian) Co., Ltd.	Limited liability	Dalian	Xu Song	Construction and operation of storage terminal	USD28,000,000	60485936-9
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	24237571-0
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	67997824-X
Liaoning Con-Rail International Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics and storage services	1,600	75076324-2
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	76442085-7
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

# Notes to Financial Statements

31 December 2012  
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## 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
China Unite Northeast Rail Containers Co., Ltd.	Limited liability	Dalian	Zhu Youwen	International container services	25,500	79202427-X
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
<b>Associates</b>						
大連普集倉儲設施有限公司	Limited liability	Dalian	Yang Chuande	Other storage services	USD80,000,000	79204040-5
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	USD16,670,000	79849254-1
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 liability	HK	N/A	Shipping services	HKD4,149,300	N/A
Jadeway Limited	Limited liability	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	55495911-7
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
Sino Rail Bohai Train Ferry Co., Ltd.	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

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## 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
<b>Jointly-controlled entities</b>					
大連港通利船務代理有限公司 Dalian Harbour ECL Logistics Co., Ltd.	3,595,892.86	116,068.18	3,479,824.68	2,463,893.45	897,710.99
Odffjell Terminals (Dalian) Co., Ltd. Dalian Port Petro China International Terminal Co., Ltd.	61,246,501.14	603,699.65	60,642,801.49	5,256,940.67	354,270.33
Dalian Assembling Transportation Logistics Co., Ltd.	519,236,896.16	145,486,715.75	373,750,180.41	78,634,104.50	23,906,476.94
Dalian United International Shipping Agency	604,546,461.57	350,679,968.77	253,866,492.80	58,400,000.00	10,899,620.14
Dalian Vanguard International Logistics Co., Ltd.	32,799,047.05	1,668,982.67	31,130,064.38	18,851,669.85	3,510,023.58
Dalian Yidu Jifa Cold Logistics Co., Ltd.	53,439,067.70	38,974,956.73	14,464,110.97	13,962,490.96	4,027,089.50
China United Tally Co., Ltd. Dalian Dalian China Oil Dock Management Co., Ltd.	184,736,940.36	115,380,035.91	69,356,904.45	7,255,926.39	(4,301,892.35)
Liaoning Electronic Port Co., Ltd. Liaoning Con-Rail International Logistics Co., Ltd.	123,776,805.82	62,376,362.66	61,400,443.16	64,857,122.13	13,913,500.33
Dalian Dagang China Shipping Container Terminal Co., Ltd.	13,675,020.23	2,803,691.95	10,871,328.28	28,490,621.22	5,421,402.31
Dalian Port Container Terminal Co., Ltd.	39,310,354.36	4,532,798.76	34,777,555.60	98,559,009.46	8,914,194.64
Dalian International Container Terminal Co., Ltd.	27,416,602.09	17,610,855.53	9,805,746.56	3,287,777.82	43,941.95
Dalian Jilong Logistics Co., Ltd. Dalian Automobile Terminal Co., Ltd.	20,291,385.35	17,424,617.77	2,866,767.58	21,147,871.07	(2,215,776.03)
	18,315,734.58	5,965,157.14	12,350,577.44	18,860,163.40	3,913,908.30
	1,938,231,653.06	1,207,632,945.64	730,598,707.42	396,223,428.00	71,819,102.60
	3,205,800,171.84	1,874,908,921.84	1,330,891,250.00	237,329,559.20	1,435,928.03
	247,618,455.92	136,159,085.26	111,459,370.66	47,754,998.56	3,737,540.03
	412,072,909.81	101,561,492.96	310,511,416.85	67,710,054.90	27,292,782.00

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2011 (Continued)

	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
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)
<b>Associates</b>					
大連普集倉儲設施有限公司	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	(123,486,070.42)	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
Sino Rail Bohai Train Ferry Co., Ltd.	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 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 13. LONG-TERM EQUITY INVESTMENTS

2012

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
<b>Equity method:</b>							
<i>Jointly-controlled entities</i>							
大連港通利船務代理有限公司 Dalian Harbour ECL Logistics Co., Ltd.	1,311,300.00	1,856,202.70	242,027.65	2,098,230.35	50.00	50.00	-
Odfjell Terminals (Dalian) Co., Ltd. Dalian Port Petro China International Terminal Co., Ltd.	30,111,142.43	30,321,411.19	162,095.72	30,483,506.91	50.00	50.00	59,381.18
Odfjell Terminals (Dalian) Co., Ltd. Dalian Port Petro China International Terminal Co., Ltd.	86,878,185.37	130,645,336.90	11,074,399.88	141,719,736.78	50.00	50.00	10,000,000.00
Dalian Assembling Transportation Logistics Co., Ltd. (Note 1)	125,000,000.00	126,933,246.40	10,885,157.91	137,818,404.31	50.00	50.00	1,739,921.76
Dalian United International Shipping Agency	21,000,000.00	22,130,064.38	335,876.37	22,465,940.75	70.00	60.00	22,887.36
Dalian Vanguard International Logistics Co., Ltd.	2,175,192.85	7,232,055.49	283,272.08	7,515,327.57	50.00	50.00	1,690,000.00
Dalian Yidu Jifa Cold Logistics Co., Ltd.	37,000,000.00	34,678,452.22	33,768.13	34,712,220.35	50.00	50.00	-
China United Tally Co., Ltd. Dalian Dalian China Oil Dock Management Co., Ltd.	18,000,000.00	30,700,221.58	10,528,005.73	41,228,227.31	50.00	50.00	-
Liaoning Electronic Port Co., Ltd.	5,103,200.33	5,435,664.14	(2,174,858.94)	3,260,805.20	50.00	50.00	2,710,701.15
Liaoning Con-Rail International Logistics Co., Ltd.	16,301,068.34	17,172,410.34	(585,787.57)	16,586,622.77	49.00	49.00	3,013,500.00
Dalian Dagang China Shipping Container Terminal Co., Ltd.	6,000,000.00	5,391,544.06	(693,038.03)	4,698,506.03	50.00	50.00	-
Dalian Port Container Terminal Co., Ltd.	8,000,000.00	1,433,383.80	1,609,494.46	3,042,878.26	50.00	50.00	-
Dalian International Container Terminal Co., Ltd.	5,798,464.21	7,039,829.16	23,888.53	7,063,717.69	57.00	57.00	1,999,848.00
Dalian Jilong Logistics Co., Ltd.	255,500,000.00	207,968,341.29	3,897,703.37	211,866,044.66	35.00	35.00	-
Dalian Singamas International Container Co., Ltd.	560,000,000.00	531,741,224.49	2,914,029.60	534,655,254.09	40.00	40.00	-
Dalian Shunda Logistics Services Corporation	21,000,000.00	33,437,811.20	307,271.29	33,745,082.49	30.00	30.00	-
China Unite Northeast Rail Containers Co., Ltd.	152,503,640.00	150,006,564.74	9,018,366.49	159,024,931.23	40.00	40.00	-
ODFJELL AP Port Holding Pte. Ltd.	42,859,398.30	44,237,370.09	(37,331.72)	44,200,038.37	43.63	43.63	1,087,208.42
Dalian Changxing Island Port Co., Ltd.	19,256,515.00	16,894,711.31	(4,303,259.25)	12,591,452.06	50.00	50.00	-
大連散貨物流中心有限公司	102,000,000.00	85,629,564.23	(6,156,579.09)	79,472,985.14	40.00	40.00	-
Odfjell Dalian Port Consulting Co., Ltd.	314,717.79	291,974.92	(13,707.31)	278,267.61	50.00	50.00	-
Dalian Changxing Island Port Investment and Development Co., Ltd. (Note 2)	248,000,000.00	233,448,111.72	(23,203,543.28)	210,244,568.44	40.00	40.00	-
	2,000,000.00	2,000,000.00	193,949.42	2,193,949.42	40.00	40.00	-
	3,000,000.00	-	2,238,271.71	2,238,271.71	50.00	50.00	-
	463,147,800.00	-	463,147,800.00	463,147,800.00	46.58	50.00	-
<b>Total for jointly-controlled entities</b>	<b>2,232,260,624.62</b>	<b>1,726,625,496.35</b>	<b>479,727,273.15</b>	<b>2,206,352,769.50</b>			<b>22,323,447.87</b>

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

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

2012 (Continued)

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
<b>Associates</b>							
China Shipping Gang Lian Co., Ltd.	90,000,000.00	91,728,623.03	(9,148,783.02)	82,579,840.01	30.00	30.00	-
Dalian Petro China International Warehousing and Transportation Co., Ltd.	20,288,520.00	35,720,881.88	(636,414.13)	35,084,467.75	20.00	20.00	4,947,000.00
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	1,120,000.00	871,782.02	508,954.58	1,380,736.60	40.00	40.00	72,000.00
大連普集倉儲設施有限公司	239,636,434.98	187,539,836.90	(7,755,517.57)	179,784,319.33	40.00	40.00	-
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	48,876,656.89	48,180,939.10	916,594.83	49,097,533.93	40.00	40.00	-
太倉興港拖輪有限公司	900,000.00	2,095,031.77	117,000.00	2,212,031.77	30.00	30.00	900,000.00
Petro China Dalian LNG Co., Ltd.	520,000,000.00	512,351,554.69	23,636,942.26	535,988,496.95	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	28,247,585.20	1,384,927.58	29,632,512.78	20.00	20.00	-
Sino Rail Bohai Train Ferry Co., Ltd.	274,500,286.56	278,003,004.56	(4,078,520.82)	273,924,483.74	17.50	17.50	9,214,058.46
中世國際物流有限公司	90,000,000.00	90,000,000.00	362,635.74	90,362,635.74	30.00	30.00	-
Dalian Port Corporation Finance Company Limited	200,000,000.00	200,000,000.00	16,379,200.54	216,379,200.54	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	-
大連港盛招標代理有限公司	829,605.00	-	867,443.41	867,443.41	35.00	35.00	-
<b>Total for associates</b>	<b>1,520,493,567.70</b>	<b>1,474,939,239.15</b>	<b>22,554,463.40</b>	<b>1,497,493,702.55</b>			<b>15,133,058.46</b>
<b>Total for the equity method</b>	<b>3,752,754,192.32</b>	<b>3,201,564,735.50</b>	<b>502,281,736.55</b>	<b>3,703,846,472.05</b>			<b>37,456,506.33</b>
<b>Cost method:</b>							
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	-
Da-In Ferry Co., Ltd.	1,900,057.50	1,900,057.50	-	1,900,057.50	7.50	7.50	1,144,561.36
Dalian Port Design & Research Institute Co., Ltd.	634,600.00	634,600.00	-	634,600.00	5.80	5.80	58,000.00
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	-
<b>Total for the cost method</b>	<b>129,178,291.50</b>	<b>129,178,291.50</b>	<b>-</b>	<b>129,178,291.50</b>			<b>1,202,561.36</b>
	<b>3,881,932,483.82</b>	<b>3,330,743,027.00</b>	<b>502,281,736.55</b>	<b>3,833,024,763.55</b>			<b>38,659,067.69</b>

# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

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

2011

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
<b>Equity method:</b>							
<i>Jointly-controlled entities</i>							
大連港通利船務代理有限公司 Dalian Harbour ECL Logistics Co., Ltd.	1,311,300.00	1,407,347.20	448,855.50	1,856,202.70	50.00	50.00	-
Odfjell Terminals (Dalian) 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
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.	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.	152,503,640.00	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	-
<b>Total for jointly-controlled entities</b>	<b>2,469,268,199.74</b>	<b>2,267,239,763.04</b>	<b>(540,614,266.69)</b>	<b>1,726,625,496.35</b>			<b>52,076,571.06</b>

# Notes to Financial Statements

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

### 13. 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
<b>Associates</b>							
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 Wapeng 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
大連普集倉儲設施有限公司	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	-
Sino Rail Bohai Train Ferry Co., Ltd.	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	-
<b>Total for associates</b>	<b>1,519,263,962.70</b>	<b>917,230,392.05</b>	<b>557,708,847.10</b>	<b>1,474,939,239.15</b>			<b>5,839,000.00</b>
<b>Total for the equity method</b>	<b>3,988,532,162.44</b>	<b>3,184,470,155.09</b>	<b>17,094,580.41</b>	<b>3,201,564,735.50</b>			<b>57,915,571.06</b>
<b>Cost method:</b>							
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	-
Da-In Ferry Co., Ltd.	1,900,057.50	1,900,057.50	-	1,900,057.50	7.50	7.50	875,067.64
Dalian Port Design & Research Institute Co., Ltd.	634,600.00	634,600.00	-	634,600.00	5.80	5.80	223,330.23
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	-
<b>Total for the cost method</b>	<b>129,178,291.50</b>	<b>129,178,291.50</b>	<b>-</b>	<b>129,178,291.50</b>			<b>1,098,397.87</b>
	<b>4,117,710,453.94</b>	<b>3,313,648,446.59</b>	<b>17,094,580.41</b>	<b>3,330,743,027.00</b>			<b>59,013,968.93</b>

# Notes to Financial Statements

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

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

2011 *(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 in DATL. 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: In June 2012, the Group acquired 45% equity interests in Dalian Changxing Island Port Investment and Development Co., Ltd. at a consideration of RMB463,147,800.00. In July 2012, the Group made an additional capital contribution of RMB150,000,000.00 and its equity interests in Dalian Changxing Island Port Investment and Development Co., Ltd. increased to 46.58%. According to the Articles of Association of Dalian Changxing Island Port Investment and Development Co., Ltd., the shareholder, Management Committee of Dalian Changxing Island Industrial Zone, and the Group jointly controlled Dalian Changxing Island Port Investment and Development Co., Ltd. and the Group accounted for the long-term equity investments using the equity method.

As at 31 December 2012 and 2011, the Group's long-term equity investments were investments in unlisted companies.

# Notes to Financial Statements

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

### 14. INVESTMENT PROPERTIES

	Buildings	Land use right	Container terminals	Total
<b>Cost:</b>				
At 1 January 2011	3,990,556.11	72,333,139.51	930,176,552.02	1,006,500,247.64
Transferred to fixed assets	-	-	(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 and 1 January 2012	17,068,004.46	61,329,184.09	714,589,502.98	792,986,691.53
Additions	-	-	706,499.00	706,499.00
Transferred from construction in progress	-	-	3,135,066.00	3,135,066.00
Transferred from intangible assets	-	8,456,599.51	-	8,456,599.51
Transferred from fixed assets	8,862,769.26	-	15,349,874.94	24,212,644.20
At 31 December 2012	25,930,773.72	69,785,783.60	733,780,942.92	829,497,500.24
<b>Accumulated depreciation:</b>				
At 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 fixed assets	-	-	(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 1 January 2012	4,375,667.23	5,167,874.15	97,255,884.66	106,799,426.04
Depreciation charged	271,437.22	1,285,525.56	15,327,962.12	16,884,924.90
Transferred from intangible assets	-	796,932.80	-	796,932.80
Transferred from fixed assets	1,922,753.06	-	3,261,621.02	5,184,374.08
At 31 December 2012	6,569,857.51	7,250,332.51	115,845,467.80	129,665,657.82
<b>Carrying amount:</b>				
At 31 December 2012	19,360,916.21	62,535,451.09	617,935,475.12	699,831,842.42
At 31 December 2011	12,692,337.23	56,161,309.94	617,333,618.32	686,187,265.49

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

As at 31 December 2012, the investment properties above were all leased out under operating lease arrangements.

As at 31 December 2012, the fair value of the investment properties was RMB1,021,984,306.16. The Group's investment properties were valued by Liaoning Zheng Yuan Asset Valuation Co., Ltd. on an open market and existing use basis.

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

# Notes to Financial Statements

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## 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
<b>Cost:</b>										
At 1 January 2011	953,379,109.50	3,064,849,456.09	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
Reclassification	542,157.26	25,255,970.76	(143,687,993.39)	-	710,376.72	-	13,934,902.35	66,281,419.29	36,963,167.01	-
Disposals	(9,672,441.32)	(365,104.33)	(867,453.96)	(11,963,999.82)	(17,844,324.63)	(39,391,780.61)	-	(1,515,559.89)	(7,568,404.76)	(89,189,069.32)
At 31 December 2011 and 1 January 2012	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
Additions	812,990.57	329,640.00	-	1,303,617.44	732,828.60	-	410,000.00	2,966,065.59	5,399,765.29	11,954,907.49
Transferred from construction in progress	17,332,755.62	585,704,700.70	181,339,760.05	5,624,317.10	10,468,357.94	-	654,344,813.96	76,020,336.84	9,981,969.37	1,540,817,011.58
Reclassifications	22,237,904.16	83,807,371.74	(151,049,606.72)	-	-	-	-	37,296,494.45	7,707,836.37	-
Transferred from investment properties	(8,862,769.26)	(1,414,972.59)	-	-	-	-	(13,934,902.35)	-	-	(24,212,644.20)
Transferred to construction in progress	(6,862,844.16)	-	-	-	-	-	-	-	-	(6,862,844.16)
Disposals	(21,426,561.45)	(38,370,167.19)	-	(68,889,500.40)	(26,149,036.08)	(115,647.53)	(20,729,661.47)	(2,778,245.04)	(15,738,275.55)	(194,197,094.71)
At 31 December 2012	1,163,425,947.57	4,920,112,341.99	2,318,059,713.32	2,735,537,229.67	798,788,358.18	1,551,109,048.21	2,464,156,614.68	857,858,158.54	539,931,566.62	17,348,978,978.78
<b>Accumulated depreciation:</b>										
At 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 and 1 January 2012	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
Depreciation charged	36,395,483.85	93,591,643.08	74,117,136.26	151,538,104.90	40,479,883.97	54,496,894.83	51,193,434.33	60,340,534.97	34,153,855.37	596,306,971.56
Reclassifications	153,052.32	1,806,145.06	(5,046,159.79)	-	(10,586.49)	-	-	3,188,753.14	(91,204.24)	-
Transferred from investment properties	(2,279,063.78)	(370,797.05)	-	-	-	-	(2,534,513.25)	-	-	(5,184,374.08)
Transferred to construction in progress	(179,891.57)	-	-	-	-	-	-	-	-	(179,891.57)
Disposals	(5,913,380.90)	(12,756,374.38)	-	(65,037,278.16)	(20,788,551.74)	(2,670.36)	(4,886,790.46)	(2,247,480.34)	(12,889,059.67)	(124,521,586.01)
At 31 December 2012	241,676,508.91	725,926,804.37	593,680,612.57	1,440,611,758.74	253,554,324.42	308,995,484.22	422,545,042.56	362,929,861.40	226,004,287.03	4,575,924,684.22
<b>Carrying amount:</b>										
At 31 December 2012	921,749,438.66	4,194,185,537.62	1,724,379,100.75	1,294,925,470.93	545,234,033.76	1,242,113,563.99	2,041,611,572.12	494,928,297.14	313,927,279.59	12,773,054,294.56
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



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

### 15. FIXED ASSETS (Continued)

As at 31 December 2012, the ownership of certain vessels of the Group with an aggregate carrying amount of RMB52,728,719.56 (31 December 2011: RMB55,062,217.93) was restricted (Note V. 24(1)). Apart from this, there were no restricted fixed assets.

As at 31 December 2012, the Group was in the process of obtaining the ownership certificates of certain of its buildings with an aggregate carrying amount of RMB40,785,054.92 (31 December 2011: RMB43,914,323.15). 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 2012, there were no temporarily idled fixed assets (31 December 2011: Nil).

The Company will transfer 100% equity interests in DPPC (Note IX. 1). As at 31 December 2012, the carrying amount of DPPC's fixed assets was RMB1,671,483.31.

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:

	2012 Carrying amount	2011 Carrying amount
Buildings	<b>57,400,752.47</b>	62,282,461.62
Terminal facilities	<b>318,698,010.49</b>	325,229,968.04
Oil tanks and pipelines	<b>232,616,608.69</b>	245,909,702.09
Loading equipment	<b>13,403,046.44</b>	8,203,501.19
Machinery and equipment	<b>90,828,344.82</b>	90,722,921.02
Transportation equipment	<b>390,106,851.32</b>	398,329,108.06
Other equipment	<b>37,045,226.74</b>	37,898,647.16
Vessels	<b>490,960,788.17</b>	250,774,854.45
<b>Total</b>	<b>1,631,059,629.14</b>	1,419,351,163.63

### 16. FIXED ASSETS PENDING FOR DISPOSAL

	2012	2011	Reason
Buildings	<b>2,935,582.75</b>	–	Demolition
Terminal facilities	<b>23,230,482.72</b>	–	Demolition
Loading equipment	<b>1,083,390.51</b>	–	Demolition
Transportation equipment	<b>3,768,517.64</b>	3,768,517.64	Disposal, retirement
Storage facilities	<b>2,000,266.49</b>	–	Demolition
Machinery and equipment	<b>283,575.11</b>	–	Demolition
Other equipment	<b>2,756,268.06</b>	–	Demolition, retirement
<b>Total</b>	<b>36,058,083.28</b>	3,768,517.64	

# Notes to Financial Statements

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

### 17. CONSTRUCTION IN PROGRESS

	2012			2011		
	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	1,171,469,810.16	-	1,171,469,810.16	1,499,557,385.25	-	1,499,557,385.25
大窯灣二期13-16#泊位	435,639,708.64	-	435,639,708.64	765,501,144.69	-	765,501,144.69
大連港石化1#庫區	364,013,479.35	-	364,013,479.35	342,026,627.82	-	342,026,627.82
大連港石化碼頭	310,549,866.45	-	310,549,866.45	290,914,883.02	-	290,914,883.02
新港9#原油罐組	166,740,245.67	-	166,740,245.67	262,222,685.06	-	262,222,685.06
礮石4#堆場	338,497,972.03	-	338,497,972.03	280,637,051.11	-	280,637,051.11
大連港石化主管廊	194,143,294.21	-	194,143,294.21	182,416,805.97	-	182,416,805.97
新港18-21#泊位	269,050,373.05	-	269,050,373.05	221,407,568.36	-	221,407,568.36
新港沙坨子導流堤	-	-	-	161,829,519.33	-	161,829,519.33
新港8#原油罐組	10,091,435.85	-	10,091,435.85	182,266,280.12	-	182,266,280.12
大窯灣北岸汽車物流中心	115,763,102.66	-	115,763,102.66	109,223,878.01	-	109,223,878.01
Others	1,313,794,030.05	-	1,313,794,030.05	1,027,974,672.13	-	1,027,974,672.13
<b>Total</b>	<b>4,689,753,318.12</b>	<b>-</b>	<b>4,689,753,318.12</b>	<b>5,325,978,500.87</b>	<b>-</b>	<b>5,325,978,500.87</b>

As at 31 December 2012, construction in progress of RMB98,128,450.67 was pledged (31 December 2011: RMB86,450,874.33) (Note V. 24(2)).

The Company will transfer 100% equity interests in DPPC (Note IX. 1). As at 31 December 2012, the carrying amount of DPPC's construction in progress was RMB1,460,829,451.65.

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

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

### 17. CONSTRUCTION IN PROGRESS (Continued)

2012

	Budget	Opening balance	Transferred to		Disposals	Closing balance	Source of funds	% of budget
			Additions	fixed assets or intangible assets				
大連港老港區搬遷改造 大連灣雜貨及 滾裝泊位擴建工程	2,741,120,900.00	1,499,557,385.25	304,302,415.24	(632,389,990.33)	-	1,171,469,810.16	Loans from financial institutions and other sources	64
大窯灣二期13-16#泊位	3,783,000,000.00	765,501,144.69	75,046,132.88	(404,907,568.93)	-	435,639,708.64	Proceeds and loans from financial institutions and other sources	55
大連港石化1#庫區	400,000,000.00	342,026,627.82	21,986,851.53	-	-	364,013,479.35	Loans from financial institutions and other sources	91
大連港石化碼頭	310,000,000.00	290,914,883.02	19,634,983.43	-	-	310,549,866.45	Loans from financial institutions and other sources	99
新港9#原油罐組	598,400,000.00	262,222,685.06	16,513,532.81	(111,995,972.20)	-	166,740,245.67	Proceeds from public offering	48
礦石4#堆場	570,600,000.00	280,637,051.11	57,860,920.92	-	-	338,497,972.03	Proceeds from public offering	60
大連港石化主管廊	200,000,000.00	182,416,805.97	11,726,488.24	-	-	194,143,294.21	Loans from financial institutions and other sources	97
新港18-21#泊位	377,320,000.00	221,407,568.36	47,642,804.69	-	-	269,050,373.05	Loans from financial institutions and other sources	71
新港沙坨子導流堤	213,000,000.00	161,829,519.33	13,952,111.68	(175,781,631.01)	-	-	Loans from financial institutions and other sources	83
新港8#原油罐組	260,000,000.00	182,266,280.12	27,784,029.41	(199,958,873.68)	-	10,091,435.85	Proceeds from public offering	80
大窯灣北岸汽車物流中心	1,376,000,000.00	109,223,878.01	6,539,224.65	-	-	115,763,102.66	Loans from financial institutions and other sources	8
Others		1,027,974,672.13	421,741,973.55	(135,922,615.63)	-	1,313,794,030.05		
Total		5,325,978,500.87	1,024,731,469.03	(1,660,956,651.78)	-	4,689,753,318.12		

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

### 17. 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 and loans from financial institutions and other sources	53
大連港石化1#庫區	400,000,000.00	321,291,459.48	20,735,168.34	-	-	-	342,026,627.82	Loans from financial institutions and other sources	86
礦石4#堆場	570,600,000.00	72,053,922.39	208,583,128.72	-	-	-	280,637,051.11	Proceeds from public offering	49
大連港石化碼頭	310,000,000.00	272,655,341.04	18,259,541.98	-	-	-	290,914,883.02	Loans from financial institutions and other sources	94
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
大連港石化主管廊	200,000,000.00	171,357,891.63	11,058,914.34	-	-	-	182,416,805.97	Loans from financial institutions and other sources	91
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
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
大窯灣北岸汽車物流中心	450,000,000.00	8,485,484.90	100,738,393.11	-	-	-	109,223,878.01	Loans from financial institutions and other sources	24
Others		1,500,660,014.44	713,403,634.70	197,372,317.82	(1,315,621,033.02)	(67,840,261.81)	1,027,974,672.13		
Total		4,617,098,892.35	2,380,150,784.73	197,372,317.82	(1,800,803,232.22)	(67,840,261.81)	5,325,978,500.87		

# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 17. CONSTRUCTION IN PROGRESS (Continued)

2012

	Stage of completion	Accumulated capitalised interest	Interest capitalised during the year	Capitalisation rate
大連港老港區搬遷改造大連灣雜貨及滾裝泊位擴建工程	64%	203,476,558.82	95,544,975.72	5.9%
大窯灣二期13-16#泊位	55%	102,974,556.55	43,744,428.46	5.8%
新港18-21#泊位	71%	37,606,356.07	16,493,649.00	6.2%
大連港石化1#庫區	91%	30,247,772.42	15,424,146.96	6.4%
大連港石化碼頭	99%	25,668,957.17	13,089,286.79	6.4%
大連港石化主管廊	97%	16,132,375.63	8,226,329.17	6.4%
大連港石化碼頭設備	99%	13,019,802.08	6,639,144.79	6.4%
大連港石化鐵路車場	99%	9,509,266.31	4,849,028.85	6.4%
大窯灣北岸汽車物流中心	8%	8,054,440.28	6,015,186.32	4.5%
礦石泊位碼頭改造	88%	9,125,805.52	5,078,236.42	5.8%
Others		49,811,045.77	24,353,343.27	
		<b>505,626,936.62</b>	<b>239,457,755.75</b>	

2011

	Stage of completion	Accumulated capitalised interest	Interest capitalised during the year	Capitalisation rate
大連港老港區搬遷改造大連灣雜貨及滾裝泊位擴建工程	53%	234,342,847.98	105,697,126.98	5.4%
大窯灣二期13-16#泊位	53%	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	86%	14,823,625.46	14,823,625.46	6.0%
大連港石化碼頭	94%	12,579,670.38	12,579,670.38	6.0%
大連港石化主管廊	91%	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%
大窯灣北岸汽車物流中心	24%	2,039,253.96	1,912,564.06	4.5%
礦石泊位碼頭改造	78%	4,047,569.10	3,180,187.27	4.5%
Others		34,334,458.52	22,285,256.53	
		<b>555,017,201.77</b>	<b>233,652,152.62</b>	

# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 18. 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
<b>Cost</b>									
At 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	212,420,765.90	-	-	-	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 and 1 January 2012	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
Additions	-	-	-	-	1,146,510.00	-	-	-	1,146,510.00
Transferred from construction in progress	111,995,972.20	-	-	-	5,008,602.00	-	-	-	117,004,574.20
Transferred from investment properties	(8,456,599.51)	-	-	-	-	-	-	-	(8,456,599.51)
Disposals	-	-	-	-	(7,220.00)	-	-	-	(7,220.00)
At 31 December 2012	571,115,542.78	64,310,000.00	15,970,000.00	46,660,098.18	119,268,173.99	1,977,376.00	100,418,359.63	253,448,422.59	1,173,167,973.17
<b>Accumulated amortisation</b>									
At 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 and 1 January 2012	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
Additions	13,398,795.03	6,431,000.00	1,597,000.00	2,916,256.20	11,169,523.28	147,756.36	2,571,437.52	5,230,038.12	43,461,806.51
Transferred from investment properties	(796,932.80)	-	-	-	-	-	-	-	(796,932.80)
Disposals	-	-	-	-	(7,220.00)	-	-	-	(7,220.00)
At 31 December 2012	101,502,047.13	29,475,416.67	7,829,000.00	18,955,665.06	63,871,028.15	920,417.17	5,052,422.02	78,144,888.31	305,750,884.51
<b>Carrying amount</b>									
At 31 December 2012	469,613,495.65	34,834,583.33	8,141,000.00	27,704,433.12	55,397,145.84	1,056,958.83	95,365,937.61	175,303,534.28	867,417,088.66
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

# Notes to Financial Statements

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

### 18. INTANGIBLE ASSETS (Continued)

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

As at 31 December 2012, the ownership of land use rights with an aggregate carrying amount of RMB16,605,843.19 (31 December 2011: RMB16,957,605.19) was restricted (Note V. 24(2)).

The Company will transfer 100% equity interests in DPPC (Note IX. 1). As at 31 December 2012, the carrying amount of DPPC's intangible assets was RMB92,652,937.87.

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

### 19. GOODWILL

2012 and 2011

	Opening and closing balances
Dalian Jiye Logistics Co., Ltd. ("Dalian Jiye")	2,397,589.82
DCT Logistics Co., Ltd. ("DCTL")	6,218,460.29
Dalian Portnet Co., Ltd. ("DPN")	7,419,238.63
Dalian Port Petroleum & Chemical Co., Ltd. ("DPPC")	61,700,000.00
	<hr/>
	77,735,288.74
Less: Impairment	—
	<hr/>
	77,735,288.74

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

#### DCTL, DPN and Dalian Jiye

The recoverable amounts of DCTL, DPN and Dalian Jiye have been determined based on the present value of cash flow projections of the asset 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% (2011: 12%). The growth rate used to extrapolate the cash flows beyond the five-year period is 3% (2011: 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 asset groups' past performance and management's expectation for the market development.

#### DPPC

The recoverable amount of DPPC was determined at the consideration for the equity transfer as stipulated in the agreement entered into between the Company and PDA regarding the transfer of the equity interest in DPPC on 30 October 2012 (Note IX. 1).



# Notes to Financial Statements

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

### 20. LONG-TERM PREPAID EXPENSES

	Public facilities in bonded port	Building decoration	Others	Total
At 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 and 1 January 2012	13,681,076.79	5,129,746.65	5,121,791.60	23,932,615.04
Additions	–	259,978.00	678,406.16	938,384.16
Amortisation	(855,067.55)	(1,501,704.65)	(999,715.97)	(3,356,488.17)
At 31 December 2012	12,826,009.24	3,888,020.00	4,800,481.79	21,514,511.03

### 21. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and deferred tax liabilities are as follows:

Recognised deferred tax assets and liabilities:

	2012	2011
Deferred tax assets:		
Unrealised inter-group profit	<b>49,683,417.21</b>	34,292,292.98
Accrued land development cost	<b>3,863,262.13</b>	8,177,911.66
Tax paid on advance received	<b>2,526,488.90</b>	3,041,909.03
Changes in fair values of available-for-sale financial assets	<b>1,980,708.50</b>	2,248,714.13
Asset impairment provision	<b>1,861,225.01</b>	1,566,353.20
Temporary difference on amortisation of software	<b>448,250.05</b>	401,750.05
Expenses without invoices	<b>396,658.44</b>	784,854.49
Temporary difference on amortisation of decoration	<b>62,333.33</b>	130,333.33
Accrued employee benefits	–	387,572.00
Accrued land appreciation tax	–	4,500,149.85
Deductible losses	–	3,448,063.93
Safety production expense	<b>544,541.54</b>	–
Others	<b>(634,710.94)</b>	1,200.00
Net value	<b>60,732,174.17</b>	58,981,104.65
Deferred tax liabilities:		
Fair value adjustment on assets acquired in a business combination not under common control	<b>75,717,224.83</b>	77,337,293.53

# Notes to Financial Statements

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

### 21. DEFERRED TAX ASSETS/LIABILITIES (Continued)

Unrecognised deferred tax assets are as follows:

	2012	2011
Deductible losses	<b>46,510,975.27</b>	35,761,201.40

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

	2012	2011
The First year	<b>8,355,699.14</b>	9,376,079.23
The Second year	<b>10,448,388.14</b>	8,355,699.14
The Third year	<b>19,399,163.53</b>	10,923,662.03
The Fourth year	<b>94,067,442.63</b>	21,427,361.56
The Fifth year	<b>55,901,565.81</b>	94,067,442.63
	<b>188,172,259.25</b>	144,150,244.59

### 22. PROVISION FOR IMPAIRMENT OF ASSETS 2012

	Opening balance	Provision	Increase due to change in consolidation scope	Decrease	Closing balance
Provision for bad debts:	<b>4,458,336.31</b>	<b>1,179,487.21</b>	-	<b>(77,611.60)</b>	<b>5,560,211.92</b>
Accounts receivable	<b>2,852,921.74</b>	<b>1,173,985.21</b>	-	-	<b>4,026,906.95</b>
Other receivables	<b>1,605,414.57</b>	<b>5,502.00</b>	-	<b>(77,611.60)</b>	<b>1,533,304.97</b>
Write-down of inventories to net realisable value	<b>2,037,642.99</b>	-	-	-	<b>2,037,642.99</b>
	<b>6,495,979.30</b>	<b>1,179,487.21</b>	-	<b>(77,611.60)</b>	<b>7,597,854.91</b>

2011

	Opening balance	Provision	Increase due to change in consolidation scope	Decrease	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

# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 23. OTHER NON-CURRENT ASSETS

	2012	2011
Loan to a jointly-controlled entity (Note)	<b>27,544,912.58</b>	24,449,257.33
Prepayment for share acquisition	<b>10,000,000.00</b>	-
Loans to associates	-	5,610,000.00
Entrusted investment	-	1,000,000,000.00
	<b>37,544,912.58</b>	1,030,059,257.33

Note: In 2009, the Group provided an unsecured loan of RMB16,999,993.37 to its associate, Jadeway Limited. The loan bears interest at 1% per annum. The loan will be repaid by equal installment in 10 years from 29 January 2029.

During the period from 2009 to 2011, the Group provided unsecured loans with a total amount of RMB10,544,919.21 to an associate, SINOECL Auto Liners. The loans bear interest at 1% per annum and will be repaid by equal installment in 10 years from 2 December 2029.

### 24. ASSETS WITH RESTRICTED OWNERSHIP

#### 2012

		Opening balance	Increase	Decrease	Closing balance
Guaranteed assets:					
Fixed assets	(1)	<b>55,062,217.93</b>	-	<b>(2,333,498.37)</b>	<b>52,728,719.56</b>
Construction in progress	(2)	<b>86,450,874.33</b>	<b>11,677,576.34</b>	-	<b>98,128,450.67</b>
Intangible assets	(2)	<b>16,957,605.19</b>	-	<b>(351,762.00)</b>	<b>16,605,843.19</b>
Pledged assets:					
Cash and bank balances	(3)	<b>23,422,082.84</b>	-	<b>(10,567,971.50)</b>	<b>12,854,111.34</b>
Notes receivable	(4)	<b>20,000,000.00</b>	-	<b>(18,000,000.00)</b>	<b>2,000,000.00</b>
Inventories	(5)	-	<b>20,537,425.32</b>	-	<b>20,537,425.32</b>
		<b>201,892,780.29</b>	<b>32,215,001.66</b>	<b>(31,253,231.87)</b>	<b>202,854,550.08</b>

#### 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	(4)	-	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 2012  
(Expressed in Renminbi Yuan)

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

### 24. ASSETS WITH RESTRICTED OWNERSHIP (Continued)

2011 (Continued)

- (1) As at 31 December 2012, certain vessels of the Group with an aggregate carrying amount of RMB52,728,719.56 (31 December 2011: RMB55,062,217.93) were pledged to secure a bank loan of RMB12,200,000.00 (31 December 2011: RMB18,200,000.00) (Note V. 35).
- (2) As at 31 December 2012, certain construction in progress with an aggregate carrying amount of RMB98,128,450.67 (31 December 2011: RMB86,450,874.33) and land use rights with an aggregate carrying amount of RMB16,605,843.19 (31 December 2011: RMB16,957,605.19) were pledged to secure a bank loan of RMB51,244,843.77 (31 December 2011: RMB30,445,907.13) (Note V. 35). The amortisation amount of the land use rights was RMB351,762.00 in 2012 (31 December 2011: RMB351,762.00).
- (3) As at 31 December 2012, cash and bank balances of RMB1,473,944.17 (31 December 2011: RMB23,422,082.84) were pledged to secure the bank acceptance notes RMB14,730,000.00 (31 December 2011: RMB54,030,000.00).
- As at 31 December 2012, cash and bank balances of RMB11,380,167.17 (31 December 2011: Nil) were pledged to secure irrevocable letters of credit of RMB101,514,282.03 (31 December 2011: Nil).
- (4) As at 31 December 2012, notes receivable of RMB2,000,000.00 (31 December 2011: RMB20,000,000.00) were pledged to secure the bank acceptance notes RMB2,000,000.00 (31 December 2011: RMB20,000,000.00).
- (5) As at 31 December 2012, inventories of RMB20,537,425.32 (31 December 2011: Nil) were pledged to secure borrowings of negotiation under guarantee for import letter of credit of RMB16,661,731.17 (31 December 2011: Nil) (Note V. 25).

### 25. SHORT-TERM BORROWINGS

		2012	2011
Credit borrowings	(1)	<b>1,009,500,000.00</b>	21,000,000.00
Guaranteed borrowings	(2)	<b>230,000,000.00</b>	600,000,000.00
Pledged borrowings	(3)	<b>38,533,101.12</b>	-
		<b>1,278,033,101.12</b>	621,000,000.00

As at 31 December 2012, the interest rate for the above borrowings was 3.11%–7.22% per annum (31 December 2011: 4.00%–6.56% per annum).

- (1) The credit borrowings include unsecured short-term borrowings of RMB250,000,000.00, RMB150,000,000.00 and RMB30,000,000.00 obtained from an associate, Dalian Port Corporation Finance Company Limited. The borrowings bear interest at 5.7%, 5.7% and 7.22% per annum and are repayable in full on 9 August 2013, 19 September 2013 and 16 February 2012, respectively.

# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 25. SHORT-TERM BORROWINGS (Continued)

- (2) The guaranteed borrowing is the short-term borrowing of RMB230,000,000.00 obtained from an associate, Dalian Port Corporation Finance Company Limited. The borrowing bears interest at 5.7% per annum and is repayable in full on 18 December 2013. The borrowing was guaranteed by the Company.
- (3) The pledged borrowings were borrowings of negotiation under guarantee obtained by the Group for the foreign trade import business. As at 31 December 2012, the Group pledged inventories of RMB20,537,425.32 and the related documents regarding the relevant import letter of credit to secure borrowings of negotiation under guarantee for import of RMB16,661,731.17 and 21,871,369.95, respectively (31 December 2011: Nil).

As at 31 December 2012, the Group had no short-term borrowings due but not yet repaid (31 December 2011: Nil).

### 26. NOTES PAYABLE

	2012	2011
Bank acceptance notes	<b>16,730,000.00</b>	74,030,000.00

### 27. ACCOUNTS PAYABLE

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

An ageing analysis of accounts payable is as follows:

	2012	2011
Within 1 year	<b>164,469,205.32</b>	142,155,524.21
1 to 2 years	<b>11,232,104.82</b>	3,554,033.31
2 to 3 years	<b>1,056,977.00</b>	273,390.52
3 years above	<b>270,390.52</b>	–
	<b>177,028,677.66</b>	145,982,948.04

As at 31 December 2012, there were no accounts payable due to shareholders holding 5% (including 5%) or more of the Company's voting shares (31 December 2011: Nil).

Accounts payable due to related parties as at 31 December 2012 and 2011 are disclosed in Note VI. Related parties and related party transactions.

As at 31 December 2012, the Group had no significant accounts payable with ageing over one year (31 December 2011: Nil).

# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 28. ADVANCES FROM CUSTOMERS

	2012	2011
Rental fee	<b>26,400,397.77</b>	19,566,574.16
Advances for public facilities maintenance	<b>10,105,955.59</b>	12,167,636.11
Transportation charges	<b>12,395,602.31</b>	16,288,131.94
Receipts from the sale of grain	<b>20,246,884.00</b>	–
Port construction fee	–	11,451,112.76
Others	<b>23,647,052.07</b>	27,569,455.68
	<b>92,795,891.74</b>	87,042,910.65

As at 31 December 2012, there were no advances from shareholders holding 5% (including 5%) or more of the Company's voting shares (31 December 2011: Nil).

Accounts payable due to related parties as at 31 December 2012 and 2011 are disclosed in Note VI. Related parties and related party transactions.

As at 31 December 2012, significant advances from customers with ageing over one year are as follows:

	2012	2011	Reason for being outstanding
Advances for public facilities maintenance	<b>10,105,955.59</b>	12,167,636.11	Transfer as stipulated by the contract

### 29. EMPLOYEE BENEFITS PAYABLE 2012

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	<b>70,554,622.41</b>	<b>591,755,840.55</b>	<b>(562,104,543.98)</b>	<b>100,205,918.98</b>
Staff welfare	–	<b>51,890,135.75</b>	<b>(51,890,135.75)</b>	–
Social insurances	<b>1,545,560.21</b>	<b>163,935,324.90</b>	<b>(162,672,806.60)</b>	<b>2,808,078.51</b>
Including: Medical insurance	<b>280,112.51</b>	<b>35,912,374.32</b>	<b>(35,920,565.99)</b>	<b>271,920.84</b>
Pension insurance	<b>622,161.97</b>	<b>89,392,391.77</b>	<b>(89,429,834.32)</b>	<b>584,719.42</b>
Supplementary pension insurance	<b>434,000.00</b>	<b>22,074,464.06</b>	<b>(20,757,207.55)</b>	<b>1,751,256.51</b>
Unemployment insurance	<b>98,120.88</b>	<b>8,931,297.98</b>	<b>(8,934,407.14)</b>	<b>95,011.72</b>
Work injury insurance	<b>86,976.92</b>	<b>3,410,137.06</b>	<b>(3,414,285.19)</b>	<b>82,828.79</b>
Maternity insurance	<b>24,187.93</b>	<b>3,510,906.14</b>	<b>(3,512,752.84)</b>	<b>22,341.23</b>
Other	–	<b>703,753.57</b>	<b>(703,753.57)</b>	–
Housing funds	<b>450,242.90</b>	<b>84,269,950.53</b>	<b>(84,720,193.43)</b>	–
Monetary housing subsidies	<b>44,734,550.80</b>	<b>800,129.40</b>	<b>(45,092,590.20)</b>	<b>442,090.00</b>
Labour union fund and employee education fund	<b>1,186,103.16</b>	<b>16,463,219.65</b>	<b>(16,570,433.15)</b>	<b>1,078,889.66</b>
Compensation for termination of employment relationship	–	<b>97,308.00</b>	<b>(97,308.00)</b>	–
Other allowances	<b>13,219,090.57</b>	<b>239,877,241.29</b>	<b>(240,338,385.78)</b>	<b>12,757,946.08</b>
	<b>131,690,170.05</b>	<b>1,149,089,150.07</b>	<b>(1,163,486,396.89)</b>	<b>117,292,923.23</b>

# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 29. EMPLOYEE BENEFITS PAYABLE (Continued)

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

As at 31 December 2012, no defaulted payables were included in the employee benefits payable (31 December 2011: Nil).

### 30. TAXES PAYABLE

	2012	2011
VAT	<b>(1,556,741.42)</b>	(1,692,074.45)
Business tax	<b>33,526,287.25</b>	34,643,064.59
CIT	<b>26,383,558.31</b>	38,575,813.70
City maintenance and construction tax	<b>2,468,367.64</b>	2,519,722.60
Education surcharge	<b>1,762,654.13</b>	1,639,154.54
Land appreciation tax	<b>6,303,329.74</b>	517,282.25
Individual income tax	<b>3,569,602.18</b>	5,153,356.04
Others	<b>1,496,191.77</b>	2,560,813.83
	<b>73,953,249.60</b>	83,917,133.10



# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 31. INTERESTS PAYABLE

	2012	2011
Interest on bank loans	<b>5,316,203.32</b>	4,338,868.40
Interest on corporate bonds (Note V. 36)	<b>189,003,706.63</b>	192,751,084.50
Interest on entrusted loans	-	514,666.59
	<b>194,319,909.95</b>	197,604,619.49

### 32. DIVIDENDS PAYABLE

	2012	2011
Payable due to minority shareholders		
Singapore Dalian Port Investment Pte Ltd.	<b>74,798,086.67</b>	91,264,154.04
United States Sankyo Holdings Limited	<b>2,604,223.91</b>	1,642,339.51
Dalian Bonded Zhengtong Company Limited	<b>5,779,554.22</b>	5,779,554.22
	<b>83,181,864.80</b>	98,686,047.77

### 33. OTHER PAYABLES

	2012	2011
Construction payables	<b>650,048,966.79</b>	679,428,224.06
Rental payables	<b>24,173,291.05</b>	15,079,025.00
Compensation collected	<b>21,494,402.99</b>	24,498,859.07
Port construction fee collected	<b>10,300,044.56</b>	491,514.00
Subsidies received	<b>13,387,500.00</b>	3,001,324.00
Fare collected	<b>4,765,839.50</b>	6,709,655.59
Amount due to PDA	<b>2,125,620.30</b>	12,695,268.50
Deposits due to related parties (Note)	<b>311,778.12</b>	47,506,163.17
Others	<b>127,026,488.07</b>	128,274,797.38
	<b>853,633,931.38</b>	917,684,830.77

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 2012, except for the other payables due to the parent, PDA, of RMB3,259,477.38 (31 December 2011: RMB12,695,268.50), there were no other payables 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 2012 and 2011 are disclosed in Note VI. Related parties and related party transactions.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 33. OTHER PAYABLES (Continued)

As at 31 December 2012, significant other payables with ageing over one year are as follows:

	Amount	Reason for not being repaid
No.3 Engineering Company Ltd. of CCCC		
First Harbor Engineering Company Ltd.	<b>100,414,906.19</b>	<b>Unsettled construction payables</b>
Dalian Port Construction Engineering Co., Ltd.	<b>59,478,092.74</b>	<b>Unsettled construction payables</b>
Changjiang Wuhan Waterway Engineering Company	<b>18,190,797.13</b>	<b>Unsettled construction payables</b>
大連華銳股份有限公司	<b>15,586,000.00</b>	<b>Unsettled construction payables</b>
Dalian Beiliang Enterprise Group Co., Ltd.	<b>15,079,025.00</b>	<b>Unsettled payables</b>
	<b>208,748,821.06</b>	

Among the aforesaid significant other payables with ageing over one year, an amount of RMB47,200,360.40 was repaid after the balance sheet date.

### 34. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

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

	2012	2011
Credit borrowings	<b>540,000,000.00</b>	210,000,000.00
Pledged borrowings (Note V. 35)	<b>5,000,000.00</b>	–
	<b>545,000,000.00</b>	210,000,000.00

As at 31 December 2012, long-term borrowings due within one year are as follows:

	Starting date	Maturity date	Currency	Interest rate (%)	31 December 2012
Dalian Ganjingzi Rural Cooperative Bank	<b>2011.4.21</b>	<b>2013.4.19</b>	<b>RMB</b>	<b>5.540</b>	<b>200,000,000.00</b>
China Construction Bank, Dalian Zhongshan Branch	<b>2009.12.9</b>	<b>2013.12.8</b>	<b>RMB</b>	<b>5.900</b>	<b>250,000,000.00</b>
China Bohai Bank, Dalian Branch	<b>2010.1.12</b>	<b>2013.1.7</b>	<b>RMB</b>	<b>5.535</b>	<b>50,000,000.00</b>
Bank of China, Dalian Dayaowan Branch	<b>2006.1.11</b>	<b>2013.12.31</b>	<b>RMB</b>	<b>6.698</b>	<b>20,000,000.00</b>
Bank of China, Dalian Xigang Branch	<b>2009.7.21</b>	<b>2013.7.20</b>	<b>RMB</b>	<b>5.940</b>	<b>20,000,000.00</b>
Bank of Communications Co., Ltd. Dalian Branch	<b>2011.3.23</b>	<b>2013.12.20</b>	<b>RMB</b>	<b>5.895</b>	<b>5,000,000.00</b>
					<b>545,000,000.00</b>

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 34. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR (Continued)

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

	Starting date	Maturity date	Currency	Interest rate (%)	31 December 2012
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

As at 31 December 2012, no borrowings which were due but not yet repaid were included in the long-term borrowings due within one year.

### 35. LONG-TERM BORROWINGS

	2012	2011
Pledged borrowings	<b>58,444,843.77</b>	48,645,907.13
Guaranteed borrowings	<b>288,915,409.65</b>	289,841,456.80
Credit borrowings	<b>1,361,000,000.00</b>	1,860,000,000.00
	<b>1,708,360,253.42</b>	2,198,487,363.93

The long-term borrowings are repayable as follows:

	2012	2011
2013	<b>306,000,000.00</b>	551,000,000.00
2014	<b>576,115,409.61</b>	286,000,000.00
2015	<b>505,445,907.13</b>	556,041,456.80
2016	<b>300,000,000.00</b>	505,445,907.13
Year after 2016	<b>20,798,936.68</b>	300,000,000.00
	<b>1,708,360,253.42</b>	2,198,487,363.93

As at 31 December 2012, certain of the Group's long-term bank borrowings of RMB12,200,000.00 were secured by certain vessels of the Group with an aggregate carrying amount of RMB52,728,719.56 (31 December 2011: RMB55,062,217.93).

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 35. LONG-TERM BORROWINGS (Continued)

As at 31 December 2012, certain of the Group's long-term bank borrowings of RMB46,244,843.77 and non-current liabilities due within one year of RMB5,000,000.00 were secured by certain construction in progress and land use rights of the Group with aggregate carrying amounts of RMB98,128,450.67 (31 December 2011: RMB86,450,874.33) and RMB16,605,843.19 (31 December 2011: RMB16,957,605.19), respectively.

As at 31 December 2012, certain of the Group's bank loans of RMB288,915,409.65 (31 December 2011: RMB289,841,456.80) were denominated in USD with an amount of USD46,000,000.00 and were secured by a guarantee provided by the Company.

As at 31 December 2012, the top five long-term borrowings were as follows:

	Starting date	Maturity date	Currency	Interest rate %	Balance at 31 December 2012	
					Foreign currency	RMB
China Construction Bank, Dalian Zhongshan Branch	2009.12.09	2017.12.08	RMB	5.900		1,050,000,000.00
China Merchants Bank, Hong Kong Branch	2010.4.23	2015.4.23	USD	LIBOR+1.30	46,000,000.00	288,915,409.65
China Construction Bank, Dalian Zhongshan Branch	2011.1.31	2016.1.30	RMB	5.760		250,000,000.00
Bank of Communications Co., Ltd. Dalian Branch	2011.3.23	2019.3.22	RMB	5.895-6.550		46,244,843.77
Dalian Port Corporation Finance Company Limited	2012.4.11	2015.4.10	RMB	4.000		21,000,000.00
						<u>1,656,160,253.42</u>

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
						<u>2,089,841,456.80</u>

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 36. BONDS PAYABLE

2012

	Opening balance	Increase	Decrease	Closing balance
Non-current:				
Medium-term notes	2,486,715,932.16	5,408,304.97	-	2,492,124,237.13
Corporate bonds	5,343,228,657.48	9,160,022.38	-	5,352,388,679.86
	7,829,944,589.64	14,568,327.35	-	7,844,512,916.99
Current:				
Short-term financing bonds	200,000,000.00	160,000,000.00	(200,000,000.00)	160,000,000.00
	8,029,944,589.64	174,568,327.35	(200,000,000.00)	8,004,512,916.99

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

As at 31 December 2012, 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	(4,725,457.72)	1,495,274,542.28	37,454,926.55
Medium-term note	2009.06.01	5 years	1,000,000,000.00	(3,150,305.15)	996,849,694.85	24,969,951.04
Corporate bonds	2011.05.23	10 years	2,350,000,000.00	(21,707,094.11)	2,328,292,905.89	76,609,862.23
Corporate bonds	2011.09.26	7 years	2,650,000,000.00	(21,815,334.99)	2,628,184,665.01	43,046,164.40
Corporate bonds	2011.10.27	3 years	400,000,000.00	(4,088,891.04)	395,911,108.96	4,120,580.21
Short-term financing bonds	2012.08.23	9 months	160,000,000.00	-	160,000,000.00	2,802,222.20
			8,060,000,000.00	(55,487,083.01)	8,004,512,916.99	189,003,706.63

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 36. BONDS PAYABLE (Continued)

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
			<b>8,100,000,000.00</b>	<b>(70,055,410.36)</b>	<b>8,029,944,589.64</b>	<b>192,751,084.50</b>

On 26 May 2009 and 1 June 2009, the Company issued medium-term notes in aggregate principal amounts of RMB1,500,000,000.00 and RMB1,000,000,000.00, 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 every half year and the principal is repayable when the notes fall due.

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 5.30% per annum. The interest is 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 is 6.05% per annum. The interest is 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 interest is payable every half year. The relevant issuance cost amounted to RMB6,700,000.00.

On 23 August 2012, the Group issued short-term financing bonds in an aggregate principal amount of RMB160,000,000.00 with a maturity period of nine months. The interest rate is fixed and the nominal interest rate is 4.85% per annum. The principal and interests shall be paid together when the bonds fall due. The relevant issuance cost amounted to RMB760,000.00.

### 37. LONG-TERM PAYABLES

	2012	2011
Issuance costs for medium-term notes	<b>4,035,700.00</b>	7,941,050.00
Less: Long-term payables due within one year	<b>3,905,350.00</b>	3,905,350.00
	<b>130,350.00</b>	4,035,700.00

As at 31 December 2012, 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 two years.

# Notes to Financial Statements

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(Expressed in Renminbi Yuan)

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

### 38. OTHER NON-CURRENT LIABILITIES

	2012	2011
Deferred income	<b>633,098,324.44</b>	656,746,024.14
Including:		
Government grants related to assets:		
Relocation compensation (1)	<b>593,850,029.68</b>	628,355,213.73
Construction of vessels (2)	<b>6,039,751.40</b>	6,830,969.00
Equipment reconstruction (3)	<b>2,786,374.54</b>	1,952,339.22
Government grants related to income:		
Operation subsidy (4)	<b>30,113,502.19</b>	19,357,502.19
Others	<b>308,666.63</b>	250,000.00
	<b>633,098,324.44</b>	656,746,024.14

- (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. 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 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 of operation of a subsidiary. The amount will be recognised in the income statement after the commencement of operation of this subsidiary.

### 39. SHARE CAPITAL

#### 2012

	Opening balance	Movements during the year			Closing balance
		New shares issued	Others	Subtotal	
1. Restricted shares					
(1) State-owned shares	<b>2,554,995,000</b>	-	-	-	<b>2,554,995,000</b>
(2) State-owned legal entity shares	-	-	-	-	-
(3) Other domestic shares	-	-	-	-	-
Subtotal	<b>2,554,995,000</b>	-	-	-	<b>2,554,995,000</b>
2. Non-restricted shares					
(1) RMB ordinary shares	<b>808,405,000</b>	-	-	-	<b>808,405,000</b>
(2) Shares listed overseas (Note)	<b>1,062,600,000</b>	-	-	-	<b>1,062,600,000</b>
Subtotal	<b>1,871,005,000</b>	-	-	-	<b>1,871,005,000</b>
Total	<b>4,426,000,000</b>	-	-	-	<b>4,426,000,000</b>



# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 39. SHARE CAPITAL (Continued)

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)	(9,317,000)	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 (Note)	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

Note: As at 31 December 2012, the shares listed overseas included 53,000,000 shares that were held by PDA through HKSCC NOMINEES LIMITED (31 December 2011: 3,6854,000).

### 40. CAPITAL SURPLUS

2012

	Opening balance	Increase	Decrease	Closing balance
Share premium	6,103,901,654.75	-	-	6,103,901,654.75
Changes in fair values of available-for-sale financial assets (Note 1)	(6,907,694.26)	1,424,630.95	-	(5,483,063.31)
Special reserve (Note 2)	-	1,282,278.89	-	1,282,278.89
Others (Note 3)	19,292,509.94	-	(2,844,808.77)	16,447,701.17
	6,116,286,470.43	2,706,909.84	(2,844,808.77)	6,116,148,571.50

2011

	Opening balance	Increase	Decrease	Closing balance
Share premium	6,103,901,654.75	-	-	6,103,901,654.75
Changes in fair values of available-for-sale financial assets	7,434,562.81	-	(14,342,257.07)	(6,907,694.26)
Others	22,831,287.70	51,497.68	(3,590,275.44)	19,292,509.94
	6,134,167,505.26	51,497.68	(17,932,532.51)	6,116,286,470.43

# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 40. CAPITAL SURPLUS (Continued)

2011 (Continued)

Note 1: The Group disposed of certain available-for-sale financial assets. When the available-for-sale financial assets were disposed of, the accumulated losses from fair value changes of RMB2,602,531.50 previously recognised were transferred from capital reserve to the current year's profit or loss. The losses from the fair value changes of the Group's remaining available-for-sale financial assets resulted in the decrease in the capital reserve of RMB909,894.92. The deferred tax assets of RMB268,005.63 relating to the fair value changes of the above available-for-sale financial assets were recovered.

Note 2: The special reserve mainly represented the special reserve accrued by the Group's associates and jointly-controlled entities during the year.

Note 3: Other decreases mainly comprised of the decreases in capital reserve of RMB288,376.92 arising from the acquisition of minority interests and transfer of the recognition of the asset revaluation surplus arising from acquisitions of subsidiaries and business combinations achieved in stages in the previous years to retained earnings of RMB2,556,431.85.

### 41. SURPLUS RESERVE 2012

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	410,249,919.87	58,982,433.96	-	469,232,353.83
Reserve fund	353,065.88	-	-	353,065.88
Enterprise expansion fund	620,468.49	-	-	620,468.49
	411,223,454.24	58,982,433.96	-	470,205,888.20

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

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.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

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

### 42. SPECIAL RESERVE

2012

	Opening balance	Accrual	Usage	Closing balance
Safety production expense	-	6,683,686.15	(4,029,741.96)	2,653,944.19

2011

	Opening balance	Accrual	Usage	Closing balance
Safety production expense	-	-	-	-

Pursuant to 《關於印發〈企業生產安全費用提取和使用管理辦法〉的通知》(Cai Qi [2012] No.16) issued by the Ministry of Finance of the Peoples' Republic of China together with the State Administration of Work Safety, the Group started to accrue the safety production expenses from 2012.

### 43. RETAINED EARNINGS

	2012	2011
Retained earnings at the beginning of the year	1,664,362,022.29	1,283,035,481.54
Profit attributable to the parent	600,089,816.53	666,337,610.41
Transfer from capital reserve	2,556,431.85	2,556,431.85
Less: Appropriation to statutory surplus reserve	58,982,433.96	63,721,037.23
Ordinary share cash dividends payable (Note)	265,560,000.00	221,300,000.00
Appropriation of employee bonus and welfare fund	2,369,974.87	2,546,464.28
Retained earnings at the end of the year	1,940,095,861.84	1,664,362,022.29

Note: In accordance with the resolution of the annual general meeting dated 27 June 2012, the Company proposed a cash dividend to equity holders of the Company of RMB0.6 for every 10 shares (inclusive of applicable tax), based on the number of total issued shares of 4,426,000,000. This cash dividend had been paid and recorded in this year's financial statements.

Pursuant to the resolution in the second session of the board meeting in 2013 held on 28 March 2013, the Company proposed to pay a cash dividend to shareholders of RMB221,300,000.00, which is calculated based on the issued ordinary shares, in aggregate of 4,426,000,000 shares, and RMB5 cents per share (inclusive of applicable tax). The resolution will be submitted to the forth coming general meeting for approval.

# Notes to Financial Statements

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

### 44. 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:

	2012	2011
Revenue from the principal operations	<b>4,289,169,933.24</b>	3,660,418,868.82
Revenue from other operations	<b>355,389,061.59</b>	294,975,520.98
	<b>4,644,558,994.83</b>	3,955,394,389.80

Cost of sales is as follows:

	2012	2011
Cost of the principal operations	<b>2,750,785,664.88</b>	2,248,493,997.93
Cost of other operations	<b>305,903,764.68</b>	239,258,092.67
	<b>3,056,689,429.56</b>	2,487,752,090.60

Revenue by segment is as follows:

	2012		2011	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil/Liquefied chemicals terminal and logistics services	<b>997,182,728.75</b>	<b>532,417,100.35</b>	875,470,142.51	448,045,724.31
Container terminal and logistics services	<b>1,102,164,370.80</b>	<b>761,456,028.82</b>	887,635,682.17	607,270,739.70
Passenger and roll-on, roll-off terminal and logistics services	<b>131,596,278.98</b>	<b>83,476,685.82</b>	114,848,968.50	70,159,458.65
Automobile terminal and logistics services	<b>30,104,988.63</b>	<b>18,410,902.15</b>	9,920,000.00	5,056,377.71
Ore terminal and logistics services	<b>294,272,735.55</b>	<b>189,502,478.23</b>	313,705,891.55	177,188,675.68
Bulk grains terminal and logistics services	<b>723,526,990.34</b>	<b>536,515,874.54</b>	322,103,930.34	176,556,869.56
General cargo terminal and logistics services	<b>335,990,523.40</b>	<b>297,335,295.48</b>	355,113,504.60	315,479,813.98
Port value-added services and ancillary port operations	<b>890,756,178.33</b>	<b>585,263,835.34</b>	956,452,068.50	610,374,783.20
Unallocated	<b>138,964,200.05</b>	<b>52,311,228.83</b>	120,144,201.63	77,619,647.81
	<b>4,644,558,994.83</b>	<b>3,056,689,429.56</b>	3,955,394,389.80	2,487,752,090.60

# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 44. REVENUE AND COST OF SALES (Continued)

Revenue from the top five customers of 2012 is as follows:

	Amount	Percentage of revenue (%)
Petro China Dalian Petrochemical Company (Note)	<b>430,409,203.63</b>	<b>9.27</b>
China Agri-Industries Holdings Limited	<b>258,105,184.56</b>	<b>5.56</b>
Dalian West Pacific Petrochemical Company Ltd.	<b>246,321,007.45</b>	<b>5.30</b>
China Ocean Shipping Agency (Dalian) Co., Ltd.	<b>174,395,881.58</b>	<b>3.75</b>
Dalian Port Container Terminal Co., Ltd.	<b>157,975,232.03</b>	<b>3.40</b>
	<b>1,267,206,509.25</b>	<b>27.28</b>

Revenue from the top five customers of 2011 is as follows:

	Amount	Percentage of revenue (%)
Petro China Dalian Petrochemical Company (Note)	453,242,070.72	11.46
Dalian West Pacific Petrochemical Company Ltd.	226,823,247.17	5.73
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
遼寧中外運船務代理有限公司	90,084,795.78	2.28
	1,043,589,104.40	26.38

Note: Including all entities known to be controlled by the customer.

Revenue is analysed as follows:

	2012	2011
Loading services	<b>1,773,464,794.99</b>	1,640,356,627.31
Logistics services	<b>655,590,132.62</b>	714,888,208.70
Storage services	<b>512,650,804.21</b>	459,240,590.70
Port management services	<b>190,502,299.59</b>	204,506,341.02
Leasing services	<b>312,304,250.96</b>	241,175,110.67
Agency services	<b>58,764,896.54</b>	49,934,193.35
Tallying services	<b>60,932,463.95</b>	58,875,569.41
Electric supply services	<b>96,525,759.10</b>	100,179,911.37
Project construction and inspection services	<b>139,680,990.42</b>	164,211,780.54
Information services	<b>63,164,871.71</b>	67,535,380.86
Sales of goods	<b>540,707,496.40</b>	20,045,294.13
Others	<b>240,270,234.34</b>	234,445,381.74
	<b>4,644,558,994.83</b>	3,955,394,389.80

# Notes to Financial Statements

31 December 2012  
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## V. Notes to Consolidated Financial Statements (Continued)

### 45. TAXES AND SURCHARGES

	2012	2011
Business tax	<b>155,558,419.18</b>	142,143,284.10
City maintenance and construction tax and education surcharge	<b>19,061,602.20</b>	17,282,599.79
Land appreciation tax	<b>15,960,586.43</b>	745,430.25
	<b>190,580,607.81</b>	160,171,314.14

The basis for the provision and payment of taxes and surcharges is disclosed in Note III. Taxation.

### 46. GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011
Payroll	<b>297,342,757.89</b>	268,249,154.60
Depreciation and amortisation	<b>42,816,282.55</b>	39,162,981.47
Tax expenses	<b>20,572,994.13</b>	18,402,973.70
Entertainment expenses	<b>21,038,767.12</b>	20,115,633.56
Office charges	<b>7,447,006.18</b>	7,407,524.46
Intermediary fees	<b>9,940,332.21</b>	10,719,816.92
Rental expenses	<b>15,035,178.49</b>	12,064,141.96
Property insurance expenses	<b>8,690,125.54</b>	6,505,534.38
Others	<b>68,512,593.08</b>	66,479,820.49
	<b>491,396,037.19</b>	449,107,581.54

The above general and administrative expenses included the audit fee of the Company and its subsidiaries with an amount of RMB5,026,910.40 (2011: RMB4,995,411.00).

### 47. FINANCIAL EXPENSES

	2012	2011
Interest expense	<b>672,534,755.64</b>	503,734,882.25
Including: Interest on bank loans, overdrafts, and other loans wholly repayable within five years	<b>385,666,550.94</b>	125,250,715.27
Interest on other loans	<b>286,868,204.70</b>	378,484,166.98
Less: Interest income	<b>42,675,987.23</b>	61,662,603.80
Less: Capitalised interest	<b>256,001,476.58</b>	251,788,654.77
Foreign exchange differences	<b>1,356,537.94</b>	(13,608,365.67)
Others	<b>2,097,889.84</b>	1,427,100.68
	<b>377,311,719.61</b>	178,102,358.69

The amount of capitalised interest has been included in construction in progress.

# Notes to Financial Statements

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

### 48. INVESTMENT INCOME

	2012	2011
Investment income from long-term equity investments under the cost method	<b>1,202,561.36</b>	1,098,397.87
Investment income from long-term equity investments under the equity method	<b>74,140,007.96</b>	86,541,376.20
Including: profit from associates	<b>35,529,286.86</b>	(1,552,439.46)
profit from jointly-controlled entities	<b>38,610,721.10</b>	88,093,815.66
Investment income from available-for-sale financial assets	<b>552,134.00</b>	753,660.73
Gain on disposal of financial assets held for trading	<b>1,004,416.80</b>	30,099,081.48
Investment income from entrusted investments	<b>94,022,277.40</b>	22,587,500.00
Investment loss from disposal of a subsidiary	<b>(47,647.81)</b>	–
	<b>170,873,749.71</b>	141,080,016.28

Among the investment income from long-term equity investments under the cost method, the investee with investment 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	2012	2011	Reason for fluctuations
Da-In Ferry Co., Ltd.	<b>1,144,561.36</b>	875,067.64	Dividend distribution

Among the income from long-term equity investments under the equity 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:

Investees	2012	2011	Reason for fluctuations
Petro China Dalian LNG Co., Ltd.	<b>22,713,562.26</b>	(7,648,445.31)	Performance fluctuation
Odfjell Terminals (Dalian) Co., Ltd.	<b>21,074,399.92</b>	13,855,070.02	Performance fluctuation
Dalian Port Corporation Finance Company Limited	<b>16,379,200.54</b>	–	Start operation
Dalian Port PetroChina International Terminal Co., Ltd.	<b>12,625,079.67</b>	5,449,810.07	Performance fluctuation
Dalian Yidu Jifa Cold Logistics Co., Ltd.	<b>10,528,005.73</b>	6,956,750.17	Performance fluctuation
	<b>83,320,248.12</b>	18,613,184.95	

As at 31 December 2012, there was no significant restriction on the remittance of the Group's investment income.

As at 31 December 2012, the Group's investment income of RMB1,865,806.65 was generated from the investments on listed companies (31 December 2011: RMB13,712,489.29).

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

### 49. NON-OPERATING INCOME

	2012	2011
Gain on disposal of non-current assets	<b>302,042.98</b>	14,798,043.22
Including: Gain on disposal of fixed assets	<b>302,042.98</b>	11,522,114.60
Gain on disposal of intangible assets	-	3,275,928.62
Government grants	<b>214,281,851.67</b>	156,150,241.77
Others	<b>3,688,885.03</b>	6,521,160.55
	<b>218,272,779.68</b>	177,469,445.54

Government grants credited to the income statement during the period are as follows:

	2012	2011
Recognition of deferred income	<b>35,483,699.70</b>	35,324,062.43
Financial subsidy (Note)	<b>177,189,852.84</b>	118,740,919.20
Refund of turnover tax	<b>1,608,299.13</b>	2,085,260.14
	<b>214,281,851.67</b>	156,150,241.77

Note: 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] No. 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] No.147) issued by the Port of Dalian Authority and Dalian Municipal Bureau of Finance in September 2011, 《關於下達2011年鼓勵和發展集裝箱補助資金的通知》(Da Cai Zhi Qi [2012] No.1013) and 《關於市港口局擬調整集裝箱補貼政策的處理意見》(Da Cai Zhi Qi [2012] No.962) issued by Dalian Municipal Bureau of Finance in 2012, the Group recognised income relating to the government grants of RMB175,902,700.00.

### 50. NON-OPERATING EXPENSES

	2012	2011
Loss on disposal of non-current assets	<b>8,316,946.61</b>	1,804,943.04
Including: Loss on disposal of fixed assets	<b>8,316,946.61</b>	1,804,943.04
Others	<b>1,680,416.57</b>	1,963,055.40
	<b>9,997,363.18</b>	3,767,998.44

### 51. INCOME TAX EXPENSES

	2012	2011
Current income tax expense	<b>225,357,720.58</b>	232,750,784.04
Deferred income tax expense	<b>(3,639,143.85)</b>	4,837,181.23
	<b>221,718,576.73</b>	237,587,965.27



# Notes to Financial Statements

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

### 51. INCOME TAX EXPENSES (Continued)

The relationship between income tax expenses and the total profit is as follows:

	2012	2011
Total profit	<b>906,481,629.66</b>	995,052,508.21
Income tax expense at the statutory rate (Note)	<b>226,620,407.42</b>	248,763,127.05
Effect of different tax rates applicable to subsidiaries in Mainland China	<b>(1,318,953.97)</b>	(3,397,733.68)
Effect of different tax rates applicable to subsidiaries outside Mainland China	<b>4,531,108.76</b>	1,160,910.16
Adjustments in respect of current income tax of previous years	<b>(126,048.42)</b>	(2,547,073.60)
Income not subject to tax	<b>(8,936,670.49)</b>	(8,695,133.38)
Investment income	<b>(18,912,859.34)</b>	(22,065,253.70)
Expenses not deductible for tax	<b>6,091,829.29</b>	6,846,862.53
Tax losses utilised from previous periods	<b>(643,700.35)</b>	(1,485,252.18)
Tax losses not recognised	<b>14,413,463.83</b>	19,007,512.07
<b>Tax charged at the Group's effective income tax rate</b>	<b>221,718,576.73</b>	237,587,965.27

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 2012.

### 52. 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:

	2012	2011
Earnings		
Net profit of the year attributable to ordinary shareholders of the Company	<b>600,089,816.53</b>	666,337,610.41
Shares		
Weighted average number of ordinary shares in issue	<b>4,426,000,000.00</b>	4,426,000,000.00

### 53. OTHER COMPREHENSIVE INCOME

	2012	2011
Fair value changes in available-for-sale financial assets	<b>1,692,636.58</b>	(16,590,971.20)
Deferred tax relating to available-for-sale financial assets	<b>(268,005.63)</b>	2,248,714.13
Exchange differences on foreign currency translations	<b>(1,469,001.62)</b>	11,406,176.33
	<b>(44,370.67)</b>	(2,936,080.74)

# Notes to Financial Statements

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

### 54. NOTES TO ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2012	2011
Cash received from other operating activities:		
Government grants received	<b>188,817,152.84</b>	32,970,919.20
Bank interest income received	<b>50,331,422.66</b>	53,151,317.35
Others	<b>3,688,885.03</b>	6,009,843.85
	<b>242,837,460.53</b>	92,132,080.40
Cash paid for other operating activities:		
Entertainment	<b>21,038,767.12</b>	20,115,633.56
Labour	<b>10,477,592.33</b>	9,197,875.60
Rental	<b>15,035,178.49</b>	12,064,141.96
Intermediary fees	<b>9,940,332.21</b>	10,719,816.92
Insurance	<b>8,690,125.54</b>	6,505,534.38
Fuel	<b>7,402,757.20</b>	8,215,649.32
Office charges	<b>7,447,006.18</b>	7,407,524.46
Utility fees	<b>3,372,971.00</b>	3,516,769.85
Travel	<b>5,906,858.19</b>	5,743,925.08
Repair and maintenance	<b>6,065,112.58</b>	5,702,635.98
Commuting fees	<b>3,544,820.85</b>	3,364,315.60
Communication	<b>1,758,205.83</b>	1,722,888.69
Bank charges	<b>1,655,320.48</b>	1,280,006.20
Materials	<b>1,789,246.12</b>	1,790,878.92
Research and development	<b>1,078,887.50</b>	2,702,131.34
Subsidies paid to others on behalf of local government	<b>44,764,824.00</b>	-
Other advance payment for customers	<b>30,454,157.20</b>	49,044,464.55
Others	<b>38,825,781.39</b>	25,458,711.38
	<b>219,247,944.21</b>	174,552,903.79
Cash received from other financing activities:		
Government grants received	<b>6,836,000.00</b>	58,188,153.85
Cash paid for other financing activities:		
Repayment of an amount due to PDA	-	1,617,171,077.69
Issuance cost of medium-term notes	<b>3,905,350.00</b>	3,905,350.00
Issuance cost of corporate bonds	<b>760,000.00</b>	8,632,224.25
Deposits paid to related companies	<b>47,194,385.05</b>	482,760,304.40
	<b>51,859,735.05</b>	2,112,468,956.34

# Notes to Financial Statements

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

### 55. 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:

	2012	2011
Net profit	<b>684,763,052.93</b>	757,464,542.94
Add: Impairment losses	<b>1,179,487.21</b>	–
Depreciation of fixed assets	<b>596,306,971.56</b>	597,671,239.86
Amortisation of intangible assets	<b>43,461,806.51</b>	35,810,579.39
Depreciation of investment properties	<b>16,884,924.90</b>	17,910,948.13
Amortisation of long-term prepaid expenses	<b>3,356,488.17</b>	3,216,217.08
Recognition of deferred income	<b>(35,483,699.70)</b>	(35,324,062.43)
Gain on disposal of fixed assets, intangible assets and other long-term assets	<b>8,014,903.63</b>	(12,993,100.18)
Financial expenses	<b>417,889,817.00</b>	238,337,861.81
Interest income on entrusted loans	<b>(818,577.64)</b>	(2,633,623.13)
Investment income	<b>(170,873,749.71)</b>	(141,080,016.28)
Increase/(decrease) in deferred tax assets	<b>(2,019,075.15)</b>	6,272,698.36
Decrease in deferred tax liabilities	<b>(1,620,068.70)</b>	(1,435,517.13)
Increase in inventories	<b>(42,020,361.00)</b>	(22,867,709.72)
Increase in special reserve	<b>3,088,458.17</b>	–
Negative goodwill resulted in obtaining equity of an association	–	(2,538,843.74)
Increase in operating receivables	<b>(248,717,212.43)</b>	(173,542,422.22)
Increase/(decrease) in operating payables	<b>25,675,109.46</b>	(34,418,647.73)
Net cash flows from operating activities	<b>1,299,068,275.21</b>	1,229,850,145.01

	2012	2011
Net increase/(decrease) in cash and cash equivalents:		
Cash at the end of the year	<b>2,494,472,560.75</b>	2,230,657,276.32
Less: Cash at the beginning of the year	<b>2,230,657,276.32</b>	3,256,318,448.77
Net increase/(decrease) in cash and cash equivalents	<b>263,815,284.43</b>	(1,025,661,172.45)

# Notes to Financial Statements

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

### 55. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

#### (2) Disposal of a subsidiary

	2012	2011
Cash and cash equivalents received from the disposal of a subsidiary	<b>280,428.83</b>	–
Less: Cash and cash equivalents received from a subsidiary	<b>546,794.43</b>	–
Cash paid for the disposal of a subsidiary	<b>(266,365.60)</b>	–
Current assets and net assets of a subsidiary disposed of	<b>546,794.43</b>	–

#### (3) Cash and cash equivalents

	2012	2011
Cash		
Including: Cash on hand	<b>122,167.37</b>	118,013.22
Cash at banks that can be readily drawn on demand	<b>2,479,233,801.13</b>	2,228,637,569.51
Other cash and cash equivalents that can be readily drawn on demand	<b>15,116,592.25</b>	1,901,693.59
Cash and cash equivalents at the end of the year	<b>2,494,472,560.75</b>	2,230,657,276.32

## 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 (%)	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

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## 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
大連港燃氣車運輸隊	Subsidiary of the parent	74090724-9
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
大連迅捷機械服務有限公司	Subsidiary of the parent	60485938-5
Dalian Port Machinery Co., Ltd.	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	5802031-8
寧德港口發展有限公司	Subsidiary of the parent	587513955
大連龍港船務有限公司	Subsidiary of the parent	24167860-5
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
大連郵輪城有限公司	Subsidiary of the parent	58805664-5
大連經濟技術開發區灣港儲運公司	Associate of the parent	11838593-8
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	79691219-4
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	24123702-5
大連中油海港石油銷售有限公司	Associate of the parent	696035390
龍樓灣港口投資發展有限公司	Associate of the parent	68966326-8
大連中信海港投資有限公司	Associate of the parent	55060128-1

# Notes to Financial Statements

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## VI. Related Parties and Related Party Transactions (Continued)

### 5. MAJOR TRANSACTIONS WITH RELATED PARTIES

#### (1) Sales or purchases of goods, and rendering of or receiving services

Type of goods or services (Note)	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Purchases of goods and services				
<b>Transactions with the parent</b>				
PDA Comprehensive services	<b>14,549,600.27</b>	<b>1.10</b>	12,103,433.60	1.34
<b>Transactions with jointly-controlled entities and associates</b>				
大連港通利船務代理有限公司 Comprehensive services	<b>1,896,053.61</b>	<b>0.14</b>	2,463,893.45	0.27
Dalian Wanpeng Port Engineering Examination and Testing Co., Ltd. Comprehensive services	<b>211,720.00</b>	<b>0.02</b>	43,809.00	0.00
Dalian Changxing Island Port Co., Ltd. Comprehensive services	<b>200,649.60</b>	<b>0.02</b>	1,774,029.12	0.20
Dalian Jilong Logistics Co., Ltd. Comprehensive services	<b>171,808.36</b>	<b>0.01</b>	-	-
Dalian Automobile Terminal Co., Ltd. Comprehensive services	<b>64,335.88</b>	<b>0.00</b>	-	-
Dalian Port Corporation Finance Co., Ltd. Settlement services	<b>108,832.87</b>	<b>0.01</b>	-	-
Dalian Assembling Transportation Logistics Co., Ltd. Comprehensive services	-	-	736,000.00	0.08
Dalian China Oil Dock Management Co., Ltd. Comprehensive services	-	-	149,051.68	0.02
Dalian Port Container Terminal Co., Ltd. Comprehensive services	-	-	54,352.00	0.01
	<b>2,653,400.32</b>	<b>0.20</b>	5,221,135.25	0.58

# Notes to Financial Statements

31 December 2012  
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## VI. Related Parties and Related Party Transactions (Continued)

### 5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (1) Sales or purchases of goods, and rendering of or receiving services (Continued)

	Type of goods or services (Note)	2012		2011	
		Amount	Percentage (%)	Amount	Percentage (%)
<b>Transactions with other related parties</b>					
大連中油海港石油銷售有限公司	Commodity transactions	<b>87,047,292.10</b>	<b>6.55</b>	-	-
大連港實業有限公司	Maintenance and labour services	<b>27,028,714.36</b>	<b>2.03</b>	23,216,441.04	2.58
Dalian Port Machinery Co., Ltd.	Maintenance and labour services	<b>13,610,643.01</b>	<b>1.02</b>	6,468,811.13	0.72
大連港保安服務公司	Security services	<b>2,485,365.00</b>	<b>0.19</b>	2,238,840.00	0.25
大連港日興鍋爐安裝有限公司	Maintenance services	<b>2,447,431.03</b>	<b>0.18</b>	2,170,974.57	0.24
Dalian Wanpeng Infrastructure Co., Ltd.	Comprehensive services	<b>1,936,572.00</b>	<b>0.16</b>	-	-
大連港日興實業有限公司 新港加油站	Comprehensive services	<b>1,113,765.55</b>	<b>0.08</b>	-	-
大連宏譽大廈有限公司	Comprehensive services	<b>989,026.11</b>	<b>0.07</b>	1,130,497.27	0.13
大連港實業綠化工程有限公司	Comprehensive services	<b>864,233.99</b>	<b>0.07</b>	238,230.00	0.03
Dalian Port New Harbour Construction Engineering Co., Ltd.	Maintenance services	<b>824,839.42</b>	<b>0.06</b>	374,939.41	0.04
Dalian Port Construction Engineering Co., Ltd.	Maintenance services	<b>377,983.64</b>	<b>0.03</b>	1,064,380.23	0.12
大連港物業管理有限公司	Comprehensive services	<b>313,241.72</b>	<b>0.03</b>	158,493.16	0.02
Dalian Port Machinery and Electric Co., Ltd.	Maintenance services	<b>100,000.00</b>	<b>0.01</b>	399,000.00	0.04
大連港東旺汽車修配廠	Maintenance services	<b>63,394.38</b>	<b>0.00</b>	163,589.36	0.02
大連救生筏檢驗有限公司	Maintenance services	<b>47,686.00</b>	<b>0.00</b>	116,316.58	0.01
大連海港大廈	Comprehensive services	<b>45,801.22</b>	<b>0.00</b>	1,123,910.66	0.12
大連保稅區永德信房地產開發 建設有限公司	Comprehensive services	-	-	112,827.00	0.01
大連交通國際旅行社有限公司	Comprehensive services	-	-	73,650.00	0.01
		<b>139,295,989.53</b>	<b>10.48</b>	39,050,900.41	4.34
		<b>156,498,990.12</b>	<b>11.78</b>	56,375,469.26	6.26

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

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## VI. Related Parties and Related Party Transactions (Continued)

### 5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (1) Sales or purchases of goods, and rendering of or receiving services (Continued)

	Type of goods or services (Note)	2012		2011	
		Amount	Percentage (%)	Amount	Percentage (%)
Sales of goods and rendering of services					
<b>Transactions with the parent</b>					
PDA	Comprehensive services	<b>30,390,039.25</b>	<b>0.65</b>	26,396,463.56	1.54
<b>Transactions with jointly-controlled entities and associates</b>					
Dalian Port Container Terminal Co., Ltd.	Transportation services	<b>54,444,795.08</b>	<b>1.17</b>	53,668,262.42	3.13
Dalian International Container Terminal Co., Ltd.	Comprehensive services	<b>47,779,657.54</b>	<b>1.03</b>	52,286,180.36	3.05
大連長興島港口投資發展有限公司	Comprehensive services	<b>11,727,995.00</b>	<b>0.25</b>	495,203.50	0.03
太倉興港拖輪有限公司	Transportation services	<b>11,342,381.00</b>	<b>0.24</b>	10,760,000.00	0.63
Dalian China Oil Dock Management Co., Ltd.	Comprehensive services	<b>9,001,969.66</b>	<b>0.19</b>	2,054,385.31	0.12
Dalian Changxing Island Port Co., Ltd.	Construction services	<b>6,664,179.55</b>	<b>0.14</b>	1,441,504.96	0.08
Odfjell Terminals (Dalian) Co., Ltd.	Comprehensive services	<b>6,057,272.12</b>	<b>0.13</b>	3,118,111.01	0.18
大連港散貨物流中心有限公司	Comprehensive services	<b>3,980,232.00</b>	<b>0.09</b>	-	-
大連萬捷國際物流有限公司	Comprehensive services	<b>3,137,139.10</b>	<b>0.07</b>	4,971,483.76	0.29
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Comprehensive services	<b>3,106,282.33</b>	<b>0.07</b>	3,346,905.82	0.20
Dalian Automobile Terminal Co., Ltd.	Construction services	<b>2,325,849.78</b>	<b>0.05</b>	3,527,432.03	0.21
Dalian Assembling Transportation Logistics Co., Ltd.	Comprehensive services	<b>2,224,170.64</b>	<b>0.05</b>	1,568,740.24	0.09
Dalian North Petroleum Logistics Co., Ltd.	Construction services	<b>1,970,421.00</b>	<b>0.04</b>	-	-
China Unite Northeast Rail Containers Co., Ltd.	Comprehensive services	<b>1,659,398.60</b>	<b>0.04</b>	2,515,981.42	0.15
Dalian Jilong Logistics Co., Ltd.	Comprehensive services	<b>1,482,124.72</b>	<b>0.03</b>	1,005,432.35	0.06
Dalian Singamas International Container Co., Ltd.	Comprehensive services	<b>1,138,005.63</b>	<b>0.02</b>	689,973.80	0.04
Dalian Yidu Jifa Cold Logistics Co., Ltd.	Comprehensive services	<b>1,061,265.41</b>	<b>0.02</b>	763,331.49	0.04
Dalian United International Shipping Agency	Comprehensive services	<b>1,022,320.00</b>	<b>0.02</b>	618,000.00	0.04
Dalian Petro China International Warehousing and Transportation Co., Ltd.	Comprehensive services	<b>794,595.22</b>	<b>0.02</b>	-	-
大連普集倉儲設施有限公司	Communication services	<b>706,461.60</b>	<b>0.02</b>	54,908.40	0.00
Dalian Harbour ECL Logistics Co., Ltd.	Comprehensive services	<b>657,418.45</b>	<b>0.02</b>	303,719.00	0.02
Liaoning Con-Rail International Logistics Co., Ltd.	Comprehensive services	<b>400,255.79</b>	<b>0.01</b>	423,214.52	0.02
遼寧電子口岸有限公司	Comprehensive services	<b>300,000.00</b>	<b>0.01</b>	-	-
Dalian Shunda Logistic Services Corporation	Comprehensive services	<b>185,625.32</b>	<b>0.00</b>	570,991.45	0.03
Dalian Port Corporation Finance Co., Ltd.	Comprehensive services	<b>137,508.63</b>	<b>0.00</b>	65,811.96	0.00
Dalian Port Petro China International Terminal Co., Ltd.	Comprehensive services	<b>26,807.76</b>	<b>0.00</b>	1,911,395.24	0.11
China United Tally Co., Ltd.	Comprehensive services	<b>26,545.44</b>	<b>0.00</b>	793,266.60	0.05
Dalian Wapeng Port Engineering Examination and Testing Co., Ltd.	Comprehensive services	<b>4,719.13</b>	<b>0.00</b>	-	-
大連港通利船務代理有限公司	Comprehensive services	<b>1,342.32</b>	<b>0.00</b>	-	-
Dalian Container Terminal Co., Ltd.	Comprehensive services	-	-	21,613,405.85	1.26
Petro China Dalian LNG Co., Ltd.	Comprehensive services	-	-	390,051.27	0.02
		<b>173,366,738.82</b>	<b>3.73</b>	168,957,692.76	9.85



# Notes to Financial Statements

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## VI. Related Parties and Related Party Transactions (Continued)

### 5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (1) Sales or purchases of goods, and rendering of or receiving services (Continued)

	Type of goods or services (Note)	2012		2011	
		Amount	Percentage (%)	Amount	Percentage (%)
<b>Transactions with other related parties</b>					
大連水產品交易市場有限公司	Comprehensive services	3,966,596.20	0.09	44,666.62	0.00
葫蘆島綏中煤炭碼頭有限公司	Comprehensive services	2,000,946.06	0.04	-	-
大連海港大廈	Comprehensive services	1,203,335.42	0.03	33,842.44	0.00
大連保稅區永德信房地產開發建設有限公司	Comprehensive services	985,269.38	0.02	342,767.24	0.02
大連中油船用燃料運銷有限公司	Comprehensive services	785,155.94	0.02	-	-
大連創意產業項目發展有限公司	Comprehensive services	706,962.82	0.02	47,801.26	0.00
Dalian Port Machinery and Electric Co., Ltd.	Comprehensive services	700,430.15	0.02	150,000.00	0.01
Dalian Port Machinery Co., Ltd.	Construction services	619,992.47	0.01	263,497.06	0.02
丹東海洋紅投資開發有限公司	Comprehensive services	495,600.00	0.01	-	-
大連港萬通物流有限公司	Telecommunication services and labour services	328,994.50	0.01	639,455.21	0.04
大連港實業有限公司	Telecommunication services	260,235.06	0.01	343,505.17	0.02
大連宏譽大廈有限公司	Comprehensive services	212,992.39	0.00	518,339.39	0.03
莊河北黃海港口投資開發有限公司	Comprehensive services	209,866.32	0.00	-	-
Dalian Port Construction Engineering Co., Ltd.	Comprehensive services	177,384.58	0.00	192,655.26	0.01
大連東北亞國際航運中心船舶交易市場有限公司	Sales of goods	127,358.97	0.00	-	-
大連港置地有限公司	Comprehensive services	75,189.69	0.00	65,846.88	0.00
寧德港口發展有限公司	Sales of goods	21,128.21	0.00	-	-
大連港實業綠化工程有限公司	Comprehensive services	16,095.93	0.00	-	-
大連港城家園房地產開發有限公司	Comprehensive services	16,000.00	0.00	-	-
大連港地產集團有限公司	Comprehensive services	15,600.00	0.00	213,800.00	0.01
大連港物業管理有限公司	Comprehensive services	11,910.00	0.00	-	-
瓦房店太平灣港有限公司	Telecommunication services	10,951.00	0.00	-	-
大連港鍋爐安裝有限公司	Comprehensive services	5,560.00	0.00	-	-
大連救生筏檢驗有限公司	Comprehensive services	4,380.00	0.00	-	-
大連港集團(錦州)遼西港口投資開發有限公司	Telecommunication services	3,900.00	0.00	3,621.37	0.00
大連萬通榮海船務有限公司	Comprehensive services	2,550.00	0.00	-	-
大連港東旺汽車修配廠	Comprehensive services	2,380.00	0.00	-	-
大連經濟技術開發區灣港儲運公司	Comprehensive services	1,200.00	0.00	-	-
大連港日興實業有限公司	Comprehensive services	840.00	0.00	-	-
大連港新港加油站	Comprehensive services	500.00	0.00	-	-
Dalian Port New Harbour Construction Engineering Co., Ltd.	Construction services	500.00	0.00	-	-
大通證券股份有限公司	Telecommunication services	-	-	869,658.13	0.06
Dalian Wanpeng Infrastructure Co., Ltd.	Comprehensive services	-	-	3,596.04	0.00
		<b>12,969,305.09</b>	<b>0.28</b>	3,733,052.07	0.22
		<b>216,726,083.16</b>	<b>4.66</b>	199,087,208.39	11.61

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## VI. Related Parties and Related Party Transactions (Continued)

### 5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (1) Sales or purchases of goods, and rendering of or receiving services (Continued)

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.

#### (2) Leases

	Type of assets leased	2012 Rental income	2011 Rental income
Operating leases of assets to related parties			
Dalian China Oil Dock Management Co., Ltd.	Berths and facilities	<b>60,271,020.09</b>	54,826,522.56
Dalian Port Container Terminal Co., Ltd.	Berths	<b>118,250,000.00</b>	88,109,184.00
Dalian Jilong Logistics Co., Ltd.	Storage facilities	<b>4,916,321.08</b>	3,826,479.96
Liaoning Con-Rail International Logistics Co., Ltd.	Loading equipment	<b>1,050,000.93</b>	1,077,056.78
大連港實業有限公司	Vehicles	<b>763,897.89</b>	556,231.56
Dalian Assembling Transportation Logistics Co., Ltd.	Storage facilities	<b>736,000.00</b>	736,000.00
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Buildings	<b>400,000.00</b>	1,451,991.35
Dalian Yidu Jifa Cold Logistics Co., Ltd.	Machinery and equipment	<b>381,024.72</b>	594,276.84
Dalian International Container Terminal Co., Ltd.	Others	<b>158,685.20</b>	194,683.20
大連水產品交易有限公司	Terminal facilities	<b>75,000.00</b>	300,000.00
大連港萬通物流有限公司	Buildings	<b>51,406.60</b>	47,056.00
大連普集倉儲設施有限公司	Buildings	<b>33,720.00</b>	451,491.27
Dalian Port Machinery Co., Ltd.	Buildings	<b>15,000.00</b>	–
Dalian Container Terminal Co., Ltd.	Berths	–	5,296,337.59
大連港集團（錦州）遼西港口投資開發有限公司	Vehicles	–	42,000.00
		<b>187,102,076.51</b>	157,509,311.11

# Notes to Financial Statements

31 December 2012  
(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	2012 Rental income	2011 Rental income
Operating leases of assets from related parties			
Dalian Port Petro China International Terminal Co., Ltd.	Storage facilities	<b>75,120,000.00</b>	58,400,000.00
PDA	Buildings and terminal facilities	<b>23,520,415.40</b>	17,994,970.48
大連保稅區永德信房地產開發建設有限公司	Buildings	<b>3,312,487.16</b>	2,592,989.54
Dalian International Container Terminal Co., Ltd.	Storage facilities	<b>3,109,590.00</b>	1,805,720.00
Dalian Port Container Terminal Co., Ltd.	Storage facilities	<b>3,577,166.00</b>	2,816,920.00
大連海港大廈	Buildings	<b>1,919,667.17</b>	2,084,885.50
大連普集倉儲設施有限公司	Storage facilities	<b>1,655,737.90</b>	297,998.83
Dalian Automobile Terminal Co., Ltd.	Storage facilities	<b>1,071,835.05</b>	–
大連港實業有限公司	Vehicles	<b>553,869.00</b>	658,350.00
大連宏譽大廈有限公司	Buildings	<b>598,017.16</b>	246,914.67
Dalian Port Machinery Co., Ltd.	Buildings	<b>151,468.00</b>	330,482.26
Dalian Changxing Island Port Co., Ltd.	Loading equipment	<b>20,400.00</b>	130,200.00
Dalian Container Terminal Co., Ltd.	Storage facilities	–	1,969,646.34
大連港實業綠化工程有限公司	Others	–	80,400.00
		<b>114,610,652.84</b>	89,409,477.62

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 2012  
(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*

**2012**

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
PDA	600,000,000.00	12 April 2011	11 April 2012	Yes
PDA	2,350,000,000.00	23 May 2011	22 November 2021	No
PDA	2,650,000,000.00	26 September 2011	25 March 2019	No

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 2011	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 a related party*

**2012**

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
China Unite Northeast Rail Containers Co., Ltd.	116,000,000.00	31 July 2009	30 July 2017	No

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	30 July 2017	No

The above guarantees were provided to the related party without any charges.

# Notes to Financial Statements

31 December 2012  
(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*

#### 2012

	Amount	Interest rate	Starting date	Maturity date
Dalian Port Corporation Finance Co., Ltd.	250,000,000.00	6%	10 August 2012	9 August 2013
Dalian Port Corporation Finance Co., Ltd.	210,000,000.00	6%	31 December 2012	18 December 2013
Dalian Port Corporation Finance Co., Ltd.	160,000,000.00	7%	9 April 2012	24 August 2012
Dalian Port Corporation Finance Co., Ltd.	150,000,000.00	6%	20 September 2012	19 September 2013
Dalian Port Corporation Finance Co., Ltd.	70,000,000.00	6%	25 July 2012	30 October 2012
Dalian Port Corporation Finance Co., Ltd.	20,000,000.00	7%	22 March 2012	21 March 2014
Dalian Port Corporation Finance Co., Ltd.	15,000,000.00	7%	17 February 2012	16 February 2013
Dalian Port Corporation Finance Co., Ltd.	15,000,000.00	7%	10 April 2012	16 February 2013
Dalian Port Corporation Finance Co., Ltd.	10,000,000.00	6%	19 December 2012	18 December 2013
Dalian Port Corporation Finance Co., Ltd.	10,000,000.00	6%	28 December 2012	18 December 2013
Dalian Port Corporation Finance Co., Ltd.	21,000,000.00	4%	11 April 2012	10 April 2015

#### 2011

	Amount	Interest rate	Starting date	Maturity date
Dalian Assembling Transportation Logistics Co., Ltd.	10,000,000.00	4%	15 February 2011	14 February 2012
Dalian Assembling Transportation Logistics Co., Ltd.	6,000,000.00	4%	11 August 2011	10 August 2012
Dalian Assembling Transportation Logistics Co., Ltd.	5,000,000.00	4%	20 May 2011	19 May 2012

*Interest expenses paid*

	2012	2011
Dalian Port Corporation Finance Co., Ltd.	16,059,947.76	–
Dalian Assembling Transportation Logistics Co., Ltd.	851,666.65	701,888.85
	<b>16,911,614.41</b>	701,888.85

The borrowings from related parties bear interest at 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 2012  
(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*

**2012**

	Amount	Interest rate	Starting date	Maturity date
Liaoning Con-Rail International Logistics Co., Ltd.	<b>1,020,000.00</b>	6.56%	27 March 2012	26 March 2013
Liaoning Con-Rail International Logistics Co., Ltd.	<b>2,830,000.00</b>	6.56%	20 April 2012	19 April 2013
Liaoning Con-Rail International Logistics Co., Ltd.	<b>1,020,000.00</b>	6.56%	3 September 2012	2 September 2013

2011

	Amount	Interest rate	Starting date	Maturity date
China Unite Northeast Rail Containers Co., Ltd.	16,000,000.00	4.815%	14 January 2011	20 December 2011
Liaoning Con-Rail International Logistics Co., Ltd.	1,755,000.00	6.31%	21 April 2011	20 April 2012
Liaoning Con-Rail International Logistics Co., Ltd.	1,075,000.00	6.31%	28 June 2011	27 June 2012
Liaoning Con-Rail International Logistics Co., Ltd.	5,610,000.00	5.265%	19 January 2011	18 January 2013
SINOECL Auto Liners Limited	3,914,085.54	HIBOR+2%	21 January 2011	2 December 2013

*Interest income received*

	2012	2011
Liaoning Con-Rail International Logistics Co., Ltd.	<b>563,594.70</b>	393,478.87
Jadeway Limited	<b>172,781.28</b>	353,490.32
SINOECL Auto Liners, Limited	<b>97,672.33</b>	273,462.69
Dalian International Container Terminal Co., Ltd.	–	503,786.25
China Unite Northeast Rail Containers Co., Ltd.	–	729,740.00
Dalian Vanguard International Logistics Co., Ltd.	–	379,665.00
	<b>834,048.31</b>	2,633,623.13

The loans to related parties bear interest at 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 2012  
(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

	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Acquisition of assets from:				
Dalian Port Construction Engineering Co., Ltd.	115,098,005.00	11.08	243,833,538.55	10.00
Dalian Port Machinery and Electric Co., Ltd.	32,774,733.60	3.15	59,197,328.38	2.43
大連港日興鍋爐安裝工程公司	6,169,861.39	0.59	31,566,066.01	1.30
Dalian Port New Harbour Construction Engineering Co., Ltd.	4,276,573.51	0.41	7,881,339.29	0.32
PDA	2,426,842.97	0.23	22,082,220.00	0.91
Dalian Wanpeng Infrastructure Co., Ltd.	229,856.00	0.02	24,905,894.03	1.02
大連港實綠化工程有限公司	454,326.00	0.05	-	-
Dalian Port Machinery Co., Ltd.	-	-	10,034,326.80	0.41
Dalian Port Design & Research Institute Co., Ltd.	-	-	1,184,700.00	0.05
大連港日興園林綠化工程有限公司	-	-	438,000.00	0.02
	161,430,198.47	15.53	401,123,413.06	16.46

The prices of the acquisition of assets from related parties are in accordance with the terms/agreements mutually agreed between the parties.

	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Transfer of assets to:				
Dalian Yidu Jifa Cold Logistics Co., Ltd.	638,385.65	2.17	-	-
Dalian North Petroleum Logistics Co., Ltd.	-	-	84,662,820.00	78.70
PDA	-	-	3,905,564.07	3.63
	638,385.65	2.17	88,568,384.07	82.33

The prices of the transfer of assets to related parties are in accordance with the terms/agreements mutually agreed between the parties.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## VI. Related Parties and Related Party Transactions (Continued)

### 5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (6) Deposits with a related party

From 1 January 2012, the deposits collected by the finance centre of the Company from the Group's subsidiaries were gradually transferred to the Group's associate, Dalian Port Corporation Finance Company Limited. As at 31 December 2012, the Group's deposits in Dalian Port Corporation Finance Company Limited were RMB1,314,781,926.15 and the Group gained an interest income of RMB11,441,692.82.

#### (7) Compensation of key management personal

	2012	2011
Compensation of key management personal	<b>4,423,873.42</b>	4,467,407.18

Note: Except for the related party borrowings with Dalian Assembling Transportation Logistics Co., Ltd. and Liaoning Con-Rail International Logistics Co., Ltd. disclosed in item (4), the above major transactions of the Group 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

	2012	2011
Unlisted shares, at cost	<b>4,296,258,595.72</b>	4,234,037,137.40
<b>Amounts due from subsidiaries included in current assets</b>		
Interest-bearing (1)	<b>1,001,000,000.00</b>	362,000,000.00
Interest-free (2)	<b>339,178,973.48</b>	232,511,308.31
	<b>1,340,178,973.48</b>	594,511,308.31
<b>Amounts due to subsidiaries included in current liabilities</b>		
Interest-bearing	–	386,171,699.86
Interest-free (2)	<b>52,682,152.96</b>	53,986,807.60
	<b>52,682,152.96</b>	440,158,507.46

(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.



# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## VI. Related Parties and Related Party Transactions (Continued)

### 7. AMOUNTS DUE FROM RELATED PARTIES

	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable:				
<b>Amounts due from jointly-controlled entities and associates</b>				
大連港散貨物流有限公司	3,980,232.00	0.83	-	-
Dalian International Container Terminal Co., Ltd.	3,925,000.89	0.82	2,646,421.34	0.61
Dalian China Oil Dock Management Co., Ltd.	3,622,651.77	0.76	3,894,728.76	0.89
Dalian United International Shipping Agency	2,005,677.39	0.42	2,273,860.80	0.52
Dalian Port Container Terminal Co., Ltd.	1,466,588.72	0.31	1,241,915.62	0.28
大連普集倉儲設施有限公司	1,417,771.39	0.30	1,417,771.39	0.32
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	979,387.26	0.21	979,387.26	0.22
Odfjell Terminals (Dalian) Co., Ltd.	975,590.83	0.20	139,800.04	0.03
Dalian Dagang China Shipping Container Terminal Co., Ltd.	432,887.00	0.09	-	-
Dalian Vanguard International Logistics Co., Ltd.	406,990.00	0.09	29,727.50	0.01
Dalian Automobile Terminal Co., Ltd.	306,654.00	0.06	86,311.00	0.02
Dalian Changxing Island Port Co., Ltd.	234,048.24	0.05	30,807.20	0.01
Liaoning Con-Rail International Logistics Co., Ltd.	150,000.00	0.03	139,811.95	0.03
Dalian Harbour ECL Logistics Co., Ltd.	129,731.45	0.03	-	-
China Unite Northeast Rail Containers Co., Ltd.	89,900.00	0.02	203,000.00	0.05
Dalian North Petroleum Logistics Co., Ltd.	79,296.55	0.02	380,000.00	0.09
Dalian Assembling Transportation Logistics Co., Ltd.	21,226.00	0.00	-	-
Dalian Yidu Jifa Cold Logistics Co., Ltd.	19,056.00	0.00	166,024.35	0.04
Dalian Singamas International Container Co., Ltd.	10,082.17	0.00	29,629.00	0.01
Dalian Jilong Logistics Co., Ltd.	3,020.00	0.00	-	-
China United Tally Co., Ltd. Dalian	531.00	0.00	-	-
Dalian Shunda Logistic Services Corporation	231.00	0.00	-	-
	<b>20,256,553.66</b>	<b>4.24</b>	13,659,196.21	3.13
<b>Amounts due from other related parties</b>				
大連港萬通物流有限公司	3,857,320.00	0.81	2,530,493.00	0.58
Dalian Port Machinery and Electric Co., Ltd.	1,520,417.15	0.32	-	-
中信海港投資有限公司	220,344.00	0.05	-	-
大連龍港船務有限公司	214,780.00	0.05	-	-
大連中油船用燃料運銷有限公司	10,895.81	0.00	-	-
大連保稅區永德信房地產開發建設有限公司	-	-	471,531.20	0.11
大連港城家園房地產開發有限公司	-	-	1,666.66	0.00
大連創意產業項目發展有限公司	-	-	-	-
	<b>5,823,756.96</b>	<b>1.23</b>	3,003,690.86	0.69
	<b>26,080,310.62</b>	<b>5.47</b>	16,662,887.07	3.82

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## VI. Related Parties and Related Party Transactions (Continued)

### 7. AMOUNTS DUE FROM RELATED PARTIES (Continued)

	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables:				
<b>Amounts due from jointly-controlled entities and associates</b>				
Dalian Port PetroChina International Terminal Co., Ltd.	1,909,300.00	0.64	539,200.00	0.27
Dalian China Oil Dock Management Co., Ltd.	887,906.47	0.30	572,084.43	0.29
Dalian North Petroleum Logistics Co., Ltd.	840,000.00	0.28	8,403,780.00	4.23
大連長興島港口投資發展有限公司	817,282.20	0.28	-	-
Dalian Port Container Terminal Co., Ltd.	767,799.50	0.26	745,819.00	0.38
Dalian International Container Terminal Co., Ltd.	504,070.24	0.17	1,024,039.37	0.52
Dalian United International Shipping Agency	240,032.00	0.08	248,530.00	0.13
Dalian Changxing Island Port Co., Ltd.	190,436.95	0.06	1,920,931.51	0.97
Dalian Automobile Terminal Co., Ltd.	148,907.09	0.05	977,641.69	0.49
大連普集倉儲設施有限公司	146,827.00	0.05	146,827.00	0.07
Dalian Port Corporation Finance Co., Ltd.	139,690.10	0.05	2,929.00	0.00
Dalian Vanguard International Logistics Co., Ltd.	120,439.00	0.04	4,570,053.14	2.29
China Unite Northeast Rail Containers Co., Ltd.	50,000.00	0.02	-	-
Odfjell Terminals (Dalian) Co., Ltd.	48,626.00	0.02	233,339.60	0.12
Petro China Dalian LNG Co., Ltd.	22,818.00	0.01	-	-
Dalian Jilong Logistics Co., Ltd.	20,000.00	0.01	252,479.00	0.13
Dalian Dagang China Shipping Container Terminal Co., Ltd.	16,228.02	0.00	-	-
Dalian Assembling Transportation Logistics Co., Ltd.	8,384.00	0.00	14,669.00	0.00
Dalian Yidu Jifa Cold Logistics Co., Ltd.	-	-	2,045,270.00	1.03
大連港散貨物流中心有限公司	-	-	100.00	0.00
	<b>6,878,746.57</b>	<b>2.32</b>	21,697,692.74	10.92
<b>Amount due from the parent</b>				
PDA	5,232,965.78	1.77	4,970,631.92	2.50

# Notes to Financial Statements

31 December 2012  
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## VI. Related Parties and Related Party Transactions (Continued)

### 7. AMOUNTS DUE FROM RELATED PARTIES (Continued)

	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Amounts due from other related parties</b>				
大連創意產業項目發展有限公司 Dalian Port Construction Engineering Co., Ltd.	1,216,273.00	0.41	557,397.00	0.28
大連中油海港石油銷售有限公司 Dalian Port Machinery and Electric Co., Ltd.	142,651.02	0.05	1,275,463.02	0.64
大連中油海港石油銷售有限公司 Dalian Port Machinery and Electric Co., Ltd.	126,000.00	0.04	138,250.39	0.07
大連保稅區永德信房地產開發建設有限公司 Dalian Port New Harbour Construction Engineering Co., Ltd.	65,512.00	0.02	971,368.50	0.49
大連保稅區永德信房地產開發建設有限公司	40,577.00	0.02	40,577.00	0.02
大連宏譽大廈有限公司	33,125.00	0.01	33,125.00	0.02
大連海港大廈	20,387.00	0.01	18,614.00	0.01
大連經濟開發區灣港儲運有限公司	6,120.00	0.00	6,120.00	0.00
大連港萬通物流有限公司	-	-	347,875.00	0.18
Dalian Port Machinery Co., Ltd.	-	-	83,000.00	0.04
	-	-	47,693.00	0.02
	1,650,645.02	0.56	3,519,482.91	1.77
	13,762,357.37	4.66	30,187,807.57	15.19
Prepayments:				
<b>Amounts prepaid to other related parties</b>				
大連中油海港石油銷售有限公司	878,948.44	0.39	1,686,895.07	6.88
大連港實業有限公司	13,418.86	0.01	-	-
	892,367.30	0.40	1,686,895.07	6.88
Interests receivable:				
<b>Amounts due from jointly-controlled entities</b>				
Dalian Port Corporation Finance Co., Ltd.	1,407,652.21	34.63	-	-
Liaoning Con-Rail International Logistics Co., Ltd.	18,786.82	0.46	14,481.14	0.08
	1,426,439.03	35.09	14,481.14	0.08

# Notes to Financial Statements

31 December 2012  
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## VI. Related Parties and Related Party Transactions (Continued)

### 7. AMOUNTS DUE FROM RELATED PARTIES (Continued)

	Note	2012		2011	
		Amount	Percentage (%)	Amount	Percentage (%)
Non-current assets due within one year:	Note V. 9				
<b>Amounts due from associates and jointly-controlled entities</b>					
Liaoning Con-Rail International Logistics Co., Ltd.		5,610,000.00	0.56	–	–
SINOECL Auto Liners, Limited		–	–	4,864,200.00	100.00
		<b>5,610,000.00</b>	<b>0.56</b>	4,864,200.00	100.00
Other current asset:	Note V. 10				
<b>Amount due from a jointly-controlled entity</b>					
Liaoning Con-Rail International Logistics Co., Ltd.		4,870,000.00	100.00	2,830,000.00	0.40
Other non-current assets:	Note V. 23				
<b>Amounts due from associates and jointly-controlled entities</b>					
Jadeway Limited		16,999,993.37	45.28	18,866,643.99	1.83
SINOECL Auto Liners, Limited		10,544,919.21	28.09	5,582,613.34	0.54
Dalian North Petroleum Logistics Co., Ltd.		10,000,000.00	26.63	–	–
SINOECL Auto Liners, Limited		–	–	5,610,000.00	0.54
		<b>37,544,912.58</b>	<b>100.00</b>	30,059,257.33	2.91

Except for the amounts due from related parties included in non-currents 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 2012  
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## VI. Related Parties and Related Party Transactions (Continued)

### 8. AMOUNTS DUE TO RELATED PARTIES

	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Other payables:				
<b>Amounts due from associates and jointly-controlled entities</b>				
Dalian Port Container Terminal Co., Ltd.	463,195.00	0.05	100,042.90	0.02
Dalian United International Shipping Agency	300,800.00	0.04	310,800.00	0.03
Odfjell Terminals (Dalian) Co., Ltd.	252,706.00	0.03	-	-
Dalian International Container Terminal Co., Ltd.	75,833.00	0.02	37,000.00	0.00
Dalian Port Corporation Finance Co., Ltd.	66,146.66	0.02	-	-
Dalian Shunda Logistic Services Corporation	64,897.00	0.01	20,000.00	0.00
Dalian Assembling Transportation Logistics Co., Ltd.	50,000.00	0.01	50,000.00	0.01
Dalian Jilong Logistics Co., Ltd.	42,625.50	0.00	-	-
Dalian Automobile Terminal Co., Ltd.	37,678.00	0.00	7,985.00	0.00
Dalian Singamas International Container Co., Ltd.	29,713.00	0.00	20,700.00	0.00
Dalian Yidu Jifa Cold Logistics Co., Ltd.	20,800.00	0.00	20,800.00	0.00
Dalian Dagang China Shipping Container Terminal Co., Ltd.	20,000.00	0.00	20,000.00	0.00
China United Tally Co., Ltd. Dalian	12,000.00	0.00	12,000.00	0.00
China Unite Northeast Rail Containers Co., Ltd.	9,274.00	0.00	-	-
Dalian Changxing Island Port Co., Ltd.	77.00	0.00	-	-
Dalian Wanpeng Port Engineering Examination and Testing Co., Ltd.	-	-	96,907.77	0.02
	<b>1,445,745.16</b>	<b>0.18</b>	696,235.67	0.08
<b>Amount due to the parent</b>				
PDA	3,259,477.38	0.38	12,695,268.50	1.38

# Notes to Financial Statements

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## VI. Related Parties and Related Party Transactions (Continued)

### 8. AMOUNTS DUE TO RELATED PARTIES (Continued)

	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Amounts due to other related parties</b>				
Dalian Port Construction Engineering Co., Ltd.	<b>184,321,025.36</b>	<b>21.59</b>	164,005,168.59	17.87
Dalian Port Machinery and Electric Co., Ltd.	<b>40,538,977.39</b>	<b>4.75</b>	33,960,532.11	3.70
大連港日興鍋爐安裝有限公司	<b>15,911,437.05</b>	<b>1.86</b>	14,608,040.29	1.59
Dalian Port New Harbour Construction Engineering Co., Ltd.	<b>6,287,473.64</b>	<b>0.74</b>	5,772,797.89	0.63
Dalian Wanpeng Infrastructure Co., Ltd.	<b>4,721,966.43</b>	<b>0.55</b>	3,929,583.43	0.43
Dalian Port Machinery Co., Ltd.	<b>3,282,470.58</b>	<b>0.38</b>	5,683,223.22	0.62
大連經濟技術開發區海灣貨運公司	<b>311,778.12</b>	<b>0.04</b>	302,433.34	0.03
大連港實綠化工程有限公司	<b>145,816.30</b>	<b>0.02</b>	120,300.00	0.01
大連港日興園林綠化工程有限公司	<b>5,000.00</b>	<b>0.00</b>	640,342.54	0.07
大連創意產業項目發展有限公司	<b>5,000.00</b>	<b>0.00</b>	5,000.00	0.00
大連港實業有限公司	<b>1,348.40</b>	<b>0.00</b>	209,500.00	0.02
大連港萬通物流有限公司	<b>700.00</b>	<b>0.00</b>	560,312.63	0.06
Dalian Port Design & Research Institute Co., Ltd.	-	-	1,333,300.00	0.15
大連港勞務公司	-	-	1,074,123.86	0.12
大連保安服務公司	-	-	1,032,961.03	0.11
大連宏譽大廈有限公司	-	-	882,465.05	0.10
大連港燃氣車運輸隊	-	-	630,897.02	0.07
瓦房店太平灣港有限公司	-	-	525,445.31	0.06
大連港東旺汽車修配廠	-	-	286,477.44	0.03
大連港置地有限公司	-	-	119,273.41	0.01
大連保稅區永德信房地產開發建設有限公司	-	-	117,167.16	0.01
大連海港大廈有限公司	-	-	83,821.56	0.01
	<b>255,532,993.27</b>	<b>29.93</b>	235,883,165.88	25.70
	<b>260,238,215.81</b>	<b>30.49</b>	249,274,670.05	27.16

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## VI. Related Parties and Related Party Transactions (Continued)

### 8. AMOUNTS DUE TO RELATED PARTIES (Continued)

	Note	2012		2011	
		Amount	Percentage (%)	Amount	Percentage (%)
Notes payable:					
<b>Amounts due to other related parties</b>					
Dalian Port Construction Engineering Co., Ltd.		11,080,000.00	66.23	19,860,000.00	26.83
Dalian Wanpeng Infrastructure Co., Ltd.		350,000.00	2.09	6,450,000.00	8.71
Dalian Port New Harbour Construction Engineering Co., Ltd.		-	-	2,430,000.00	3.28
大連港日興園林綠化工程有限公司		-	-	1,000,000.00	1.35
大連港日興鍋爐安裝有限公司		-	-	2,750,000.00	3.71
Dalian Port Machinery Co., Ltd.		-	-	1,450,000.00	1.96
		<b>11,430,000.00</b>	<b>68.32</b>	<b>33,940,000.00</b>	<b>45.84</b>
Accounts payable:					
<b>Amounts due to jointly-controlled entities</b>					
Dalian International Container Terminal Co., Ltd.		300,000.00	0.17	102,528.30	0.07
Dalian Singamas International Container Co., Ltd.		854.99	0.00	2,735.82	0.00
Dalian Assembling Transportation Logistics Co., Ltd.		-	-	813,472.00	0.56
Dalian Jilong Logistics Co., Ltd.		-	-	1,735.50	0.00
		<b>300,854.99</b>	<b>0.17</b>	<b>920,471.62</b>	<b>0.63</b>
<b>Amounts due to other related parties</b>					
Dalian Port Machinery and Electric Co., Ltd.		3,059,807.50	1.73	5,292,185.60	3.63
Dalian Port Machinery Co., Ltd.		320,500.00	0.19	2,500.00	0.00
Dalian Port New Harbour Construction Engineering Co., Ltd.		150,000.00	0.08	536,189.41	0.36
Dalian Port Construction Engineering Co., Ltd.		144,286.00	0.08	42,294.00	0.03
		<b>3,674,593.50</b>	<b>2.08</b>	<b>5,873,169.01</b>	<b>4.02</b>
		<b>3,975,448.49</b>	<b>2.25</b>	<b>6,793,640.63</b>	<b>4.65</b>
Short-term borrowings:					
<b>Amounts due to jointly-controlled entities</b>					
Dalian Port Corporation Finance Co., Ltd.	Note V.25	660,000,000.00	51.64	-	-
Dalian Assembling Transportation Logistics Co., Ltd.		-	-	21,000,000.00	3.38
		<b>660,000,000.00</b>	<b>51.64</b>	<b>21,000,000.00</b>	<b>3.38</b>
Long-term borrowings:					
<b>Amount due from an associate</b>					
Dalian Assembling Transportation Logistics Co., Ltd.		21,000,000.00	1.23	-	-
Dalian Port Corporation Finance Co., Ltd.		20,000,000.00	1.17	-	-
		<b>41,000,000.00</b>	<b>2.40</b>	<b>-</b>	<b>-</b>

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## VI. Related Parties and Related Party Transactions (Continued)

### 8. AMOUNTS DUE TO RELATED PARTIES (Continued)

	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Advances from customers				
<b>Advances from associates and jointly-controlled entities</b>				
Dalian Port Container Terminal Co., Ltd.	10,105,955.59	10.89	12,207,716.64	14.02
Dalian Assembling Transportation Logistics Co., Ltd.	736,000.00	0.79	–	–
Dalian Yidu Jifa Cold Logistics Co., Ltd.	565,129.03	0.61	75,129.03	0.09
Odfjell Terminals (Dalian) Co., Ltd.	186,690.00	0.20	108,609.00	0.12
Dalian Jilong Logistics Co., Ltd.	167,447.84	0.18	660,580.41	0.76
Dalian Singamas International Container Co., Ltd.	51,995.56	0.06	252,971.03	0.29
Dalian China Oil Dock Management Co., Ltd.	17,755.75	0.02	–	–
Dalian Shunda Logistic Services Corporation	15,961.68	0.02	80,271.18	0.09
Dalian Wanpeng Port Engineering Examination and Testing Co., Ltd.	5,341.15	0.01	5,341.15	0.01
大連普集倉儲設施有限公司	3,256.11	0.00	2,759.72	0.00
Petro China Dalian LNG Co., Ltd.	310.00	0.00	–	–
Dalian International Container Terminal Co., Ltd.	–	–	16,032.21	0.02
Dalian Automobile Terminal Co., Ltd.	–	–	70,860.21	0.08
Dalian United International Shipping Agency	–	–	36,000.00	0.04
	<b>11,855,842.71</b>	<b>12.78</b>	13,516,270.58	15.52
<b>Advances from other related parties</b>				
大連港實業有限公司	598,439.95	0.64	233,791.64	0.27
Dalian Port Construction Engineering Co., Ltd.	107,100.11	0.12	107,100.11	0.13
大連港萬通物流有限公司	15,390.00	0.02	2,301.50	0.00
大連中油海港石油銷售有限公司	2,219.47	0.00	–	–
Dalian Wanpeng Infrastructure Co., Ltd.	–	–	16,145.22	0.02
大連港實綠化工程有限公司	–	–	19,605.31	0.02
	<b>723,149.53</b>	<b>0.78</b>	378,943.78	0.44
	<b>12,578,992.24</b>	<b>13.56</b>	13,895,214.36	15.96

Except for the amounts due to related parties included in short-term and long-term borrowings 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

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## VII. Commitments

	2012	2011
Capital commitments:		
Contracted, but not provided	<b>57,697,740.08</b>	636,304,367.79
Authorised but not contracted	<b>2,210,419,662.01</b>	4,519,040,220.64
	<b>2,268,117,402.09</b>	5,155,344,588.43
Investment commitments:		
Authorised, but not contracted	<b>47,600,000.00</b>	24,600,000.00
Contracted, but not fulfilled	-	-
	<b>47,600,000.00</b>	24,600,000.00

## VIII. Contingency 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 to be calculated separately.

- In July 2009, the Company's jointly-controlled entity, Liaoning Con-Rail International Logistics Co., Ltd. obtained a bank load of RMB290 million from Construction Bank of China with a term of 8 years. The Group provided guarantee to Liaoning Con-Rail International Logistics Co., Ltd. for the bank loan and the related interests based on its equity interests in Liaoning Con-Rail International Logistics Co., Ltd. (40% equity interests).

# Notes to Financial Statements

31 December 2012  
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## IX. Events After the Balance Sheet Date

### 1. EQUITY TRANSFER

As approved by the board of directors at the seventh meeting of the Company's third session of the board meeting in 2012, on 30 October 2012, the Company entered into an equity transfer agreement with PDA to sell 100% equity interests in Dalian Port Petrochemical Co., Ltd. ("DPPC"). The consideration was determined at the appraised value of the net assets of DPPC as at 30 September 2012 (the market value of the net assets was determined based on the valuation report Long Yuan Zhi Bo Ping Bao Zi [2012] No.1036 issued by北京龍源智博資產評估有限公司).

The equity transfer has been approved at the Company's 2013 first extraordinary general meeting on 25 January 2013, and is subject to approval by the State-owned Assets Supervision and Administration Commission of Dalian.

### 2. DIVIDEND DISTRIBUTED TO SHAREHOLDERS

Pursuant to the resolution in the second session of the board meeting in 2013 held on 28 March 2013, the Company proposed to pay a cash dividend to shareholders of RMB221,300,000.00, which is calculated based on the issued ordinary shares, in aggregate of 4,426,000,000 shares, and RMB5 cents per share (inclusive of applicable tax). The resolution will be submitted to the forth coming annual general meeting for approval.

## X. Other Important Items

### 1. NET CURRENT ASSETS

	2012 Group	2011 Group	2012 Company	2011 Company
Current assets	<b>4,713,189,889.91</b>	3,897,527,421.10	<b>4,295,886,797.03</b>	3,795,403,342.78
Less: Current liabilities	<b>3,591,969,549.48</b>	2,767,638,659.87	<b>2,476,127,263.65</b>	1,773,342,862.53
Net current assets	<b>1,121,220,340.43</b>	1,129,888,761.23	<b>1,819,759,533.38</b>	2,022,060,480.25

### 2. TOTAL ASSETS LESS CURRENT LIABILITIES

	2012 Group	2011 Group	2012 Company	2011 Company
Total assets	<b>27,828,780,431.66</b>	27,173,854,323.81	<b>24,710,060,320.29</b>	24,154,028,114.79
Less: Current liabilities	<b>3,591,969,549.48</b>	2,767,638,659.87	<b>2,476,127,263.65</b>	1,773,342,862.53
Total assets less current liabilities	<b>24,236,810,882.18</b>	24,406,215,663.94	<b>22,233,933,056.64</b>	22,380,685,252.26

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 3. LEASES

#### As lessor

Fixed assets under operating leases are disclosed in Note V. 15.

#### As lessee

In 2012, the operating lease expenses charged to the income statement amounted to RMB243,534,196.58 (2011: RMB194,836,450.28).

Significant operating leases: pursuant to the lease contracts with the lessor, the Group had total future minimum lease payments under non-cancellable leases falling due as follows:

	2012	2011
Within one year, inclusive	<b>64,296,544.44</b>	42,729,627.33
First to second years, inclusive	<b>4,377,947.64</b>	3,799,500.00
Second to third years, inclusive	<b>3,520,000.00</b>	3,520,000.00
Third to fourth years, inclusive	<b>3,520,000.00</b>	3,520,000.00
Fourth to fifth years, inclusive	<b>3,520,000.00</b>	3,520,000.00
After five years	<b>52,800,000.00</b>	56,320,000.00
	<b>132,034,492.08</b>	113,409,127.33

### 4. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE 2012

	Opening balance	Profit or loss from changes in fair value during the year	Accumulated changes in fair value recognised in equity	Impairment	Closing balance
Financial assets:					
Available-for-sale financial assets	<b>26,577,769.81</b>	-	<b>(5,483,063.31)</b>	-	<b>18,924,264.64</b>

2011

	Opening balance	Profit or loss from changes in fair value during the year	Accumulated changes in fair value recognised in equity	Impairment	Closing balance
Financial assets:					
Available-for-sale financial assets	26,804,054.61	-	(6,907,694.26)	-	26,577,769.81

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES DENOMINATED IN FOREIGN CURRENCIES 2012

	Opening balance	Profit or loss from changes in fair value during the year	Accumulated changes in fair value recognised in equity	Impairment	Closing balance
Financial assets:					
Cash and bank balances	16,829,706.41	-	-	-	25,296,767.51
Available-for-sale financial assets	14,609,746.31	-	459,062.19	-	14,534,238.64
Loans and receivables	29,313,457.33	-	-	-	27,544,912.58
	<b>60,752,910.05</b>	-	<b>459,062.19</b>	-	<b>67,375,918.73</b>
Financial liabilities:					
Short-term borrowings	-	-	-	-	38,533,101.12
Long-term borrowings	289,841,456.80	-	-	-	288,915,409.65
	<b>289,841,456.80</b>	-	-	-	<b>327,448,510.77</b>

2011

	Opening balance	Profit or loss from changes in fair value during the year	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	-	(161,551.89)	-	14,609,746.31
Loans and receivables	25,590,961.60	-	-	-	29,313,457.33
	71,140,401.63	-	(161,551.89)	-	60,752,910.05
Financial liabilities:					
Long-term borrowings	754,763,068.52	-	-	-	289,841,456.80

# Notes to Financial Statements

31 December 2012  
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## X. 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 transshipment of oil products and liquefied chemicals and port management services
(2)	Container terminal and logistics services	Loading and discharging, storage and transshipment 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 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 6. SEGMENT INFORMATION (Continued)

#### Operating segments (Continued)

2012

	Oil/ liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Passenger and roll-on, 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	997,183	1,102,164	131,596	30,105	294,273	723,527	335,991	890,756	138,964	4,644,559
Less: Cost of sales and services	532,417	761,456	83,477	18,411	189,502	536,516	297,335	585,264	52,311	3,056,689
Gross profit	464,766	340,708	48,119	11,694	104,771	187,011	38,656	305,492	86,653	1,587,870
Less: Tax and surcharges	39,768	66,012	5,216	1,590	11,315	13,972	12,322	31,458	8,928	190,581
Sales expenses	-	-	-	-	-	79	-	-	-	79
Administrative expenses	45,540	114,313	23,410	1,175	28,142	31,613	35,334	119,690	92,180	491,397
Financial expenses	29,475	16,175	3,467	(474)	(1)	(2,956)	(413)	(3,043)	335,082	377,312
Impairment losses	-	1,179	-	-	-	-	(10)	-	-	1,169
Add: Investment income	63,955	9,583	(2,874)	9,602	192	-	(23,279)	18,116	95,579	170,874
Operating profit	413,938	152,612	13,152	19,005	65,507	144,303	(31,856)	175,503	(253,957)	698,207
Add: Non-operating income	34,695	164,545	93	-	120	7,710	8,027	4,136	(1,053)	218,273
Less: Non-operating expenses	143	597	6,958	-	-	64	1,868	360	7	9,997
Total profit	448,490	316,560	6,287	19,005	65,627	151,949	(25,697)	179,279	(255,017)	906,483
Less: Income tax expenses	102,769	81,736	9,536	355	16,360	38,010	413	33,375	(60,835)	221,719
Net profit	345,721	234,824	(3,249)	18,650	49,267	113,939	(26,110)	145,904	(194,182)	684,764
Total assets	8,221,624	6,047,110	1,378,518	789,575	2,114,786	1,700,356	2,776,180	1,767,394	3,033,237	27,828,780
Total liabilities	1,687,444	838,864	73,021	73,534	100,309	299,179	218,655	149,365	10,413,418	13,853,789
Supplementary information:										
Investment income from associates and jointly-controlled entities	64,003	9,583	(4,018)	9,602	192	-	(23,279)	18,057	-	74,140
Depreciation and amortisation	171,045	165,184	22,785	9,717	85,822	66,680	60,049	58,675	20,053	660,010
Interest income	3,292	4,043	148	591	164	3,016	413	3,516	28,312	43,495
Capital expenditure (Note)	298,521	151,884	16,614	6,659	79,028	3,132	325,604	138,902	19,134	1,039,478
Intersegment sales	6,487	1,568	1,011	4,523	140	16	1,159	139,019	-	153,923

# Notes to Financial Statements

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## X. 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-on, 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)
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:										
Investment income from associates and jointly- controlled entities	23,656	47,847	(97)	10,575	-	-	182	4,378	-	86,541
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 (Note)	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

Note: The capital expenditure includes the expenditure incurred for acquisition and construction of fixed assets, construction in progress, investment properties, intangible assets and the addition of long-term prepaid expenses.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. 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. 44.

*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*

For year ended 31 December 2012, no revenue (for the year ended 31 December 2011: RMB453,242,070.72) 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, 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.



# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

#### Financial instruments by category

The carrying amounts of each category of financial instruments at each balance sheet date are as follows:

2012

Financial assets

	Loans and receivables RMB'000	Available- for-sale financial assets RMB'000	Total RMB'000
Cash and bank balances	2,507,327	–	2,507,327
Notes receivable	63,070	–	63,070
Dividends receivable	4,351	–	4,351
Interests receivable	4,065	–	4,065
Accounts receivable	473,176	–	473,176
Other receivables	295,205	–	295,205
Non-current assets due within one year	1,005,610	–	1,005,610
Other current assets	4,870	–	4,870
Available-for-sale financial assets	–	18,924	18,924
Other non-current assets	37,545	–	37,545
	<b>4,395,219</b>	<b>18,924</b>	<b>4,414,143</b>

Financial liabilities

	Other financial liabilities RMB'000
Short-term borrowings	1,278,033
Notes payable	16,730
Accounts payable	177,029
Interests payable	194,320
Dividends payable	83,182
Other payables	853,634
Non-current liabilities due within one year	545,000
Long-term borrowings	1,708,360
Bonds payable	8,004,513
Long-term payables	130
	<b>12,860,931</b>

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

#### Financial instruments by category (Continued)

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
Dividends receivable	27,229	–	27,229
Interests receivable	17,078	–	17,078
Accounts receivable	436,020	–	436,020
Other receivables	198,697	–	198,697
Non-current assets due within one year	4,864	–	4,864
Other current assets	702,830	–	702,830
Available-for-sale financial assets	–	26,578	26,578
Other non-current assets	1,030,059	–	1,030,059
	4,813,984	26,578	4,840,562

Financial liabilities

	Other financial liabilities RMB'000
Short-term borrowings	621,000
Notes payable	74,030
Accounts payable	145,983
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
	12,497,457

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

#### 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 2012, the Group had certain concentration of credit risk as 16% (31 December 2011: 17%) 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.

As at 31 December 2012 and 2011, the analysis of the Group's accounts receivable that are undue but not impaired and accounts receivable that are past due but not impaired is as follows:

	2012	2011
Undue and not impaired	<b>331,736,250.27</b>	404,952,244.77
Past due and not impaired – within 3 months	<b>36,513,236.28</b>	10,681,051.60
Past due and not impaired – over 3 months	<b>102,779,250.81</b>	18,239,709.53
	<b>471,028,737.36</b>	433,873,005.90

#### 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 2012, 17% (31 December 2011: 9%) of the Group's interest-bearing debts will fall due within one year.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

#### Liquidity risk (Continued)

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 2012, the Company has obtained bank loan facilities of RMB16,816,000,000 provided by several domestic banks to meet the future capital commitment and financing needs. Out of the total bank facilities, RMB10,456,260 has not been utilised.

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 2012

	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	-	5,320	11,410	-	-	16,730
Accounts payable	177,029	-	-	-	-	177,029
Interests payable	-	2,198	192,122	-	-	194,320
Dividends payable	7,422	-	75,760	-	-	83,182
Other payables	849,191	-	4,443	-	-	853,634
Bank borrowings	-	148,651	1,828,632	1,906,664	22,436	3,906,383
Bonds payable	-	-	228,874	3,315,075	6,139,500	9,683,449
Long-term payables	-	-	-	130	-	130
	<b>1,033,642</b>	<b>156,169</b>	<b>2,341,241</b>	<b>5,221,869</b>	<b>6,161,936</b>	<b>14,914,857</b>

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
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
	<b>1,066,632</b>	<b>105,471</b>	<b>1,669,752</b>	<b>6,508,871</b>	<b>6,743,039</b>	<b>16,093,765</b>

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. 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)
<b>2012</b>			
RMB	<b>50</b>	<b>(9,822,224.22)</b>	–
USD	<b>50</b>	<b>(1,444,577.05)</b>	–
RMB	<b>(50)</b>	<b>9,822,224.22</b>	–
USD	<b>(50)</b>	<b>1,444,577.05</b>	–
<b>2011</b>			
RMB	50	(13,593,229.54)	–
USD	50	(1,449,207.28)	–
RMB	(50)	13,593,229.54	–
USD	(50)	1,449,207.28	–

Note: Excluding retained earnings

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

#### Market risk (Continued)

##### 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.

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)
<b>2012</b>			
RMB strengthens against USD	1%	3,057,111.23	-
RMB strengthens against HKD	1%	(147,161.17)	(145,342.39)
RMB strengthens against JPY	1%	(170,745.23)	-
		<b>2,739,204.83</b>	<b>(145,342.39)</b>
RMB weakens against USD	(1%)	(3,057,111.23)	-
RMB weakens against HKD	(1%)	147,161.17	145,342.39
RMB weakens against JPY	(1%)	170,745.23	-
		<b>(2,739,204.83)</b>	<b>145,342.39</b>
<b>2011</b>			
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

Note: Excluding retained earnings

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

#### Market risk (Continued)

##### 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 2012, 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.

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:

	2012 31 December	2012 Highest/Lowest	2011 31 December	2011 Highest/Lowest
Shanghai – A Share Index	2,376	2,578/2,052	2,304	3,202/2,269
Shenzhen – A Share Index	920	1,057/766	907	1,373/889
Hong Kong – Heng Seng Index	22,657	22,667/18,186	18,434	24,420/16,250

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
<b>2012</b>			
Available-for-sale equity investments			
Shanghai	2,199,904.00	–	109,995.20
Shenzhen	2,190,122.00	–	109,506.10
Hong Kong	14,534,238.64	–	726,711.93
	<b>18,924,264.64</b>	<b>–</b>	<b>946,213.23</b>
<b>2011</b>			
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

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. 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	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
<b>Financial assets</b>				
Cash and bank balances	<b>2,507,327</b>	2,254,079	<b>2,507,327</b>	2,254,079
Notes receivable	<b>63,070</b>	143,128	<b>63,070</b>	143,128
Dividends receivable	<b>4,351</b>	27,229	<b>4,351</b>	27,229
Interests receivable	<b>4,065</b>	17,078	<b>4,065</b>	17,078
Accounts receivable	<b>473,176</b>	436,020	<b>473,176</b>	436,020
Other receivables	<b>295,205</b>	198,697	<b>295,205</b>	198,697
Non-current assets due within one year	<b>1,005,610</b>	4,864	<b>1,005,610</b>	4,864
Other current assets	<b>4,870</b>	702,830	<b>4,870</b>	702,830
Available-for-sale financial assets	<b>18,924</b>	26,578	<b>18,924</b>	26,578
Other non-current assets	<b>37,545</b>	1,030,059	<b>37,545</b>	1,030,059
	<b>4,414,143</b>	4,840,562	<b>4,414,143</b>	4,840,562
<b>Financial liabilities</b>				
Short-term borrowings	<b>1,278,033</b>	621,000	<b>1,278,033</b>	621,000
Notes payable	<b>16,730</b>	74,030	<b>16,730</b>	74,030
Accounts payable	<b>177,029</b>	145,983	<b>177,029</b>	145,983
Interests payable	<b>194,320</b>	197,605	<b>194,320</b>	197,605
Dividends payable	<b>83,182</b>	98,686	<b>83,182</b>	98,686
Other payables	<b>853,634</b>	917,685	<b>853,634</b>	917,685
Non-current liabilities due within one year	<b>545,000</b>	210,000	<b>545,000</b>	210,000
Long-term borrowings	<b>1,708,360</b>	2,198,487	<b>1,708,360</b>	2,198,487
Bonds payable	<b>8,004,513</b>	8,029,945	<b>8,004,513</b>	8,029,945
Long-term payables	<b>130</b>	4,036	<b>130</b>	4,036
	<b>12,860,931</b>	12,497,457	<b>12,860,931</b>	12,497,457



# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

#### Fair value (Continued)

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 values 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.

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
<b>2012</b>				
Available-for-sale financial assets	<b>18,924</b>	–	–	<b>18,924</b>
<b>2011</b>				
Available-for-sale financial assets	26,578	–	–	26,578

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 8. 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:

	2012	2011
Fees	<b>550,000.00</b>	551,070.00
Other emoluments:		
Salaries, allowances and benefits in kind	<b>3,473,384.42</b>	2,747,233.28
Pension scheme contributions	<b>146,488.80</b>	106,505.88
	<b>3,619,873.22</b>	2,853,739.16
	<b>4,169,873.22</b>	3,404,809.16

#### (1) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2012	2011
Wang Zuwen	–	110,000.00
Zhang Xianzhi	–	110,000.00
Wu Minghua	–	81,070.00
Yin Jintao	<b>250,000.00</b>	100,000.00
Liu Yongze	<b>150,000.00</b>	75,000.00
Gui Liyi	<b>150,000.00</b>	75,000.00
	<b>550,000.00</b>	551,070.00

There were no other emoluments payable to the independent non-executive directors during the year (2011: Nil).

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items *(Continued)*

### 8. DIRECTORS' AND SUPERVISORS' REMUNERATION *(Continued)*

#### (2) Executive directors, non-executive directors and supervisors

	2012	2011
Salaries, allowances and benefits in kind:		
Executive directors:		
Hui Kai	400,000.00	–
Sun Hong	100,000.00	500,000.00
Zhang Fengge	400,000.00	400,000.00
Jiang Luning	–	–
Su Chunhua	–	–
Xu Song	812,552.72	599,066.64
Zhu Shiliang	268,951.08	479,666.64
Non-executive directors:		
Xu Jian	–	–
Zhang Zuogang	–	–
Lu Jianmin	–	–
Supervisors:		
Fu Bin	–	–
Zhang Xianzhi	100,000.00	50,000.00
Lv Jing	100,000.00	50,000.00
Xu Fangsheng	373,302.72	307,900.00
Gui Yuchan	284,312.72	181,400.00
Zhang Guofeng	–	–
Diao Chengbao	–	70,000.00
Fu Rong	–	70,000.00
Xu Jinrong	–	39,200.00
Su Chunhua	264,352.44	–
Jiang Weihong	369,912.72	–
	<b>3,473,384.40</b>	<b>2,747,233.28</b>

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items (Continued)

### 8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

#### (2) Executive directors, non-executive directors and supervisors (Continued)

	2012	2011
Pension scheme contributions:		
Executive directors:		
Hui Kai	-	-
Sun Hong	-	-
Zhang Fengge	-	-
Jiang Runing	-	-
Su Chunhua	-	-
Xu Song	<b>28,303.20</b>	24,434.82
Zhu Shiliang	<b>16,126.80</b>	24,434.82
Non-executive directors:		
Xu Jian	-	-
Zhang Zuogang	-	-
Lu Jianmin	-	-
Supervisors:		
Fu Bin	-	-
Zhang Xianzhi	-	-
Lv Jing	-	-
Xun Shengfang	<b>28,303.20</b>	24,434.82
Gui Yuchan	<b>28,303.20</b>	24,434.82
Zhang Guofeng	-	-
Xi Chengbao	-	-
Fu Rong	-	-
Xu Jinrong	-	8,766.60
Su Chunhua	<b>17,149.20</b>	-
Jiang Weihong	<b>28,303.20</b>	-
	<b>146,488.80</b>	106,505.88

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

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## X. Other Important Items *(Continued)*

### 9. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, there were two directors (2011: two directors) of the Company whose emoluments are included in the disclosures in Note 9 above. The emoluments of the remaining three (2011: three) individuals are as follows:

	2012	2011
Salaries, allowances and benefits in kind	<b>2,656,519.02</b>	2,350,190.44
Pension scheme contributions	<b>84,909.60</b>	57,544.44
	<b>2,741,428.62</b>	2,407,734.88

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

	Number of employees	
	2012	2011
Nil to RMB1,000,000	<b>3</b>	2
RMB1,000,001 to RMB1,500,000	<b>1</b>	1

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## XI. Notes to the Company's Financial Statements

### 1. ACCOUNTS RECEIVABLE

	2012	2011
Within 1 year	<b>245,566,592.06</b>	286,424,620.91
1 to 2 years	<b>28,473,755.12</b>	7,555,742.10
2 to 3 years	<b>3,159,516.00</b>	661,166.00
Over 3 years	<b>1,431,486.00</b>	770,320.00
	<b>278,631,349.18</b>	295,411,849.01
Less: Provision for bad debts	<b>(548,752.00)</b>	(548,752.00)
	<b>278,082,597.18</b>	294,863,097.01

Movements in provision for bad debts are as follows:

	2012	2011
Opening and closing balances	<b>548,752.00</b>	548,752.00

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## XI. Notes to the Company's Financial Statements (Continued)

### 1. ACCOUNTS RECEIVABLE (Continued)

	2012				2011			
	Closing balance		Bad debts provision		Closing balance		Bad debts provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	194,967,505.35	69.97	-	-	228,494,695.05	77.35	-	-
Not individually significant but subject to separate provision	83,663,843.83	30.03	548,752.00	0.66	66,917,153.96	22.65	548,752.00	0.82
	<b>278,631,349.18</b>	<b>100.00</b>	<b>548,752.00</b>		295,411,849.01	100.00	548,752.00	

As at 31 December 2012, the top five accounts receivable were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
RGL Group Co., Ltd.	Third party	37,976,756.44	Within 2 years	13.63
Shenyang Oriental Steel Co., Ltd.	Third party	36,747,977.03	Within 2 years	13.19
本溪北營鋼鐵(集團)股份有限公司	Third party	35,582,397.65	Within 1 year	12.77
Petroliam National Berhad	Third party	23,417,930.97	Within 1 year	8.40
Dalian Angang International Trade Transportation Agency Co., Ltd.	Third party	22,225,774.26	Within 1 year	7.98
		<b>155,950,836.35</b>		<b>55.97</b>

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	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
PetroChina Company Limited (Note)	Third party	20,179,551.70	Within 1 year	6.84
		<b>150,966,022.95</b>		<b>51.11</b>

Note: Including all known entities controlled by the customers.

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## XI. Notes to the Company's Financial Statements (Continued)

### 1. ACCOUNTS RECEIVABLE (Continued)

Accounts receivable due from subsidiaries and jointly-controlled entities were as follows:

	2012	2011
Amounts due from subsidiaries	<b>1,407,386.00</b>	2,166,196.57
Amounts due from jointly-controlled entities	<b>7,730,111.53</b>	6,204,307.40
Amounts due from associates	<b>4,209,280.24</b>	–
Amounts due from other related entities	<b>5,598,081.15</b>	3,002,024.20
	<b>18,944,858.92</b>	11,372,528.17

The above accounts receivable are unsecured, interest-free and repayable on demand.

As at 31 December 2012, there were no accounts receivable due from shareholders holding 5% (including 5%) or more of the Company's voting shares (31 December 2011: Nil).

### 2. OTHER RECEIVABLES

An ageing analysis of the other receivables is as follows:

	2012	2011
Within 1 year	<b>151,776,237.63</b>	113,968,978.94
1 to 2 years	<b>3,571,050.87</b>	6,169,274.53
2 to 3 years	<b>601,551.87</b>	1,145,188.78
Over 3 years	<b>19,648,186.49</b>	18,679,311.35
	<b>175,597,026.86</b>	139,962,753.60
Less: Provision for bad debts	<b>(16,098.47)</b>	(93,710.07)
	<b>175,580,928.39</b>	139,869,043.53

Movements in provision for bad debts are as follows:

	2012	2011
Opening balance	<b>93,710.07</b>	93,710.07
Increase	<b>(77,611.60)</b>	–
Closing balance	<b>16,098.47</b>	93,710.07



# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## XI. Notes to the Company's Financial Statements (Continued)

### 2. OTHER RECEIVABLES (Continued)

	2012				2011			
	Closing balance		Bad debts provision		Closing balance		Bad debts provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	156,625,675.00	89.20	-	-	112,673,780.00	80.50	-	-
Not individually significant but subject to separate provision	18,971,351.86	10.80	16,098.47	0.08	27,288,973.60	19.50	93,710.07	0.34
	<b>175,597,026.86</b>	<b>100.00</b>	<b>16,098.47</b>		<b>139,962,753.60</b>	<b>100.00</b>	<b>93,710.07</b>	

As at 31 December 2012, the top five other receivables were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
Dalian Municipal Bureau of Finance	Third party	128,910,275.00	Within 1 year	73.41
Dalian Municipal Bureau of Finance	Third party	18,000,000.00	Above 5 years	10.25
大連市土地儲備中心	Third party	9,715,400.00	Within 1 year	5.53
大連港引航站	Third party	4,802,400.00	Within 1 year	2.73
陽光財產保險大連分公司	Third party	2,631,770.00	Within 3 years	1.50
		<b>164,059,845.00</b>		<b>93.42</b>

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

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
Dalian Municipal Bureau of Finance	Third party	88,270,000.00	Within 1 year	63.07
Dalian Municipal Bureau of Finance	Third party	18,000,000.00	4 to 5 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
		<b>120,799,104.77</b>		<b>86.31</b>

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## XI. Notes to the Company's Financial Statements (Continued)

### 2. OTHER RECEIVABLES (Continued)

Other receivables due from subsidiaries, jointly-controlled entities, associates, PDA and other related parties were as follows:

	2012	2011
Amounts due from subsidiaries	<b>1,487,875.18</b>	3,529,137.48
Amounts due from jointly-controlled entities	<b>983,556.85</b>	26,349.60
Amounts due from associates	<b>1,500.00</b>	9,060,932.69
Amount due from PDA	<b>403,728.28</b>	1,426,725.00
Amounts due from other related parties	<b>58,533.00</b>	914,244.68
	<b>2,935,193.31</b>	14,957,389.45

The above other receivables due from related parties are unsecured, interest-free and repayable on demand.

As at 31 December 2012, 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 2011: Nil).

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## XI. Notes to the Company's Financial Statements (Continued)

### 3. LONG-TERM EQUITY INVESTMENTS

2012

	Investment cost	Opening balance	Movements during the year	Closing balance	Percentage of shareholding %	Percentage of voting rights %	Cash dividend during the year
Cost method:							
Dalian Port Container Development Co., Ltd.	2,897,297,222.35	2,845,297,222.35	52,000,000.00	2,897,297,222.35	100.00	100.00	107,763,985.98
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 Petro-chemistry Company Limited	6,629,301.65	6,629,301.65	-	6,629,301.65	100.00	100.00	4,697,709.58
Dalian Jifa Shipping Agency Co., Ltd.	236,984,354.73	236,984,354.73	-	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	13,255,312.18
Dalian Portssoft 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	4,500,000.00
Dalian Port Telecommunications Engineering Co., Ltd.	6,137,212.61	6,137,212.61	-	6,137,212.61	45.00	45.00	1,732,500.00
Dalian Port Construction Management Co., Ltd.	11,066,501.26	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	75.00	-
Dalian Lvshun Port Co., Ltd.	217,580,000.00	217,580,000.00	-	217,580,000.00	60.00	60.00	-
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	-	-	-	-	100.00	100.00	-
Dalian Port Petroleum & Chemical Co., Ltd.	596,800,000.00	596,800,000.00	-	596,800,000.00	100.00	100.00	-
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	-
大連金港聯合汽車國際貿易有限公司	6,000,000.00	-	6,000,000.00	6,000,000.00	60.00	60.00	-
Dalian Port Power Supply Co., Ltd.	25,895,508.24	25,895,508.24	-	25,895,508.24	100.00	100.00	4,279,710.70
大連港糧油貿易有限公司	10,000,000.00	-	10,000,000.00	10,000,000.00	100.00	100.00	-
大連市鋼材物流園有限公司	8,000,000.00	-	8,000,000.00	8,000,000.00	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	-
Da-In Ferry Co., Ltd.	1,900,057.50	1,900,057.50	-	1,900,057.50	7.50	7.50	1,144,561.36
<b>Total for the cost method</b>	<b>4,321,125,154.48</b>	<b>4,247,837,194.90</b>	<b>62,221,458.32</b>	<b>4,310,058,653.22</b>			<b>139,333,779.80</b>

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## XI. Notes to the Company's Financial Statements (Continued)

### 3. LONG-TERM EQUITY INVESTMENTS (Continued)

2012 (Continued)

	Investment cost	Opening balance	Movements during the year	Closing balance	Percentage of shareholding %	Percentage of voting rights %	Cash dividend during the year
Equity method:							
<b>Jointly-controlled entities</b>							
大連港通利船務代理有限公司	1,311,300.00	1,856,202.70	242,027.68	2,098,230.38	50.00	50.00	-
Dalian Harbour ECL Logistics Co., Ltd.	30,111,142.43	30,321,411.19	162,095.72	30,483,506.91	50.00	50.00	59,381.18
Odfjell Terminals (Dalian) Co., Ltd.	86,878,185.37	130,645,336.90	11,074,399.88	141,719,736.78	50.00	50.00	10,000,000.00
Dalian Port Petro China International Terminal Co., Ltd.	125,000,000.00	126,933,246.40	10,885,157.91	137,818,404.31	50.00	50.00	1,739,921.76
China United Tally Co., Ltd. Dalian	5,103,200.33	5,435,664.14	(2,174,858.94)	3,260,805.20	49.00	49.00	2,710,701.15
Dalian China Oil Dock Management Co., Ltd.	16,301,068.34	17,172,410.34	(585,787.57)	16,586,622.77	49.00	49.00	3,013,500.00
Dalian Automobile Terminal Co., Ltd.	152,503,640.00	150,006,564.74	9,018,366.49	159,024,931.23	40.00	40.00	-
Dalian Changxing Island Port Co., Ltd.	248,000,000.00	233,448,111.72	(23,203,543.28)	210,244,568.44	40.00	40.00	-
大連港通利船務代理有限公司	2,000,000.00	2,000,000.00	193,949.42	2,193,949.42	40.00	40.00	-
Odfjell Dalian Port Consulting Co., Ltd.	3,000,000.00	-	2,238,271.71	2,238,271.71	50.00	50.00	-
Dalian Changxing Island Port Investment and Development Co., Ltd.	463,147,800.00	-	463,147,800.00	463,147,800.00	50.00	50.00	-
<b>Total for jointly-controlled entities</b>	<b>1,133,356,336.47</b>	<b>697,818,948.13</b>	<b>470,997,879.02</b>	<b>1,168,816,827.15</b>			<b>17,523,504.09</b>
<b>Associates</b>							
中海港聯航運有限公司	90,000,000.00	91,728,623.03	(9,148,783.02)	82,579,840.01	30.00	30.00	-
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	20,288,520.00	35,720,881.88	(636,414.13)	35,084,467.75	20.00	20.00	4,947,000.00
太倉興港拖輪有限公司	900,000.00	2,095,031.77	117,000.00	2,212,031.77	30.00	30.00	900,000.00
Petro China Dalian LNG Co., Ltd.	520,000,000.00	512,351,554.69	23,636,942.26	535,988,496.95	20.00	20.00	-
Dalian North Petroleum Logistics Co., Ltd.	29,600,000.00	28,247,585.20	1,384,927.58	29,632,512.78	20.00	20.00	-
Sino Rail Bohai Train Ferry Co., Ltd.	274,500,286.56	278,003,004.56	(4,078,520.82)	273,924,483.74	17.50	17.50	9,214,058.46
中世國際物流有限公司	90,000,000.00	90,000,000.00	362,635.74	90,362,635.74	30.00	30.00	-
Dalian Port Corporation Finance Company Limited	200,000,000.00	200,000,000.00	16,379,200.54	216,379,200.54	40.00	40.00	-
<b>Total for associates</b>	<b>1,225,288,806.56</b>	<b>1,238,146,681.13</b>	<b>28,016,988.15</b>	<b>1,266,163,669.28</b>			<b>15,061,058.46</b>
	<b>2,358,645,143.03</b>	<b>1,935,965,629.26</b>	<b>499,014,867.17</b>	<b>2,434,980,496.43</b>			<b>32,584,562.55</b>
<b>Total for the equity method</b>	<b>6,679,770,297.51</b>	<b>6,183,802,824.16</b>	<b>561,236,325.49</b>	<b>6,745,039,149.65</b>			<b>171,918,342.35</b>

# Notes to Financial Statements

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(Expressed in Renminbi Yuan)

## XI. Notes to the Company's Financial Statements (Continued)

### 3. LONG-TERM EQUITY INVESTMENTS (Continued)

2011

	Investment cost	Opening balance	Movements during the year	Closing 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	-
Da-In Ferry Co., Ltd.	1,900,057.50	1,900,057.50	-	1,900,057.50	7.50	7.50	875,067.64
<b>Total for the cost method</b>	<b>4,247,837,194.90</b>	<b>3,097,007,194.90</b>	<b>1,150,830,000.00</b>	<b>4,247,837,194.90</b>			<b>168,484,793.10</b>

# Notes to Financial Statements

31 December 2012  
(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	Closing balance	Percentage of shareholding %	Percentage of voting rights %	Cash dividend during the year
Equity method:							
<b>Jointly-controlled entities</b>							
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) 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	-
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	-
<b>Total for jointly-controlled entities</b>	<b>652,138,738.92</b>	<b>585,532,000.99</b>	<b>112,286,947.14</b>	<b>697,818,948.13</b>			<b>24,847,266.21</b>
<b>Associates</b>							
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	-
Sino Rail Bohai Train Ferry Co., Ltd.	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	-
<b>Total for associates</b>	<b>1,232,845,231.04</b>	<b>676,895,688.88</b>	<b>561,250,992.25</b>	<b>1,238,146,681.13</b>			<b>5,791,000.00</b>
	<b>1,884,983,969.96</b>	<b>1,262,427,689.87</b>	<b>673,537,939.39</b>	<b>1,935,965,629.26</b>			<b>30,638,266.21</b>
<b>Total for the equity method</b>	<b>6,132,821,164.86</b>	<b>4,359,434,884.77</b>	<b>1,824,367,939.39</b>	<b>6,183,802,824.16</b>			<b>199,123,059.31</b>

# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## XI. Notes to the Company's Financial Statements (Continued)

### 4. REVENUE AND COST OF SALES

Revenue is as follows:

	2012	2011
Revenue from the principal operations	<b>2,288,737,507.69</b>	2,250,527,563.71
Revenue from other operations	<b>385,689,369.08</b>	348,106,294.49
	<b>2,674,426,876.77</b>	2,598,633,858.20

Cost of sales is as follows:

	2012	2011
Cost of the principal operations	<b>1,354,122,729.75</b>	1,362,228,943.12
Cost of other operations	<b>243,345,257.67</b>	250,863,779.73
	<b>1,597,467,987.42</b>	1,613,092,722.85

Revenue by segment is as follows:

	2012		2011	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil/liquefied chemicals terminal and logistics services	<b>817,498,958.74</b>	<b>441,045,450.06</b>	767,225,053.95	419,485,385.71
Port value-added services and ancillary port operations	<b>603,592,261.85</b>	<b>405,325,916.85</b>	660,272,832.51	428,133,496.05
General cargo terminal and logistics services	<b>320,358,483.70</b>	<b>283,855,423.59</b>	339,555,221.89	300,979,927.50
Bulk grains terminal and logistics services	<b>320,202,272.07</b>	<b>159,717,763.71</b>	262,072,618.42	157,394,484.47
Ore terminal and logistics services	<b>294,272,735.55</b>	<b>189,599,739.59</b>	313,705,891.55	177,921,666.93
Passenger and roll-on, roll-off terminal and logistics services	<b>96,481,558.15</b>	<b>49,296,864.47</b>	94,266,937.29	46,305,451.40
Container terminal and logistics services	<b>35,860,000.00</b>	<b>9,486,418.32</b>	-	-
Others	<b>186,160,606.71</b>	<b>59,140,410.83</b>	161,535,302.59	82,872,310.79
	<b>2,674,426,876.77</b>	<b>1,597,467,987.42</b>	2,598,633,858.20	1,613,092,722.85

# Notes to Financial Statements

31 December 2012  
(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 2012 is as follows:

	Amount	Percentage of revenue (%)
Petro China Dalian Petrochemical Company (Note)	<b>330,401,203.63</b>	<b>12.35</b>
West Pacific Petrochemical Company Ltd. Dalian	<b>246,321,007.45</b>	<b>9.21</b>
Angang Group International Trade Corporation Dalian Company	<b>110,499,824.62</b>	<b>4.13</b>
PetroChina Fuel Oil Co., Ltd.	<b>68,655,505.00</b>	<b>2.57</b>
Benxi Steel Group Corporation	<b>66,562,684.00</b>	<b>2.49</b>
	<b>822,440,224.70</b>	<b>30.75</b>

Revenue from the top five customers in 2011 is as follows:

	Amount	Percentage of revenue (%)
Petro China Dalian Petrochemical Company (Note)	352,392,070.72	13.56
West Pacific Petrochemical Company Ltd. Dalian	226,823,247.17	8.73
Benxi Steel Group Corporation	84,027,080.70	3.23
Angang Group International Trade Corporation Dalian Company	73,320,162.11	2.82
大連泰德煤網股份有限公司	70,915,660.00	2.73
	807,478,220.70	31.07

Note: Including all entities known to be controlled by the customer.

Revenue is analysed as follows:

	2012	2011
Logistics services	<b>441,332,394.89</b>	483,652,244.62
Loading services	<b>1,198,832,473.89</b>	1,141,820,797.77
Storage services	<b>339,076,297.14</b>	302,846,399.32
Agency services	<b>10,134,680.57</b>	8,969,827.80
Port management services	<b>189,073,960.59</b>	203,791,171.12
Leasing services	<b>170,555,548.28</b>	137,142,200.99
Utility services	<b>113,598,372.57</b>	136,360,124.98
Others	<b>211,823,148.84</b>	184,051,091.60
	<b>2,674,426,876.77</b>	2,598,633,858.20



# Notes to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## XI. Notes to the Company's Financial Statements (Continued)

### 5. INVESTMENT INCOME

	2012	2011
Investment income from long-term equity investments under the cost method	<b>139,333,779.80</b>	168,484,793.10
Investment income from long-term equity investments under the equity method	<b>64,444,991.27</b>	38,581,321.36
Including: Investment income from associates	<b>42,149,416.61</b>	2,541,705.38
Investment income from jointly-controlled entities	<b>22,295,574.66</b>	36,039,615.98
Investment income from available-for-sale financial assets	<b>243,265.96</b>	132,420.00
Gain on disposal of available-for-sale financial assets	<b>1,004,416.80</b>	30,099,081.48
Investment income from entrusted investments	<b>94,022,277.40</b>	22,587,500.00
Investment loss from disposal of a subsidiary	<b>(2,088,126.09)</b>	–
	<b>296,960,605.14</b>	259,885,115.94

### 6. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

Reconciliation from net profit to cash flows from operating activities:

	2012	2011
Net profit	<b>589,824,339.59</b>	637,210,372.34
Add: Depreciation of fixed assets	<b>428,177,162.23</b>	454,683,043.31
Long-term prepaid expenses	<b>342,411.87</b>	501,243.17
Amortisation of intangible assets	<b>12,682,877.85</b>	9,281,384.05
Recognition of deferred income	<b>(34,526,517.42)</b>	(34,405,184.05)
Negative goodwill arising from acquisition of an long-term equity investment in an associate	–	(2,538,843.74)
Loss/(gain) from disposal of fixed assets, intangible assets and other non-current assets	<b>2,606,862.64</b>	(3,799,744.26)
Financial expenses	<b>362,627,389.76</b>	211,359,470.90
Interest income on entrusted loans	<b>(86,362,249.79)</b>	(48,294,725.00)
Investment income	<b>(296,960,605.14)</b>	(259,885,115.94)
Decrease in deferred tax assets	<b>1,015,612.23</b>	5,210,492.54
Decrease/(increase) in inventories	<b>3,996,225.52</b>	(5,248,570.61)
Increase in special reserve	<b>2,178,166.13</b>	–
Decrease/(increase) in operating receivables	<b>52,855,538.01</b>	(192,203,390.11)
Increase/(decrease) in operating payables	<b>26,842,953.64</b>	(34,015,196.49)
Net cash flows from operating activities	<b>1,065,300,167.12</b>	737,855,236.11

# Supplementary Information to Financial Statements

31 December 2012  
(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).

	2012
Profit from entrusting others with investment or asset management	<b>94,022,277.40</b>
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)	<b>1,287,152.84</b>
Investment income from the disposal of financial assets held for trading	<b>1,004,416.76</b>
Profit from outward entrusted loans	<b>818,577.64</b>
Reversal of impairment provision for accounts receivable that were tested for impairment individually	<b>10,000.00</b>
Profit or loss from disposal of non-current assets, including the offset portion of impairment provision for such assets	<b>(8,014,903.63)</b>
Non-operating income and expenses other than the above items	<b>(234,538.49)</b>
<b>Total extraordinary profit or loss</b>	<b>88,892,982.52</b>
Impact on income tax	<b>(23,218,278.24)</b>
Impact on minority interests (after tax)	<b>1,660,860.74</b>
	<b>67,335,565.02</b>

## II. Return on Net Assets and Earnings Per Share

2012

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	<b>4.69%</b>	<b>0.14</b>
Net profit after deducting extraordinary profit or loss attributable to ordinary shareholders of the Company	<b>4.16%</b>	<b>0.12</b>

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

No dilutive potential ordinary shares have been issued by the Company.

# Supplementary Information to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## III. Analysis on Changes of Financial Statement Items

- (1) As at 31 December 2012, cash and bank balances amounted to RMB2,507,326,672.09, an increase of 11% compared with last year. This is mainly due to the collection of the financial production investment and net cash inflows from operating activities by the Group in 2012.
- (2) As at 31 December 2012, notes receivable amounted to RMB63,069,669.70, a decrease of 56% compared with last year. This is mainly due to the reduction of the transactions settled by notes in 2012.
- (3) As at 31 December 2012, dividends receivable amounted to RMB4,351,296.43, a decrease of 84% compared with last year. This is mainly due to the decrease in the dividends distributed by the Group's investees.
- (4) As at 31 December 2012, interests receivable amounted to RMB4,065,075.97, a decrease of 76% compared with last year. This is mainly due to the decrease in the Group's time deposits in 2012.
- (5) As at 31 December 2012, other receivables amounted to RMB295,204,982.42, an increase of 49% compared with last year. This is mainly due to the increase in the Group's payments made on behalf of others.
- (6) As at 31 December 2012, prepayments amounted to RMB224,396,334.74, an increase of 816% compared with last year. This is mainly due to the prepayments for purchase of goods made by the subsidiaries newly set-up by the Group in 2012.
- (7) As at 31 December 2012, the carrying amount of inventories amounted to RMB131,119,867.55, an increase of 47% compared with last year. This is mainly due to the increase in the goods purchased by the subsidiaries newly set-up by the Group in 2012.
- (8) As at 31 December 2012, other current assets due within one year amounted to RMB1,005,610,000.00, an increase of 20,574% compared with last year. This is mainly owing to the fact that the entrusted investment with a term of 3 years would fall due within one year in 2012.
- (9) As at 31 December 2012, other current assets amounted to RMB4,870,000.00, a decrease of 99% compared with last year. This is mainly due to the collection of the financial product investment in 2012.
- (10) As at 31 December 2012, available-for-sale financial assets amounted to RMB18,924,264.64, a decrease of 29% compared with last year. This is mainly due to the disposal of certain available-for-sale equity instruments in 2012.
- (11) As at 31 December 2012, long-term equity investments amounted to RMB3,833,024,763.55, an increase of 15% compared with last year. This is mainly due to the acquisition of the equity interests in Dalian Changxing Island Port Investment and Development Co., Ltd. made by the Group in 2012.
- (12) As at 31 December 2012, fixed assets amounted to RMB12,773,054,294.56, an increase of 7% compared with last year. This is mainly due to the transfer of construction in progress to fixed assets in 2012.
- (13) As at 31 December 2012, fixed assets pending for disposal amounted to RMB36,058,083.28, an increase of 857% compared with last year. This is mainly due to the relocation of the Group's port assets in 2012.
- (14) As at 31 December 2012, construction in progress amounted to RMB4,689,753,318.12, an decrease of 12% compared with last year. This is mainly due to the transfer of construction in progress to fixed assets in 2012.

# Supplementary Information to Financial Statements

31 December 2012  
(Expressed in Renminbi Yuan)

## III. Analysis on Changes of Financial Statement Items *(Continued)*

- (15) As at 31 December 2012, other non-current assets amounted to RMB37,544,912.58, a decrease of 96% compared with last year. This is mainly owing to the fact that the entrusted investment with a term of 3 years would fall due within one year in 2012.
- (16) As at 31 December 2012, short-term borrowings amounted to RMB1,278,033,101.12, an increase of 106% compared with last year. This is mainly due to the short-term borrowings obtained by the Group in 2012.
- (17) As at 31 December 2012, notes payable amounted to RMB16,730,000.00, a decrease of 77% compared with last year. This is mainly due to the decrease in the construction payments that were settled by notes in 2012.
- (18) As at 31 December 2012, non-current liabilities due within one year amounted to RMB545,000,000.00, an increase of 160% compared with last year. This is mainly owing to the fact that certain long-term borrowings would fall due within one year in 2012.
- (19) As at 31 December 2012, long-term payables amounted to RMB130,350.00, a decrease of 97% compared with last year. This is mainly owing to the fact that a portion of Group's long-term payables would fall due within one year in 2012.
- (20) In 2012, financial expenses amounted to RMB377,311,719.61, an increase of 112% compared with last year. This is mainly due to the increase in the average balance of the Group's interest-bearing borrowings.
- (21) In 2012, impairment losses amounted to RMB1,169,487.21, an increase of 11,795% compared with last year. This is mainly due to the recognition of bad debts provision for accounts receivable in 2012.
- (22) In 2012, non-operating expenses amounted to RMB9,997,363.18, an increase of 165% compared with last year. This is mainly due to the disposal of certain long-term assets in 2012.

## Financial Highlights for the Past Five Financial Years

	2012 RMB'000	2011* RMB'000	2010* RMB'000	2009* RMB'000	2008* RMB'000
<b>Revenue and Profit</b>					
Revenue	<b>4,644,559</b>	3,955,394	3,336,951	3,022,480	2,952,947
Gross profit	<b>1,587,870</b>	1,467,642	1,448,676	1,231,351	1,104,722
Operating profit	<b>698,206</b>	821,351	994,512	817,927	682,643
Total profit	<b>906,482</b>	995,053	1,078,300	865,602	1,115,377
Net profit	<b>684,763</b>	757,465	846,818	737,183	879,395
Net profit attributable to owners of the parent	<b>600,090</b>	666,338	813,154	727,270	810,218
Basic earnings per share (RMB)	<b>0.14</b>	0.15	0.22	0.20	0.22
<b>Assets and Liabilities</b>					
Cash and bank balances	<b>2,507,327</b>	2,254,079	3,257,585	1,260,270	912,051
Current assets	<b>4,713,190</b>	3,897,527	4,261,695	2,171,027	1,875,261
Non-current assets	<b>23,115,591</b>	23,276,327	18,429,124	15,022,699	13,931,374
Borrowings	<b>11,535,906</b>	11,059,432	6,159,634	5,002,706	2,440,110
Current liabilities	<b>3,591,970</b>	2,767,639	4,689,401	1,124,510	1,084,598
Non-current liabilities	<b>10,261,819</b>	10,766,551	5,645,726	6,417,655	5,523,389
Total assets	<b>27,828,780</b>	27,173,854	22,690,819	17,193,726	15,806,635
Net assets	<b>13,974,992</b>	13,639,665	12,355,692	9,651,562	9,198,648
<b>Capital and Equity</b>					
Share capital	<b>4,426,000</b>	4,426,000	4,426,000	2,926,000	2,926,000
Equity attributable to owners of the parent	<b>12,964,562</b>	12,628,799	12,190,226	9,509,896	8,899,835
Minority interests	<b>1,010,430</b>	1,010,866	165,466	141,665	298,813
Total equity	<b>13,974,992</b>	13,639,665	12,355,692	9,651,562	9,198,648
Net assets per share (RMB)	<b>2.93</b>	2.85	2.75	3.25	3.04

\* 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)

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