



大連港股份

DALIAN PORT (PDA) COMPANY LIMITED

大連港股份有限公司

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

(於中華人民共和國註冊成立之外商投資股份有限公司)

(Stock Code 股份代號: 2880)

Annual Report 年報 2013

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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 Shanghai Stock Exchange with stock code of 601880 on 28 April 2006 and 6 December 2010, respectively. The Company is the first port company listed in both the stock exchanges of Hong Kong and Shanghai.

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

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

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

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

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

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

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

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

(2) General Information on the Company

- | | |
|---|---|
| 1. Chinese name | 大連港股份有限公司 |
| Abbreviated Chinese name | 大連港 |
| English name | Dalian Port (PDA) Company Limited |
| Abbreviated English name | Dalian Port |
| 2. Legal representative | Mr. Hui Kai |
| 3. Contact person | |
| Secretary to the Board of Directors/
Joint Company Secretary | Ms. Gui YuChan
Address: Room 2615, Xingang Commercial Building,
Jingang Road, Dalian International Logistics Park Zone,
Liaoning Province, the PRC
Telephone: 86 411 87599899
Facsimile: 86 411 87599897
E-mail: guiych@dlport.cn |
| Qualified Accountant/Joint Company Secretary | Mr. Lee, Kin Yu Arthur
Address: Room 2616, Xingang Commercial Building,
Jingang Road, Dalian International Logistics Park Zone,
Liaoning Province, the PRC
Telephone: 86 411 87599866
Facsimile: 86 411 87599897
E-mail: ljlr@dlport.cn |

General Information on the Company

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

Postal Code
Place of Business and Postal Code in PRC

Place of Business in Hong Kong

Company website
Company e-mail | Xingang Commercial Building, Dayao Bay, Dalian Free Trade Zone, PRC
116600
Xingang Commercial Building, Jingang Road, Dalian International Logistics Park Zone, Liaoning Province, the PRC (116601)
8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road, Central, Hong Kong
www.dlport.cn
ir@dlport.cn |
| 5. | Designated newspapers for information disclosure of the Company
Website designated by the China Securities Regulatory Commission for publishing the A share annual reports
Website for publishing the H share annual report
Place for collection of annual report | China Securities Daily, Shanghai Securities Daily, Securities Times, and Securities Daily
www.sse.com.cn

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

H share registrar and transfer office | China Securities Depository and Clearing Corporation Limited, Shanghai Branch
Computershare Hong Kong Investor Services Limited |
| 8. | Auditors | Ernst & Young Hua Ming (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 of the Company in 2013



General Information on the Company

JAN

- The Company held the first extraordinary general meeting in 2013.

MAR

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

MAY

- The ore carrier ship “He Feng Jiao (和風角)” carrying 176,000 tonnes of importing ore pellets berthed at the ore terminal. The terminal took merely 27.5 hours to duly and effectively complete the unloading, which set a new record for the Group in handling ore pellets import.

JUN

- The Company held the annual general meeting for the year 2012.
- The Group expanded into the new international cross-border sea-to-land intermodal transportation business in cooperation with Korea’s SK Group.

JUL

- The Group’s crude oil storage tanks of oil terminal expanded its capacity by 350,000 m³ to meet the demand from international clients in the operation of crude oil bonded business.
- The 1,200,000 m³ crude oil bonded tanks in Changxing Island oil terminal duly passed the acceptance inspection process of Dalian Customs and obtained the qualification of bonded storage business.

AUG

- The Company announced the interim results for the year 2013.
- Cosco Group (中遠集團)’s vessel “Yong Sheng (永盛)” set sail from Dalian Port for its first journey through the Arctic’s Northeast Passage. The opening up of the Arctic route represents a new maritime route for trade and commerce that connecting Asia, Europe and America.

SEP

- The Group’s general cargo terminal company and Harbin Construction Machinery Co., Ltd. (哈爾濱工程機械製造有限責任公司) had jointly developed a large-scaled rubber tired terminal crane (QLY70 model). It passed through acceptance inspection and thereafter has been put into operation. The crane is currently having the greatest lifting tonnage capacity in China.

OCT

- The Group’s bonded oil storage tanks expanded its capacity by 450,000 m³ to meet the demand from international clients in the operation of crude oil bonded business.

NOV

- The Group’s bulk grain terminal company and its customers had jointly invested and acquired 200 self-run bulk grain carriers. They have been put into commercial operation. The comparative advantage of the Group’s full-range grain logistics system was further enhanced.
- The PIL/West Africa route’s container liner berthed at Dalian Container Terminal Co., Ltd., which marked the official opening of the West Africa ocean container route.

DEC

- The Group handled container throughput of 10.86 million TEU in 2013, and successfully met the container throughput target of above 10 million TEUs over 3 years.
- “Dalian Port Passenger Group Company (大連港客運總公司) e-ticket platform” was awarded with the title “best information technology application” of Dalian Communication, Transportation and Logistics 2013 (2013年度大連市交運物流行業“信息化最佳應用獎”).

Chairman's Statement

I am pleased to present the annual report of the Group for the year ended 31 December 2013.

In 2013, the global economy was faring better than it did in 2012. However, economic growths in developed countries and developing countries were heading in different directions, as a result, the general economic conditions demonstrated a pattern of slow recovery, the downside risk was not totally eliminated, and a new cycle of strong economic growth had yet to come on stage. Against the backdrop of slow pace of recovery in the global economy and the increased difficulty of macro-control, China's economy achieved steady growth. The year-round gross domestic product (GDP) grew by 7.7% year-on-year, with a fall in growth rate by only one percentage point when compared with the previous year.

Operating Results and Dividend

Benefiting from steady growth of Chinese macro economy, stronger-than-expected performance was achieved in port transportation and production in the country in 2013. Nation-wide port cargo throughput in 2013 grew at a relatively higher speed. Yet, the speed of growth was lower than those in 2011 and 2010. On a year-round basis, the growth in throughput was at a relatively high pace at the start of the year, but turned to a moderate pace subsequently. With a relatively high speed of growth in five categories of goods including coal, metal ore, petroleum, grain and mineral building materials, stronger-than-expected growth in throughput was attained.

In 2013, the Group strived to fuel a stable growth in throughput by improving logistics system, cementing strategic cooperation, offering innovative products and services and embracing a steady approach of operation and development. In particular, the Automobile Terminal Segment continued to achieve remarkable growth. The Container, Oil, Bulk Grain and Passenger and Ro-Ro Segments attained growth of larger extent, whereas the General Cargo and Ore Segments recorded growth of insignificant rate. Under a challenging external economic environment, EBIT of the Group maintained a year-on-year growth, and an increase of 11.0% over the same period last year.

In 2013, the Group's profit attributable to owners of the parent amounted to RMB682,582,600, representing an year-on-year increase of 13.7%. The Board recommended the payment of a final dividend of RMB0.60 per 10 shares (tax included) for the year 2013.

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 and trade services ("Automobile Terminal Segment"), ore terminal and related logistics services ("Ore Segment"), general cargo terminal and related logistics and trade services ("General Cargo Segment"), bulk grain terminal and related logistics and trade 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 face of complicated and changing economic environment within and outside the country, we had better fulfilled our production and management tasks through efforts in multiple aspects. In further analysis, the Automobile Terminal Segment continued to achieve remarkable growth. The Container Segment, Oil Segment, Bulk Grain Segment and Passenger and Ro-Ro Segment attained growth of larger extent, whereas the General Cargo Segment and Ore Segment recorded growth of insignificant rate.

In 2013, due to the continued slackness in the international crude oil trade market, we made an effort to solicit new crude oil transshipment customers, thereby the foreign trade imported crude oil transshipment increased significantly. As to the Container Segment, leveraging on the capacity of our vessels, the Group added new routes to its transshipment services and increased departures for current transshipment routes as our continued effort to build a container transshipment hub. We also teamed up with a railway company client in offering cargo owners in our hinterland access to a full range of tailored integrated logistics services via sea-to-rail model. As to the Automobile Terminal Segment, through a number of initiatives including service innovation, we continued our efforts in enhancing our terminal services capabilities and the presence of our port, while stepping up the transformation of our port business model. The Ore Segment achieved expansion in its trading operations with an integrated trade business information and logistics platform, effectively increased our market share in the ore trading business. At General Cargo Segment, we promoted our steel trade service

Chairman's Statement

platform and the construction of logistics park. With value-added services, we also solicited new sources of transshipment. Through cooperation with customers, we built a near-port bulky equipment assembly base in Dalian Bay port area and Changxing Island port region, thereby reinforced our service capabilities and enhanced our port competitiveness. For the Bulk Grain Segment, the Group endeavoured to secure a stable and efficient corn supplies by timely adjustment of customer portfolio and freight composition. Our grain trading business continued to expand, driving the growth in the port logistics business. In Relation to the Passenger and Ro-Ro Segment, we developed an e-ticket system whereby simplifying the process from ticket sales to boarding, therefore improved our efficiency of services. As to the Value-added Services Segment, the Group adjusted our strategy in a timely manner and optimized resource allocation in response to the increasingly volatile market landscape, so as to maintain a stable long-term customer base and to expand our market share.

Prospects

Looking forward to 2014, the Group will continue to face severe rigours and challenges, which stem mainly from the negative factors such as the persistence of downside risks in the global economy, policy adjustments in developed countries which have brought uncertainty to the world economic development, and international trade protectionism. These may hinder China's economic development. Given that the domestic economy is subject to a number of adjustment resulting from the "improving the growth mode and making adjustment of structure" policy, stabilization of housing prices, reduction of excess capacity, and mitigation of environmental pressures, the demand for some bulk commodities may fall. Notwithstanding the difficulties ahead and the pressure imposed upon us, we will also be blessed with abundant opportunities for development. From a global perspective, the economic recovery is gradually regaining stronger momentum in wake of previous fluctuations. Major developed economies are showing evident signs of broad-based recovery. Domestically, the PRC government has introduced a series of policies, which are expected to stimulate the economic growth of the eastern coast of China, thus significantly uplift China's foreign trade. Meanwhile, at the Eighteenth Third Plenary Session, a plan for deepening the comprehensive reforms was clearly outlined and benefits from the reforms would manifest gradually. This would facilitate the development of trade and investment.

The Group's principal hinterland includes the Three Northeastern Provinces of China and 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. With a comprehensive range of cargo types in our operations, we have a stronger risk-resisting capability. With the support of the above-mentioned positive trends and policies, the Group expects that the total throughput will continue to maintain a steady growth. In particular, driven by the growth in domestic demand, oil chemicals business and the ro-ro business will continue to maintain a rapid growth while bulk general cargo such as iron ore, coal and grain will maintain moderate growth and container business will remain stable.

The Group will continue to step up in-depth restructuring and development and to bolster product and service innovation in 2014. We will continue to build up a comprehensive logistics service system, develop an integrated platform for industrial, commerce and trading business, expand the value-added services and boost operational efficiency, thereby achieve improvement of the Group's overall profitability and focus on generating satisfactory returns for our shareholders.

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

Dalian Port (PDA) Company Limited

Chairman

Hui Kai

27 March 2014

Financial Highlights

	2013 RMB'000	2012 RMB'000	change(%)
Income Statement			
Revenue	6,981,980	4,644,559	50.3
Gross profit	1,587,577	1,587,870	-0.0
Operating profit	668,920	698,206	-4.2
Net profit attributable to owners of the parent	682,583	600,090	13.7
Basic earnings per share (RMB cents)	0.15	0.14	13.7
Balance Sheet			
Cash and bank balances	2,339,398	2,507,327	-6.7
Net current assets	-499,049	1,121,220	-144.5
Total assets	27,226,109	27,828,780	-2.2
Borrowings	9,973,296	11,535,906	-13.5
Gearing ratio (%)	44.8	57.2	-21.7
Net assets value per share (RMB)	3.04	2.93	3.7
Return on equity (%)	5.17	4.69	10.2
Cash Flow Statement			
Net cash generated from operating activities	1,613,716	1,304,824	23.7
Net cash used in investing activities	-416,901	-417,501	0.1
Net cash used in/generated from financing activities	-1,517,009	-623,282	-143.4
The increase/decrease in cash and cash equivalents	-320,548	263,815	-221.5

The financial information was prepared in accordance with CAS.



Management Discussion and Analysis



Management Discussion and Analysis

Summary

In 2013, against the backdrop of slow pace of recovery in the global economy and the increased difficulty of macro-control, China's economy achieved steady growth. The year-round gross domestic product (GDP) grew by 7.7% year-on-year, with a fall in growth rate by only one percentage point when compared with the previous year.

Benefiting from steady growth of Chinese macro economy, stronger-than-expected performance was achieved in the port transportation and production in the country in 2013. Nation-wide port cargo throughput in 2013 grew at a relatively higher speed. Yet, the speed of growth was lower than those in 2011 and 2010. On a year-round basis, the growth in throughput was at a relatively high pace at the start of the year, but turned to a moderate pace subsequently. With a relatively high speed of growth in five categories of goods including coal, metal ore, petroleum, grain and mineral building materials, stronger-than-expected growth in throughput was attained.

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 and trading services ("Automobile Terminal Segment"), ore terminal and related logistics services ("Ore Segment"), general cargo terminal and related logistics and trading services ("General Cargo Segment"), bulk grain terminal and related logistics and trading 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 2013, the macro economy and industries relevant to the Group's principal business were as follows:

Oil Segment: Along with China's economic development, there is a substantial growth in energy demand. Crude oil imports hit successive new highs. In 2013, China's crude oil imports amounted to about 280 million tons, up 4% on a year-on-year basis.

Container Segment: In 2013, the total GDP in Heilongjiang Province, Jilin Province and Liaoning Province (collectively, the "Three Northeastern Provinces of China") was RMB5.4859 trillion, an increase of 8.7% as compared with 2012, maintaining a relatively high speed of growth. In 2013, the import and export value of the Three Northeastern Provinces of China was USD173.7 billion, an increase of 1.7%, being 5.9% lower than the national average. The foreign trade value in the Three Northeastern Provinces of China accounted for 4.2% of China's total foreign trade, which was 0.2% lower than 2012.

Automobile Terminal Segment: In 2013, the production and sales market of China's automobile industry continued to maintain a swift pace of development, with higher-than-expected growth in both production and sales volume. In 2013, China's auto output was 22,117,000 vehicles, an increase of 14.8% year-on-year. Sales volume was 21,984,000 vehicles, an increase of 13.9% year-on-year.

Ore Segment: In 2013, China imported 820 million tonnes of iron ore, an increase of 10.2% over 2012. The average price for China's imported iron ore was USD129 per tonne, an increase of 0.4%. Given the stable demand for steel from China's major large-sized steel production plants in northeastern region, together with the rapid development of some small to middle-sized steel plants, the volume of imports of iron ore into the northeast port increased.

Management Discussion and Analysis

General Cargo Segment: In 2013, against the backdrop of a decrease in China's demand for steel and coal, there was no decrease in production, leading to surplus supply in the steel and coal market. In 2013, China's crude steel production was 779 million tonnes, a year-on-year growth of 7.5%. In 2013, China's nationwide cumulative port shipment of coal amounted to 660 million tonnes, up 7% on a year-on-year basis.

Bulk Grain Segment: There was a decrease in demand for corns in Northeast China, due to multiple factors including the increase in the production and the improvement in the quality of corn in North China, the epidemic of H7N9 avian influenza and the increase in the foreign trade imported corns. There was a higher demand for imported soybeans from plants in Northeast hinterland due to their production capacity expansion.

Passenger and Ro-Ro Segment: In 2013, the overcapacity of the Bohai Bay area has become increasingly apparent. Passenger traffic volume showed a declining trend, whereas ro-ro vehicle traffic volume showed an increasing trend.

In 2013, the Group strived to fuel a stable growth in throughput by improving logistics system, cementing strategic cooperation, offering innovative products and services and embracing a steady approach of operation and development. In particular, the Automobile Terminal Segment continued to achieve remarkable growth. The Container Segment, Oil Segment, Bulk Grain Segment and Passenger and Ro-Ro Segment attained growth of larger extent, whereas the General Cargo Segment and Ore Segment recorded growth of insignificant rate. The Group's oil terminals handled a total of approximately

42.722 million tonnes of oil and liquefied chemicals, an increase of 10.7% as compared with 2012, of which approximately 21.022 million tonnes was imported crude oil, an increase of 4.7% as compared with 2012. In the Container Segment, the Group handled approximately 10.86 million TEUs, an increase of 21.8%, of which approximately 9.912 million TEUs were handled by the Group at Dalian port, an increase of 23.8%. In the Automobile Terminal Segment, the Group handled 357,148 vehicles, an increase of 57.6%. In the Ore Segment, the Group handled approximately 22.759 million tonnes, an increase of 1.2%. In the General Cargo Segment, the Group handled approximately 32.314 million tonnes of cargoes, an increase of 0.5%. In the Bulk Grain Segment, the Group handled approximately 8.052 million tonnes of bulk grain, an increase of 11.1%. In the Passenger and Ro-Ro Segment, the Group transported approximately 3.793 million passengers, a decrease of 6.6% and approximately 947,000 vehicles, an increase of 13.8% as compared to with 2012.

Overall analysis of results

In 2013, the Group's profit attributable to owners of the parent amounted to RMB682,582,626.15, representing an increase of RMB82,492,809.62 or 13.7% as compared with RMB600,089,816.53 in 2012. The increase was due to the growth of the Group's throughput, increased oil tanks occupancy rate, the revenue growth of port logistics business generated by the commissioning of new assets, and the growth of government subsidies.

In 2013, the Group's basic earnings were RMB15.42 cents per share, representing an increase of 13.7% from RMB13.56 cents in 2012.

Management Discussion and Analysis

Principal components of the net profit are as follows:

Items	2013 (RMB)	2012 (RMB)	+/- (%)
Net profit attributable to owners of the parent	682,582,626.15	600,089,816.53	13.7
Including:			
Revenue	6,981,980,217.92	4,644,558,994.83	50.3
Cost of sales	5,394,402,786.13	3,056,689,429.56	76.5
Business taxes and surcharges	140,271,071.12	190,580,607.81	-26.4
Gross profit (less business taxes and surcharges) (note 1)	1,447,306,360.67	1,397,288,957.46	3.6
Gross profit margin (less business taxes and surcharges) (note 2)	20.7%	30.1%	down 9.4 percent.
General and administrative expenses	558,363,509.67	491,396,037.19	13.6
Financial expenses	401,762,646.10	377,311,719.61	6.5
Investment income	189,052,696.34	170,873,749.71	10.6
Non-operating revenue	356,969,370.75	208,275,416.50	71.4
Income tax expense	243,915,328.93	221,718,576.73	10.0

Note 1: Gross profit (less business taxes and surcharges) = Revenue - Cost of sales - Business taxes and surcharges

Note 2: Gross profit margin (less business taxes and surcharges) = (Revenue - Cost of sales - Business taxes and surcharges) / Revenue

For the year of 2013, the Group's revenue recorded a significant increase. Such increase was mainly attributable to a significant increase in the trading business, and the change in accounting treatment of agency revenue after the VAT Reform¹ carried out in Dalian. The trading business made the revenue increased by 40.5%, and the change in accounting treatment made the revenue increased by 2.9%. Excluding above factors, the Group's revenue increased by RMB323,101,200.00, or a 7.7%. The increase was mainly attributable to the growth of the Group's throughput, increase in the oil tank occupancy rate, and the revenue growth of port logistics business generated from commissioning new facilities. However, the revenue increase in the logistics business was offset by a decrease caused by the ad valorem separation after the VAT Reform.

For the year of 2013, the Group's cost of sales increased, mainly due to a significant increase in the trading business, and the change in accounting treatment of agency cost after the VAT Reform. The trading business made the cost increased by 61.0%, and the change in accounting treatment made the cost increased by 4.4%. Excluding the impact of such factors, the cost of sales increased by RMB336,353,400.00, or a 12.9%. Such increase was mainly due to the increase in labor costs, berth-leasing costs, and depreciation expenses associated with the commissioning of new facilities, as well as an increase in the operating costs attributed to the growth of the business.

For the year of 2013, the Group's business taxes and surcharges decreased which was mainly attributable to a decrease in business tax and charges caused by the VAT Reform.

¹ The VAT Reform refers to the reform implemented by Chinese government on 1 August 2013 to replace it's the business tax regime for the transportation and other service industries with a value-added tax regime.

Management Discussion and Analysis

For the year of 2013, the Group's gross profit (less business taxes and surcharges) increased which was attributable to the growth of the Group's throughput, increased oil tanks occupancy rate, and the revenue growth of port logistics business generated by the commissioning of new assets.

For the year of 2013, the Group's gross profit margin (less business taxes and surcharges) decreased by a 9.4 percentage points over that of 2012 due to the low gross profit margin trading business and the change in accounting treatment with respect to the agency business after the VAT Reform. Excluding the impact of such factors, the gross profit margin was 31.7%, decreasing 1.5 percentage points over that of 2012. The decrease was mainly caused by the increase in the labor costs, berth-leasing costs and depreciation expenses associated with the commissioning of new facilities, as well as an increase in the operating costs attributed to the growth of business.

For the year of 2013, the Group's general and administrative expenses increased that was mainly due to the increase in labor costs.

For the year of 2013, the Group's financial expenses increased. The increase was mainly due to the increase in interest expenses resulted from an increase in short-term borrowing raising by certain subsidiaries and commencement of operation of new facilities during the year.

For the year of 2013, the Group's investments income increased. Such increase was mainly attributable to investees having achieved good operating results for the current year.

For the year of 2013, the Group's non-operating revenue increased. Such increase was mainly attributable to the government subsidies for the Group's Container Segment and relocation compensation of Heizuzi (黑嘴子) dock.

For the year of 2013, the Group's income tax expenses increased. Such increase was mainly due to an increase in the taxable income caused by an increase of gross profit and non-operating revenue during the current year.

ASSETS AND LIABILITIES

As of 31 December 2013, the Group's total assets and net assets amounted to RMB27,226,109,085.02 and RMB14,661,285,030.00, respectively, and its net asset value per share was RMB3.04, representing an increase of 3.7% as compared with that as of 31 December 2012. The increase was mainly due to the accumulation from business operation.

As of 31 December 2013, the Group's total liabilities amounted to RMB12,564,824,055.02, of which total outstanding bank and other borrowings amounted to RMB9,973,296,016.01.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2013, the Group had a balance of cash and cash equivalents of RMB2,173,924,914.82, which represented a decrease of RMB320,547,645.93 as compared with 31 December 2012.

In 2013, the Group's net cash inflows generated from operating activities amounted to RMB1,613,716,297.27. The Group's operating activities have kept generating stable cash inflows. The Group's net cash outflows from financing and investing activities amounted to RMB1,517,008,733.80 and RMB416,901,398.54, 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 at 31 December 2013, the Group's bank and other borrowings amounted to RMB9,973,296,016.01 of which RMB6,369,911,545.61 was due after one year and RMB3,603,384,470.40 was due within one year. The Group's net gearing ratio was 44.8% as at 31 December 2013 (57.2% as at 31 December 2012).

As at 31 December 2013, the Group's unutilized banking facilities amounted to RMB15,990,557,000.00.

As at 31 December 2013, 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 2013, the Company had utilized approximately RMB 2,159,145,300.00 of the net proceeds and the

balance of the net proceeds was RMB612,946,200.00. In 26 April 2013 the Company was authorized to use idle cash of RMB400,000,000.00 out of the A Share IPO proceeds to supplement the Company’s working capital. The A Share IPO bank account balance was RMB280,386,300.00 (an interest income of RMB67,440,100.00 was earned on the proceeds).

There has been no material change in the proposed use of proceeds from the A Shares IPO as stated in the Company’s prospectus dated 3 December 2010 expect for changes announced by the Company on 31 December 2011. As at 31 December 2013, the details of the use of proceeds were as follows:

Projects	Proceeds from A Shares IPO (RMB)	Use of proceeds as of 31 December 2013 (RMB)	Balance as of 31 December 2013 (RMB)
Construction of oil storage tanks with a total capacity of 1,000,000 m ³ in Xingang	760,000,000.00	483,874,300.00	276,125,700.00
Construction of oil storage tanks with a total capacity of 600,000 m ³ in the Xingang resort area	550,000,000.00	421,572,100.00	128,427,900.00
Construction of phase II of the Shatuozi oil storage tanks project in the XingangShatuozi area	29,600,000.00	29,600,000.00	0
LNG project	320,000,000.00	320,000,000.00	0
No. 4 stacking yard for ore terminal	520,000,000.00	329,900,100.00	190,099,900.00
Purchase of gantry for ore terminal	37,200,000.00	37,200,000.00	0
Purchase of 300 bulk grain carriages	150,000,000.00	150,000,000.00	0
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	0
Construction of information systems	50,000,000.00	49,707,300.00	292,700.00
Increase in the registered capital of Dalian International Container Terminal Co., Ltd.	84,041,500.00	84,041,500.00	0
Total	2,772,091,500.00	2,159,145,300.00	612,946,200.00

Note: In order to reduce the amount of idle cash and the financing cost and to manage cash efficiently, the third meeting of the third session of the Company’s board of directors in 2013 passed a resolution on 26 April 2013 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 RMB400,000,000.00 out of the A Share IPO proceeds to supplement the Company’s working capital. Such an authorization is valid for a period of twelve months commencing 26 April 2013 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 26 April 2013.

Management Discussion and Analysis

CAPITAL EXPENDITURE

In 2013, the Group's capital expenditure amounted to RMB1,308,644,709.68 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 2013 was as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2013 and its comparative results in 2012:

	2013 ('000 tonnes)	2012 ('000 tonnes)	+/- %
Crude oil	27,542	24,231	13.7%
– Foreign trade imported crude oil	21,022	20,088	4.7%
Refined oil	9,480	9,973	-4.9%
Liquefied chemicals	1,035	1,066	-3.0%
Others (Including LNG)	4,665	3,307	41.1%
Total	42,722	38,577	10.7%

In 2013, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 42.722 million tonnes, an increase of 10.7%.

For the year of 2013, the Group's crude oil throughput increased by 13.7% as compared with 2012 to 27.542 million tonnes, of which imported crude oil throughput increased by 4.7% to 21.022 million tonnes. Affected by the rise in Aframax freight index, transshipment customers increased imported crude oil transshipment at the ports of the Group. Due to the continued slackness in the international crude oil trade market, we made an effort to solicit new crude oil transshipment customers. With CNPC International having gradually get over the "7.16" explosion incident, foreign trade imported crude oil transshipment increased significantly.

For the year of 2013, the Group's refined oil throughput amounted to approximately 9.480 million tonnes, a decrease of 4.9% as compared with 2012. In light of the downturn in the domestic economy, and the fall in demand for refined oil, refineries in our hinterland reduced their processing capacity and scaled down their production to reduce loss, resulting in a decrease in refined oil shipment at the terminals of the Group via railways.

For the year of 2013, the Group's liquefied chemicals throughput amounted to 1.035 million tonnes, a decrease of 3.0% as compared with 2012. Although the Company made efforts to expand market share and had been actively soliciting new customers, the Group recorded a slight decrease in throughput, as a result of the unfavorable market conditions.

Liquefied natural gases ("LNG") throughput handled by the Group for the year of 2013 amounted to 4.665 million tonnes, an increase of 41.1% as compared with 2012. As customers increased transshipments at the terminals of the Group, the Group's LNG business throughput increased significantly.

For the year of 2013, the total imported crude oil volume handled by the Group accounted for 100% (100% in 2012) of the total amount of crude oil imported into Dalian and 67.5% (69.8% in 2012) of the total amount of crude oil imported into the Three Northeastern Provinces of China. The decrease in the Group's share in the imported crude oil throughput the Three Northeastern Provinces of China was mainly due to the enhanced transshipment capacity of the ports in surrounding areas.

Management Discussion and Analysis

In 2013, the performance of the Oil Segment was as follows:

Items	2013 (RMB)	2012 (RMB)	+/- (%)
Revenue	1,106,303,244.86	997,182,728.75	10.9
The share in the Group's revenue	15.9%	21.5%	down 5.6 percent.
Gross profit (less Business taxes and surcharges)	507,459,318.97	424,997,134.24	19.4
The share in the Group's gross profit (less Business taxes and surcharges)	35.1%	30.4%	up 4.7 percent.
Gross profit margin (less Business taxes and surcharges)	45.9%	42.6%	up 3.3 percent.

For the year of 2013, the revenue from the Oil Segment increased 10.9% as compared with that in 2012 and was mainly due to an increase in oil tanks occupancy rate, rental income from new oil tanks put into use, and an increase in throughput. The gross profit margin (less business taxes and surcharges) increased 3.3 percentage points. The increase in the gross profit margin was attributable to the increase in revenue.

In 2013, the Group's major measures taken and the progress of major projects related to the Group's Oil Segment were as follows:

- Besides No. 8 storage tank, additional bonded crude oil storage tanks of 800,000 cubic meters and bonded refined oil storage tanks of 5,000 cubic metres were successfully put into operation, thereby signifying an important step towards setting up a bonded warehousing business.

- We stepped up the Dalian Port – Laizhou Bay crude oil transshipment project. Upon the opening of Dalian Port – Laizhou Port crude oil transshipment channel, we successfully secured customers to rent crude oil storage tanks of 400,000 cubic meters at our port, thus expanding the Group's crude oil transshipment business.

- In respect of No. 9 storage tank and the storage tank under Phase II of 北方油品 (Dalian North Petroleum Logistics Co.,Ltd.), construction works were being carried out on schedule.

Management Discussion and Analysis

Container Segment

The following table sets out the container throughput handled by the Group in 2013 and its comparative results in 2012:

		2013 (‘000 TEUs)	2012 (‘000 TEUs)	+/- %
Foreign trade	Dalian	5,177	4,662	11.0%
	Other Ports (note 1)	150	124	21.0%
	Sub-total	5,327	4,786	11.3%
Domestic trade	Dalian	4,735	3,347	41.5%
	Other Ports (note 1)	798	784	1.8%
	Sub-total	5,533	4,131	33.9%
Total	Dalian	9,912	8,009	23.8%
	Other Ports (note 1)	948	908	4.4%
	Total	10,860	8,917	21.8%

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 2013, in terms of container throughput, the Group handled a total of approximately 10.86 million TEUs, an increase of 21.8%, of which approximately 9.912 million TEUs were handled by the Group at Dalian Port, an increase of 23.8% over 2012. In 2013, the continued growth in domestic trade container cargo volume added vitality to the rapid development of our container business. Meanwhile, provincial and municipal governments’ policies of accelerating the development of container industry gave impetus and support to the sustainable development of the Group’s container business.

In 2013, the Group’s container terminal business represented 99% (99.3% in 2012) of the total markets share in Dalian and 58.9% (53.3% in 2012) of that in the Three Northeastern Provinces of China. The Group’s container throughput for foreign trade accounted for 100% (100% in 2012) of the total volume in Dalian and 96.9% (96.6% in 2012) of that in the Three Northeastern Provinces of China.

Management Discussion and Analysis

In 2013, the performance of the Container Segment was as follows:

Items	2013 (RMB)	2012 (RMB)	+/- (%)
Revenue	1,310,854,527.58	1,102,164,370.80	18.9
The share in the Group's revenue	18.8%	23.7%	down 4.9 percent.
Gross profit (less Business taxes and surcharges)	291,481,735.38	274,696,201.24	6.1%
The share in the Group's gross profit (less Business taxes and surcharges)	20.1%	19.7%	up 0.4 percent.
Gross profit margin (less Business taxes and surcharges)	22.2%	24.9%	down 2.7 percent.

For the year of 2013, the revenue from the Container Segment was up 18.9%. Excluding the impact of the change in accounting treatment of agency revenue after the VAT Reform, the revenue increased by 8.4% or RMB93,020,200.00 and such growth was attributable to the growth of the Container Segment's throughput and transportation business. The gross profit margin (less business taxes and surcharges) decreased 2.7 percentage points over that in 2012. Excluding the impact of the change in accounting treatment of agency revenue after the VAT Reform, the gross profit margin (less business taxes and surcharges) was 24.4% and decreased 0.5 percentage points as compared with that in 2012. The decrease was due to the increase in the proportion of domestic handling business.

In 2013, 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 of new routes, the Group introduced two near-ocean routes, and added six domestic trade routes. To this end, our maritime network system was further improved.

- We adhered to the "Bohai Rim Strategy" to build a container transshipment hub at all-out endeavors. Leveraging on the capacity of our vessels, the Group ran the lines from Dalian to Weifang (潍坊), Dalian to Jingtang (京唐) and Dalian to Huanghua (黄骅). The Group also increased departures for trains running between Dandong (丹东) and Chaofeidian (曹妃甸), thus further extending the reach of its sub-lines.
- Teaming up with a railway company, we ran three passenger train lines and the Manzhouli (滿洲裡) cross-border transit lines, offering cargo owners in our hinterland access to a full range of tailored integrated logistics services via sea-to-rail model. With our self-owned trailers, we also joined forces with other transportation companies to develop inland highway transportation.

Automobile Segment

The following table sets out the throughput handled by the Group's automobile terminal in 2013 and its comparative results in 2012.

		2013	2012	+/- %
Vehicles (units)	Foreign trade	21,435	23,366	-8.3%
	Domestic trade	335,713	203,197	65.2%
	Total	357,148	226,563	57.6%
Equipments (tonnes)		7,327	26,393	-72.2%

Management Discussion and Analysis

For the year of 2013, the Group handled a total of 357,148 vehicles, representing a substantial increase of 57.6% as compared to the corresponding period in 2012. The main domestic trade customers have increased the proportion of waterway transportation and the traffic volume with the Group. With a continued growth in North-

South convection traffic flow for the domestic trade, there was a growth in the overall throughput.

In 2013, the Group's vehicle throughput accounted for 100% (99.5% in 2012) of the total market share in the Three North-eastern Provinces of China.

In 2013, The performance of the Automobile Terminal Segment was as follows:

Items	2013 (RMB)	2012 (RMB)	+/- (%)
Revenue	743,873,692.76	30,104,988.63	2,370.9
The share in the Group's revenue	10.7%	0.6%	up 10.1 percent.
Gross profit (less Business taxes and surcharges)	24,088,913.36	10,104,389.11	138.4
The share in the Group's gross profit (less Business taxes and surcharges)	1.7%	0.7%	up 1.0 percent.
Gross profit margin (less Business taxes and surcharges)	3.2%	33.6%	down 30.4 percent.

For the year of 2013, the revenue from the Automobile Terminal Segment increased by 23.71 times as compared to that in 2012 and the increase was attributable to the substantial increase in sales brought about by the port-related trading business. Excluding the impact of the trading business, the increase in revenue was 42.9% or RMB10,248,700.00. The increase was attributed to the growth of storage services and vehicle inspection service. The gross profit margin (less business taxes and surcharges) decreased 30.4 percentage points over that in 2012. Excluding the impact of the trading business, the gross profit margin (less business taxes and surcharges) was 59.8%, representing an increase of 17.8 percentage points over that in 2012. The increase was attributable to the new business in storage and vehicle inspection services.

In 2013, the Group's major measures taken and the progress of major projects related to the Group's Container Segment were as follows:

- Continued efforts were made to enhance our terminal services capabilities and to enhance the influence of our port. While maintaining stable cargo sources of foreign trade through a number of initiatives including service innovation, we stepped up the transformation of our port business model to some extent.

- The Group established Dalian Haijia Automobile Terminal Co. Ltd with Shanghai Anji Automobile Logistics Co. Ltd. We opened the Dalian – Yantai domestic trade routes. As a result, the Group recorded a remarkable increase in the transshipment of SAIC (上汽) branded goods vehicles.

Ore Segment

The following table sets out the throughput handled by the Group's ore terminal in 2013 and its comparative results in 2012.

	2013 (‘000 tonnes)	2012 (‘000 tonnes)	+/-%
Ore	22,104	21,936	0.8%
Others	655	552	18.8%
Total	22,759	22,488	1.2%

For the year of 2013, the Group's ore terminal handled approximately 22.759 million tonnes of ore, an increase of 1.2% as compared with the corresponding period in 2012.

In 2013, the Group's ore throughput accounted for 28.9% (29% in 2012) of the total throughput in the Three North-eastern Provinces of China.

Management Discussion and Analysis

In 2013, the performance of the Ore Segment was as follows:

Items	2013 (RMB)	2012 (RMB)	+/- (%)
Revenue	295,685,178.43	294,272,735.55	0.5
The share in the Group's revenue	4.2%	6.3%	down 2.1 percent.
Gross profit (less Business taxes and surcharges)	105,486,338.05	93,455,156.77	12.9
The share in the Group's gross profit (less Business taxes and surcharges)	7.3%	6.7%	up 0.6 percent.
Gross profit margin (less Business taxes and surcharges)	35.7%	31.8%	up 3.9 percent.

For the year of 2013, the revenue from the Ore Segment increased by 0.5% and was mainly due to the increase in throughput. The gross profit margin (less business taxes and surcharges) increased 3.9 percentage points as compared with that in 2012. The increase was attributable to the growth of throughput and the implementation of cost control measures.

In 2013, the Group's major measures taken and the progress of major projects related to the Group's Ore Segment were as follows:

- Building on our strengths, we were well-positioned to provide personalized services to steel plants in our hinterland. We stabilized the existing customer base, and improved our specialized service projects. We also continuously explored new business opportunities by introducing new products and soliciting new customers.
- With optimal service solutions and value-added services, we solicited transshipment cargo sources, further beefing up our transshipment business. With an integrated trade business information and logistics platform, we expanded ore trading operations, effectively increased our market share in the ore trading business.
- Leveraging on our competitive advantages in terms of location, we solicited ore trading business and bonded ore business. We expanded mixed ore operations on the basis of port area bonded capabilities. We have formed a mine of Dalian port standards. The mine has successfully entered into a stage of water transfer.

General Cargo Segment

The following table sets out the throughput handled by the Group's general cargo terminal in 2013 and its comparative results in 2012:

	2013 (‘000 tonnes)	2012 (‘000 tonnes)	+/- %
Steel	8,414	7,618	10.4%
Coal	13,170	12,720	3.5%
Equipment	2,091	2,158	-3.1%
Others	8,639	9,646	-10.4%
Total	32,314	32,142	0.5%

The throughput handled at the Group's general cargo terminal for the year of 2013 amounted to 32.314 million tonnes, a year-on-year increase of 0.5%.

For the year of 2013, the Group handled a total of 8.414 million tonnes, a year-on-year increase of 10.4%. In the climate of decrease in the demand for steel, the Group made great efforts to foster service and product innovation. We maintained the growth of steel throughput by boosting the efficiency of "Longzu" transportation and opening domestic and foreign trade steel liner services.

For the year of 2013, the volume of coal handled by the Group was approximately 13.17 million tonnes, which represented an increase of 3.5% compared with the year of 2012. While maintaining the existing customer base with stable transshipment business, the Group made vigorous marketing efforts to solicit new customers and new cargo sources, to increase the transshipment volume of coal sourced through land transport mode, transshipment mode and rail-to-sea inter-modal.

Management Discussion and Analysis

For the year of 2013, the volume of equipment handled by the Group was approximately 2.091 million tonnes, which represented a decrease of 3.1% as compared with the corresponding period in 2012. The decrease in the Group's equipment throughput was mainly due to the international financial environment, the shortfall of funds of certain customer and the delay in construction.

The steel throughput and coal throughput handled at the Group's general cargo terminal in 2013 accounted for 18.9% (17.6% in 2012) and 17.5% (16% in 2012) of the total market share in the Three North-eastern Provinces of China respectively.

In 2013, the performance of the General Cargo Segment was as follows:

Items	2013 (RMB)	2012 (RMB)	+/- (%)
Revenue	423,953,353.23	335,990,523.40	26.2
The share in the Group's revenue	6.1%	7.2%	down 1.1 percent.
Gross profit (less Business taxes and surcharges)	-13,170,094.96	26,333,637.78	-150.0
The share in the Group's gross profit (less Business taxes and surcharges)	-0.9%	1.9%	down 2.8 percent.
Gross profit margin (less Business taxes and surcharges)	-3.1%	7.8%	down 10.9 percent.

For the year of 2013, the revenue from General Cargo Segment increased by 26.2% and such increase was attributable to the substantial increase in sales brought about by the port-related trading business. Excluding the impact of the trading business, the revenue increased. The increase in revenue was by 1.1% or RMB3,842,800.00. The gross profit margin (less business taxes and surcharges) decreased 10.9 percentage points as compared to that in 2012. The decrease was attributable to an increase in the labor cost and depreciation expenses associated with the commissioning of new terminal.

In 2013, the Group's major measures taken and the progress of major projects related to the Group's General Cargo Segment were as follows:

- Longzu transport played a stabilizing role in the steel transportation business via rail-to-sea inter-modal. We promoted our steel trade service platform and the construction of logistics park. With value-added services, we solicited new sources of land transportation of steel sourced from small to middle-sized steel plants in our hinterland as well as Bohai Rim region.
- We have been closely monitoring changes in cargo sources, in order to assure the coal transshipment volume of our key customers. We kept abreast of the latest developments of the coal market. We maintained constant contact with our customers to exchange information to ensure the steady transshipment volume of coal via rail-to-sea inter-modal and land transport mode.

- We reinforced our service capabilities and enhanced our port competitiveness. Through cooperation with customers, we built a near-port bulky equipment assembly base in Dalian Bay port area and Changxing Island port region.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in 2013 and its comparative results in 2012:

	2013 (‘000 tonnes)	2012 (‘000 tonnes)	+/- %
Corn	4,072	3,674	10.8%
Soy bean	2,078	1,668	24.6%
Barley	198	221	-10.6%
Wheat	6	59	-89.9%
Others	1,698	1,624	4.6%
Total	8,052	7,246	11.1%

For the year of 2013, the throughput handled by the Group's bulk grain terminal segment was approximately 8.052 million tonnes, an increase of 11.1% as compared with the year of 2012.

Management Discussion and Analysis

For the year of 2013, corn throughput handled by the Group's bulk grain terminal segment was approximately 4.072 million tonnes, an increase of 10.8% as compared with 2012. In the first half of the year, the country had abundant supplies of corn, in particular in the northern China. Although corn production in northeastern China increased in 2012, the quality of corn from that region dropped. At the same time, corn production in northern China increased by 6,000,000 tonnes on a year-on-year basis and the quality from that region improved, combined with the factor of competitive prices, corn from northern China was more competitive. In the second half of the year, as the Group actively solicited various supplies of corn and due to national re-allocation of corn supplies, we effectively made up the corn supply gap in the first half of the year.

In 2013, The performance of the Bulk Grain Segment was as follows:

Items	2013 (RMB)	2012 (RMB)	+/- (%)
Revenue	1,890,389,292.21	723,526,990.34	161.3
The share in the Group's revenue	27.1%	15.6%	up 11.5 percent.
Gross profit (less Business taxes and surcharges)	174,295,248.02	173,038,764.60	0.7
The share in the Group's gross profit (less Business taxes and surcharges)	12.0%	12.4%	down 0.4 percent.
Gross profit margin (less Business taxes and surcharges)	9.2%	23.9%	down 14.7 percent.

For the year of 2013, the revenue from the Bulk Grain Segment increased significantly by 161.3%. Excluding the impact of the trading business, the revenue was up 1.5% or RMB5,382,300.00. The increase was mainly attributable to an increase in vehicle rental income. However, such increase was offset by a decline in the portion of cargoes with high-profit margin. The gross profit margin (less business taxes and surcharges) decreased 14.7 percentage points over that in 2012, mainly due to a decrease in the gross profit margin of logistics business resulting from a significant increase of the low gross profit margin trading business and a decrease in the proportion of the high gross profit margin cargoes.

In 2013, the Group's major measures taken and the progress of major projects related to the Group's General Cargo Segment were as follows:

For the year of 2013, the Group's soy bean throughput was approximately 2.078 million tonnes, which represented an increase of 24.6% as compared with the same period of last year. The Group adjusted its strategy for soliciting business. We maintained our stable relationship with long-term customers at one hand and on the other hand, we tapped into new customers having a relatively large transportation volume. As a result, we had achieved a significant increase in the soybean throughput.

In 2013, the throughput handled by the Group accounted for 16.5% (17.6% in 2012) of the total throughput in the Three North-eastern Provinces of China.

- By entering into annual lease agreements, the Group had locked up the domestic corn transshipment of certain targeted major customers. The Group ensured a stable and efficient corn supplies by timely adjustment of customer portfolio and freight composition with a focus on utilization of silos and grain carriers.
- With the arrival of the 200 grain carriers jointly invested by the Group and certain customers, the number of grain carries operated by the Group reached 1,700.
- The grain trading business of "Dalian Port Oil Trading Co., Ltd." (大連港糧油貿易有限公司), a wholly owned subsidiary of the Company continued to expand driving the growth in the port logistics business.

Management Discussion and Analysis

Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on roll-off throughput handled by the Group in 2013 and its comparative results in 2012:

	2013	2012	+/-%
Passengers ('000 persons)	3,793	4,062	-6.6%
Vehicles ('000 units) (note 2)	947	832	13.8%

In 2013, the performance of the Passenger and Ro-Ro Segment was as follows:

Items	2013 (RMB)	2012 (RMB)	+/- (%)
Revenue	131,045,100.66	131,596,278.98	-0.4
The share in the Group's revenue	1.9%	2.8%	down 0.9 percent.
Gross profit (less Business taxes and surcharges)	33,648,684.24	42,903,643.10	-21.6
The share in the Group's gross profit (less Business taxes and surcharges)	2.3%	3.1%	down 0.8 percent.
Gross profit margin (less Business taxes and surcharges)	25.7%	32.6%	down 6.9 percent.

For the year of 2013, the revenue from the Passenger and Ro-Ro Segment fell 0.4%, mainly due to a decrease in transportation volume. The gross profit margin (less business taxes and surcharges) decreased 6.9 percentage points over that in 2012. The decrease was mainly due to the decreased transportation volume and an increase in depreciation expenses after the roll-on roll-off terminal was put into use.

In 2013, the major measures taken and the progress of key projects related to the Group's Passenger and Ro-Ro Segment were as follow:

- Development of new routes and adjustment of routes resources. We opened a new ro-ro route between Lvshun port and Dongying port. We also changed the route between Dalian port and Tianjin port to a route between Lvshun port and Tianjin port. Furthermore, the original seasonal operations were expanded to annual regular operations.
- We actively promoted the Drop and Pull (甩掛) transportation business model. We signed a strategic cooperation agreement with Yantai Salvage Bureau for the purposes of building up a logistics platform for the Drop and Pull (甩掛) transportation business in the Liaoning and Shandong region.
- We developed an e-ticket system whereby we simplified the process from ticket sales to boarding, therefore improved our efficiency of services.

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.

For the year of 2013, the Group transported approximately 3.793 million passengers, a decrease of 6.6% over 2012, and handled approximately 947,000 vehicles, an increase of 13.8%.

Value-added Services Segment

TUGGING

In 2013, the Group secured an increase in income by voyage charter and optimizing resource allocation. At the same time, we laid down plans to establish tugboat base in an attempt to reduce regional operating cost and to maintain a healthy development trend for our tugging business.

In markets outside Dalian, the Group adjusted our strategy in a timely manner and optimized resource allocation in response to the increasingly volatile market landscape, so as to maintain a stable long-term customer base and to expand our market share. The four tugboats with 7,200 horsepower all have been deployed in operation in 2013.

By the end of December 2013, the Group had a total of 43 full-swing tugboats and four pilot boats. Among these vessels, 13 tugboats were leased out under long-term leases to other ports outside Dalian. The Group retained a leading tugging services position among its peers across the country.

TALLYING

In 2013, the total tallying throughput handled by the Group was approximately 45.142 million tones, an increase of 7.5% over last year.

RAILWAY

In terms of the operation of railway transportation, the Group handled a total of 665,000 carriages, a decrease of 5% as compared with the last year.

Management Discussion and Analysis

In 2013, the performance of the Value-added Services Segment was as follows:

Items	2013 (RMB)	2012 (RMB)	+/- (%)
Revenue	966,774,701.13	890,756,178.33	8.5
The share in the Group's revenue	13.9%	19.2%	down 5.3 percent.
Gross profit (less Business taxes and surcharges)	274,967,325.48	274,034,603.82	0.3
The share in the Group's gross profit (less Business taxes and surcharges)	19.0%	19.6%	down 0.6 percent.
Gross profit margin (less Business taxes and surcharges)	28.4%	30.8%	down 2.4 percent.

For the year of 2013, the revenue from the Value-add Services Segment was up 8.5%, as compared with that in 2012, mainly due to an increase in supervision services and information service. The gross profit margin (less business taxes and surcharges) decreased 2.4 percentage points over that in 2012. The decrease was mainly due to an increase in sales of low profit margin software and hardware and labor cost.

Core Competence Strengths

In 2013, the Group's port operation capability remained stable, and maintained a leading position in the Bohai Rim region. Our port service capability continued to improve, in particular in the following aspects: (i) we accelerated the construction of the comprehensive logistics system, and expanded the network coverage, which included the initial voyage of the Group's Arctic routes, the introduction of the Laizhou Bay oil transit routes, the comprehensive layout of the container feeder service in the two inner seas rims (i.e. the Bohai Rim and Huanghai Rim) and the introduction of the "Port Arthur – Dongying" route with respect to the Group's roll-on roll-off services; (ii) by laying a solid foundation for construction of an integrated infrastructure for industrial, commerce and trading business, our trading businesses recorded a significant growth. The scale of food, vehicles and steel trading business gradually expanded. Furthermore, we actively explored new trading varieties; (iii) with the improvement in our capability in respect of accessing to and integration of resources, we had achieved breakthrough in integrated innovation. With strengthening the integration of logistics and information services, as well as the expanded scale of crude oil bonded warehousing, the value added by our port services increased; and (iv) we had made a remarkable progress in cooperation with other institutions in the field of financing, paving the way for sustainable development. Our capability in cold chain logistics continued to improve as we introduced Hang Pu Phase II and Yi Du Phase

II cold storage projects. We teamed up with SAIC to construct and operate automobile dock Phase II on a joint venture basis and we extended our port investment to southern China by taking part in the Ningde 300,000 tonnes oil terminal project.

Future Development

(I) COMPETITIVE LANDSCAPE AND THE INDUSTRY TREND

In 2014, the global economic recovery gradually regained stronger momentum in wake of previous fluctuations. Major developed economies showed evident signs of broad-based recovery. At the Eighteenth Third Plenary Session, a plan for deepening the comprehensive reforms was clearly outlined and benefits from the reforms would manifest gradually. The reforms would also facilitate the development of trade and investment. The PRC government has introduced a series of policies, which are expected to stimulate the economic growth of the eastern coast of China, thus significantly uplift China's foreign trade.

The Group's principal hinterland includes the Three Northeastern Provinces of China and 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. With a comprehensive range of cargo types in our operations, we have a stronger risk-resisting capability. With the support of the above-mentioned positive trends and policies, the Group expects that the total throughput will continue to maintain a steady growth. In particular, driven by the growth in domestic demand, oil chemicals business and the ro-ro business will continue to maintain a rapid growth while bulk general cargo such as iron ore, coal and grain will maintain certain growth and container business will remain stable.

Management Discussion and Analysis

(II) POSSIBLE RISK EXPOSURES

In light of the persistence of downside risks in the global economy, policy adjustments in developed countries have brought uncertainty to the world economic development. With a marked slowdown in the growth in emerging economies, the negative impacts of international geopolitical policy and international trade protectionism still exists. This may hinder China's economic development, and hence may affect the throughput growth in foreign trade including containers and commodity automobiles. Domestically, given that the domestic economy is subject to a number of adjustment resulting from the "improving the growth mode and making adjustment of structure" policy, stabilization of housing prices, reduction of excess capacity, and mitigation of environmental pressures, the demand for some bulk commodities may fall, which will in turn exert influence on the Group's steel, coal and ore business. Meanwhile, with the continued enhancement of the capabilities of a couple of intra-provincial ports as well as other intra-Bohai Bay ports, the Group will be exposed to increased competition.

(III) THE DEVELOPMENT STRATEGY OF THE GROUP

The Group will continue to step up in-depth restructuring and development and to bolster product and service innovation. Based on the guideline of our "trade development planning" and "logistics development planning", we will continue to implement our market development approach of "building our presence", to set up a comprehensive logistics service system, build up an integrated platform for industrial, commerce and trading business, expand the value-added services and to boost operational efficiency, in order to put in place a logistics network covering the northeast region and the Bohai Rim region, and a value-added services system involving near-port industries, trade, finance and information services.

Opportunities, challenges faced and major market development measures to be taken by the Group in 2014

Oil Segment

- Taking advantage of the crude oil berths with a capacity of 300,000 tonnes, large capacity of storage tanks and the bonded warehousing resources, we will continue to maintain service efficiency. We will continue to maintain the current stable customer base and to make every effort to solicit new crude oil transshipment businesses.
- As No. 9 storage tank will soon be put into operation, we will accelerate the expansion of the capacity of our public bonded warehouses, expand the cooperation in oil transshipment and storage, further broadened our customer base in the Bohai Bay area to secure new crude oil transshipment business.
- We will vigorously promote the crude oil futures settlement project at Dalian port.

Container Segment

- In relation to route development, in response to the challenges emerging from large-scale vessels and shipping alliances, we will enhance our berthing capability to maintain the stable operation of existing routes. We will take a more aggressive strategy to develop new routes.
- We will actively implement the development strategy relating to the two inner seas rims, i.e. the Bohai Rim and Huanghai Rim. By taking measures such as enhancing our shipping capacity and increasing the number of containers, we will continue to open new public branch routes, increase departures, improve the public route network, and to expand the market in our hinterland.
- We will strengthen cooperation with shipping companies, railways and major cargo owners in our hinterland. We will adhere to an innovative logistics development model, and explore new business models, in order to transform our port into a logistics and trading hub and improve handling capability.

Automobile Terminal Segment

- We will continue to strengthen cooperation with automobile manufacturers in our hinterland, and strive to enhance the influence of our port, so as to achieve sustainable rapid growth in throughput.
- Through a multi-level cooperation, we will actively expand our third-party logistics services and KD (Knock Down) logistics business.

Management Discussion and Analysis

- We will further enhance our capability of value-added services, so as to promote a rapid growth in the trading volume of automobiles.

Ore Segment

- We will strengthen our partnerships with three major mines and increase our understanding of the needs of steel plants in order to enter into the ore bonded business. Through ore screening and mixing services, we will enhance our value-added services in order to meet the constantly changing demand of steel plants, thus becoming the second processing base for steel plants.
- We will continue to develop our commerce platform solicit the business from small and medium-sized steel plants by developing spot trading, in order to increase ore transshipment volume.

General Cargo Segment

- We will step up the construction of our steel logistics park, and build a commerce and industry integrated services platform, so as to solicit steel transportation business.
- Leveraging on our port facilities, we will establish effective cooperation with shipping companies and cargo owners with an aim of creating a win-win situation for three sides with complementary advantages and resource sharing. We will gradually establish connections with overseas project contractors, and enhance our influence in the bulky equipment transportation industry.
- We will accelerate the construction of timber fuming and heating treatment zone in Changxing Island Port, carry out timber fuming and heating treatment activity, solicit customers to invest and set up facilities at our port.

Bulk Grain Segment

- Taking advantage of the government subsidy policy in the first half of the year, we had been enhancing marketing efforts to solicit domestically-traded corns and rice from major grain trading enterprises and feed production enterprises. By seizing the opportunity of the growth in demand for imported goods, we strive for soliciting the imported soybeans and barley transportation business.

- We will continue to carry out the annual bulk grain carriers leasing arrangement to lock-up the annual transportation volume from major customers. We will further improve the operational capabilities of grain carriers and market responsiveness to improve the efficiency. We will also establish a communication mechanism with the railways to improve our port operational efficiency.

Passenger and Ro-Ro Segment

- We will expand the scale of land-island transport capacity to improve the public transportation between island and inland. We will also develop land-island tourism routes, so as to increase the land-island tourist volume.
- We will further expand logistics distribution and Drop and Pull transportation business (甩掛業務) to transform the ro-ro transportation into a logistics business. While maintaining our share in the traditional passenger and ro-ro market, we will make vigorous efforts in developing marine tourism projects, thereby further increasing the proportion of tourists.

Value-added Service Segment

- Benefiting from the development of regionalization and port consolidation, the Group will be able to improve our profitability by reducing tugboat deployment costs with rationalization of the number of tugboats and tugs power ratio at various tugboat bases. Meanwhile, the Group will intensify its marketing efforts outside Dalian in order to achieve a new breakthrough.
- The Group plans to build two full-swing tugboats of 5,000 horsepower with ice-breaking, fire services and towing capabilities.

Management Discussion and Analysis

(IV) OTHER ASPECTS

Human Resources

Taking into consideration of the Company's development strategies and target, the Group took efforts to facilitate each employee's development of his or her potential and formulated an employment mechanism for staff selecting, training and appointment so as to support the Company's sustainable development.

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 increase positive incentives in various aspects.

We also place emphasis on provision of training to our staff with both internal training and external courses at our disposal to build up a talent pool that lay a strong base the Company's business development.

As at 31 December 2013, the Group had a total of 4,477 full-time employees. The Group and its invested businesses together had a total of 6,589 employees. The Group reviews its employee remuneration policy annually by taking into account the Group's performance, staff annual appraisal results and the labor market in Dalian and determines or adjusts our remuneration policy accordingly.

Investor relations

The Company pays great attention to its investor relation management, and regards it as a key 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 disclose true and accurate information in a timely manner. We have established various channels for communication with investors to allow them to have an in-depth understanding of the Company's business performance and future development strategies. In addition, the Company regularly collects feedbacks from investors and carefully considers their suggestions so as to 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 2013, in order to allow all interested parties to have a better understanding of the Company's performance, development strategies and prospects, we 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.

Management Discussion and Analysis

Corporate social responsibility

I. Undertaking of social responsibility

We are committed to implement a supervisory and management system for social responsibility underpinned by a main framework covering quality, occupational health and safety and integrated environmental management mechanism. For which we have set up an experienced management team with extensive knowledge and strong execution capability, which may ensure the Company can fully perform its social responsibility. The Company made a total tax payment of RMB510 million in 2013, which reflects our contribution to the national and local development.

II. Caring for customers

1. Quality of products and customer services

In 2013, the Company lifted its quality and standards of port services in accordance with the requirements for quality of service of port industry through enhancing control over the entire service process. As such, we may meet customers' demand and safeguard their interests to the largest extent. We continue to strengthen our service and quality control system by improving our research network on customers' satisfaction with a view to raising their satisfaction. There were no material transportation incidents or significant complaints from customers during the year.

2. Production safety

In 2013, the Company not only successfully achieved fast growth in its operation and production, but also satisfactorily met each and every one of the safety standards. There were 79 safety training courses organized during the year and each employee attended 2 times on average. Inspection rate of special equipment was 100%.

III. Caring for staff

1. Safeguard the interest of employees

We place great emphasis on occupational health management and monitoring, and therefore we arranged tests for hazardous factors and monitored the occupational health of our employees. During the year, there were 143 items tested and over 1,650 members of staff received body check before assuming office, during their employment and before they left the Group. The rate for notification of occupational health hazard was 100%. We also completed report of changes in occupational health hazards.

We continued to improve on the labor management system by entering into employment contracts with all of the staff and maintaining insurance covering pension, medical, work injury, unemployment and maternity and housing funds. We protect our employees' legal interests by establishment of an appropriate system and rigorously complying with its requirements.

We are committed to manage the Group in a democratic manner. We convene meeting of employee representatives on a regular basis. Matters of significance relating to corporate issues and interest of staff (wages, benefits, work safety and social insurances) shall be proposed at the meeting of employee representatives for consideration and determination. We will implement and handle proposals from employee representatives in a serious manner to ensure the employees' right to democratic management is exercised. As a result, we were named as "An AAA-grade Unit for Law Abidance and Honesty in Labour Protection in Dalian City" several times.

Management Discussion and Analysis

2. Improvement in remuneration allocation and staff training

We improved our remuneration and benefit system, enhanced remuneration incentive management, strengthened the principle guiding the performance-oriented remuneration allocation. We determine employees' remuneration based on their position and performance. We sufficiently and timely distribute employees' remuneration during the year.

We held over 100 different training sessions during 2013 with number of participation amounted to over 9,900. Currently, 56% of the staff has tertiary qualification.

IV. Ecological development

1. Environmental protection

In the aspect of port construction and development, we conduct environmental impact assessment and environmental protection measures concurrently with the project design, construction and commencement of operation. During the process of construction, we pay attention to the control of pollution sources and organize construction work in a scientific manner. Meanwhile an environment tracking and monitoring management system has been put in place to avoid the environment subject to any damages and the ancillary environmental facilities have been constructed. We are committed to make good use of coastal resources and focus on the protection of eco-environment, water environment and sea environment.

In the process of continuous improvement in control and management of pollution sources, we monitor environmental pollution sources, reinforce the monitor and inspection work of environmental facilities to ensure the normal operation of environmental facilities set up in each harbour area, such as sewage treatment facilities, de-sulfur boiler and dust remover facilities, bulk cargo yard dust controlling net, as well as ensuring pollutant emissions up to the required standards, with an aim to reducing pollutant emission and thus fulfilling the environmental protection requirements for port production.

2. Energy conservation and reduction

Before purchasing any new equipment, we will prepare detailed technological specifications for required equipment in written form, in which we actively apply new technologies that are safe, energy-saving and environmental. When modifying equipment, we also actively apply new technologies that are both energy-saving and environmental. For example, the technology of frequency conversion has been widely used on motors; internal combustion machines are modified into motor machines, boilers are modified with energy-saving and central heat supply.

In 2013, our demonstrative building works on standardised management of solid waste received approval in the expert examination by the Department of Environmental Protection of Liaoning Province. The unit consumption of comprehensive energy for production was 3.78 tonnes of standard coal per 10,000 tonnes of throughput and the unit energy consumption for loading, unloading and production was 1.64 tonnes of standard coal per 10,000 tonnes of throughput, representing a decrease of 4.5% and 5.2% over the last year, respectively.

V. Community charity

The Company actively participated in and organised various community charity activities, including a promotion campaign for "June 5" World Environment Day and the "Earth Hour" event proposed by the Environmental Protection Volunteers Association. We also took part in the assessment activity for "Inaugural Outstanding Enterprises in Environmental Culture Practice in the PRC", arranged by "Environmental Education" magazine, and were awarded the honour of "Inaugural Outstanding Enterprises in Environmental Culture Practice in the PRC".

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 2013.

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 2013 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 2013 are set out in the consolidated income statement of the financial statements.

The Board now recommends the payment of a final dividend of RMB6 cents per share, aggregating to approximately RMB265,560,000.00 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 2013.

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 2013, the Company’s reserves available for distribution were RMB2,163,385,650, 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 2013, the total amount of outstanding bank loans and other borrowings of the Group was RMB9,973,296,020. 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 2013, the total amount of interest capitalised of the Group was approximately RMB134,663,380.

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 2013 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 2013 are set out in Note V. 14 to the financial statements.

Share capital

The share capital structure of the Company as at 31 December 2013 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 2013, 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

Mr. Zhang Fengge (*resigned from his office as director of the Company on 25 January 2013*).

Mr. Xu Song

Mr. Zhu Shiliang

Ms. Su Chunhua (*was appointed as the director of the Company on 25 January 2013*).

NON-EXECUTIVE DIRECTORS

Mr. Xu Jian

Mr. Zhang Zuogang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Yongze

Mr. Gui Liyi

Mr. Wan Kam To, Peter

Mr. Yu Long (*was appointed as the director of the Company on 28 June 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 (resigned from his office as the supervisor of the Company on 25 January 2013).

Mr. Sun Junyou (was appointed as the supervisor of the Company on 25 January 2013).

Mr. Zhang Guofeng (was appointed as the supervisor of the Company on 25 January 2013).

Mr. Zhang Xianzhi

Mr. Lv Jing

Mr. Xu Fangsheng

Mr. Jiang Weihong (Note 4)

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 2013, 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 2013, none of the directors, supervisors, senior management or any of their respective associates had any interests and short positions in shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Directors' and supervisors' rights to acquire shares and debentures

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

Directors' interests in competing businesses

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

Report of the Directors

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 2013, information in respect of the five highest paid individuals of the Group is set out in note 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 CONTINUING CONNECTED TRANSACTIONS UNDER LISTING RULES 14A.31

On 30 October 2012, the Company entered into an equity transfer agreement with its parent company Dalian Port Corporation Limited ("PDA") to sell 100% equity interest in Dalian Port Petrochemical Co., Ltd. at cash consideration of RMB597,614,200.00. The equity transfer has been approved at the company's 2013 first extraordinary general meeting on 25 January 2013 and approved by the State-owned Assets Supervision and Administration Commission of Dalian on 10 April 2013. The disposal date was 10 April 2013.

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 2013.

	Connected transactions	Connected persons	Cap for 2013 (RMB'000)	Actual amount for 2013 (RMB'000)
A	Construction supervision and management services	PDA Group	58,300	25,632
B	Property and equipment Lease	PDA Group	46,270 ⁽¹⁾	44,473
C	Supply of goods and services	PDA Group	46,646	23,919
D	Receiving of goods and services	PDA Group	242,015	77,865
E	Terminal facilities design and construction services	PDA Group	305,800	196,482
F	Finance lease ⁽²⁾	PDA Group	6,000	1,670
	Total		705,031	370,041

(1) On 29 October 2013, the Company and PDA revised the annual cap for property and equipment leasing from RMB41,270,000 to RMB46,270,000. Please refer to the details in paragraph headed "B. Property and equipment leasing" below.

(2) On 29 October 2013, the Company and Dalian Equipment Finance Lease Company Limited, a subsidiary of PDA, enter into the Finance Lease Agreement. Please refer to the details in paragraph headed "F. Finance leasing" below.

Report of the Directors

A. Construction supervision and management services

The construction supervision management services were provided by Dalian Port Construction Supervision and Consultation Co., Ltd. (“DCSC”) and Dalian Port Construction Management Company Limited (“DCM”) to PDA Group pursuant to the Construction Supervision Services Agreement and Construction Management Services Agreement dated 30 September 2009 respectively. On 29 August 2012, a new construction management service agreement was entered into between DCSC and PDA Group pursuant to which DCSC has taken over the role of DCM under the original Construction Management Services Agreement from 27 August 2012. On 30 October 2012, DCSC entered into a Construction Supervision and Management Services Agreement with PDA, whereby DCSC provided construction supervision and management services to PDA Group. The annual cap for the construction supervision and management services and the actual amount of the transaction for the year ended 31 December 2013 was RMB58,300,000.00 and RMB25,631,861.40 respectively.

The main terms and conditions of the Construction Supervision and management 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 1 January 2013 and will end on 31 December 2015. 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 and 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 same area in the ordinary course of business.

B. Property and equipment lease

The Group leased certain land use rights, buildings and equipment from PDA Group for certain business operations and offices pursuant to the Property Lease Agreements dated 30 September 2009 and 9 June 2011. On 30 October 2012, the Group entered into a new Properties and Equipment Lease Agreement with PDA, and PDA leased certain land use rights, buildings and equipment from the Group. The annual cap for the property and equipment leasing for the year ended 31 December 2013 was RMB41,270,000.00.

On 29 October 2013, the company and PDA revised the annual cap for Property and equipment leasing from RMB41,270,000 to RMB46,270,000. The annual cap for the property and equipment leasing and the actual amount of transaction for the year ended 31 December 2013 was RMB46,270,000.00 and RMB44,473,319.41 respectively.

The main terms and conditions of the Property and Equipment Lease 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 1 January 2013 and will end on 31 December 2015. 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 Group to a third party, the 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.

Report of the Directors

C. Supply of goods and services

The supply of goods and services were provided by the Group to PDA Group pursuant to the Mutual Supply Master Agreement dated 30 September 2009. On 30 October 2012, the Group entered into a new Supply of Goods and Services Agreement with PDA, and the Group supplied goods and provided services to PDA Group. The annual cap for the supply of goods and services and the actual amount of transaction for the year ended 31 December 2013 was RMB46,646,000.00 and RMB23,919,205.53 respectively.

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 1 January 2013 and will end on 31 December 2015. 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.

D. Receiving of goods and services

The Group purchased from PDA Group certain goods and service pursuant to the Mutual Supply Master Agreement dated 30 September 2009 and 27 April 2012. On 30 October 2012, the Group entered into a new Receiving of Goods and Services Agreement with PDA Group, PDA Group supplied goods and provided services to the Group. The annual cap for the receiving of goods and services and the actual amount of transaction for the year ended 31 December 2013 was RMB242,015,000.00 and RMB77,865,040.05, respectively.

The major terms of the Receiving of goods and services 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;

Report of the Directors

- The terms and conditions on which the supplies and services are to be provided to the Group will be no less favourable than those available from independent third parties;
- The initial term of the Receiving of goods and services Agreement will commence from 1 January 2013 and will end on 31 December 2015. 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.

E. Terminal facilities design and construction services

The terminal facilities design and construction services were provided by the PDA Group pursuant to the Terminal Facilities Design and Construction Services Agreement dated 30 September 2009. On 30 October 2012, the Group entered into a new Terminal Facilities Design and Construction Services Agreement with PDA, and PDA Group provided terminal facilities design and construction services to the Group. The annual cap for the terminal facilities design and construction services and the actual amount of transaction for the year ended 31 December 2013 was RMB305,800,000.00 and RMB196,481,735.74, respectively.

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

- The terms and conditions on which such services are to be provided will be no less favourable to the Group than those available to the independent third parties;
- The initial term of the agreement will commence from 1 January 2013 and will end on 31 December 2015. 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.

Report of the Directors

F. Finance lease

The finance lease was provided by Dalian Equipment Finance Lease Company Limited (“DLEFL”), a subsidiary of PDA, to the Group in respect of leasing containers and computer software and hardware acquired by DLEFL pursuant to the Finance Lease Agreement dated 29 October 2013.

The annual cap for the finance lease and the actual amount of transaction for the year ended 31 December 2013 was RMB6,000,000.00 and RMB1,670,309.26, respectively.

The major terms of the Finance Lease Agreement are as follows:

- PDA agrees to provide, and/or procure its subsidiaries and/or associates to provide, finance lease to the relevant members of the Group, the terms will no less favourable to them than those available to independent third parties;
- The initial term of the agreement will commence from 30 October 2013 and will end on 31 December 2018. Upon expiration of the initial term, subject to compliance by the Company with applicable requirements under the Listing Rules, the renewal of the agreement depends on whether the company has completed compliance procedures under the Listing Rules or the independent shareholders’ approval can be obtained (if required);
- rental payable by the relevant members of the Group shall be determined by reference to market price, and the amount and way of payment shall be provided in each individual agreement by the parties thereto; and
- with respect to each individual finance lease, the relevant member of the Group shall enter into separate written agreements with PDA and/or its subsidiaries and associates, the terms of which are in all material respects consistent with the binding principles, guidelines, terms and conditions contained in the Finance Lease Agreement.

G. Financial Services

The Company has entered into the Financial Services Agreement with the Finance Company Preparation Committee on 27 October 2011. The Financial Service Agreement became effective on 1 January 2012 and will end on 31 December 2014. The financial services were provided by the Dalian Port Group Finance Company Limited (the “Finance Company”), a joint venture established by PDA and the Company, to the Group pursuant to the Financial Services Agreement. The daily cap for the deposit services and loan services was RMB4,000,000,000.00 and RMB5,000,000,000.00, respectively. During the year ended 31 December 2013, the highest daily closing balance of the Group’s deposit and loan with the Finance Company was RMB1,491,809,330.03 and RMB787,000,000.00, respectively. The annual cap for the aggregate handling fees in connection with the settlement services and the actual amount of such handling fees for the year ended 31 December 2013 was RMB700,000.00 and RMB123,500.00, respectively.

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

- Financial services to be provided by the Finance Company to the Group include:
 - (a) Deposit services: including current deposit, fixed term deposit, call deposit and agreement deposit;
 - (b) Financial intermediation services: including loan, bill acceptance, bill discount, financial leasing;
 - (c) Payment and receivable settlement services; and
 - (d) other financial services within the scope of Financial Company 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;

Report of the Directors

- The initial term of the Financial Services Agreement will commence from the Completion Date will end on 31 December 2014. The agreement may be amended or cancelled upon consent by both parties through consultation and written agreement; but neither party is allowed to unilaterally amend the agreement; and
- The financial services shall be priced in accordance with the following principles:
 - (a) The deposit rates: not lower than the uniform interest rate prescribed by the People's Bank of China interest rates for comparable deposits or similar deposits in the same period, not lower than the interest rates paid by other major commercial banks in China for comparable deposits, and not lower than the interest rate paid by the Finance Company to any subsidiary of PDA (other than any member of the Group) for comparable deposits;
 - (b) Loan interest rates: not higher than the rate charged by major commercial banks for comparable loans, and not higher than the interest rate payable by any subsidiary of PDA Group to the Finance Company;
 - (c) The settlement services are provided by the Finance Company free of any charge; and
 - (d) The other financial services: service fee will not be higher than the fee charged by other financial institutions in China for comparable services;
- The Group and the Finance Company shall keep in strict confidence information, data, financial data, product information of the other party, and shall strictly abide the confidential provisions under the agreement.
- The detail of the transactions under the above-mentioned Financial Services Agreement will be disclosed in the Company's next annual report.

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.

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

Related Party Transactions

During the year ended 31 December 2013, 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 VI to the financial statements. Certain of these related party transactions also constituted 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	4.42%
The top five suppliers as a percentage of the Group's purchases	13.09%
The largest customer as a percentage of the Group's turnover	9.48%
The top five customers as a percentage of the Group's turnover	28.26%

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 2013, so far as is known to the directors of the Company, the following persons (other than the directors or supervisors) had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	As a % of relevant class of share capital ¹	As a % of total share capital ²
Dalian Port Corporation Limited	A shares	2,408,745,000 (long position)	Beneficial owner	71.62%	54.42%
N.Y.K. Line (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	10.80%	2.59%
Nippon Yusen Kabushiki Kaisha	H shares	114,800,000 (long position)	controlled corporation	10.80%	2.59%
Macquarie Group Limited	H shares	63,638,090 (long position)	Beneficial owner	5.98%	1.43%

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

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

Report of the Directors

3. 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 2013.

Save as disclosed above, as at 31 December 2013, 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 2013 have been audited by Ernst & Young Hua Ming LLP as the Company’s auditor, who was appointed at the annual general meeting for the year 2012.

Other matters

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.

By Order of the Board

Hui Kai

Chairman

Dalian, PRC

27 March 2014

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 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”) (the “Corporate Governance Code”). 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 Issuers 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)

Mr. Zhang Fengge (Note 1)

Mr. Xu Song (General Manager)

Mr. Zhu Shiliang

Ms. Su Chunhua (Note 1)

Non-executive Directors

Mr. Xu Jian

Mr. Zhang Zuogang

Independent non-executive Directors

Mr. Liu Yongze

Mr. Gui Liyi

Mr. Wan Kam To, Peter

Mr. Yu Long (Note 2)

Note 1: 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.

Note 2: Mr. Yu Long was appointed by the shareholders of the Company as the director of the Company with effect from 28 June 2013.

Corporate Governance Report

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.

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

During the reporting year, the Board held a total of five 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	5	5	0	100%
Xu Song	5	5	0	100%
Zhu Shiliang	5	4	1	80%
Zhang Fengge (Note 1)	0	0	0	0%
Su Chunhua (Note 1)	4	4	0	100%
Xu Jian	5	4	1	80%
Zhang Zuogang	5	4	1	80%
Liu Yongze	5	4	1	80%
Gui Liyi	5	5	0	100%
Wan Kam To, Peter	5	5	0	100%
Yu Long (Note 2)	2	2	0	100%

Corporate Governance Report

During the reporting year, the Company convened four 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	Attendance Rate
Hui Kai	4	4	100%
Xu Song	4	4	100%
Zhu Shiliang	4	4	100%
Su Chunhua (Note 1)	4	4	100%
Xu Jian	4	4	100%
Zhang Zuogang	4	4	100%
Liu Yongze	4	3	75%
Gui Liyi	4	4	100%
Wan Kam To, Peter	4	4	100%
Yu Long (Note 2)	1	1	100%

Note 1: 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.

Note 2: Mr. Yu Long was appointed by the shareholders of the Company as the director of the Company with effect from 28 June 2013.

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 2013, the directors have selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable and prepared the accounts on a going concern basis.

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

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.

Corporate Governance Report

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 period, the Directors actively participate in continuous professional development by self-learning, attending seminars and trainings relating to relevant topics to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed with relevant skills. The Company is responsible for arranging relevant trainings and providing updates and information in respect of the continuous professional development to help each director better perform in their roles, functions and duties, in line with the Company's development needs.

During the reporting period, the relevant Directors participated in the following continuous professional development:

Particulars of the continuous professional development	Types	Participants
Limitation on authorities, liabilities and rights of directors, supervisors and senior management of H share companies under Hong Kong securities regulatory rules	Courses by counselors of the Company	All directors
Seminars on insider trading and disclosure of information by listed companies	Courses by counselors of the Company	All directors
Guidelines on Disclosure of Inside Information	Self-learning of the full text of the Guidelines	All directors
Trainings of directors and supervisors of listed companies	Training courses by regulatory bodies	All directors

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.

Corporate Governance Report

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 2013. Discussions were held with the external auditors and on matters relating to the annual financial audit and internal control of the Company for 2012. Examination was carried out and recommendations were made to the Board on the appointment of auditors for 2013.
2. Review of connected transactions - During the reporting year, the Audit Committee completed the review of Connection Transaction Management Method (revised edition), A Shares Daily Connection Transaction Amount for Year 2013, Revision of Annual Gaps for Rental Continuing Connected Transactions, and New Finance Lease Continuing Connected Transactions and so on. The Audit Committee provided the Board of the Company with professional audited opinions to make decisions.
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 2012, the first quarterly report for the year 2013, the interim report for the first half of year 2013, the third quarterly report for the year 2013, and the separate report on the use of the proceeds, and the internal assessment report on internal control.

During the reporting year, the Audit Committee held five 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	Attendance Rate
Mr. Liu Yongze (Chairman)	5	5	100%
Mr. Wan Kam To, Peter	5	5	100%
Mr. Zhang Zuogang	5	5	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), and Mr. Hui Kai. Mr. Gui Liyi served as the chairman of the Nomination and Remuneration 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.

The Group recognizes the benefits of achieving diversity among its Board members. The Nomination and Remuneration Committee adopted a policy concerning the diversity of Board members which targets at achieving a balance of skills, talents, experience and diversity of perspectives which is appropriate to the requirements of the Group's business. To implement this policy, the Committee shall consider candidates for the appointment of directors from a wide range of backgrounds, including but not limited to gender, age, cultural and educational background, professional and industry experience, skills, knowledge and length of services. Final decision is based on merits and contributions that the selected candidates will bring to the Board.

The Nomination and Remuneration Committee had reviewed the composition of the Board. Based on the diversified background, qualifications and expertise of the Directors, the Committee considered the Board to comply with the standard of the Corporate Governance Code in respect of the diversity of the Board and is appropriate to the Company's requirements.

During the reporting year, the Nomination and Remuneration Committee assessed the nomination and appointment of Directors and deputy general manager of the Company, and made recommendations to the Board.

Corporate Governance Report

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	Attendance Rate
Mr. Gui Liyi (Chairman)	2	2	100%
Mr. Hui Kai	2	2	100%
Mr. Wan Kam To, Peter	2	2	100%

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

Strategy Development Committee

The Strategy Development Committee consisted 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 Strategy Development Committee held two meetings. 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	Attendance Rate
Mr. Xu Jian (Chairman)	2	2	100%
Mr. Xu Song	2	2	100%
Mr. Zhu Shiliang	2	2	100%

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 projects to the Board.

Financial Management Committee

The Financial Management Committee consists of three Directors. During the reporting period, the members include Ms. Su Chunhua (executive director), Mr. Liu Yongze (independent non-executive director) and Mr. Wan Kam To, Peter (independent non-executive director). During the reporting year, Ms. Su Chunhua 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.

Corporate Governance Report

During the reporting year, the major tasks performed by the Financial Management Committee included the review of, among others, the 2013 annual budget, the 2012 annual profit distribution plan, and the 2012 annual report (including the financial statements contained therein), and the recommendations to the Board.

During the reporting year, the Financial Management Committee held five 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	Attendance Rate
Ms. Su Chunhua (Chairman) (Note)	4	4	100%
Mr. Zhang Fengge (Note)	0	0	0%
Mr. Liu Yongze	5	5	100%
Mr. Wan Kam To, Peter	5	5	100%

Note: Mr. Zhang Fengge ceased to be a member of the committee following his resignation as director of the Company on 25 January 2013. Ms. Su Chunhua was appointed to the committee to fill the vacancy.

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 2012 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 2013 and assume the responsibility for being the external auditor pursuant to the requirements under the Listing Rules on the Stock Exchange. On the same day, Ernst & Young Hua Ming LLP was also appointed by the shareholders at the annual general meeting for the year 2012 as the auditor for internal control on financial reporting of the Company for the year of 2013.

During the reporting period, 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 RMB4,020,000 and the fees paid and payable for internal control audit were approximately RMB1,000,000. During the reporting period, 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, Ms. Gui Yuchan and Mr. Lee Kin Yu, Arthur had complied with the requirements on minimum time dedicated for related professional training as set out in Rule 3.29 of the Listing Rules. Ms. Gui Yu Chan and Mr. Lee Kin Yu, Arthur also positively participation studies and renews the professional knowledge for Listing Rules and corporate governance to continuing improved their professional skills to meet the position requirement for the joint company secretaries.

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 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: 86-411-87599899)
Joint Company Secretaries/qualified accountant:	Mr. Lee Kin Yu, Arthur	(Tel: 86-411-87599866)
		(Fax: 86-411-87599897)

Company website: www.dlport.cn

E-Mail: ir@dlport.cn

K. INVESTOR RELATIONS

1. Amendments to the articles of association of the Company

The Company's 2012 Annual General Meeting was held on 28 June 2013 to consider and approve the amendments to paragraph 1 of Article 161 of the Articles of Association to "The Company shall establish the Board, which shall be accountable to and report to the general meetings. The Board shall be composed of ten directors, four of which are independent directors. The Board shall have one chairman".

2. Convening of General Meetings

During the reporting year, one 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 50, 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 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 42, 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 Dalian Port Container Development Co., Ltd., Dalian Ocean Shipping Tally Co., Ltd., and deputy chairman of Dalian China Oil Dock Management Co., Ltd., as well as a director of 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 54, 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 chairman of the board of Odfjell Terminals (Dalian) Ltd., deputy chairman of Dalian Port Petro China International Terminal Co., Ltd., as well as a director of Dalian China Oil Dock Management Co., Ltd., Dalian Ocean Shipping Tally Co., Ltd. and China United Tally Co., Ltd. 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 Chunhua (蘇春華女士), aged 51, 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, a supervisor of Dalian Portsoft Technology Co., Ltd. Ms. Su graduated from Dalian Maritime University with a master's degree in engineering, majoring in transportation planning and management, and from the faculty of water transport management of Shanghai Maritime University with a bachelor's degree in water transport finance and accounting, majoring in economics. She is a senior accountant and has more than twenty years of experience in finance and financial management.

Mr. Xu Jian (徐健先生), aged 49, 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 Taiping Bay Investment and Development 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 51, 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. 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 64, 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 Liaoning Julong Financial Equipment Corp., amongst others.

Mr. Gui Liyi (貴立義先生), aged 71, 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. and Dalian Heavy Industry Co., Ltd.

Profiles of Directors, Supervisors and Senior Management

Mr. Wan Kam To, Peter (尹錦滔先生), aged 61, 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, Huaneng Renewables Corporation Limited, The Fairwood Holdings Limited, KFM Kingdom Holdings Limited, Hong Kong retail Abc International Holdings Ltd, Shanghai Pharmaceuticals Holding Co., Ltd and Kerry Logistics Network Co., Ltd, all being listed on The Stock Exchange of Hong Kong Limited. He was formerly independent non-executive director and chairman/member of the audit committee of Real Gold Mining Limited and Greaterchina Professional Services 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.

Mr. Yu Long (于龍先生), alias Ding Yi, aged 62, Chinese national, an independent non-executive directors of the Company. Mr. Yu is currently the honorary president of the Chinese Association of Productivity Science (中國生產力學會), the dean of the Academy of Chinese Studies and Economics (中國文化經濟研究院), the secretary general of the China International Federation of Confucius Institute (中國國際孔子學院聯合會), the chairman of the Chinese Culture and Economics Association (中國文化經濟促進會), the director of culture of the HK Satellite TV, the president of the China Yu Youren Calligraphy Research Association (中國于右任書法研究會會長) and the dean of the China International Celebrity Painting and Calligraphy Institute (中國國際名人書畫院院士). Mr. Yu graduated from the department of Chinese in Renmin University of China with a bachelor's degree in arts, and serves as a doctorial tutor at the State Information Center. He also held positions of the secretary of the State Council Information Office of the People's Republic of China (a bureau level position), the secretary of the State Council Research Office (a vice-ministerial level position), professor of The Chinese University of Hong Kong, editor-in-chief of the modern edition of China's Complete Library in Four Branches of Literature and the dean of the Research Institute of Chinese Contemporary Culture and Economics (中國時代文化經濟研究院). From 1990 to 1997, Mr. Yu was a visiting scholar in Canada and Paris, France. Mr. Yu was awarded the Cultural Ambassador for Peace by the United Nations, and was named an honorary citizen of the city of Los Angeles and the lifetime honorary professor at Peking University.

Supervisors:

Mr. Sun Junyou (孫俊友先生), aged 57, 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 (張國峰先生), aged 59, 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, 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 57, 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 55, 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, a member of Transportation Association of Asia, a member of Transportation Subject in Higher Education Steering Committee under the Ministry of Education of the PRC, and a deputy director of its Water Transport and Engineering Sub-committee, 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 50, 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 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 44, 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.

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.

Profiles of Directors, Supervisors and Senior Management

Mr. Wang Tiefu (王鐵夫先生), aged 50, 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 55, 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 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 54, 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 Chunhua (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 44, 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 54, 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 LLP (2014) Shen Zi No. 60777447_E01

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 2013 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 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's financial position of Dalian Port (PDA) Company Limited as at 31 December 2013 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

Certified Public Accountant:
Meng Dong

Beijing, the People's Republic of China

Certified Public Accountant:
Wang Tianqing

27 March 2014

Consolidated Balance Sheet

As at 31 December 2013
(Expressed in Renminbi Yuan)

	Note V	2013	2012
ASSETS			
Current assets			
Cash and bank balances	1	2,339,398,061.70	2,507,326,672.09
Financial assets at fair value through profit or loss	2	12,412,829.99	–
Notes receivable	3	60,056,586.58	63,069,669.70
Dividends receivable	4	6,337,135.91	4,351,296.43
Interest receivable	5	16,308,120.60	4,065,075.97
Accounts receivable	6	502,348,024.46	473,175,991.01
Other receivables	7	475,665,762.06	295,204,982.42
Prepayments	8	67,102,980.29	224,396,334.74
Inventories	9	414,139,590.18	131,119,867.55
Non-current assets due within one year		–	1,005,610,000.00
Other current assets	10	1,091,825,294.05	4,870,000.00
Total current assets		4,985,594,385.82	4,713,189,889.91
Non-current assets			
Available-for-sale financial assets	11	174,907,551.61	148,102,556.14
Long-term equity investments	13	3,892,666,681.01	3,703,846,472.05
Investment properties	14	697,137,339.31	699,831,842.42
Fixed assets	15	14,055,550,428.58	12,773,054,294.56
Fixed assets pending for disposal	16	888,514.14	36,058,083.28
Construction in progress	17	2,547,712,504.06	4,689,753,318.12
Intangible assets	18	748,697,778.95	867,417,088.66
Goodwill	19	16,035,288.74	77,735,288.74
Long-term prepaid expenses	20	22,627,890.05	21,514,511.03
Deferred tax assets	21	60,483,766.67	60,732,174.17
Other non-current assets	23	23,806,956.08	37,544,912.58
Total non-current assets		22,240,514,699.20	23,115,590,541.75
TOTAL ASSETS		27,226,109,085.02	27,828,780,431.66

Consolidated Balance Sheet

As at 31 December 2013
(Expressed in Renminbi Yuan)

	Note V	2013	2012
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term borrowings	25	394,592,844.90	1,278,033,101.12
Notes payable	26	31,680,000.00	16,730,000.00
Accounts payable	27	215,262,053.67	177,028,677.66
Advances from customers	28	297,003,288.14	92,795,891.74
Employee benefits payable	29	153,090,035.08	117,292,923.23
Taxes payable	30	65,815,804.00	73,953,249.60
Interest payable	31	188,015,798.98	194,319,909.95
Dividends payable	32	85,947,458.51	83,181,864.80
Other payables	33	844,444,268.52	853,633,931.38
Bonds payable	36	–	160,000,000.00
Non-current liabilities due within one year	34	3,208,791,625.50	545,000,000.00
Total current liabilities		5,484,643,177.30	3,591,969,549.48
Non-current liabilities			
Long-term borrowings	35	1,393,401,245.21	1,708,360,253.42
Bonds payable	36	4,963,843,320.56	7,844,512,916.99
Long-term payables	37	12,666,979.84	130,350.00
Deferred tax liabilities	21	12,451,436.00	75,717,224.83
Other non-current liabilities	38	697,817,896.11	633,098,324.44
Total non-current liabilities		7,080,180,877.72	10,261,819,069.68
Total liabilities		12,564,824,055.02	13,853,788,619.16
Owners' equity			
Share capital	39	4,426,000,000.00	4,426,000,000.00
Capital surplus	40	6,116,197,381.13	6,099,510,224.00
Surplus reserve	41	533,416,415.28	470,205,888.20
Special reserve	42	9,528,835.46	2,653,944.19
Retained earnings	43	2,352,129,307.90	1,956,734,209.34
Exchange differences on foreign currency translation		7,472,254.84	9,457,655.26
Equity attributable to owners of the parent		13,444,744,194.61	12,964,561,920.99
Non-controlling interests		1,216,540,835.39	1,010,429,891.51
Total owners' equity		14,661,285,030.00	13,974,991,812.50
TOTAL LIABILITIES AND OWNERS' EQUITY		27,226,109,085.02	27,828,780,431.66

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 2013
(Expressed in Renminbi Yuan)

	Note V	2013	2012
Revenue	44	6,981,980,217.92	4,644,558,994.83
Less: Cost of sales	44	5,394,402,786.13	3,056,689,429.56
Business tax and surcharges	45	140,271,071.12	190,580,607.81
Sales expenses		347,363.56	79,250.00
General and administrative expenses	46	558,363,509.67	491,396,037.19
Financial expenses	47	401,762,646.10	377,311,719.61
Impairment losses		344,918.29	1,169,487.21
Losses on changes in fair values	48	6,621,030.01	–
Add: Investment income	49	189,052,696.34	170,873,749.71
Including: Share of profits and losses of associates and jointly-controlled entities		102,513,424.53	74,140,007.96
Operating profit		668,919,589.38	698,206,213.16
Add: Non-operating income	50	369,276,391.87	218,272,779.68
Less: Non-operating expenses	51	12,307,021.12	9,997,363.18
Including: Losses on disposal of non-current assets		10,299,842.98	8,316,946.61
Total profit	52	1,025,888,960.13	906,481,629.66
Less: Income tax expenses	53	243,915,328.93	221,718,576.73
Net profit		781,973,631.20	684,763,052.93
Profit attributable to:			
Owners of the parent		682,582,626.15	600,089,816.53
Non-controlling interests		99,391,005.05	84,673,236.40
Earnings per share			
Basic and diluted earnings per share	54	0.15	0.14
Other comprehensive income	55		
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Fair value changes in available-for-sale financial assets		12,414,187.92	1,424,630.95
Exchange differences on foreign currency translation		(1,985,400.42)	(1,469,001.62)
Other comprehensive income, net of tax		10,428,787.50	(44,370.67)
Total comprehensive income		792,402,418.70	684,718,682.26
Attributable to:			
Owners of the parent		693,011,413.65	600,045,445.86
Non-controlling interests		99,391,005.05	84,673,236.40

Consolidated Statement of Changes in Equity

Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	Attributable to owners of the parent							Non-controlling interests	Total owners' equity
	Share capital	Capital surplus	Surplus reserve	Special reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal		
I. Closing balance of last 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
Add: Changes of accounting policy	-	(16,638,347.50)	-	-	16,638,347.50	-	-	-	-
II. Opening balance of the year	4,426,000,000.00	6,099,510,224.00	470,205,888.20	2,653,944.19	1,956,734,209.34	9,457,655.26	12,964,561,920.99	1,010,429,891.51	13,974,991,812.50
III. Movements for the year									
(I) Net profit	-	-	-	-	682,582,626.15	-	682,582,626.15	99,391,005.05	781,973,631.20
(II) Other comprehensive income	-	12,414,187.92	-	-	-	(1,985,400.42)	10,428,787.50	-	10,428,787.50
Total comprehensive income	-	12,414,187.92	-	-	682,582,626.15	(1,985,400.42)	693,011,413.65	99,391,005.05	792,402,418.70
(III) Capital contributions									
(1) New establishment of subsidiaries	-	-	-	-	-	-	-	204,900,000.00	204,900,000.00
(2) Disposal of a subsidiary	-	-	-	-	-	-	-	(8,000,000.00)	(8,000,000.00)
(IV) Profit distribution									
(1) Profit distribution to shareholders	-	-	-	-	(221,300,000.00)	-	(221,300,000.00)	(89,660,278.84)	(310,960,278.84)
(2) Appropriation of surplus reserve	-	-	63,210,527.08	-	(63,210,527.08)	-	-	-	-
(3) Appropriation of employee bonus and welfare fund	-	-	-	-	(2,677,000.51)	-	(2,677,000.51)	(2,114,492.04)	(4,791,492.55)
(V) Special reserve									
(1) Accrual	-	-	-	27,466,979.00	-	-	27,466,979.00	2,865,838.86	30,332,817.86
(2) Usage	-	-	-	(20,592,087.73)	-	-	(20,592,087.73)	(1,280,947.17)	(21,873,034.90)
(VI) Others	-	4,272,969.21	-	-	-	-	4,272,969.21	9,818.02	4,282,787.23
IV. Closing balance of the year	4,426,000,000.00	6,116,197,381.13	533,416,415.28	9,528,835.46	2,352,129,307.90	7,472,254.84	13,444,744,194.61	1,216,540,835.39	14,661,285,030.00

Consolidated Statement of Changes in Equity

Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	Attributable to owners of the parent							Non-controlling interests	Total owners' equity
	Share capital	Capital surplus	Surplus reserve	Special reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal		
I. Closing balance of last 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
Add: Changes of accounting policy	-	(19,194,779.35)	-	-	19,194,779.35	-	-	-	-
II. Opening balance of the year	4,426,000,000.00	6,097,091,691.08	411,223,454.24	-	1,683,556,801.64	10,926,656.88	12,628,798,603.84	1,010,866,088.86	13,639,664,692.70
III. 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 non-controlling 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) 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)
(V) 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)
(VI) Others	-	1,282,278.89	-	-	-	-	1,282,278.89	-	1,282,278.89
IV. Closing balance of the year	4,426,000,000.00	6,099,510,224.00	470,205,888.20	2,653,944.19	1,956,734,209.34	9,457,655.26	12,964,561,920.99	1,010,429,891.51	13,974,991,812.50

Consolidated Statement of Cash Flows

Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	Note V	2013	2012
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		7,085,425,494.59	4,689,017,122.40
Refunds of taxes		691,050.00	1,608,299.13
Cash received relating to other operating activities	56	292,617,183.59	248,593,460.53
Subtotal of cash inflows		7,378,733,728.18	4,939,218,882.06
Cash paid for goods and services		3,827,166,121.02	1,808,328,720.09
Cash paid to and on behalf of employees		1,284,000,085.69	1,164,807,802.64
Cash paid for all types of taxes		451,719,242.15	452,487,732.24
Cash paid relating to other operating activities	56	202,131,982.05	208,770,351.88
Subtotal of cash outflows		5,765,017,430.91	3,634,394,606.85
Net cash flows from operating activities	57	1,613,716,297.27	1,304,824,275.21
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from the sale of investments		1,575,886,708.04	1,306,939,254.32
Cash received from return on investments		141,136,190.04	164,649,145.97
Withdrawal of cash restricted as to use and deposited in financial institutions		1,473,944.17	23,422,082.84
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		136,910,103.60	31,064,594.43
Net cash received from disposal of a subsidiary	57	585,702,433.12	–
Subtotal of cash inflows		2,441,109,378.97	1,526,075,077.56
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		918,983,543.24	863,472,597.78
Cash paid for acquisition of investments		1,777,937,200.00	1,078,363,095.00
Cash paid for acquisition of a subsidiary	57	5,926,389.27	–
Cash restricted as to use and deposited in financial institutions		5,163,645.00	1,473,944.17
Cash paid relating to other investing activities		150,000,000.00	–
Net cash paid for disposal of a subsidiary		–	266,365.60
Subtotal of cash outflows		2,858,010,777.51	1,943,576,002.55
Net cash flows used in investing activities		(416,901,398.54)	(417,500,924.99)

Consolidated Statement of Cash Flows

Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	Note V	2013	2012
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contributions		204,900,000.00	4,000,000.00
Cash received from the issuance of corporate bonds		–	160,000,000.00
Cash received from borrowings		2,650,368,712.90	2,069,832,037.76
Cash received relating to other financing activities	56	18,650,000.00	1,080,000.00
Withdrawal of cash restricted as to use and deposited in financial institutions		11,380,167.17	–
Subtotal of cash inflows		2,885,298,880.07	2,234,912,037.76
Cash repayments of borrowings		3,491,327,366.39	1,767,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses		876,834,332.04	1,027,953,688.70
Including: Dividends paid to non-controlling shareholders of subsidiaries		86,894,685.13	101,902,550.87
Cash restricted as to use and deposited in financial institutions		30,309,501.88	11,380,167.17
Cash paid relating to other financing activities	56	3,836,413.56	51,859,735.05
Subtotal of cash outflows		4,402,307,613.87	2,858,193,590.92
Net cash flows used in financing activities		(1,517,008,733.80)	(623,281,553.16)
IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		(353,810.86)	(226,512.63)
V. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(320,547,645.93)	263,815,284.43
Add: Cash and cash equivalents at the beginning of the year		2,494,472,560.75	2,230,657,276.32
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	57	2,173,924,914.82	2,494,472,560.75

Balance Sheet

As at 31 December 2013
(Expressed in Renminbi Yuan)

	Note XI	2013	2012
ASSETS			
Current assets			
Cash and cash equivalents		855,774,002.57	1,401,052,125.17
Financial assets at fair value through profit or loss		12,412,829.99	–
Notes receivable		33,092,828.46	52,751,405.00
Accounts receivable	1	329,065,059.09	278,082,597.18
Prepayments		12,248,308.39	5,876,080.09
Interests receivable		13,236,293.89	5,768,794.18
Dividends receivable		458,188,724.47	333,252,630.57
Other receivables	2	193,922,392.08	175,580,928.39
Inventories		57,091,600.81	42,522,236.45
Other current assets due within one year		600,000,000.00	1,000,000,000.00
Other current assets		1,116,518,707.23	1,001,000,000.00
Total current assets		3,681,550,746.98	4,295,886,797.03
Non-current assets			
Available-for-sale financial assets		25,800,057.50	18,190,083.50
Long-term equity investments	3	6,525,353,773.77	6,731,239,092.15
Fixed assets		10,771,483,264.29	9,596,900,553.67
Fixed assets pending for disposal		888,514.14	35,477,051.31
Construction in progress		2,526,112,750.94	3,043,663,214.62
Intangible assets		263,895,235.70	269,887,541.46
Long-term prepaid expenses		752,934.65	1,282,892.58
Deferred tax assets		3,944,696.19	5,853,093.97
Other non-current assets		–	711,680,000.00
Total non-current assets		20,118,231,227.18	20,414,173,523.26
TOTAL ASSETS		23,799,781,974.16	24,710,060,320.29

Balance Sheet

As at 31 December 2013
(Expressed in Renminbi Yuan)

	2013	2012
LIABILITIES AND OWNERS' EQUITY		
Current liabilities		
Short-term borrowings	–	979,500,000.00
Notes payable	32,180,000.00	16,730,000.00
Accounts payable	23,586,410.27	13,786,356.04
Advances from customers	19,414,251.96	43,445,262.44
Employee benefits payable	68,902,866.76	51,934,133.73
Taxes payable	24,143,095.61	31,132,037.68
Interests payable	183,557,813.49	187,037,798.40
Other payables	710,734,551.49	702,561,675.36
Non-current liabilities due within one year	2,747,582,965.71	450,000,000.00
Total current liabilities	3,810,101,955.29	2,476,127,263.65
Non-current liabilities		
Long-term borrowings	1,050,000,000.00	1,300,000,000.00
Bonds payable	4,963,843,320.56	7,448,601,808.03
Long-term payables	–	130,350.00
Other non-current liabilities	661,123,971.26	595,008,696.31
Total non-current liabilities	6,674,967,291.82	9,343,740,854.34
Total liabilities	10,485,069,247.11	11,819,868,117.99
Owners' equity		
Share capital	4,426,000,000.00	4,426,000,000.00
Capital surplus	6,229,961,994.54	6,220,897,505.95
Surplus reserve	488,536,152.53	425,325,625.45
Special reserve	6,828,931.50	2,178,166.13
Retained earnings	2,163,385,648.48	1,815,790,904.77
Total owners' equity	13,314,712,727.05	12,890,192,202.30
TOTAL LIABILITIES AND OWNERS' EQUITY	23,799,781,974.16	24,710,060,320.29

Income Statement

Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	Note XI	2013	2012
Revenue	4	2,868,896,342.01	2,674,426,876.77
Less: Cost of sales	4	1,818,272,889.96	1,597,467,987.42
Business tax and surcharges		69,259,232.88	99,498,514.18
General and administrative expenses		325,861,752.20	298,940,590.05
Financial expenses		362,956,717.28	330,408,996.65
Impairment losses		(428,000.00)	(10,000.00)
Losses on changes in fair values		6,621,030.01	–
Add: Investment income	5	326,761,243.08	296,960,605.14
Including: Share of profits and losses of associates and jointly-controlled entities		90,545,911.33	64,444,991.27
Operating profit		613,113,962.76	645,081,393.61
Add: Non-operating income		149,286,004.01	70,365,336.97
Less: Non-operating expenses		5,528,643.20	4,213,981.87
Including: Losses on disposal of non-current assets		4,790,373.56	2,606,862.64
Total profit		756,871,323.57	711,232,748.71
Less: Income tax expenses		124,766,052.78	121,408,409.12
Net profit		632,105,270.79	589,824,339.59
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Fair value changes in available-for-sale financial assets		5,942,125.50	804,016.87
Other comprehensive income, net of tax		5,942,125.50	804,016.87
Total comprehensive income		638,047,396.29	590,628,356.46

Statement of Changes in Equity

Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	Share capital	Capital surplus	Surplus reserve	Special reserve	Retained earnings	Total equity
I. Opening 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
II. Movements for the year						
(I) Net profit	-	-	-	-	632,105,270.79	632,105,270.79
(II) Other comprehensive income	-	5,942,125.50	-	-	-	5,942,125.50
Total comprehensive income	-	5,942,125.50	-	-	632,105,270.79	638,047,396.29
(III) Profit appropriation						
(1) Profit distribution to shareholders	-	-	-	-	(221,300,000.00)	(221,300,000.00)
(2) Appropriation of surplus reserve	-	-	63,210,527.08	-	(63,210,527.08)	-
(IV) Special reserve						
(1) Accrual	-	-	-	21,711,573.51	-	21,711,573.51
(2) Usage	-	-	-	(17,060,808.14)	-	(17,060,808.14)
(V) Others	-	3,122,363.09	-	-	-	3,122,363.09
III. Closing balance of the year	4,426,000,000.00	6,229,961,994.54	488,536,152.53	6,828,931.50	2,163,385,648.48	13,314,712,727.05

	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

Statement of Cash Flows

Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	Note XI	2013	2012
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		2,685,063,006.37	2,668,593,388.12
Cash received relating to other operating activities		145,898,686.68	178,703,294.48
Subtotal of cash inflows		2,830,961,693.05	2,847,296,682.60
Cash paid for goods and services		720,623,860.93	605,221,268.33
Cash paid to and on behalf of employees		828,038,456.62	768,528,503.00
Cash paid for all types of taxes		212,351,343.10	235,948,589.80
Cash paid relating to other operating activities		227,504,545.00	172,298,154.35
Subtotal of cash outflows		1,988,518,205.65	1,781,996,515.48
Net cash flows from operating activities	6	842,443,487.40	1,065,300,167.12
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from the sale of investments		2,568,578,981.52	1,703,397,769.32
Cash received from return on investments		212,291,185.17	252,706,131.82
Cash received from disposal of fixed assets, intangible assets and other long-term assets		122,510,438.14	13,588,648.66
Cash received from disposal of a subsidiary and other operating units		597,614,200.00	8,978,375.17
Withdrawal of cash restricted as to use and deposited in financial institutions		1,473,944.17	23,422,082.84
Subtotal of cash inflows		3,502,468,749.00	2,002,093,007.81
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		815,105,324.40	856,503,241.95
Cash paid for acquisition of investments		1,931,582,800.00	2,267,963,490.00
Cash restricted as to use and deposited in financial institutions		3,218,000.00	1,473,944.17
Subtotal of cash outflows		2,749,906,124.40	3,125,940,676.12
Net cash flows from/(used in) investing activities		752,562,624.60	(1,123,847,668.31)

Statement of Cash Flows

Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	Note XI	2013	2012
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		–	1,479,500,000.00
Cash received relating to other financing activities		18,500,000.00	1,080,000.00
Subtotal of cash inflows		18,500,000.00	1,480,580,000.00
Cash repayments of borrowings		1,429,500,000.00	650,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses		726,946,891.23	807,355,509.88
Cash paid relating to other financing activities		4,294,401.98	417,346,600.53
Subtotal of cash outflows		2,160,741,293.21	1,874,702,110.41
Net cash flows used in financing activities		(2,142,241,293.21)	(394,122,110.41)
IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		213,002.78	–
V. NET DECREASE IN CASH AND CASH EQUIVALENTS		(547,022,178.43)	(452,669,611.60)
Add: Cash and cash equivalents at the beginning of the year		1,399,578,181.00	1,852,247,792.60
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		852,556,002.57	1,399,578,181.00

Notes to Financial Statements

31 December 2013
(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 was registered with the business licence number of 210200400039287. The operating period is 70 years. 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 since 28 April 2006 and 6 December 2010, respectively. The Company’s registered office and headquarter are located at Xingang Commercial Building, Dalian International Logistics Park Zone, Liaoning Province. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the provision of oil/liquefied chemical terminal and the related logistics services, container terminal and the related logistics services, automobile terminal and the related logistics and trading services, ore terminal and the related logistics services, general cargo terminal and the related logistics and trading services, bulk grain terminal and the related logistics and trading services, passenger and roll-on/roll-off terminal and the related logistics services, and port value-added services and ancillary port operations, which belongs to the transportation industry.

As at 31 December 2013, 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 of 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 27 March 2014. According to the Company’s articles of association, the financial statements will be submitted to the extraordinary 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 specific standards* after Accounting Standards for Business Enterprises promulgated and its revision 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, the corresponding provisions for impairment shall be provided according to the relevant provisions.

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates (Continued)

2. ADOPTION OF CERTAIN REVISED/NEW ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (“CAS”)

From January to March of 2014, the MOF issued <CAS No.39-Fair Value Measurement>, <CAS No.40-Joint Arrangements>, and revised and issued <CAS No.30-Presentation and Disclosure of Financial Statements>, <CAS No.9-Employee Benefits>, <CAS No.33-Consolidated Financial Statements> and <CAS No.2-Long-term Equity Investments>. These accounting standards are effective from 1 July 2014 and early adoption is encouraged for companies listed overseas. As an overseas listed company, the Company adopted the above six accounting standards in preparation of the financial statements for the year 2013 and made the treatments in accordance with the transitional regulations.

As for these financial statements, changes in above accounting standards resulted in changes in the Company’s accounting policies. The Company has made treatments in accordance with the transitional regulations and relevant retrospective adjustments have been made for the comparative figures that need retrospective adjustments.

The application of <CAS No.33-Consolidated Financial Statements> (revised in 2014) affected the accounting treatment for assets revaluation surplus generated from the consolidation achieved in stages in prior year. The Group consolidated DCT Logistics Co., Ltd., Dalian Portnet Co., Ltd. and Dalian Jiyi Logistics Co., Ltd. not under common control achieved in stages in 2008. The Group remeasured the shares originally held by the Group at fair value on the acquisition date. The difference between the fair value and the carrying amount of the shares was accounted for capital reserve.

According to <CAS No.33-Consolidated Financial Statements> (revised in 2014), the Group made retrospective adjustment for the accounting treatment in prior year. The Group remeasured the shares originally held by the Group at fair value on the acquisition date and the difference between the fair value and the carrying amount of the shares was accounted for as investment income. The opening balance at 1 January 2012 and the comparative figures for the year ended 31 December 2012 have been restated in these financial statements.

The impact of retrospective adjustment as mentioned above made for the financial statements for the years 2013 and 2012 are as follows:

The Group

	Adoption of accounting standards		
	Opening balance before adoption	<CAS No.33-Consolidated Financial Statements>	Opening balance after adoption
2013			
Capital surplus	6,116,148,571.50	(16,638,347.50)	6,099,510,224.00
Retained earnings	1,940,095,861.84	16,638,347.50	1,956,734,209.34
2012			
Capital surplus	6,116,286,470.43	(19,194,779.35)	6,097,091,691.08
Retained earnings	1,664,362,022.29	19,194,779.35	1,683,556,801.64

The application of <CAS No.2- Long-term Equity Investments> (revised in 2014) affected the Group’s classification of long-term equity investment where the investment is not quoted in an active market and the fair value cannot be reliably measured. According to this standard, the Group reclassified the said long-term equity investments to available-for-sale financial assets. The opening balance at 1 January 2012 has been restated in these financial statements.

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates (Continued)

2. ADOPTION OF CERTAIN REVISED/NEW ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (“CAS”) (Continued)

The impact of retrospective adjustment as mentioned above made for the financial statements for the years 2013 and 2012 are as follows:

The Group

	Adoption of accounting standards		
	Opening balance before adoption	<CAS No.2- Long-term Equity Investments>	Opening balance after adoption
2013			
Long-term equity investments	3,833,024,763.55	(129,178,291.50)	3,703,846,472.05
Available-for-sale financial assets	18,924,264.64	129,178,291.50	148,102,556.14
2012			
Long-term equity investments	3,330,743,027.00	(129,178,291.50)	3,201,564,735.50
Available-for-sale financial assets	26,577,769.81	129,178,291.50	155,756,061.31

The Company

	Adoption of accounting standards		
	Opening balance before adoption	<CAS No.2- Long-term Equity Investments>	Opening balance after adoption
2013			
Long-term equity investments	6,745,039,149.65	(13,800,057.50)	6,731,239,092.15
Available-for-sale financial assets	4,390,026.00	13,800,057.50	18,190,083.50
2012			
Long-term equity investments	6,183,802,824.16	(13,800,057.50)	6,170,002,766.66
Available-for-sale financial assets	11,968,023.50	13,800,057.50	25,768,081.00

3. 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 2013, and of their financial performance and their cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

4. ACCOUNTING PERIOD

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

5. 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 preparation of the financial statements, their functional currencies shall be translated into RMB.

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

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

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

Business combinations not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree. The acquirer measures the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

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

In a business combination achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the acquirer may have recognised changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

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

7. 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 2013 of the Company and all of its subsidiaries. A subsidiary is an enterprise or entity that is controlled by the Company (including the divisible parts of the enterprise and the invested entities, and structured entities controlled by the Company, etc.).

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 assets, liabilities, equity, revenue, expenses and cash flow resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Where the amount of the loss for the current period attributed to the non-controlling shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of the owners' equity of the subsidiary, the excess amount is allocated against minority interests.

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.

The Group shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

8. CASH AND CASH EQUIVALENTS

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

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

The Group translates the amounts of foreign currency transactions 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 rates 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 principle of capitalisation of borrowing costs. Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined, the resulting exchange differences are recognised in profit or loss for the current period or as other comprehensive income in accordance with the nature of non-monetary items.

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

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

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

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

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

10. 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: as write-off from the balance sheet and the accounts:

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

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

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

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates (Continued)

10. FINANCIAL INSTRUMENTS (Continued)

Classification and measurement of financial assets

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

The financial assets, which are originally recognised by the Group as financial assets at fair value through profit or loss cannot be re-classified as other financial assets. Other financial assets cannot be re-classified as financial assets at fair value through profit or loss.

Held-to-maturity investments

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

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as any of the other categories at initial recognition. After initial recognition, available-for-sale financial assets are measured at fair value. The discount/premium is amortised using the effective interest method and recognised as interest income or expense. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised as other comprehensive income in capital surplus, 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 gains or losses previously recognised are 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 year.

Equity investment that is not quoted on an active market and whose fair value cannot be measured reliably is measured at cost.

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates (Continued)

10. FINANCIAL INSTRUMENTS (Continued)

Classification and measurement of financial liabilities

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

The subsequent measurement of financial liabilities depends on their categories 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 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 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.

Impairment of financial assets

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

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on a financial asset has occurred, 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.

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 occurs 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.

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

II. Significant Accounting Policies and Estimates (Continued)

10. FINANCIAL INSTRUMENTS (Continued)

Impairment of financial assets (Continued)

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 are 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.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

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.

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.

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.

11. RECEIVABLES

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

As at the balance sheet date, receivables with an amount greater than RMB5,000,000 are considered 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.

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

12. INVENTORIES

Inventories include raw materials, work in progress, finished goods and land development costs. Land development costs mainly include land costs, earlier-stage development costs, construction costs, infrastructure costs, supporting facility costs and other expenditures relating to construction.

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

The Group adopts a perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision is made in profit or loss. If factors that previously resulted in the provision for 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 year.

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.

13. LONG-TERM EQUITY INVESTMENTS

Long-term equity investments include investments in subsidiaries, jointly-controlled entities and associates.

A long-term equity investment is recorded at its initial investment cost on acquisition. 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. In prior reporting periods, the acquirer may have recognised changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest. 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 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 Company can exercise control over the investee, the Company uses the cost method in the Company's financial statements. Control is an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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31 December 2013
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II. Significant Accounting Policies and Estimates *(Continued)*

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

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

The equity method is adopted when the Group holds joint control, or exercises significant influence on the investee. Joint control is the contractually agreed sharing of control over an arrangement, and decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but 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 entities 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). 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 that 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.24 for the test for impairment and recognition of provision for impairment.

Notes to Financial Statements

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II. Significant Accounting Policies and Estimates (Continued)

14. INVESTMENT PROPERTIES

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.24 for the test for impairment and recognition of provision for impairment.

15. 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.

Except the fixed assets formed by accrued safety production expenses, depreciation is calculated using the straight-line method. The estimated useful lives, estimated residual values 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	4–5%	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	5%	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 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 depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset will be fully depreciated over its useful life. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset will be fully depreciated over the shorter of the lease term and its useful life.

The Group reviews the useful life and the 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.24.

Notes to Financial Statements

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

16. CONSTRUCTION IN PROGRESS

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

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.24.

17. 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.

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II. Significant Accounting Policies and Estimates (Continued)

17. BORROWING COSTS (Continued)

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

18. INTANGIBLE ASSETS

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

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

The useful lives of the intangible assets are as follows:

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

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

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

For the test for impairment and recognition of provision for impairment related to an intangible asset, refer to Note II.24.

Notes to Financial Statements

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II. Significant Accounting Policies and Estimates (Continued)

19. 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

20. REVENUE

Revenue is recognised only when it is probable that the associated economic benefits will flow to the Group, the 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 the 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 the sale of goods and the rendering of services, if the sale of goods component and the rendering of services component can be separately identified and measured, they are accounted for separately; if the sale 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 sale of goods.

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II. Significant Accounting Policies and Estimates (Continued)

20. REVENUE (Continued)

Construction contract

If the outcome of a construction contract can be estimated in a reliable way, the contract revenue and contract costs shall be recognized in light of the percentage-of-completion method on the date of the balance sheet; otherwise, the income is recognised by the actual contractual costs happened and can be collected by estimation. The results of the contract can be reliably estimated is the economic benefits pertinent to the contract are possible to flow into the Group, and the actual contract costs can be clearly distinguished and measured in a reliable way; as to fixed price contract, the following conditions should be matched: the total contract revenue can be measured in a reliable way, and both the schedule of the contracted project and the contract costs to complete the contract can be measured in a reliable way. The Group ascertains the schedule of the contracted project by the proportion of the completed contract work against the expected total contract work. The total contract revenue includes initial contract revenue and revenue forming by modifications of the contract, compensation and rewards.

Interest income

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

Royalty income

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

Lease income

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

21. 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 compensation specified in the government documents used to construct long-term assets or form long-term assets in other methods, should be regarded as government compensation related to assets, those which are specified in the government's file, when the government document is unclear, the judgement is based on essential conditions that are eligible to the government grant. Projects meet essential conditions by forming non-current asset through construction are recognised as government grants related to assets, others are recognised as government grants related to income.

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, are recognised immediately in profit or loss for the current period.

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

22. INCOME TAX

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

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

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

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

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

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

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

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.

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

23. 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.

In the case of the lessee of a finance lease

At the commencement of the lease term, a lessee recognises assets at the amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease, and recognises liabilities at the amounts equal to the minimum lease payments, the difference is recognised as finance charge. The finance charge is allocated to each period during the lease term using an actual interest rate. Contingent rents shall be charged as expenses in the periods in which they are incurred.

24. IMPAIRMENT OF ASSETS

The Group determines the impairment of assets, other than the impairment of inventories, deferred income taxes, financial assets using the following methods:

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

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II. Significant Accounting Policies and Estimates (Continued)

24. IMPAIRMENT OF ASSETS (Continued)

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, and compares the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups 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.

25. EMPLOYEE BENEFITS

Employee benefits are all forms of considerations other than share-based payments given and other relevant expenditures incurred by the Group in exchange for services rendered by employees. They include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. The Company provided benefits to their spouses, children, dependants, families of the deceased employees or other beneficiaries which also belong to employee benefits.

Post-employment benefits (Defined contribution plans)

The employees of the Group participate in social insurance plans, such as pension insurance plan, 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.

Termination benefits

The Group recognises a liability and expense for termination benefits at the earlier of the following dates: when the entity can no longer withdraw the offer of those benefits; and when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

26. PROFIT DISTRIBUTION

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

27. SAFETY PRODUCTION EXPENSES

The safety production expenses accrued in accordance with the regulations are recorded in the relevant product costs or profit or loss for the current year 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 the equivalent amount is reversed and recognised as accumulated depreciation.

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II. Significant Accounting Policies and Estimates (Continued)

28. FAIR VALUE MEASUREMENT

Listed equity instruments are measured at fair value at each balance sheet date. 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 at the measurement date. A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions, in the absence of a principal market, the most advantageous market. The principal (or most advantageous) market is the market which the Group can access at the measurement date. An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques which are applicable and has sufficient data and other supporting information in the current situation. The use of observable inputs is preferred. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available.

Assets and liabilities that are measured or disclosed at fair value in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1-inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2-inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; Level 3-inputs are unobservable inputs for the assets or liabilities.

At each balance sheet date, the Group reassesses assets and liabilities measured at fair value on a recurring basis in the financial statements to determine whether transfers have occurred between levels in the fair value hierarchy.

29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimations and assumptions that affect the reported amounts and disclosures 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.

Finance leases – the Group as lessee

The Group has entered into finance lease on its fixed assets. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it takes risks and rewards of ownership of these fixed assets which are leased on finance leases.

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II. Significant Accounting Policies and Estimates (Continued)

29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Consolidation scope – the Group holding half or less than 50% voting rights of the investee

The Group determines that even if the Company only has half or less than half of the equity interests, it has controlled 大連海嘉汽車碼頭有限公司, Dalian Port Soft Technology Co., Ltd. and Dalian Golden Bay Grain Logistics Co., Ltd. According to the joint venture contract entered into between the Company and the other shareholder of 大連海嘉汽車碼頭有限公司, the other shareholder gives consent to the decisions of the Company on significant operation matters. The Company has de-facto control over the entity. The Company has the majority voting rights in the board of Dalian Port Soft Technology Co., Ltd. and has the de-facto control over the entity. Pursuant to the consent agreement entered between the Company and the other shareholder (holding 37.5% equity interests) of Dalian Golden Bay Grain Logistics Co., Ltd., the other shareholder gives consent to the Company decisions. Accordingly the Company has de-facto control over the entity.

Classification between investment properties and owner-occupied properties

The Group determines whether a property (including related terminal facilities) 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 values 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 2013
(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.

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 each balance sheet date. 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.

III. Taxation

1. MAJOR TAX ITEMS AND RATES ARE AS FOLLOWS:

Value added tax ("VAT")	– Output VAT is calculated at 13%–17% on the taxable sales and is levied after ("VAT") deducting deductible input VAT for the current period. From 1 August 2013, according to <關於在全國開展交通運輸業和部分現代服務業營業稅改增值稅試點稅收政策的通知>, which is published by the Ministry of Finance of the People's Republic of China and the State Administration of Taxation on 27 May 2013, the Group's related port service revenues are taxable to VAT which replaces business taxation. The applicable tax rate is 6%–11%, and is levied after deducting deductible input VAT for the current period.
Business tax	– It is levied at 3% to 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 the tax rate for subsidiaries incorporated outside Mainland China are 0%–16.5%, 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.

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III. Taxation (Continued)

2. TAX PREFERENCES AND OFFICIAL APPROVAL

Land use tax

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

VAT

According to 《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》(Cai Shui [2000] No. 25) and 《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》(Guo Fa [2011] No. 4), VAT paid by those VAT ordinary tax 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, which is exempted from CIT. Dalian Port Logistics Technology Co., Ltd. ("DPLT"), Dalian Jifa Technology Co., Ltd. ("DJT") and Dalian Portsoft Technology Co., Ltd. ("DPT") can 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 accredited by relevant government authorities as High and New Technology Enterprises ("HNTE").

IV. Consolidation Scope of the Consolidated Financial Statements

1. SUBSIDIARIES

Subsidiaries of the Group are as follows:

	Type of subsidiary	Place of registration/ principal place of business	Legal representative	Principal activities	Registered capital RMB'0000	Scope of business	Code of organisation
Subsidiaries acquired from PDA as equity injection at the date of incorporation							
Dalian Port Container Development Co., Ltd.	Limited liability	Dalian	Xu Song	Container services	277,146	Container loading	73640137-6
Dalian Port Jifa Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics services	87,090	Depot leasing and operating	24238906-3
Dalian Port Logistics Technology Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Software development	1,000	Development and sale of software	72886169-8
Dalian Jifa Shipping Agency Co., Ltd.	Limited liability	Dalian	Tong Xuefeng	Vessel agency	50	Vessel agency	75157502-4
Dalian International Logistics Park Development Co., Ltd.	Limited liability	Dalian	Ju Hongbin	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	USD1,440,000	International transportation agency services	60486391-5
Dalian Jifa International Freight Co., Ltd.	Limited liability	Dalian	Tong Xuefeng	Freight agency	500	Freight agency	75608995-7
Dalian Jifa Port Engineering Co., Ltd.	Limited liability	Dalian	Huang Xiao	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 Co., Ltd.	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

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

1. SUBSIDIARIES (Continued)

	Type of subsidiary	Place of registration/ principal place of business	Legal representative	Principal activities	Registered capital RMB'0000	Scope of business	Code of organisation
Subsidiaries acquired from establishment or investment							
Asia Pacific Ports Co., Ltd	Limited company	HK	N/A	Logistics services	HKD75,000,000	Investment holding	N/A
Harbour Full Group Limited	Limited company	BVI	N/A	Logistics services	USD50,000	Investment holding	N/A
Asia Pacific Ports Investment Co., Ltd.	Limited company	HK	N/A	Logistics services	HKD1	Investment holding	N/A
Asia Pacific Ports (Dalian) Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics services	USD31,580,000	Operation of port facilities	68304705-0
Asia Pacific Ports Development Co., Ltd.	Limited liability	BVI	N/A	Logistics services	USD1	Shipping and ports 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 vessels	68302634-8
Dalian Container Terminal Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Terminal services	135,000	Cargo loading, discharging and storage services	60487463-0
Heilongjiang Suimu Logistics Co., Ltd.	Limited liability	Muling	Gao Ming	Logistics services	4,500	Logistics and storage related services	69263421-4
秦皇島集港船舶代理有限公司	Limited liability	Qinhuangdao	Wang Jun	Logistics services	50	International transportation agency services	59359119-1
Dalian United King Port Auto Trade Co., Ltd.	Limited liability	Dalian	Xusong	Trading services	1,000	Motor trading services	58807526-4
大連港糧油貿易有限公司	Limited liability	Dalian	Zhushiliang	Trading services	2,500	Grain trading services	05113292-7
大連市鋼材物流園有限公司	Limited liability	Dalian	Yin Shihui	Trading services	800	Steel trading services	05114199-7
大連港航招標代理有限公司	Limited liability	Dalian	Cui Yan	Construction services	100	Construction bidding agency services	05111846-3
大連港潤燃氣有限公司	Limited liability	Dalian	Sun Dequan	LNG charging	1,000	Service and goods related to LNG	06441984-7
大連海嘉汽車碼頭有限公司	Limited liability	Dalian	Xu Song	Construction of auto dock	40,000	Loading and discharging and storage services	06443615-3
Subsidiaries acquired in business combinations involving entities under common control							
Dalian Ocean Shipping Tally Co., Ltd.	Limited liability	Dalian	Xu Song	Tallying services	309	Cargo tallying services	78246116-9
Dalian Port Soft Technology Co., Ltd.	Limited liability	Dalian	Xu Song	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	Liu Dan	Supervision services	1,000	Supervisory and consulting services	24123682-3
Dalian Port Telecommunications Engineering Co., Ltd.	Limited liability	Dalian	Liu Wei	Telecommunication services	1,000	Telecommunications 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騰港口建設監理諮詢有限公司	Limited liability	Dalian	Zhu Liyan	Supervisory services	10	Supervisory and consulting services	69141320-9
Subsidiaries acquired in business combinations involving entities not under common control							
DCT Logistics Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Logistics services	15,539	Container logistics services	72885637-0
Dalian Port net Co., Ltd.	Limited liability	Dalian	Xu Song	Information services	USD2,800,000	Information services	72346333-2
Dalian Jiyi Logistics Co., Ltd.	Limited liability	Dalian	Ju Hongbin	Freight agency	2,650	Freight agency and container loading and discharging services	72348332-5
Dalian Lvshun Port Co., Ltd.	Limited liability	Lvshun	Zhu Shiliang	Terminal services	35,000	Port construction and operation and transportation service	66922205-1
Dalian Shunda Logistics Co., Ltd.	Limited liability	Dalian	Gao Ming	Logistics services	2,901	Port construction and operation and transportation service	60486170-9

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

1. SUBSIDIARIES (Continued)

	Investment cost at the end of the year	Percentage of shareholding		Percentage of voting rights (%)	In scope of consolidation	Minority interests	Minority interests used to offset the profits or losses of minority shareholders
		Directly (%)	Indirectly (%)				
Subsidiaries acquired from PDA as equity injection at the date of incorporation							
Dalian Port Container Development Co., Ltd.	3,009,297,222.35	100.00	-	100.00	Yes	-	-
Dalian Port Jifa Logistics Co., Ltd.	963,144,309.37	-	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	195,934.35	-
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	1,497,953.86	-
Dalian International Container Services Co., Ltd.	USD1,066,000.00	-	75.00	75.00	Yes	4,077,004.01	-
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	(1,014,542.16)	-
Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd.	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	-	-
Subsidiaries acquired from establishment or investment							
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.	HKD1.00	-	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.	USD1.00	-	100.00	100.00	Yes	-	-
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	196,045,337.00	51.00	49.00	100.00	Yes	-	-
Dalian Container Terminal Co., Ltd.	709,654,954.71	-	51.00	51.00	Yes	683,245,993.88	-
Heilongjiang Suimu Logistics Co., Ltd.	41,250,000.00	-	91.67	91.67	Yes	3,769,067.36	-
秦皇島集港船務代理有限公司	500,000.00	-	100.00	100.00	Yes	-	-
Dalian United King Port Auto Trade Co., Ltd.	6,000,000.00	60.00	-	60.00	Yes	6,893,608.32	-
大連港糧油貿易有限公司	25,000,000.00	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	-	-
大連港潤燃氣有限公司	2,550,000.00	51.00	-	51.00	Yes	4,556,570.53	-
大連海嘉汽車碼頭有限公司 (Note 1)	200,000,000.00	50.00	-	100.00	Yes	200,000,000.00	-

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

1. SUBSIDIARIES (Continued)

	Investment cost at the end of the year	Percentage of shareholding		Percentage of voting rights (%)	In scope of consolidation	Minority interests	Minority interests used to offset the profits or losses of minority shareholders
		Directly (%)	Indirectly (%)				
Subsidiaries acquired in business combinations involving entities under common control							
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	84.00	-	84.00	Yes	2,687,885.51	-
Dalian Portsoft Technology Co., Ltd. (Note 2)	11,126,271.39	49.00	-	60.00	Yes	13,753,989.90	-
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	13,246,722.12	-
Dalian Port Telecommunications Engineering Co., Ltd.	8,137,212.61	45.00	20.00	65.00	Yes	6,112,082.43	-
Dalian Golden Bay Grain Logistics Co., Ltd. (Note 3)	53,156,426.75	37.50	-	75.00	Yes	128,279,954.98	-
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	-	100.00	-	100.00	Yes	-	-
Dalian Port Power Supply Co., Ltd.	25,895,508.24	100.00	-	100.00	Yes	-	-
大連長興島臨港工業區 萬鵬港口建設監理諮詢有限公司	100,000.00	-	100.00	100.00	Yes	-	-
Subsidiaries acquired in business combinations involving entities not under common control							
DCT Logistics Co., Ltd.	180,196,813.23	-	100.00	100.00	Yes	-	-
Dalian Portnet Co., Ltd.	USD2,000,000.00	-	71.43	71.43	Yes	16,850,430.74	-
Dalian Jiyi Logistics Co., Ltd.	29,800,000.00	-	100.00	100.00	Yes	-	-
Dalian Lvshun Port Co., Ltd.	217,580,000.00	60.00	-	60.00	Yes	132,388,179.56	-
Dalian Shunda Logistics Co., Ltd.	20,881,800.00	-	100.00	100.00	Yes	-	-

Note 1: Another shareholder of this entity gives consent to the decisions of the Company pursuant to the joint venture contract. Accordingly, the Company has de-facto control over the entity.

Note 2: The Company has control over this entity as the Company has majority voting rights in the board of the entity.

Note 3: Another shareholder of this entity gives consent to the decisions of the Company pursuant to a consent agreement entered between the shareholder and the Company. Accordingly, the Company has de-facto control over the entity.

2. CHANGES IN CONSOLIDATION SCOPE

Except for the newly established subsidiaries and Note IV.3, 4 and 5, the consolidation scope of the consolidated financial statements remains the same as last year.

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

3. ENTITIES NEWLY INCLUDED AND NOT INCLUDED IN THE CONSOLIDATION SCOPE IN THE CURRENT YEAR

The subsidiary disposed of by the Group during the year is as follows:

	Net assets at the end of the year	Net profit from the acquisition date to 31 December 2013
Dalian Shunda Logistics Co., Ltd.	24,041,486.82	1,016,913.41

The subsidiaries not included in the consolidation scope during the year are as follows:

	Net assets at the disposal date	Net profit from 1 January 2013 to the disposal date
Fujian Ninglian Port Co., Ltd. (Note)	20,000,000.00	-
Dalian Port Petroleum & Chemical Co., Ltd.	535,100,000.00	-

Note: The Group lost control on Fujian Ninglian Port Co., Ltd. in the current year as a result of an unilateral capital contribution from the minority shareholder.

4. BUSINESS COMBINATION NOT UNDER COMMON CONTROL IN THE CURRENT YEAR

The Group originally held 50% equity interests in Dalian Shunda Logistics Co., Ltd. ("Shunda Logistics"), and accounted for it as a jointly-controlled entity using equity method. In the first half of 2013, the Group acquired the remaining 50% equity interests in Shunda Logistics for a consideration of RMB10,315,900.00. The Group has completed all the procedures relating to the transfer of the equity interests and paid all the consideration by 22 May 2013. After the completion of the equity interests transfer, the Group held 100% equity interests in Shunda Logistics and had the control over the equity. Therefore, the acquisition date was determined as 22 May 2013.

Before the acquisition date, the carrying amount of the 50% long-term equity held by the Group over Shunda Logistics by the Group was RMB12,244,850.75. According to the asset evaluation report (遼寧正元資產評估有限公司) issued by 遼寧正元資產評估有限公司, the fair value of the net assets of Shunda Logistics was RMB21,131,800.00. Accordingly, the fair value of the 50% equity interests was determined as RMB10,565,900.00. The Group remeasured the above long-term equity investment at the fair value on the acquisition date and recognized an investment loss of RMB1,678,950.75.

The operating results and cash flows of Dalian Shunda Logistics Co., Ltd. for the period from the acquisition date to the end of the current year are as follows:

	From 22 May 2013 to 31 December 2013
Revenue	10,191,175.94
Net profit	1,016,913.41
Net cash flows	5,697,944.71

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

4. BUSINESS COMBINATION NOT UNDER COMMON CONTROL IN THE CURRENT YEAR *(Continued)*

The fair values and carrying amounts of the identifiable assets and liabilities of Dalian Shunda Logistics Co., Ltd. at the acquisition date were as follows:

	Fair value (Note 2)	Carrying amount
Cash and bank balances	4,222,307.02	4,222,307.02
Accounts receivable	1,184,730.39	1,184,730.39
Prepayments	182,289.90	182,289.90
Interests receivable	5,382.01	5,382.01
Other receivables	3,275,138.61	3,275,138.61
Inventories	268,642.10	268,642.10
Fixed assets	6,744,468.68	9,268,166.56
Intangible assets	5,047,962.78	5,047,962.78
Deferred tax assets	630,924.47	–
Accounts payable	(92,801.81)	(92,801.81)
Advances from customers	(107,138.98)	(107,138.98)
Employee benefits payable	(47,876.65)	(47,876.65)
Taxes payable	(24,265.09)	(24,265.09)
Other payables	(157,963.43)	(157,963.43)
Net assets	21,131,800.00	23,024,573.41
Excess of amount through profit or loss, over the cost of combination	(250,000.00)	
Cost of combination (Note 1)	20,881,800.00	

Note 1: The amount includes the consideration for the equity interests transfer of RMB10,315,900.00 and the fair value of the 50% equity interests in Shunda Logistics held by the Group before the acquisition date of RMB10,565,900.00 was determined based on the asset evaluation.

Note 2: The above fair value is determined by the assets evaluation report issued by 遼寧正元資產評估有限公司. The evaluation determined the whole market value of Shunda Logistics using the income approach.

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

5. COMPANIES CEASED TO BE SUBSIDIARIES DUE TO DISPOSAL OF SHARES RESULTING IN LOSS OF CONTROL

Disposal of equity interests in Dalian Port Petroleum & Chemical Co., Ltd.

On 30 October 2012, the Company entered into an equity transfer agreement with its parent company PDA to sell 100% equity interests in Dalian Port Petroleum & Chemical Co., Ltd. ("DPPC") at a consideration of RMB597,614,200.00. The equity transfer has been approved at the Company's 2013 first extraordinary general meeting on 25 January 2013 and approved by the State-owned Assets Supervision and Administration Commission of Dalian on 10 April 2013. The disposal date was 10 April 2013. DPPC has not been included in the Group's consolidation scope since 10 April 2013. The relevant financial information of DPPC is as follows:

	10 April 2013 Carrying amount	31 December 2012 Carrying amount
Current assets	15,279,505.68	25,329,968.13
Non-current assets	1,584,540,051.30	1,557,053,872.83
Current liabilities	(1,003,019,556.98)	(985,583,840.96)
Non-current liabilities	(61,700,000.00)	(61,700,000.00)
Net assets	535,100,000.00	535,100,000.00
Transfer of goodwill arising from the acquisition of DPPC in the prior year	61,700,000.00	
Gain on disposal	814,200.00	
Disposal consideration	597,614,200.00	

Unilateral capital contribution by the non-controlling shareholder of Fujian Ninglian Port Co., Ltd.

Pursuant to the first extraordinary general meeting of Fujian Ninglian Port Co., Ltd. ("FNP"), the non-controlling shareholder, 寧德市港務集團有限公司, unilaterally made a capital contribution of RMB80,000,000 to FNP. After the capital contribution, the registered capital of FNP was RMB100,000,000. The Company's shareholding in FNP decreased to 12%. Thus, the Group no longer included it into the consolidation scope.

	1 February 2013 Carrying amount	31 December 2012 Carrying amount
Current assets and net assets	100,000,000.00	20,000,000.00
Fair value of residual equity interests on the disposal date	12,000,000.00	
Gain/loss on disposal	-	

	Place of registration	Business nature	Percentage of shareholding (%)	Percentage of voting rights (%)	Reason for not being a subsidiary
DPPC	Dalian	Storage and transportation petroleum and petroleum products	-	-	Disposal of equity interests
FNP	Ningde	Port construction and operation	12.00%	12.00%	Unilateral capital contribution by the non-controlling shareholder

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

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

	Average exchange rate		Exchange rate at the end of the year	
	2013	2012	2013	2012
USD	6.2342	6.3108	6.0969	6.2855
HKD	0.8033	0.8136	0.7862	0.8109

7. SIGNIFICANT NON-CONTROLLING INTERESTS

Subsidiaries with significant non-controlling interests are as follows:

	2013	2012
Equity interests held by non-controlling shareholders:		
Dalian Container Terminal Co., Ltd.	49.00%	49.00%
Dalian Golden Bay Grain Logistics Co., Ltd.	62.50%	62.50%
Dalian Lvshun Port Co., Ltd.	40.00%	40.00%
大連海嘉汽車碼頭有限公司	50.00%	—
Gain/(loss) attributable to non-controlling shareholders:		
Dalian Container Terminal Co., Ltd.	81,281,022.71	76,480,661.23
Dalian Golden Bay Grain Logistics Co., Ltd.	8,132,080.60	9,622,976.09
Dalian Lvshun Port Co., Ltd.	(2,059,170.77)	(7,672,664.63)
大連海嘉汽車碼頭有限公司	—	—
Dividends paid to non-controlling shareholders:		
Dalian Container Terminal Co., Ltd.	74,798,086.67	91,264,154.04
Dalian Golden Bay Grain Logistics Co., Ltd.	—	—
Dalian Lvshun Port Co., Ltd.	—	—
大連海嘉汽車碼頭有限公司	—	—
Accumulated non-controlling interests at the balance sheet date:		
Dalian Container Terminal Co., Ltd.	683,245,993.88	681,748,745.53
Dalian Golden Bay Grain Logistics Co., Ltd.	128,279,954.98	120,147,874.38
Dalian Lvshun Port Co., Ltd.	132,388,179.56	134,535,965.85
大連海嘉汽車碼頭有限公司	200,000,000.00	—

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

7. SIGNIFICANT NON-CONTROLLING INTERESTS (Continued)

The table below lists the main financial information of the above subsidiaries. These information is before the elimination of inter-company transactions:

	Dalian Container Terminal Co., Ltd.	Dalian Golden Bay Grain Logistics Co., Ltd.	Dalian Lvshun Port Co., Ltd.	大連海嘉汽車 碼頭有限公司
2013				
Revenue	552,995,008.44	25,533,405.15	39,281,474.66	-
Expenses	387,115,370.23	12,522,076.19	44,429,401.59	-
Net profit	165,879,638.21	13,011,328.96	(5,147,926.93)	-
Total comprehensive income	165,879,638.21	13,011,328.96	(5,147,926.93)	-
Current assets	155,829,876.77	141,215,968.02	11,646,392.58	394,487,769.55
Non-current assets	1,576,132,579.77	65,961,630.65	379,485,240.35	5,754,296.57
Current liabilities	335,814,988.33	1,929,670.71	30,161,184.03	242,066.12
Non-current liabilities	1,767,888.86	-	30,000,000.00	-
Net cash flows from operating activities	253,424,173.82	13,612,235.61	15,533,040.46	(5,167.40)
Net cash flows used in investing activities	(21,735,192.08)	(38,500.00)	(7,121,996.56)	(5,515,375.55)
Net cash flows (used in)/ from financing activities	(219,010,606.35)	-	(2,582,662.50)	400,000,000.00
Net increase in cash and cash equivalents	12,678,375.39	13,573,735.61	5,828,381.40	394,479,457.05
2012				
Revenue	533,345,103.79	31,654,492.16	28,772,661.83	-
Expenses	377,262,121.70	16,257,730.43	47,954,323.41	-
Net profit	156,082,982.09	15,396,761.73	(19,181,661.58)	-
Total comprehensive income	156,082,982.09	15,396,761.73	(19,181,661.58)	-
Current assets	124,890,107.47	125,218,551.88	18,852,522.71	-
Non-current assets	1,647,829,475.54	69,918,871.65	370,526,535.73	-
Current liabilities	379,609,238.01	2,900,824.53	13,039,143.81	-
Non-current liabilities	1,786,374.54	-	40,000,000.00	-
Net cash flows from operating activities	253,280,344.75	10,120,812.01	5,231,202.69	-
Net cash flows used in investing activities	(6,432,743.01)	(117,340.00)	(5,926,321.22)	-
Net cash flows used in financing activities	(241,904,767.27)	-	(23,606,000.00)	-
Net increase/(decrease) in cash and cash equivalents	4,942,834.47	10,003,472.01	(24,301,118.53)	-

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V. Notes to Consolidated Financial Statements

1. CASH AND CASH EQUIVALENTS

	2013			2012		
	Original currency	Exchange rate	RMB equivalents	Original currency	Exchange rate	RMB equivalents
Cash						
- RMB	108,478.70	1.0000	108,478.70	122,167.37	1.0000	122,167.37
Cash at bank						
- RMB	2,265,638,476.98	1.0000	2,265,638,476.98	2,467,694,876.29	1.0000	2,467,694,876.29
- USD	6,039,211.05	6.0969	36,820,465.85	3,492,956.56	6.2855	21,954,978.43
- JPY	19,786,610.90	0.0578	1,143,666.11	1,021,643.97	0.0730	74,580.01
- HKD	2,173,029.55	0.7862	1,708,435.83	2,914,635.27	0.8109	2,363,477.74
Other cash balances						
- RMB	33,102,226.47	1.0000	33,102,226.47	14,212,860.92	1.0000	14,212,860.92
- HKD	1,114,616.84	0.7862	876,311.76	1,114,479.38	0.8109	903,731.33
			2,339,398,061.70			2,507,326,672.09

As at 31 December 2013, there were cash and bank balances of RMB35,473,146.88 that were restricted as to use (31 December 2012: RMB12,854,111.34) (Note V.24 (2)).

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 twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates.

As at 31 December 2013, the Group held cash and bank balances of RMB43,933,438.43 (31 December 2012: RMB49,370,952.20) that were deposited overseas.

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
Open monetary fund	7,733,957.99	—
Equity investment held for trading	4,678,872.00	—
	12,412,829.99	—

As at 31 December 2013, there was no material restriction on the realisation of the Group's financial assets at fair value through profit or loss.

Notes to Financial Statements

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V. Notes to Consolidated Financial Statements (Continued)

3. NOTES RECEIVABLE

	2013	2012
Bank acceptance bills	60,056,586.58	63,069,669.70

As at 31 December 2013, details of the pledged bank acceptance note is as follow:

Issuer	Period of the note	Amount
First	Within 6 months	5,170,000.00

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

Issuer	Period of the notes	Amount
First	Within 6 months	1,000,000.00
Second	Within 6 months	1,000,000.00
		2,000,000.00

Bank acceptance bills with a carrying value of RMB5,170,000.00 (31 December 2012: RMB20,000,000.00) and bank deposits amounting to RMB517,000.00 were pledged to obtain bank acceptance notes payable of RMB5,170,000.00 (31 December 2012: RMB2,000,000.00) (Note V. 24(2)).

As at 31 December 2013, there were no bank acceptance bills that were transferred to accounts receivable due to issuers' failure in performance (31 December 2012: Nil).

As at 31 December 2013, 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	2013.9.17	2014.3.17	10,000,000.00
Company B	2013.8.19	2014.2.19	10,000,000.00
Company C	2013.11.14	2014.5.14	10,000,000.00
Company D	2013.9.11	2014.3.11	5,000,000.00
Company E	2013.10.24	2014.4.24	3,000,000.00
			38,000,000.00

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	2012.10.8	2013.4.8	4,470,000.00
Company B	2012.8.28	2013.2.28	3,000,000.00
Company C	2012.9.12	2013.2.28	1,660,000.00
Company D	2012.10.23	2013.4.23	1,047,250.00
Company E	2012.12.5	2013.6.5	1,000,000.00
			11,177,250.00

Notes to Financial Statements

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V. Notes to Consolidated Financial Statements (Continued)

4. DIVIDENDS RECEIVABLE

2013

	Opening balance	Increase	Decrease	Closing balance
Within one year				
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	-	140,000.00	(140,000.00)	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	1,999,848.00	2,094,560.57	(1,999,848.00)	2,094,560.57
Dalian United International Shipping Agency Co., Ltd.	-	3,585,000.00	(3,585,000.00)	-
Dalian Port Design & Research Institute Co., Ltd.	-	40,600.00	(40,600.00)	-
大連港晟招標代理有限公司	-	105,000.00	(105,000.00)	-
Odfjell Terminals (Dalian) Co., Ltd.	-	19,000,000.00	(19,000,000.00)	-
Dalian Harbour ECL Logistics Co., Ltd.	-	199,338.62	(199,338.62)	-
大連港通利船務代理有限公司	-	1,200,000.00	(1,200,000.00)	-
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	-	2,112,000.00	(2,112,000.00)	-
太倉興港拖輪有限公司	-	900,000.00	(900,000.00)	-
Dalian Port PetroChina International Terminal Co., Ltd.	-	6,312,540.00	(6,312,540.00)	-
PetroChina Dalian LNG Co., Ltd.	-	13,558,605.25	(13,558,605.25)	-
China United Tally Co., Ltd.	-	539,094.55	(539,094.55)	-
Da-In Ferry Co., Ltd.	-	638,350.93	(638,350.93)	-
Sino Rail Bohai Train Ferry Co., Ltd.	-	8,175,520.07	(8,175,520.07)	-
大連港散貨物流中心有限公司	-	172,494.31	(172,494.31)	-
Dalian China Oil Dock Management Co., Ltd.	-	3,234,000.00	(3,234,000.00)	-
Dalian Assembling Transportation Logistics Co., Ltd.	22,887.36	744,496.99	(22,887.36)	744,496.99
Over one year				
Dalian Singamas International Container Co., Ltd.	2,328,561.07	1,169,517.28	-	3,498,078.35
	4,351,296.43	63,921,118.57	(61,935,279.09)	6,337,135.91

Notes to Financial Statements

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V. Notes to Consolidated Financial Statements (Continued)

4. DIVIDENDS RECEIVABLE (Continued)

2012

	Opening balance	Increase	Decrease	Closing balance
Within one year				
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. Dalian	–	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)	–
Odjell Terminals (Dalian) 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 Co., Ltd.	–	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)	–
Over one year				
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

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

5. INTERESTS RECEIVABLE

	2013	2012
Opening balance	4,065,075.97	17,077,678.32
Increase	106,308,919.21	105,027,774.94
Decrease	(94,065,874.58)	(118,040,377.29)
Closing balance	16,308,120.60	4,065,075.97

As at 31 December 2013, there were no overdue interests receivable (31 December 2012: Nil).

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

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V. Notes to Consolidated Financial Statements (Continued)

6. ACCOUNTS RECEIVABLE

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

An ageing analysis of accounts receivable are as follows:

	2013	2012
Within 1 year	440,851,028.18	425,351,291.01
1 to 2 years	49,990,884.82	35,721,475.05
2 to 3 years	5,698,577.64	8,414,281.22
Over 3 years	10,798,727.77	7,715,850.68
	507,339,218.41	477,202,897.96
Less: Provision for bad debts	(4,991,193.95)	(4,026,906.95)
	502,348,024.46	473,175,991.01

Movements in the provision for bad debts are as follows:

	2013	2012
Opening balance	4,026,906.95	2,852,921.74
Accrual	1,525,712.16	1,173,985.21
Reversal	(561,425.16)	-
Closing balance	4,991,193.95	4,026,906.95

	2013				2012			
	Ending balance		Bad debt provision		Ending balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	296,161,538.88	58.38	-	-	278,912,667.15	58.45	-	-
Not individually significant but subject to separate provision	211,177,679.53	41.62	4,991,193.95	2.36	198,290,230.81	41.55	4,026,906.95	2.03
	507,339,218.41	100.00	4,991,193.95		477,202,897.96	100.00	4,026,906.95	

As at 31 December 2013, accounts receivable that are not individually significant but subject to separate provision are as follows:

	Ending balance	Provision for bad debts	Percentage	Reason
First	3,467,716.74	3,467,716.74	100.00%	Uncollectable
Second	1,156,707.21	1,156,707.21	100.00%	Uncollectable
Others	366,770.00	366,770.00	100.00%	Uncollectable
	4,991,193.95	4,991,193.95		

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V. Notes to Consolidated Financial Statements (Continued)

6. ACCOUNTS RECEIVABLE (Continued)

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

	Ending balance	Provision for bad debts	Percentage	Reason
First	4,089,258.23	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
	<u>6,174,160.60</u>	<u>4,026,906.95</u>		

As at 31 December 2013, there were no accounts receivable due from any shareholder holding 5% or more of the Company's voting shares (31 December 2012: Nil).

As at 31 December 2013 and 31 December 2012, accounts receivable due from related parties are disclosed in Note VI. Related parties and related party transactions.

As at 31 December 2013, the top five accounts receivable are as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
NSK (China) Trading Co., Ltd.	Third party	48,972,778.00	Within 1 year	9.65
Shenyang Oriental Steel Co., Ltd. (Note)	Third party	42,691,264.64	Within 3 years	8.41
本溪北營鋼鐵(集團)股份有限公司	Third party	29,921,191.75	Within 1 year	5.91
Benxi Steel Group Corporation	Third party	26,067,656.34	Within 1 year	5.14
RGL Group Co., Ltd.	Third party	22,445,850.26	Within 1 year	4.42
		<u>170,098,740.99</u>		<u>33.53</u>

Note: As at 31 December 2013, the Group's port operating fee due from Shenyang Oriental Steel Co., Ltd. (Shenyang Oriental Steel) exceeded the credit period because of insolvency. According to the port operation contract entered into by the Group and Shenyang Oriental Steel, the Group has lien on the ironstone with equivalent value stored and held by the Group. As of the issuance of the report, the Group has already applied to the court to execute the lien.

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

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
PetroChina Company Limited	Third party	55,366,747.85	Within 1 year	11.60
RGL Group Co., Ltd.	Third party	37,976,756.44	Within 2 years	7.96
Shenyang Oriental Steel Co., Ltd.	Third party	36,747,977.03	Within 2 years	7.70
本溪北營鋼鐵(集團)股份有限公司	Third party	35,582,397.65	Within 1 year	7.46
Petroliaam Nasional Berhad	Third party	23,417,930.97	Within 1 year	4.91
		<u>189,091,809.94</u>		<u>39.63</u>

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V. Notes to Consolidated Financial Statements (Continued)

7. OTHER RECEIVABLES

An ageing analysis of other receivables is as follows:

	2013	2012
Within 1 year	456,171,792.27	263,230,087.44
1 to 2 years	9,768,729.75	8,972,948.86
2 to 3 years	6,027,581.69	2,054,477.87
Over 3 years	4,758,851.32	22,480,773.22
	476,726,955.03	296,738,287.39
Less: Provision for bad debts	(1,061,192.97)	(1,533,304.97)
	475,665,762.06	295,204,982.42

Movements in the provision for bad debts are as follows:

	2013	2012
Opening balance	1,533,304.97	1,605,414.57
Accrual	-	5,502.00
Reversal	(472,112.00)	-
Write-off	-	(77,611.60)
Closing balance	1,061,192.97	1,533,304.97

	2013				2012			
	Ending balance		Bad debt provision		Ending balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	358,576,632.68	75.22	-	-	219,156,925.90	73.86	-	-
Not individually significant but subject to separate provision	118,150,322.35	24.78	1,061,192.97	0.90	77,581,361.49	26.14	1,533,304.97	1.98
	476,726,955.03	100.00	1,061,192.97		296,738,287.39	100.00	1,533,304.97	

As at 31 December 2013, other receivables that were not individually significant but subject to separate provision are as follows:

	Ending balance	Provision for bad debts	Percentage	Reason
First	561,978.00	561,978.00	100.00%	Uncollectable
Second	116,856.00	116,856.00	100.00%	Uncollectable
Others	3,176,852.57	382,358.97	12.04%	Partly uncollectable
	3,855,686.57	1,061,192.97		

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V. Notes to Consolidated Financial Statements (Continued)

7. OTHER RECEIVABLES (Continued)

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

	Closing balance	Provision for	Percentage bad debts	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
	<u>3,421,816.97</u>	<u>1,533,304.97</u>		

As at 31 December 2013, the top five other receivables are as follows:

	Relationship	Amount	Ageing	Percentage of other receivables (%)
Dalian Municipal Bureau of Finance	Third party	140,898,300.00	Within 1 year	29.53
瀋陽津斯特商貿有限公司	Third party	111,130,328.10	Within 1 year	23.29
Dalian Municipal Bureau of Finance (Note 1)	Third party	18,787,845.00	Within 1 year	3.93
天津鈺馳國際貿易有限公司	Third party	17,146,659.94	Within 1 year	3.59
遼寧平行進口汽車貿易有限公司	Third party	13,931,427.76	Within 1 year	2.92
		<u>301,894,560.80</u>		<u>63.26</u>

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	136,793,700.00	Within 1 year	46.10
Dalian Municipal Bureau of Finance (Note 1)	Third party	19,096,175.00	Within 1 year	6.44
Dalian Municipal Bureau of Finance (Note 2)	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 years	3.36
青島奔實名車匯	Third party	9,136,771.19	Within 1 year	3.08
		<u>192,992,005.99</u>		<u>65.05</u>

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V. Notes to Consolidated Financial Statements (Continued)

7. OTHER RECEIVABLES (Continued)

Note 1: According to <《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》(大港口發[2011]147號)> jointly issued by Port of Dalian Authority and Dalian Municipal Bureau of Finance in 2011, the Group entered into the《大連港集裝箱運輸車輛高速公路通行費躉繳協議》with the Liaoning Province Expressway Management Bureau. According to the agreement, the Group was responsible for the payment and collection of the highroad tolls for the container transport vehicles passing in and out of Dalian port for the period from 1 April 2012 to 31 December 2013. The advance payment would be collected from Dalian Municipal Bureau of Finance in the next year.

Note 2: Relocation compensation fee for the Siergou port due from Dalian Municipal Bureau of Finance.

As at 31 December 2013, except for the receivables due from the parent, PDA, of RMB5,849,044.30 (31 December 2012: RMB5,232,965.78), there was no other receivable due from any shareholder holding 5% or more of the Company's voting shares.

Other receivables due from related parties as at 31 December 2013 and 31 December 2012 are disclosed in Note VI. Related parties and related party transactions.

As at 31 December 2013, the receivables of government subsidy are as follows:

	Subsidy item	Amount	Ageing	Expected collection time	Amount	Basis
Dalian Municipal Bureau of Finance	Subsidy for container volume	140,898,300.00	Within 1 year	2014	140,898,300.00	大政發[2011]61號
Dalian Municipal Bureau of Finance	Special fund for software industry development	500,000.00	Within 1 year	2014	500,000.00	大財指企[2013]343號

As at 31 December 2012, the receivable of government subsidy was as follow:

	Subsidy item	Amount	Ageing	Expected collection time	Amount	Basis
Dalian Municipal Bureau of Finance	Subsidy for container volume	136,793,700.00	Within 1 year	2013	136,793,700.00	大政發[2011]61號
Dalian Municipal Bureau of Finance	Compensation for relocation	18,000,000.00	Over 5 years	2013	18,000,000.00	大財資[2005]647號

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V. Notes to Consolidated Financial Statements (Continued)

8. PREPAYMENTS

An ageing analysis of prepayments is as follows:

	2013		2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	66,977,497.58	99.81	217,969,755.15	97.14
1 to 2 years	30,707.31	0.05	6,426,579.59	2.86
2 to 3 years	94,775.40	0.14	–	–
	67,102,980.29	100.00	224,396,334.74	100.00

As at 31 December 2013, the top five prepayments are as follows:

	Relationship	Amount	Ageing	Percentage of prepayments (%)
M/S Abdullah Abdulghani & BROS CO., W.L.L.	Third party	9,438,352.64	Within 1 year	14.07
HI-N Leasing, INC.	Third party	8,155,170.29	Within 1 year	12.16
Liaoning Electric Power Co., Ltd. Dalian Branch	Third party	7,283,648.55	Within 1 year	10.85
Skywater Investment Group LLC	Third party	3,374,151.57	Within 1 year	5.03
North Port Inter-National NY INC.	Third party	2,312,792.51	Within 1 year	3.44
		30,564,115.56		45.55

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
旅順新港港務有限公司	Third party	5,830,924.35	Within 2 years	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
		216,324,492.22		96.40

As at 31 December 2013, there was no other prepayment to any shareholder holding 5% or more of the Company's voting shares (31 December 2012: Nil).

Prepayments to related parties as at 31 December 2013 and 31 December 2012 are disclosed in Note VI. Related parties and related party transactions.

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V. Notes to Consolidated Financial Statements (Continued)

9. INVENTORIES

	2013			2012		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	93,506,680.70	2,037,642.99	91,469,037.71	71,024,114.78	2,037,642.99	68,986,471.79
Work in progress	555,128.22	-	555,128.22	-	-	-
Finished goods	321,580,376.54	-	321,580,376.54	58,048,387.64	-	58,048,387.64
Land development costs	535,047.71	-	535,047.71	4,085,008.12	-	4,085,008.12
	416,177,233.17	2,037,642.99	414,139,590.18	133,157,510.54	2,037,642.99	131,119,867.55

Opening and closing balance

Provision for inventories	2,037,642.99
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As at 31 December 2013, inventories with a carrying amount of RMB246,722,313.39 (31 December 2012: RMB20,537,425.32) were restricted as to use (Note V. 24(3)).

10. OTHER CURRENT ASSETS

	2013	2012
Loans to a jointly-controlled entity (1)	6,295,000.00	4,870,000.00
Loans to associates (2)	37,432,800.00	-
Entrusted investment (3)	1,000,000,000.00	-
Accumulated deductible value added taxes	48,097,494.05	-
	1,091,825,294.05	4,870,000.00

(1) The Group entrusted Dalian Port Corporation Finance Co., Ltd. and Agricultural Bank of China to provide unsecured loans of RMB685,000.00 and RMB5,610,000.00 to its jointly-controlled entity, Liaoning Con-Rail International Logistics Co., Ltd. The loans bear interest at a rate of 6.00% per annum and are repayable in full on 19 April 2014 and 20 February 2014, respectively.

(2) The Group entrusted Dalian Port Corporation Finance Co., Ltd. to provide unsecured loans of RMB13,432,800.00 and RMB24,000,000.00 to its associates, China Shipping Gang Lian Co., Ltd. and 大連普集倉儲設施有限公司. The loans bear interest at a rate of 6.00% per annum and are repayable in full on 27 June 2014 and 2 January 2014, respectively.

(3) The entrusted investment was a financial product that the Group purchased from Industry & Commerce Bank of China. The financial product was used for directional asset management. The expected annual yields of RMB800,000,000.00 and RMB200,000,000.00 are 6.30% and 6.80%, respectively. The due date is 29 April 2014.

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V. Notes to Consolidated Financial Statements (Continued)

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		2013	2012
Available-for-sale equity investments – H shares	(1)	21,214,860.11	14,534,238.64
Available-for-sale equity investments – A shares		–	4,390,026.00
Available-for-sale equity investments – unlisted companies	(2)	153,692,691.50	129,178,291.50
		174,907,551.61	148,102,556.14

- (1) The above available-for-sale H shares represent an investment of an 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 financial assets are measured at fair value.

		2013	2012
Cost of equity instruments		62,286,735.50	74,391,036.45
Fair value		21,214,860.11	18,924,264.64
Gains/(losses) on changes in the fair value accumulated through other comprehensive income		6,931,124.61	(5,483,063.31)
Impairment accrued		48,003,000.00	48,003,000.00

		Opening and closing balance
Impairment accrued		48,003,000.00

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V. Notes to Consolidated Financial Statements (Continued)

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

- (2) As at 31 December 2013, the Group's equity investments for unlisted companies are measured at cost, because these investments are not quoted in an active market and the fair values cannot be reliably measured. The Group has no intention of disposing those investments. The details are as follows:

2013

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
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	638,350.93
大連港口設計研究院有限公司	634,600.00	634,600.00	-	634,600.00	5.80	5.80	40,600.00
大連韓銀誠達清潔能源開發有限公司	-	1,500,000.00	(1,500,000.00)	-	-	-	-
大連北良油品貿易有限公司	-	400,000.00	(400,000.00)	-	-	-	-
Fujian Ninglian Port Co., Ltd.	12,000,000.00	-	12,000,000.00	12,000,000.00	12.00	12.00	-
大連新北良股份有限公司	14,414,400.00	-	14,414,400.00	14,414,400.00	5.01	5.01	-
Total	153,692,691.50	129,178,291.50	24,514,400.00	153,692,691.50			678,950.93

2012

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
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
大連港口設計研究院有限公司	634,600.00	634,600.00	-	634,600.00	5.80	5.80	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	-
	129,178,291.50	129,178,291.50	-	129,178,291.50			1,202,561.36

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V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

2013

	Type of enterprise	Place of registration/ principal place of business	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
Jointly-controlled entities						
大連港通利船務代理有限公司	Limited liability	Dalian	Zhanghong	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
Odfjell Terminals (Dalian) Co., Ltd.	Limited liability	Dalian	Zhu Shiliang	Construction and operation of storage terminal	USD28,000,000	60485936-9
Dalian Port PetroChina International Terminal Co., Ltd.	Limited liability	Dalian	Zhang Hongyan	Loading and discharging of refined oil and the related consulting services	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 Co., Ltd.	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
大連毅都冷鏈有限公司	Limited liability	Dalian	Zhang Chunquan	Freight and storage agency	3,600	75606813-6
China United Tally Co., Ltd.	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	Zhou Xiaoyu	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
China Unite Northeast Rail Containers Co., Ltd.	Limited liability	Dalian	Zhu Youwen	International container services	53,500	79202427-X
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	Zhu Shiliang	Logistics	500	58201884-0
Odfjell Dalian Port Consulting Co., Ltd.	Limited liability	Dalian	Wu Guozhong	Technical training	600	58204259-2

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V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2013 (Continued)

	Type of enterprise	Place of registration/ principal place of business	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
Dalian Changxing Island Port Investment & Development Co., Ltd.	Limited liability	Dalian	Dong Yanhong	Development and construction of terminal facilities	95,000	69140687-7
大連舜德集發供應鏈管理有限公司	Limited liability	Dalian	Yin Li	Import and export of goods and technology	5,000	06441373-6
Odjfell Changxing Warehousing Terminals (Dalian) Co., Ltd.	Limited liability	Dalian	Wang Tiefu	Pier and harbour warehousing facilities development and construction	5,000	79454725
Associates						
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 PetroChina 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
PetroChina Dalian LNG Co., Ltd.	Limited liability	Dalian	Wang Lixin	LNG related services	260,000	68707182-4
SINOECL Auto Liners, Limited	Limited liability	HK	N/A	Shipping services	HKD4,150,000	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 Wapeng Port Engineering Examination & Testing Co., Ltd.	Limited liability	Dalian	Zhu Liyan	Construction examination	500	74787065-3
Dalian Port Corporation Finance Co., Ltd.	Limited liability	Dalian	Hui Kai	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	Zhou Biren	International freight agency	30,000	56896799-4
大連港盛招標代理有限公司	Limited liability	Dalian	Ma Shuyuan	Bidding agency services	200	56552295-7
中海油(寧德)石化碼頭有限公司	Limited liability	Ningde	Wu Xubin	Construction terminals	1,000	06878701-4

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V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2012

	Type of enterprise	Place of registration/ principal place of business	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
Jointly-controlled entities						
大連港通利船務代理有限公司	Limited liability	Dalian	Zhang Hong	Domestic freight and vessel agency	60	73642304-9
Dalian Harbour ECL Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Storage loading and discharging services	USD9,000,000	75155081-2
Odfjell Terminals (Dalian) Co., Ltd.	Limited liability	Dalian	Xu Song	Construction and operation of storage terminal	USD28,000,000	60485936-9
Dalian Port PetroChina International Terminal Co., Ltd.	Limited liability	Dalian	Sun Hongwei	Loading and discharging of refined oil and the related consulting services	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
大連毅都冷鏈有限公司	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

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12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2012 (Continued)

	Type of enterprise	Place of registration/ principal place of business	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	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
Odjfell Dalian Port Consulting Co., Ltd.	Limited liability	Dalian	Wang Hongsuo	Technical training	600	58204259-2
Dalian Changxing Island Port Investment & Development Co., Ltd.	Limited liability	Dalian	Dong Yanhong	Development and construction of terminal facilities	95,000	69140687-7
Associates						
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 PetroChina 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	Taicang	Zhu Shiliang	Vessel tugging services	300	76050857-9
PetroChina 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 Wanpeng Port Engineering Examination and Testing Co., Ltd.	Limited liability	Dalian	Zhu Liyan	Construction examination	180	74787065-3
Dalian Port Corporation Finance Co., Ltd.	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	200	69143298-7
大連港盛招標代理有限公司	Limited liability	Dalian	Ma Shuyuan	Bidding agency	200	56552295-7

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V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

The following table illustrates the financial information of the Group's significant jointly-controlled entities, Dalian International Container Terminal Co., Ltd. ("DICT"), Dalian Port Container Terminal Co., Ltd. ("DPCM"), Dalian Changxing Island Port Investment & Development Co., Ltd. ("DCID") and Dalian Automobile Terminal Co., Ltd. ("DAT"). The information has been adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

2013

	DICT RMB'000	DPCM RMB'000	DCID RMB'000	DAT RMB'000
Cash and cash equivalents	42,809	62,163	39,868	16,952
Other current assets	77,456	60,275	214,542	9,468
Current assets	120,265	122,438	254,410	26,420
Non-current assets	3,018,658	1,690,300	3,141,662	518,614
Financial liabilities, excluding accounts payable and other payables	48,778	145,012	160,000	146
Other current liabilities	133,900	38,837	717,807	38,396
Current liabilities	182,678	183,849	877,807	38,542
Non-current liabilities, excluding accounts payable, other payables and accrued liabilities	1,632,468	1,003,729	1,524,557	88,886
Non-current liabilities	1,632,468	1,003,729	1,524,557	88,886
Net assets	1,323,777	625,160	993,708	417,606
Net assets, excluding goodwill	1,323,777	625,160	993,708	411,472
Reconciled to the Group's equity interests in the jointly- controlled entities:				
Percentage of equity interest attributable to the Group	40.00%	35.00%	46.58%	40.00%
The Group's share in the jointly- controlled entities' net assets, excluding goodwill	40.00%	35.00%	46.58%	40.00%
Goodwill arising from the acquisition (less accumulative impairment)	-	-	-	2,454
Carrying amount of investments	529,511	218,806	462,869	167,042
Revenue	273,431	418,410	-	76,876
Interest income	808	938	-	146
Depreciation and amortisation	89,629	70,744	397	60,955
Interest expense	72,352	54,399	-	4,780
Income tax expenses	-	2,709	-	3,266
Net (loss)/profit	(14,689)	19,317	(598)	19,751
Total comprehensive income	(14,689)	19,317	(598)	19,751
Other comprehensive income	-	-	-	-
Dividends received	-	-	-	-

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V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2012

	DICT RMB'000	DPCM RMB'000	DCID RMB'000	DAT RMB'000
Cash and cash equivalents	25,226	40,056	59,567	16,193
Other current assets	66,062	35,875	325,095	10,803
Current assets	91,288	75,931	384,662	26,996
Non-current assets	3,095,930	1,676,260	2,081,774	503,791
Financial liabilities, excluding accounts payable and other payables	90,714	79,087	160,000	4,106
Other current liabilities	133,408	29,848	400,912	43,554
Current liabilities	224,122	108,935	560,912	47,660
Non-current liabilities, excluding accounts payable, other payables and accrued liabilities	1,626,459	1,037,924	911,218	85,565
Non-current liabilities	1,626,459	1,037,924	911,218	85,565
Net assets	1,336,638	605,332	994,306	397,562
Net assets, excluding goodwill	1,336,638	605,332	994,306	391,428
Reconciled to the Group's equity interests in the jointly- controlled entities:				
Percentage of equity interest attributable to the Group	40.00%	35.00%	46.58%	40.00%
The Group's share in the jointly- controlled entities' net assets, excluding goodwill	40.00%	35.00%	46.58%	40.00%
Goodwill arising from the acquisition (less accumulative impairment)	–	–	–	2,454
Carrying amount of investments	534,655	211,866	463,148	159,025
Revenue	291,930	390,202	–	68,967
Interest income	316	1,522	–	352
Depreciation and amortisation	94,053	66,165	–	52,082
Interest expense	80,422	53,890	–	4,899
Income tax expenses	–	–	–	–
Net profit	6,881	10,837	–	22,546
Total comprehensive income	6,881	10,837	–	22,546
Other comprehensive income	–	–	–	–
Dividends received	–	–	–	–

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31 December 2013
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V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

The following table illustrates the aggregate financial information of the Group's jointly-controlled entities which are not individually material to the Group:

	2013	2012
The Group's share of the jointly-controlled entities' net profit	54.03%	72.96%
The Group's share of the jointly-controlled entities' comprehensive income	54.03%	72.96%
Carrying amount of the Group's investments in the jointly-controlled entities	958,107,312.86	837,658,739.52

The following table illustrates the financial information of the Group's significant associates, PetroChina Dalian LNG Co., Ltd. ("DLNG"), Sino Rail Bohai Train Ferry Co., Ltd. ("SRBTF") and Dalian Port Corporation Finance Co., Ltd. ("DPCF"). The information has been adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

2013

	DLNG RMB'000	SRBTF RMB'000	DPCF RMB'000
Current assets	26,860	281,659	3,313,833
Non-current assets	3,701,156	2,387,760	3,818
Current liabilities	883,333	376,413	2,691,128
Non-current liabilities, excluding accounts payable, other payables and accrued liabilities	-	724,510	-
Non-current liabilities	-	724,510	-
Net assets	2,844,683	1,568,496	626,523
Net assets, excluding goodwill	2,844,683	1,568,496	626,523
Reconciled to the Group's equity interests in the associates:			
Percentage of equity interest attributable to the Group	20.00%	17.50%	40.00%
The Group's share in the associates' net assets, excluding goodwill	20.00%	17.50%	40.00%
Goodwill arising from the acquisition (less accumulative impairment)	-	-	-
Carrying amount of investments	568,937	274,487	250,609
Revenue	787,986	711,302	157,389
Other comprehensive income	-	-	-
Total comprehensive income	227,916	39,081	85,575
Dividends received	-	666	-

Notes to Financial Statements

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V. Notes to Consolidated Financial Statements (Continued)

12. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES (Continued)

2012

	DLNG RMB'000	SRBTF RMB'000	DPCF RMB'000
Current assets	26,315	253,540	2,427,245
Non-current assets	3,957,551	2,511,590	4,112
Current liabilities	1,303,924	646,885	1,890,409
Non-current liabilities, excluding accounts payable, other payables and accrued liabilities	–	552,962	–
Non-current liabilities	–	552,962	–
Net assets	2,679,942	1,565,283	540,948
Net assets, excluding goodwill	2,679,942	1,565,283	540,948
Reconciled to the Group's equity interests in the associates:			
Percentage of equity interest attributable to the Group	20.00%	17.50%	40.00%
The Group's share in the associates' net assets, excluding goodwill	20.00%	17.50%	40.00%
Goodwill arising from the acquisition (less accumulative impairment)	–	–	–
Carrying amount of investments	535,988	273,924	216,379
Revenue	583,393	991,609	77,369
Other comprehensive income	–	–	–
Total comprehensive income	113,568	29,316	40,634
Dividends received	–	1,155	–

The following table illustrate the aggregate financial information of the Group's associates which are not individually material to the Group:

	2013	2012
The Group's share of the associates' net profit	23.27%	62.29%
The Group's share of the associates' total comprehensive income	23.27%	62.29%
Carrying amount of the Group's investments in the associates	462,298,236.08	471,201,521.32

Notes to Financial Statements

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V. Notes to Consolidated Financial Statements (Continued)

13. LONG-TERM EQUITY INVESTMENTS

2013

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
Jointly-controlled entities							
大連港通利船務代理有限公司	1,311,300.00	2,098,230.35	(936,674.15)	1,161,556.20	50.00	50.00	1,200,000.00
Dalian Harbour ECL Logistics Co., Ltd.	30,111,142.43	30,483,506.91	230,056.12	30,713,563.03	50.00	50.00	199,338.62
Odfjell Terminals (Dalian) Co., Ltd.	86,878,185.37	141,719,736.78	(1,757,974.14)	139,961,762.64	50.00	50.00	19,000,000.00
Dalian Port PetroChina International Terminal Co., Ltd.	125,000,000.00	137,818,404.31	13,209,881.95	151,028,286.26	50.00	50.00	6,312,540.00
Dalian Assembling Transportation Logistics Co., Ltd. (Note 1)	21,000,000.00	22,465,940.75	332,721.89	22,798,662.64	70.00	60.00	744,496.99
Dalian United International Shipping Agency Co., Ltd.	2,175,192.85	7,515,327.57	(1,561,692.64)	5,953,634.93	50.00	50.00	3,585,000.00
Dalian Vanguard International Logistics Co., Ltd.	37,000,000.00	34,712,220.35	56,530.98	34,768,751.33	50.00	50.00	-
大連鞍都冷鏈有限公司	18,000,000.00	41,228,227.31	15,627,395.70	56,855,623.01	50.00	50.00	-
China United Tally Co., Ltd. Dalian	5,103,200.33	3,260,805.20	908,824.50	4,169,629.70	50.00	50.00	539,094.55
Dalian China Oil Dock Management Co., Ltd.	16,301,068.34	16,586,622.77	(4,338,984.05)	12,247,638.72	49.00	49.00	3,234,000.00
Liaoning Electronic Port Co., Ltd.	6,000,000.00	4,698,506.03	127,182.90	4,825,688.93	50.00	50.00	-
Liaoning Con-Rail International Logistics Co., Ltd.	8,000,000.00	3,042,878.26	2,684,378.20	5,727,256.46	50.00	50.00	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	5,798,464.21	7,063,717.69	9,623.51	7,073,341.20	57.00	57.00	2,094,560.57
Dalian Port Container Terminal Co., Ltd.	255,500,000.00	211,866,044.66	6,939,976.48	218,806,021.14	35.00	35.00	-
Dalian International Container Terminal Co., Ltd.	560,000,000.00	534,655,254.09	(5,144,552.19)	529,510,701.90	40.00	40.00	-
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	33,745,082.49	1,336,077.77	35,081,160.26	30.00	30.00	-
Dalian Automobile Terminal Co., Ltd.	152,503,640.00	159,024,931.23	8,017,488.81	167,042,420.04	40.00	40.00	-
Dalian Singamas International Container Co., Ltd.	42,859,398.30	44,200,038.37	(1,137,809.62)	43,062,228.75	43.63	43.63	1,169,517.28
Dalian Shunda Logistics Co., Ltd.	0.00	12,591,452.06	(12,591,452.06)	-	-	-	-
China Unite Northeast Rail Containers Co., Ltd.	214,000,000.00	79,472,985.14	108,042,291.28	187,515,276.42	40.00	40.00	-
ODFJELL AP Port Holding Pte. Co., Ltd.	-	278,267.61	(278,267.61)	-	-	-	-
Dalian Changxing Island Port Co., Ltd.	248,000,000.00	210,244,568.44	(11,284,082.34)	198,960,486.10	40.00	40.00	-
大連港散貨物流中心有限公司	2,000,000.00	2,193,949.42	(166,400.66)	2,027,548.76	40.00	40.00	172,494.31
Odfjell Dalian Port Consulting Co., Ltd.	3,000,000.00	2,238,271.71	(342,803.24)	1,895,468.47	50.00	50.00	-
Dalian Changxing Island Port Investment & Development Co., Ltd. (Note 2)	463,147,800.00	463,147,800.00	(278,548.40)	462,869,251.60	46.58	50.00	-
大連舜德集發供應鏈管理有限公司	10,000,000.00	-	10,029,749.05	10,029,749.05	20.00	20.00	-
Odfjell Changxing Terminals (Dalian) Co., Ltd.	2,250,000.00	-	2,250,000.00	2,250,000.00	30.00	30.00	-
Total for jointly-controlled entities	2,336,939,391.83	2,206,352,769.50	129,982,938.04	2,336,335,707.54			38,251,042.32

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V. Notes to Consolidated Financial Statements (Continued)

13. LONG-TERM EQUITY INVESTMENTS (Continued)

2013 (Continued)

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
Associates							
China Shipping Gang Lian Co., Ltd.	90,000,000.00	82,579,840.01	(4,065,217.89)	78,514,622.12	30.00	30.00	-
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	20,288,520.00	35,084,467.75	(29,722,886.49)	5,361,581.26	20.00	20.00	2,112,000.00
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	2,000,000.00	1,380,736.60	1,075,990.45	2,456,727.05	40.00	40.00	140,000.00
大連普集倉儲設施有限公司	239,636,434.98	179,784,319.33	(11,378,432.34)	168,405,886.99	40.00	40.00	-
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	48,876,656.89	49,097,533.93	1,470,631.41	50,568,165.34	40.00	40.00	-
太倉興港拖輪有限公司	900,000.00	2,212,031.77	405,191.36	2,617,223.13	30.00	30.00	900,000.00
PetroChina Dalian LNG Co., Ltd.	520,000,000.00	535,988,496.95	32,948,068.26	568,936,565.21	20.00	20.00	13,558,605.25
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.	60,000,000.00	29,632,512.78	31,647,633.13	61,280,145.91	20.00	20.00	-
Sino Rail Bohai Train Ferry Co., Ltd.	274,500,286.56	273,924,483.74	562,393.70	274,486,877.44	17.50	17.50	8,175,520.07
中世國際物流有限公司	90,000,000.00	90,362,635.74	1,750,322.23	92,112,957.97	30.00	30.00	-
Dalian Port Corporation Finance Co., Ltd.	200,000,000.00	216,379,200.54	34,230,094.20	250,609,294.74	40.00	40.00	-
大連港盛招標代理有限公司	829,605.00	867,443.41	15,184.18	882,627.59	35.00	35.00	105,000.00
大連鑫海陽環保工程有限公司	-	200,000.00	(200,000.00)	-	-	-	-
中海油(寧德)石化碼頭有限公司	2,450,000.00	-	98,298.72	98,298.72	24.50	24.50	-
Total for associates	1,554,023,567.70	1,497,493,702.55	58,837,270.92	1,556,330,973.47			24,991,125.32
Total	3,890,962,959.53	3,703,846,472.05	188,820,208.96	3,892,666,681.01			63,242,167.64

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V. Notes to Consolidated Financial Statements (Continued)

13. LONG-TERM EQUITY INVESTMENTS (Continued)

2012

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
Jointly-controlled entities							
大連港通利船務代理有限公司	1,311,300.00	1,856,202.70	242,027.65	2,098,230.35	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 PetroChina 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
Dalian Assembling Transportation Logistics Co., Ltd. (Note 1)	21,000,000.00	22,130,064.38	335,876.37	22,465,940.75	70.00	60.00	22,887.36
Dalian United International Shipping Agency 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 Vanguard International Logistics Co., Ltd.	37,000,000.00	34,678,452.22	33,768.13	34,712,220.35	50.00	50.00	-
大連蘇都冷鏈有限公司	18,000,000.00	30,700,221.58	10,528,005.73	41,228,227.31	50.00	50.00	-
China United Tally Co., Ltd. Dalian	5,103,200.33	5,435,664.14	(2,174,858.94)	3,260,805.20	50.00	50.00	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
Liaoning Electronic Port Co., Ltd.	6,000,000.00	5,391,544.06	(693,038.03)	4,698,506.03	50.00	50.00	-
Liaoning Con-Rail International Logistics Co., Ltd.	8,000,000.00	1,433,383.80	1,609,494.46	3,042,878.26	50.00	50.00	-
Dalian Dagang China Shipping 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 Port Container Terminal Co., Ltd.	255,500,000.00	207,968,341.29	3,897,703.37	211,866,044.66	35.00	35.00	-
Dalian International Container Terminal Co., Ltd.	560,000,000.00	531,741,224.49	2,914,029.60	534,655,254.09	40.00	40.00	-
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	33,437,811.20	307,271.29	33,745,082.49	30.00	30.00	-
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 Singamas International Container Co., 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 Shunda Logistics Co., Ltd.	19,256,515.00	16,894,711.31	(4,303,259.25)	12,591,452.06	50.00	50.00	-
China Unite Northeast Rail Containers Co., Ltd.	102,000,000.00	85,629,564.23	(6,156,579.09)	79,472,985.14	40.00	40.00	-
ODFJELL AP Port Holding Pte. Ltd.	314,717.79	291,974.92	(13,707.31)	278,267.61	50.00	50.00	-
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	-
大連散貨物流中心有限公司	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 & Development Co., Ltd. (Note 2)	463,147,800.00	-	463,147,800.00	463,147,800.00	46.58	50.00	-
Total for jointly-controlled entities	2,232,260,624.62	1,726,625,496.35	479,727,273.15	2,206,352,769.50			22,323,447.87

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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
Associates							
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 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
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
PetroChina 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 Co., Ltd.	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	-
Total for associates	1,520,493,567.70	1,474,939,239.15	22,554,463.40	1,497,493,702.55			15,133,058.46
Total	3,752,754,192.32	3,201,564,735.50	502,281,736.55	3,703,846,472.05			37,456,506.33

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 a 70% equity interest. According to the Articles of Association of DATL, the two shareholders have joint control over DATL and the long-term equity investment in DATL is accounted for using the equity method.

Note 2: In June 2012, the Group acquired 45% equity interests in Dalian Changxing Island Port Investment & Development Co., Ltd. at a consideration of RMB313,147,800.00. 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 & Development Co., Ltd. increased to 46.58%. According to the Articles of Association of Dalian Changxing Island Port Investment & Development Co., Ltd., the shareholder, the Management Committee of the Dalian Changxing Island Industrial Zone (大連長興島臨港工業區管理委員會), and the Group have joint control over Dalian Changxing Island Port Investment & Development Co., Ltd. and the Group accounted for the long-term equity investments using the equity method.

As at 31 December 2013 and 31 December 2012, the Group's long-term equity investments were investments in unlisted companies.

As at 31 December 2013, there was no unrecognized investment loss (2012: Nil).

At the balance sheet date, management is of the opinion that there was no impairment for dividends receivable and no impairment provision is necessary.

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V. Notes to Consolidated Financial Statements (Continued)

14. INVESTMENT PROPERTIES

	Buildings	Land use rights	Container terminals	Total
Cost:				
At 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 and at 1 January 2013	25,930,773.72	69,785,783.60	733,780,942.92	829,497,500.24
Transferred from construction in progress	2,821,394.34	–	12,254,448.70	15,075,843.04
At 31 December 2013	28,752,168.06	69,785,783.60	746,035,391.62	844,573,343.28
Accumulated depreciation:				
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 and at 1 January 2013	6,569,857.51	7,250,332.51	115,845,467.80	129,665,657.82
Depreciation charged	696,772.02	1,493,672.96	15,579,901.17	17,770,346.15
At 31 December 2013	7,266,629.53	8,744,005.47	131,425,368.97	147,436,003.97
Carrying amount:				
At 31 December 2013	21,485,538.53	61,041,778.13	614,610,022.65	697,137,339.31
At 31 December 2012	19,360,916.21	62,535,451.09	617,935,475.12	699,831,842.42

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

At 31 December 2013, the investment properties above were all leased out under operating lease arrangements.

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

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(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

15. FIXED ASSETS

	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
Cost:										
At 1 January 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	5,824,317.10	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 to investment properties	(8,862,769.26)	(1,414,972.59)	-	-	-	-	(13,934,302.35)	-	-	(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 and 1 January 2013	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
Increase due to acquisition of a subsidiary	2,806,883.70	-	-	5,046,930.07	1,529,706.00	-	16,426,682.71	352,646.00	493,904.22	26,656,752.70
Additions	3,206,613.86	238,448.30	-	23,761,376.10	7,437,636.00	-	-	6,303,723.95	35,046,550.04	75,994,348.25
Transferred from construction in progress	270,673,923.80	473,948,310.76	75,523,449.95	94,367,880.07	97,654,640.63	190,610,085.84	538,587,976.56	66,127,011.47	50,793,591.38	1,858,286,870.46
Reclassifications	14,395,175.07	(4,151,752.00)	-	4,137,200.00	-	-	(14,385,175.07)	14,552.00	-	-
Decrease due to disposal of a subsidiary	-	-	-	-	(1,481,245.37)	-	-	(195,149.20)	(625,738.28)	(2,302,132.85)
Disposals	(1,721,260.91)	(1,521,344.83)	-	(127,775,850.81)	(3,682,494.84)	(1,205,000.00)	-	(1,592,121.68)	(13,128,321.80)	(150,626,394.87)
At 31 December 2013	1,452,787,283.09	5,388,626,004.22	2,393,583,163.27	2,735,074,765.10	900,246,600.60	1,740,514,134.05	3,004,776,098.88	928,868,821.08	612,511,552.18	19,156,988,422.47
Accumulated depreciation:										
At 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 to 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	(6,913,380.90)	(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 and 1 January 2013	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
Increase due to acquisition of a subsidiary	1,821,886.31	-	-	5,545,355.82	980,705.72	-	11,083,642.28	134,428.54	346,265.35	19,912,284.02
Depreciation charged	38,471,383.15	103,947,087.38	82,481,700.84	154,570,639.67	40,644,127.93	57,488,595.48	65,405,929.58	66,526,909.74	33,424,846.81	642,961,220.58
Reclassifications	749,384.40	(390,735.56)	-	390,735.56	-	-	(749,384.40)	-	-	-
Decrease due to disposal of a subsidiary	-	-	-	-	(557,486.39)	-	-	(22,666.48)	(167,952.50)	(748,105.37)
Disposals	(1,710,218.57)	(342,684.44)	-	(117,815,852.32)	(3,383,646.70)	(364,363.83)	-	(1,480,875.08)	(11,504,448.82)	(136,612,089.56)
At 31 December 2013	281,008,944.20	829,140,471.75	676,162,313.41	1,483,302,637.47	291,228,024.98	366,119,715.87	498,285,230.02	428,087,658.12	248,102,998.07	5,101,437,983.89
Carrying amount:										
At 31 December 2013	1,171,778,338.89	4,559,485,532.47	1,717,420,849.86	1,251,772,127.63	609,018,575.62	1,374,394,418.18	2,506,490,868.86	500,781,162.96	364,408,554.11	14,055,550,428.58
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

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V. Notes to Consolidated Financial Statements (Continued)

15. FIXED ASSETS (Continued)

As at 31 December 2013, certain vessels of the Group with an aggregate carrying amount of approximately RMB50,395,220.92 (31 December 2012: RMB52,728,719.56) and certain storage facilities with an aggregate carrying amount of approximately RMB102,322,342.45 (31 December 2012: Nil) were pledged (Note V.24(1)). Apart from this, there were no other fixed assets as to use with restricted ownership.

As at 31 December 2013, the Group was in the process of obtaining the ownership certificates of certain of its buildings with an aggregate carrying amount of RMB551,424,246.70 (31 December 2012: RMB272,074,939.18). 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 2013, there were no temporarily idled fixed assets (31 December 2012: Nil).

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

Fixed assets under finance lease are as follows:

2013

	Cost	Accumulated depreciation	Impairment	Carrying amount
Other equipment	17,155,460.94	271,628.14	-	16,883,832.80

There were no fixed assets under finance lease in 2012.

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

	2013 Carrying amount	2012 Carrying amount
Buildings	60,756,837.62	57,400,752.47
Terminal facilities	820,947,077.21	843,825,677.27
Oil tanks and pipelines	217,459,740.03	232,616,608.69
Loading equipment	17,692,758.35	13,403,046.44
Machinery and equipment	125,986,042.78	90,828,344.82
Transportation equipment	467,692,246.33	390,106,851.32
Other equipment	35,703,676.68	37,045,226.74
Vessels	460,585,258.18	490,960,788.17
Total	2,206,823,637.18	2,156,187,295.92

16. FIXED ASSETS PENDING FOR DISPOSAL

	2013	2012	Reason
Buildings	-	2,935,582.75	Demolition
Terminal facilities	33,749.78	23,230,482.72	Demolition, retirement
Loading equipment	725,471.88	1,083,390.51	Demolition, retirement
Transportation equipment	-	3,768,517.64	Disposal, retirement
Storage facilities	-	2,000,266.49	Demolition
Machinery and equipment	-	283,575.11	Demolition
Other equipment	129,292.48	2,756,268.06	Demolition, retirement
	888,514.14	36,058,083.28	

Notes to Financial Statements

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V. Notes to Consolidated Financial Statements (Continued)

17. CONSTRUCTION IN PROGRESS

	2013			2012		
	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	434,872,100.05	-	434,872,100.05	1,171,469,810.16	-	1,171,469,810.16
大窯灣二期13-16#泊位	570,813,218.42	-	570,813,218.42	435,639,708.64	-	435,639,708.64
新港9#原油罐組	378,291,534.42	-	378,291,534.42	166,740,245.67	-	166,740,245.67
礮石4#堆場	387,164,878.37	-	387,164,878.37	338,497,972.03	-	338,497,972.03
新港18-21#泊位	295,842,054.91	-	295,842,054.91	269,050,373.05	-	269,050,373.05
大窯灣北岸汽車物流中心	148,465,545.13	-	148,465,545.13	115,763,102.66	-	115,763,102.66
新港7-8#原油罐組	17,538,992.30	-	17,538,992.30	10,091,435.85	-	10,091,435.85
大連港石化1#庫區	-	-	-	364,013,479.35	-	364,013,479.35
大連港石化碼頭	-	-	-	310,549,866.45	-	310,549,866.45
大連港石化主管廊	-	-	-	194,143,294.21	-	194,143,294.21
Others	314,724,180.46	-	314,724,180.46	1,313,794,030.05	-	1,313,794,030.05
Total	2,547,712,504.06	-	2,547,712,504.06	4,689,753,318.12	-	4,689,753,318.12

As at 31 December 2013, there was no construction in progress with restricted ownership (31 December 2012: RMB98,128,450.67).

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

2013

	Budget	Opening balance	Additions	Decrease due to disposal of a subsidiary	Transferred to fixed assets, intangible assets and investment properties	Closing balance	Source of funds	Percentage 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	2,741,120,000.00	1,171,469,810.16	161,478,709.43	-	(898,076,419.54)	434,872,100.05	Loans from financial institutions and other sources	72
大窯灣二期13-16#泊位	3,783,000,000.00	435,639,708.64	135,173,509.78	-	-	570,813,218.42	Proceeds from public offering and loans from financial institutions and other sources	90
新港9#原油罐組	598,400,000.00	166,740,245.67	211,551,288.75	-	-	378,291,534.42	Proceeds from public offering	82
礮石4#堆場	570,600,000.00	338,497,972.03	48,666,906.34	-	-	387,164,878.37	Proceeds from public offering	69
新港18-21#泊位	413,770,000.00	269,050,373.05	26,791,681.86	-	-	295,842,054.91	Loans from financial institutions and other sources	72
大窯灣北岸汽車物流中心	450,000,000.00	115,763,102.66	32,702,442.47	-	-	148,465,545.13	Loans from financial institutions and other sources	33
新港7-8#原油罐組	260,000,000.00	10,091,435.85	7,447,556.45	-	-	17,538,992.30	Proceeds from public offering	90
大連港石化1#庫區	400,000,000.00	364,013,479.35	-	(364,013,479.35)	-	-	Loans from financial institutions and other sources	N/A
大連港石化碼頭	310,000,000.00	310,549,866.45	-	(310,549,866.45)	-	-	Loans from financial institutions and other sources	N/A
大連港石化主管廊	200,000,000.00	194,143,294.21	-	(194,143,294.21)	-	-	Loans from financial institutions and other sources	N/A
Others		1,313,794,030.05	602,479,782.47	(620,444,685.78)	(981,104,946.28)	314,724,180.46		
Total		4,689,753,318.12	1,226,291,877.55	(1,489,151,325.79)	(1,879,181,365.82)	2,547,712,504.06		

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V. Notes to Consolidated Financial Statements (Continued)

17. CONSTRUCTION IN PROGRESS (Continued)

2012

	Budget	Opening balance	Additions	Transferred to fixed assets, intangible assets and investment properties	Closing balance	Source of funds	Percentage 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	2,741,120,900.00	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	66
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 from public offering and loans from financial institutions and other sources	80
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	46
礮石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	413,770,000.00	221,407,568.36	47,642,804.69	-	269,050,373.05	Loans from financial institutions and other sources	66
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7-8#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	450,000,000.00	109,223,878.01	6,539,224.65	-	115,763,102.66	Loans from financial institutions and other sources	25
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		

2013

	Stage of completion	Accumulated capitalized interest	Interest capitalized during the year	Capitalization 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	72%	73,009,678.22	73,009,678.22	5.9%
大窯灣二期13-16#泊位	90%	121,433,694.08	18,459,137.53	5.8%
新港18-21#泊位	72%	53,874,579.85	16,268,223.78	6.2%
Others		33,154,718.40	24,432,267.24	
		281,472,670.55	132,169,306.77	

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V. Notes to Consolidated Financial Statements (Continued)

17. CONSTRUCTION IN PROGRESS (Continued)

2012

	Stage of completion	Accumulated capitalized interest	Interest capitalized during the year	Capitalization 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	66%	203,476,558.82	95,544,975.72	5.9%
大窯灣二期13-16#泊位	80%	102,974,556.55	43,744,428.46	5.8%
新港18-21#泊位	66%	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	25%	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	
		<u>505,626,936.62</u>	<u>239,457,755.75</u>	

18. INTANGIBLE ASSETS

	Land use rights	Port information platform	Customer relationships	Container flat vehicle use rights	Software	Golf membership	Sea area use rights	Port facility use rights	Total
Cost:									
At 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 to investment properties	(8,456,599.51)	-	-	-	-	-	-	-	(8,456,599.51)
Disposals	-	-	-	-	(7,220.00)	-	-	-	(7,220.00)
At 31 December 2012 and 1 January 2013	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
Increase due to acquisition of a subsidiary	14,683,500.00	-	-	-	736,500.00	-	-	-	15,420,000.00
Additions	-	-	-	-	2,305,368.52	-	-	-	2,305,368.52
Transferred from construction in progress	-	-	-	-	5,818,652.32	-	-	-	5,818,652.32
Decrease due to disposal of a subsidiary	-	-	-	-	-	-	(96,962,376.91)	-	(96,962,376.91)
Disposals	(62,004.60)	-	-	-	(1,650,652.82)	-	-	-	(1,712,657.42)
At 31 December 2013	585,737,038.18	64,310,000.00	15,970,000.00	46,660,098.18	126,478,042.01	1,977,376.00	3,455,982.72	253,448,422.59	1,098,036,959.68

Notes to Financial Statements

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V. Notes to Consolidated Financial Statements (Continued)

18. INTANGIBLE ASSETS (Continued)

	Land use rights	Port information platform	Customer relationships	Container flat vehicle use rights	Software	Golf membership	Sea area use rights	Port facility use rights	Total
Accumulated amortisation:									
At 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 to investment properties	(796,932.80)	-	-	-	-	-	-	-	(796,932.80)
Disposals	-	-	-	-	(7,220.00)	-	-	-	(7,220.00)
At 31 December 2012 and 1 January 2013	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
Increase due to acquisition of a subsidiary	10,092,057.91	-	-	-	279,979.31	-	-	-	10,372,037.22
Additions	12,023,823.86	6,431,000.00	1,597,000.00	2,916,256.20	10,558,934.54	13,756.32	1,132,957.80	5,230,038.12	39,903,766.84
Decrease due to disposal of a subsidiary	-	-	-	-	-	-	(5,027,678.88)	-	(5,027,678.88)
Disposals	(9,176.13)	-	-	-	(1,650,652.83)	-	-	-	(1,659,828.96)
At 31 December 2013	123,608,752.77	35,906,416.67	9,426,000.00	21,871,921.26	73,059,289.17	934,173.49	1,157,700.94	83,374,926.43	349,339,180.73
Carrying amount:									
At 31 December 2013	462,128,285.41	28,403,583.33	6,544,000.00	24,788,176.92	53,418,752.84	1,043,202.51	2,298,281.78	170,073,496.16	748,697,778.95
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

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

As at 31 December 2013, land use rights of RMB16,254,081.19 (31 December 2012: RMB16,605,843.19) were restricted as to use (Note V.24(1)).

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

Notes to Financial Statements

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V. Notes to Consolidated Financial Statements (Continued)

19. GOODWILL

31 December 2013

	Opening balance	Disposal of a subsidiary	Closing balance
Dalian Jiyi Logistics Co., Ltd. ("Dalian Jiyi")	2,397,589.82	–	2,397,589.82
DCT Logistics Co., Ltd. ("DCTL")	6,218,460.29	–	6,218,460.29
Dalian Portnet Co., Ltd. ("DPN")	7,419,238.63	–	7,419,238.63
Dalian Port Petroleum & Chemical Co., Ltd.	61,700,000.00	(61,700,000.00)	–
	77,735,288.74	(61,700,000.00)	16,035,288.74
Less: Impairment	–	–	–
	77,735,288.74	(61,700,000.00)	16,035,288.74

31 December 2012

	Opening and closing balances
Dalian Jiyi Logistics Co., Ltd.	2,397,589.82
DCT Logistics Co., Ltd.	6,218,460.29
Dalian Portnet Co., Ltd.	7,419,238.63
Dalian Port Petroleum & Chemical Co., Ltd.	61,700,000.00
	77,735,288.74
Less: Impairment	–
	77,735,288.74

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

The recoverable amounts of DCTL, DPN and Dalian Jiyi 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% (2012: 12%). The growth rate used to extrapolate the cash flows beyond the five-year period is 3% (2012: 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.

Notes to Financial Statements

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(Expressed in Renminbi Yuan)

V. Notes to Consolidated Financial Statements (Continued)

20. LONG-TERM PREPAID EXPENSES

	Public facilities in the bonded port	Decorations	Others	Total
At 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 and 1 January 2013	12,826,009.24	3,888,020.00	4,800,481.79	21,514,511.03
Additions	–	3,317,225.36	735,890.00	4,053,115.36
Amortisation	(855,067.44)	(1,134,018.39)	(840,228.18)	(2,829,314.01)
Disposal	–	(110,422.33)	–	(110,422.33)
31 December 2013	11,970,941.80	5,960,804.64	4,696,143.61	22,627,890.05

21. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and deferred tax liabilities are as follows:

Recognised deferred tax assets and liabilities:

	2013	2012
Deferred tax assets:		
Unrealised inter-group profit	51,756,479.52	49,683,417.21
Accrued land development cost	2,744,506.41	3,863,262.13
Advance receipts with tax paid	2,011,068.77	2,526,488.90
Changes in fair values of financial assets at fair value through profit or loss and available-for-sale financial assets	1,655,257.50	1,980,708.50
Asset impairment	1,985,794.86	1,861,225.01
Temporary difference on amortisation of software	371,250.01	448,250.05
Expenses without invoices	–	396,658.44
Temporary difference on amortisation of decoration	–	62,333.33
Fair value adjustment on assets acquired in a business combination not under common control	594,120.54	–
Safety production expense	–	544,541.54
Others	(634,710.94)	(634,710.94)
	60,483,766.67	60,732,174.17
Deferred tax liabilities:		
Fair value adjustment on assets acquired in a business combination not under common control	12,451,436.00	75,717,224.83

Unrecognised deferred tax assets are as follows:

	2013	2012
Deductible losses	60,996,134.15	46,510,975.27

Notes to Financial Statements

31 December 2013
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V. Notes to Consolidated Financial Statements (Continued)

21. DEFERRED TAX ASSETS/LIABILITIES (Continued)

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

	2013	2012
2013	–	8,355,699.14
2014	10,505,468.82	10,448,388.14
2015	21,127,232.00	19,399,163.53
2016	102,683,565.96	94,067,442.63
2017	58,025,016.53	55,901,565.81
2018	53,383,217.77	–
	245,724,501.08	188,172,259.25

22. PROVISION FOR IMPAIRMENT OF ASSETS 2013

	Opening balance	Provision	Decrease	Closing balance
Provision for bad debts:	5,560,211.92	1,525,712.16	(1,033,537.16)	6,052,386.92
Accounts receivable	4,026,906.95	1,525,712.16	(561,425.16)	4,991,193.95
Other receivables	1,533,304.97	–	(472,112.00)	1,061,192.97
Provision for inventories	2,037,642.99	–	–	2,037,642.99
	7,597,854.91	1,525,712.16	(1,033,537.16)	8,090,029.91

2012

	Opening balance	Provision	Decrease	Closing balance
Provision for bad debts:	4,458,336.31	1,179,487.21	(77,611.60)	5,560,211.92
Accounts receivable	2,852,921.74	1,173,985.21	–	4,026,906.95
Other receivables	1,605,414.57	5,502.00	(77,611.60)	1,533,304.97
Provision for inventories	2,037,642.99	–	–	2,037,642.99
	6,495,979.30	1,179,487.21	(77,611.60)	7,597,854.91

23. OTHER NON-CURRENT ASSETS

	2013	2012
Shareholder loans (Note)	23,806,956.08	27,544,912.58
Prepayment for share acquisition	–	10,000,000.00
	23,806,956.08	37,544,912.58

Note: In 2009, the Group provided an unsecured loan of JPY237,568,382.41 (equivalent to RMB13,724,563.02), to its associate, Jadeway Limited. The loan bears interest at a rate of 1% per annum. The loan will be repaid by equal instalment in 10 years from 29 January 2029.

During the period from 2009 to 2011, the Group provided unsecured loans with a total amount of HKD12,823,719.60 (equivalent to RMB10,082,393.06), to its associate, SINOECL Auto Liners. The loans bear interest at a rate of 1% per annum and will be repaid by equal instalment in 10 years from 2 December 2029.

Notes to Financial Statements

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V. Notes to Consolidated Financial Statements (Continued)

24. ASSETS WITH RESTRICTED OWNERSHIP

2013

		Opening balance	Increase	Decrease	Closing balance
Guaranteed assets:					
Fixed assets	(1)	52,728,719.56	102,322,342.45	(2,333,498.64)	152,717,563.37
Construction in progress	(1)	98,128,450.67	4,193,891.78	(102,322,342.45)	-
Intangible assets	(1)	16,605,843.19	-	(351,762.00)	16,254,081.19
Pledged assets:					
Cash and bank balances	(2)	12,854,111.34	232,480,618.02	(209,861,582.48)	35,473,146.88
Notes receivable	(2)	2,000,000.00	10,570,000.00	(7,400,000.00)	5,170,000.00
Inventories	(3)	20,537,425.32	1,261,336,162.27	(1,035,151,274.20)	246,722,313.39
		202,854,550.08	1,610,903,014.52	(1,357,420,459.77)	456,337,104.83

2012

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

- (1) As at 31 December 2013, certain vessels of the Group with an aggregate carrying amount of RMB50,395,220.92 (31 December 2012: RMB52,728,719.56) were pledged to secure a bank loan of RMB6,200,000.00 (31 December 2012: RMB12,200,000.00) (Note V. 35).

As at 31 December 2013, certain fixed assets with an aggregate carrying amount of RMB102,322,342.45 (31 December 2012: certain construction in progress with an aggregate carrying amount of RMB98,128,450.67) and land use rights with an aggregate carrying amount of RMB16,254,081.19 (31 December 2012: RMB16,605,843.19) were pledged to secure a bank loan of RMB47,010,023.77 (31 December 2012: RMB51,244,843.77) (Note V. 35). The amortisation amount of the land use rights was RMB351,762.00 in 2013 (31 December 2012: RMB351,762.00).

- (2) As at 31 December 2013, cash and bank balances of RMB30,309,501.88 (31 December 2012: RMB11,380,167.17) were pledged to secure irrevocable letters of credit of RMB209,342,456.77 (31 December 2012: RMB101,514,282.03).

As at 31 December 2013, cash and bank balances of RMB3,218,000.00 (31 December 2012: RMB1,473,944.17) and notes receivable of RMB5,170,000.00 (31 December 2012: RMB2,000,000.00) were pledged to secure the bank acceptance notes of RMB32,180,000.00 (31 December 2012: RMB16,730,000.00).

As at 31 December 2013, cash and bank balances of RMB1,945,645.00 (31 December 2012: Nil) were pledged as security for performance of the construction contract.

- (3) As at 31 December 2013, inventories of RMB246,722,313.39 (31 December 2012: RMB20,537,425.32) were pledged to secure borrowings of negotiation under guarantee for import letter of credit of RMB284,592,844.90 (31 December 2012: RMB38,533,101.12) (Note V. 25).

Notes to Financial Statements

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V. Notes to Consolidated Financial Statements (Continued)

25. SHORT-TERM BORROWINGS

		2013	2012
Credit borrowings	(1)	110,000,000.00	1,009,500,000.00
Guaranteed borrowings		-	230,000,000.00
Pledged borrowings	(2)	284,592,844.90	38,533,101.12
		394,592,844.90	1,278,033,101.12

As at 31 December 2013, the interest rates for the above borrowings were 2.20% to 6.60% per annum (31 December 2012: 3.11% to 7.22% per annum).

- (1) The Group obtained short-term borrowings of RMB100,000,000.00 from its associate, Dalian Port Corporation Finance Co., Ltd. and RMB10,000,000.00 from Dalian Harbour ECL Logistics Co., Ltd. The borrowings are unsecured, bear interest rates of 5.60% and 6.60% per annum and are repayable in full on 28 May 2014 and 6 May 2014, respectively.
- (2) The pledged borrowings were borrowings of negotiation under guarantee obtained by the Group for the foreign trade import business. As at 31 December 2013, the Group pledged inventories of RMB246,722,313.39 (31 December 2012: RMB20,537,425.32) to secure borrowings of negotiation under guarantee for import of RMB284,592,844.90 (31 December 2012: RMB38,533,101.12).

As at 31 December 2013, the Group has no short-term borrowings matured but not yet paid (31 December 2012: Nil).

26. NOTES PAYABLE

	2013	2012
Bank acceptance notes	31,680,000.00	16,730,000.00

27. ACCOUNTS PAYABLE

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

An ageing analysis of accounts payable is as follows:

	2013	2012
Within 1 year	209,697,640.96	164,469,205.32
1 to 2 years	4,859,013.19	11,232,104.82
2 to 3 years	317,445.00	1,056,977.00
Above 3 years	387,954.52	270,390.52
	215,262,053.67	177,028,677.66

As at 31 December 2013, there is no account payable due to any shareholder holding more than 5% (including 5%) of the Company's voting shares (31 December 2012: Nil).

As at 31 December 2013 and 31 December 2012, accounts payable due to related parties are disclosed in Note VI. Related parties and related party transactions.

As at 31 December 2013, the Group has no significant accounts payable with ageing above one year (31 December 2012: Nil).

Notes to Financial Statements

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V. Notes to Consolidated Financial Statements (Continued)

28. ADVANCES FROM CUSTOMERS

	2013	2012
Advances for leasing	6,102,738.74	26,400,397.77
Advances for public facility maintenance	8,044,275.07	10,105,955.59
Transportation charges	9,271,299.76	12,395,602.31
Deposits for automobile trade	258,268,736.44	–
Receipts from the sale of grain	32,200.00	20,246,884.00
Others	15,284,038.13	23,647,052.07
	297,003,288.14	92,795,891.74

As at 31 December 2013, there was no advance from any shareholder holding more than 5% (including 5%) of the voting rights of the Company (31 December 2012: Nil).

As at 31 December 2013 and 31 December 2012, advances from related parties are disclosed in Note VI. Related parties and related party transactions.

As at 31 December 2013 and 31 December 2012, the Group's significant advances from customers with ageing over one year are as follows:

	2013	2012	Reasons for being outstanding
Advances for public facility maintenance	8,044,275.07	10,105,955.59	Transfer as stipulated by the contract

29. EMPLOYEE BENEFITS PAYABLE 2013

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	100,205,918.98	673,890,556.58	(643,584,000.49)	130,512,475.07
Staff welfare	–	57,473,949.31	(57,473,949.31)	–
Social insurances	2,808,078.41	183,775,038.83	(181,418,382.40)	5,164,734.84
Including: Medical insurance	271,920.84	41,115,658.64	(41,137,743.55)	249,835.93
Pension insurance	584,719.42	101,928,009.65	(101,850,032.49)	662,696.58
Supplementary pension insurance	1,751,256.51	24,667,615.40	(22,264,570.39)	4,154,301.52
Unemployment insurance	95,011.62	9,261,606.26	(9,300,218.63)	56,399.25
Work injury insurance	82,828.79	2,965,436.60	(3,020,069.44)	28,195.95
Maternity insurance	22,341.23	3,013,104.15	(3,022,139.77)	13,305.61
Others	–	823,608.13	(823,608.13)	–
Housing funds	–	95,825,536.15	(95,825,536.15)	–
Monetary housing subsidies	442,090.00	–	(442,090.00)	–
Labour union fund and employee education fund	1,078,889.66	18,342,698.06	(18,205,937.55)	1,215,650.17
Compensation for termination of employment relationship	–	2,105.00	(2,105.00)	–
Other allowances	12,757,946.18	273,331,205.86	(269,891,977.04)	16,197,175.00
	117,292,923.23	1,302,641,089.79	(1,266,843,977.94)	153,090,035.08

Note: The Group operates a defined contribution plan of pension, which requires payments of fixed contribution to independent fund. According to the pension plan, the highest payment shall not exceed the National regulations, which is accrued within 1/12 of prior year's total payroll. The total payment made by the enterprise and employees shall not exceed 1/6 of prior year's total payroll. The Company's payment is calculated at 5% of prior year's total payroll.

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V. Notes to Consolidated Financial Statements (Continued)

29. EMPLOYEE BENEFITS PAYABLE (Continued)

2012

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

As at 31 December 2013, no defaulted payables were included in the employee benefits payable (31 December 2012: Nil).

30. TAXES PAYABLE

	2013	2012
Value added tax	9,744,276.48	(1,556,741.42)
Business tax	3,493,000.11	33,526,287.25
Corporate income tax	46,063,805.58	26,383,558.31
City maintenance and construction tax	594,500.18	2,468,367.64
Education surcharge	423,689.70	1,762,654.13
Land appreciation tax	7,031.89	6,303,329.74
Individual income tax	4,410,364.86	3,569,602.18
Others	1,079,135.20	1,496,191.77
	65,815,804.00	73,953,249.60

31. INTEREST PAYABLE

	2013	2012
Interest on bank loans	2,476,613.24	5,316,203.32
Interest on corporate bonds (Note V.34, 36)	185,519,018.74	189,003,706.63
Interest on entrusted loans	20,167.00	–
	188,015,798.98	194,319,909.95

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V. Notes to Consolidated Financial Statements (Continued)

32. DIVIDENDS PAYABLE

	2013	2012
Minority shareholders of subsidiaries:		
Singapore Dalian Port Investment Pte. Ltd.	79,492,840.22	74,798,086.67
United States Sankyo Holdings Limited	675,064.07	2,604,223.91
Dalian Bonded Zhengtong Company Limited	5,779,554.22	5,779,554.22
	85,947,458.51	83,181,864.80

33. OTHER PAYABLES

	2013	2012
Construction payables	689,521,525.02	650,048,966.79
Rental payables	1,546,100.61	24,173,291.05
Compensation collected	28,394,105.13	21,494,402.99
Port construction fee collected	9,934,055.50	10,300,044.56
Subsidies collected for other companies	15,000,000.00	13,387,500.00
Fare collected	3,230,101.03	4,765,839.50
Payable to PDA	1,149,047.55	2,125,620.30
Deposits due to related parties	313,385.76	311,778.12
Others	95,355,947.92	127,026,488.07
	844,444,268.52	853,633,931.38

As at 31 December 2013, except for the other payables due to the parent, PDA, of RMB1,149,047.55 (31 December 2012: RMB2,125,620.30), there was no other payable due to any shareholder holding more than 5% (including 5%) of the Company's voting shares.

Other payables due to related parties as at 31 December 2013 and 31 December 2012 are disclosed in Note VI. Related parties and related party transactions.

As at 31 December 2013, the Group's significant other payables with ageing over one year are as follows:

	Amount	Reasons for not being repaid
No.3 Engineering Company Ltd. of CCCC		
First Harbor Engineering Company Ltd.	74,769,207.05	Unsettled construction payables
Dalian Port Machinery and Electric Co., Ltd.	17,510,657.97	Unsettled construction payables
遼河石油勘探局油田建設工程一公司	18,268,429.00	Unsettled construction payables
Dalian Huarui Heavy Industry Group Co., Ltd.	15,586,000.00	Unsettled construction payables
Sunshine Property Insurance Company	20,000,000.00	Temporary receipt of insurance compensation
	146,134,294.02	

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V. Notes to Consolidated Financial Statements (Continued)

34. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

	2013	2012
Long-term borrowings due within one year	310,000,000.00	545,000,000.00
Bonds payable due within one year	2,895,786,400.26	–
Long-term payables due within one year	3,005,225.24	–
	3,208,791,625.50	545,000,000.00

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

	2013	2012
Credit borrowings	300,000,000.00	540,000,000.00
Pledged borrowings (Note V.35)	10,000,000.00	5,000,000.00
	310,000,000.00	545,000,000.00

As at 31 December 2013, long-term borrowings due within one year are as follows:

	Starting date	Maturity date	Currency	Interest rate (%)	31 December 2013
China Construction Bank, Dalian Zhongshan Branch	2009.12.9	2014.12.8	RMB	5.900	250,000,000.00
Bank of China, Dalian Xigang Branch	2009.7.17	2014.7.17	RMB	5.890	30,000,000.00
Dalian Port Corporation Finance Co., Ltd.	2012.3.22	2014.3.21	RMB	6.650	20,000,000.00
Bank of Communications, Dalian Branch	2011.3.23	2014.12.19	RMB	6.550	10,000,000.00
					310,000,000.00

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

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

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V. Notes to Consolidated Financial Statements (Continued)

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

As at 31 December 2013, no expired borrowings are included in the long-term borrowings within one year (31 December 2012: Nil).

As at 31 December 2013, bonds payable within one year are as follows:

	Date of issuance	Maturity period	Amount issued	Accumulated adjustment in interest	Closing balance	Interest payable at the end of the year
Medium-term notes	2009.5.26	5 years	1,500,000,000.00	(1,450,220.57)	1,498,549,779.43	37,454,926.55
Medium-term notes	2009.6.1	5 years	1,000,000,000.00	(966,813.72)	999,033,186.28	24,969,951.04
Corporate bond	2011.10.27	3 years	400,000,000.00	(1,796,565.45)	398,203,434.55	4,120,580.24
			2,900,000,000.00	(4,213,599.74)	2,895,786,400.26	66,545,457.83

The medium-term notes above were transferred from bonds payable to non-current liabilities during the year (Note V.36).

As at 31 December 2013, long-term payables due within one year are as follows:

	2013	2012
Finance lease payable	4,007,076.92	–
Unrecognised finance charges	(1,001,851.68)	–
	3,005,225.24	–

The above payables and unrecognised finance charges were transferred from long-term payables to non-current liabilities due within one year (Note V.37).

35. LONG-TERM BORROWINGS

	2013	2012
Pledged borrowings	43,210,023.77	58,444,843.77
Guaranteed borrowings	279,191,221.44	288,915,409.65
Credit borrowings	1,071,000,000.00	1,361,000,000.00
	1,393,401,245.21	1,708,360,253.42

The long-term borrowings are repayable as follows:

	2013	2012
In the second year (inclusive of the second year)	316,391,221.44	306,000,000.00
In the third to fifth years (inclusive of the fifth year)	1,077,010,023.77	1,381,561,316.74
Beyond five years	–	20,798,936.68
	1,393,401,245.21	1,708,360,253.42

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V. Notes to Consolidated Financial Statements (Continued)

35. LONG-TERM BORROWINGS (Continued)

As at 31 December 2013, certain of the Group's long-term bank borrowings of RMB6,200,000.00 were secured by certain vessels of the Group with an aggregate carrying amount of RMB50,395,220.92 (31 December 2012: RMB52,728,719.56).

As at 31 December 2013, certain of the Group's long-term bank borrowings of RMB37,010,023.77 and non-current liabilities due within one year of RMB10,000,000.00 were secured by certain fixed assets of the Group with an aggregate carrying amount of RMB102,322,342.45 (31 December 2012: certain construction in progress with an aggregate carrying amount of RMB98,128,450.67) and land use rights of the Group with an aggregate carrying amount of RMB16,254,081.19 (31 December 2012: RMB16,605,843.19), respectively.

As at 31 December 2013, certain of the Group's bank loans of RMB279,191,221.44 (31 December 2012: RMB288,915,409.65) were USD loans of USD46,000,000.00 and were secured by a guarantee provided by the Company.

As at 31 December 2013, the top five long-term borrowings are as follows:

	Starting date	Maturity date	Currency	Interest rate (%)	Balance at 31 December 2013	
					Foreign currency	RMB
China Construction Bank, Dalian Zhongshan Branch	2009.12.9	2017.12.8	RMB	5.900	-	800,000,000.00
China Merchants Bank, Hong Kong Branch	2010.4.23	2015.4.23	USD	LIBOR+1.30	46,000,000.00	279,191,221.44
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	-	37,010,023.77
Dalian Port Corporation Finance Co., Ltd.	2012.4.11	2015.4.10	RMB	4.000	-	21,000,000.00
						<u>1,387,201,245.21</u>

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	2009.12.9	2017.12.8	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 Co., Ltd.	2012.4.11	2015.4.10	RMB	4.000	-	21,000,000.00
						<u>1,656,160,253.42</u>

As at 31 December 2013, the Group has no long-term borrowings matured but not yet paid (31 December 2012: Nil).

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V. Notes to Consolidated Financial Statements (Continued)

36. BONDS PAYABLE

2013

	Opening balance	Increase	Decrease	Closing balance
Non-current:				
Medium-term notes	2,492,124,237.13	5,458,728.58	(2,497,582,965.71)	-
Corporate bonds	5,352,388,679.86	9,658,075.25	(398,203,434.55)	4,963,843,320.56
	7,844,512,916.99	15,116,803.83	(2,895,786,400.26)	4,963,843,320.56
Current:				
Short-term financing bonds	160,000,000.00	-	(160,000,000.00)	-
	8,004,512,916.99	15,116,803.83	(3,055,786,400.26)	4,963,843,320.56

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

As at 31 December 2013, bonds payable are listed as follows:

	Date of issuance	Maturity period	Amount issued	Accumulated adjustment in interest	Closing balance	Interest payable at the end of the year
Corporate bonds	2011.5.23	10 years	2,350,000,000.00	(19,593,949.11)	2,330,406,050.89	75,927,396.48
Corporate bonds	2011.9.26	7 years	2,650,000,000.00	(16,562,730.33)	2,633,437,269.67	43,046,164.43
			5,000,000,000.00	(36,156,679.44)	4,963,843,320.56	118,973,560.91

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V. Notes to Consolidated Financial Statements (Continued)

36. BONDS PAYABLE (Continued)

As at 31 December 2012, bonds payable were listed as follows:

	Date of issuance	Maturity period	Amount issued	Accumulated adjustment in interest	Closing balance	Interest payable at the end of the year
Medium-term note	2009.5.26	5 years	1,500,000,000.00	(4,725,457.72)	1,495,274,542.28	37,454,926.55
Medium-term note	2009.6.1	5 years	1,000,000,000.00	(3,150,305.15)	996,849,694.85	24,969,951.04
Corporate bonds	2011.5.23	10 years	2,350,000,000.00	(21,707,094.11)	2,328,292,905.89	76,609,862.23
Corporate bonds	2011.9.26	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	2012.8.23	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

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. These notes had been reclassified to non-current liabilities due within one year in this year (Note V.34).

On 23 May 2011, the Company issued corporate bonds in an aggregate principal amount of RMB2,350,000,000.00 with a maturity period of ten years. The interest rate is fixed and the nominal interest rate of the bond is 5.30% per annum. The relevant issuance cost amounted to RMB25,156,495.00.

On 26 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 from the issuance 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 27 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. The above corporate bonds were reclassified to non-current liabilities due within one year during the year (Note V.34).

37. LONG-TERM PAYABLES

	2013	2012
Issuance costs for medium-term notes	-	130,350.00
Finance lease (Note)	12,666,979.84	-
	12,666,979.84	130,350.00

Note: The Group entered into a finance lease contract with Dalian Equipment Finance Lease Co., Ltd. to lease 1000 sets of dry containers during the year. The start leasing date is 30 October 2013 and the lease term is 57 months. The lease fee is paid on a monthly basis. As at 31 December 2013, the Group's finance lease payable is RMB18,366,623.92 and the unrecognised finance charges are RMB2,694,418.84. The finance lease payable due within one year and the unrecognised finance charges that will be amounted within one year are RMB4,007,076.92 and RMB1,001,851.68, respectively (Note V. 34).

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V. Notes to Consolidated Financial Statements (Continued)

37. LONG-TERM PAYABLES (Continued)

At 31 December 2013, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments 2013	Present value of minimum lease payments 2013
Amounts payable:		
Within one year, inclusive	4,007,076.92	3,005,225.24
In the second year, inclusive	4,007,076.92	3,222,473.20
In the third to fifth years, inclusive	10,352,470.08	9,444,506.64
Total minimum finance lease payments	18,366,623.92	15,672,205.08
Future finance charges	(2,694,418.84)	
Total net finance lease payables	15,672,205.08	
Portion classified as current liabilities:		
Long-term payables due within 1 year (Note V 34)	(3,005,225.24)	
Non-current portion	12,666,979.84	

38. OTHER NON-CURRENT LIABILITIES

	2013	2012
Lump sum fees for cargo handling	100,243,942.00	-
Deferred income (Note)	597,573,954.11	633,098,324.44
Total	697,817,896.11	633,098,324.44
Note: Deferred income includes:		
Government grants related to assets:		
Relocation compensation (1)	559,344,845.63	593,850,029.68
Construction of vessels (2)	5,248,533.80	6,039,751.40
Equipment reconstruction (3)	2,537,076.86	2,786,374.54
Others	885,995.63	308,666.63
Government grants related to income:		
Operation subsidies (4)	29,557,502.19	30,113,502.19
Total	597,573,954.11	633,098,324.44

- (1) The amount was received in respect of the compensation for the relocation of the terminals. The amount will be recognised in the consolidated income statement over the estimated useful lives of the new terminals upon commencement of their operations.
- (2) The amount was received in respect of the subsidy for the construction of vessels and the equipment reconstruction. The amount will be recognised in the consolidated 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 operation subsidy of a subsidiary. The amount will be recognised in the income statement during the operation period of this subsidiary.

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V. Notes to Consolidated Financial Statements (Continued)

38. OTHER NON-CURRENT LIABILITIES (Continued)

As at 31 December 2013, the liabilities relating to government grants are as follows:

	Opening balance	Additions	Recognised as non-operating income	Closing balance	Related to assets/income
Relocation compensation	593,850,029.68	-	34,505,184.05	559,344,845.63	related to assets
Construction of vessels	6,039,751.40	-	791,217.60	5,248,533.80	related to assets
Equipment reconstruction	2,786,374.54	-	249,297.68	2,537,076.86	related to assets
Others	308,666.63	650,000.00	72,671.00	885,995.63	related to assets
Operation subsidy	30,113,502.19	5,200,000.00	5,756,000.00	29,557,502.19	related to income
	633,098,324.44	5,850,000.00	41,374,370.33	597,573,954.11	

As at 31 December 2012, the liabilities related to government grants are as follows:

	Opening balance	Additions	Recognised as non-operating income	Closing balance	Related to assets/income
Relocation compensation	628,355,213.73	-	34,505,184.05	593,850,029.68	related to assets
Construction of vessels	6,830,969.00	-	791,217.60	6,039,751.40	related to assets
Equipment reconstruction	1,952,339.22	1,000,000.00	165,964.68	2,786,374.54	related to assets
Others	250,000.00	80,000.00	21,333.37	308,666.63	related to assets
Operation subsidy	19,357,502.19	10,756,000.00	-	30,113,502.19	related to income
	656,746,024.14	11,836,000.00	35,483,699.70	633,098,324.44	

39. SHARE CAPITAL 2013

	Opening balance	Movement in current year			Closing balance
		Issued new shares	Others	Total	
I. Shares with limited conditions for sale					
1. Holding by the state	2,554,995,000	-	(2,554,995,000)	(2,554,995,000)	-
2. Holding by state-owned legal person	-	-	-	-	-
3. Holding by other domestic capital	-	-	-	-	-
Total shares with limited conditions for sale	2,554,995,000	-	(2,554,995,000)	(2,554,995,000)	-
II. Shares without limited conditions for sale					
1. Holding by the state	-	-	2,554,995,000	2,554,995,000	2,554,995,000
2. RMB ordinary shares	808,405,000	-	-	-	808,405,000
3. Overseas listed foreign invested shares (Note)	1,062,600,000	-	-	-	1,062,600,000
Total shares without limited conditions for sale	1,871,005,000	-	2,554,995,000	2,554,995,000	4,426,000,000
Total shares	4,426,000,000	-	-	-	4,426,000,000

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V. Notes to Consolidated Financial Statements (Continued)

39. SHARE CAPITAL (Continued)

2012

	Opening balance	Movement in current year			Closing balance
		Issued new shares	Others	Total	
I. Shares with limited conditions for sale					
1. Holding by the state	2,554,995,000	-	-	-	2,554,995,000
2. Holding by state-owned legal person	-	-	-	-	-
3. Holding by other domestic capital	-	-	-	-	-
Total of shares with limited conditions for sale	2,554,995,000	-	-	-	2,554,995,000
II. Shares without limited conditions for sale					
1. Holding by the state	808,405,000	-	-	-	808,405,000
2. Shares listed overseas (Note)	1,062,600,000	-	-	-	1,062,600,000
Total shares without limited conditions for sale	1,871,005,000	-	-	-	1,871,005,000
Total shares	4,426,000,000	-	-	-	4,426,000,000

Note: As at 31 December 2013, the shares listed overseas included 53,000,000 shares that were held by PDA through HKSCC Nominees Limited (31 December 2012: 53,000,000 shares).

40. CAPITAL RESERVE

2013

	Opening balance	Transfer in	Transfer out	Closing balance
Share premium	6,103,613,277.83	-	-	6,103,613,277.83
Changes in fair values of available-for-sale financial assets (Note 1)	(5,483,063.31)	6,472,062.42	5,942,125.50	6,931,124.61
Special reserve (Note 2)	1,282,278.89	4,272,969.21	-	5,555,248.10
Others	97,730.59	-	-	97,730.59
	6,099,510,224.00	10,745,031.63	5,942,125.50	6,116,197,381.13

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V. Notes to Consolidated Financial Statements (Continued)

40. CAPITAL RESERVE (Continued)

2012

	Opening balance	Transfer in	Transfer out	Closing balance
Share premium	6,103,901,654.75	–	(288,376.92)	6,103,613,277.83
Changes in fair values of available-for-sale financial assets	(6,907,694.26)	1,424,630.95	–	(5,483,063.31)
Special reserve	–	1,282,278.89	–	1,282,278.89
Others	97,730.59	–	–	97,730.59
	6,097,091,691.08	2,706,909.84	(288,376.92)	6,099,510,224.00

Note 1: The Group transferred certain available-for-sale financial assets to financial assets at fair value through profit or loss. The accumulated losses from fair value changes of RMB5,942,125.50 previously recognised were transferred from capital reserve to loss on changes in fair values.

The gain on changes in the fair value of the Group's remaining available-for-sale financial assets resulted in the increase in the capital reserve of RMB6,472,062.42.

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

41. SURPLUS RESERVE

2013

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	469,232,353.83	63,210,527.08	–	532,442,880.91
Reserve fund	353,065.88	–	–	353,065.88
Enterprise expansion fund	620,468.49	–	–	620,468.49
	470,205,888.20	63,210,527.08	–	533,416,415.28

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

According to the company law and the Company's Articles of Association, the Company appropriated 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 appropriate its discretionary surplus reserve. Upon approval, the discretionary surplus reserve can be used to recover the accumulated losses of the Company or increase the share capital.

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V. Notes to Consolidated Financial Statements (Continued)

42. SPECIAL RESERVE

2013

	Opening balance	Increase	Decrease	Closing balance
Safety production fee	2,653,944.19	27,466,979.00	(20,592,087.73)	9,528,835.46

2012

	Opening balance	Increase	Decrease	Closing balance
Safety production fee	–	6,683,686.15	(4,029,741.96)	2,653,944.19

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》(財企[2012]16號) (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

	2013	2012
Retained earning at the end of last year	1,940,095,861.84	1,664,362,022.29
Retrospective adjustment and restatement (Note II. 2)	16,638,347.50	19,194,779.35
Retained earnings at the beginning of the year	1,956,734,209.34	1,683,556,801.64
Profit attributable to the parent	682,582,626.15	600,089,816.53
Less: Appropriation to statutory surplus reserve	63,210,527.08	58,982,433.96
Ordinary share cash dividends payable (Note)	221,300,000.00	265,560,000.00
Appropriation of employee bonus and welfare fund	2,677,000.51	2,369,974.87
Retained earnings at the end of the year	2,352,129,307.90	1,956,734,209.34

Retrospective adjustment and restatement: In 2013, the retrospective adjustment and restatement made pursuant to the new CAS and the relevant regulations affected retained earnings at the beginning of the year by RMB16,638,347.50 (2012: RMB19,194,779.35).

Note: In accordance with the resolution of the annual general meeting dated 28 June 2013, the Company proposed a cash dividend to equity holders of the Company of RMB0.5 (2012: RMB0.6) for every 10 shares (inclusive of applicable tax), based on the number of total issued shares of 4,426,000,000 (2012: 4,426,000,000). This cash dividend had been paid and recorded in this year's financial statements.

Pursuant to the board resolution dated 27 March 2014 (Note IX. 2), the Company proposed to pay a cash dividend to shareholders of RMB265,560,000.00, which is calculated based on the issued ordinary shares, in aggregate of 4,426,000,000 shares, and RMB0.6 for every 10 shares (inclusive of applicable tax). The resolution will be submitted to the forth coming general meeting for approval.

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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:

	2013	2012
Revenue from the principal operations	6,531,282,679.60	4,289,169,933.24
Revenue from other operations	450,697,538.32	355,389,061.59
	6,981,980,217.92	4,644,558,994.83

Cost of sales is as follows:

	2013	2012
Cost of the principal operations	5,078,016,138.02	2,750,785,664.88
Cost of other operations	316,386,648.11	305,903,764.68
	5,394,402,786.13	3,056,689,429.56

Revenue by segment is as follows:

	2013		2012	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil/liquefied chemicals terminal and logistics services	1,106,303,244.86	567,238,372.15	997,182,728.75	532,417,100.35
Container terminal and logistics services	1,310,854,527.58	965,897,977.96	1,102,164,370.80	761,456,028.82
Passenger and roll-on, roll-off terminal and logistics services	131,045,100.66	93,727,340.57	131,596,278.98	83,476,685.82
Automobile terminal and logistics and trading services	743,873,692.76	718,037,398.09	30,104,988.63	18,410,902.15
Ore terminal and logistics services	295,685,178.43	183,763,197.07	294,272,735.55	189,502,478.23
Bulk grains terminal and logistics and trading services	1,890,389,292.21	1,706,340,625.66	723,526,990.34	536,515,874.54
General cargo terminal and logistics and trading services	423,953,353.23	429,272,038.60	335,990,523.40	297,335,295.48
Port value-added services and ancillary port operations	966,774,701.13	669,632,790.03	890,756,178.33	585,263,835.34
Unallocated	113,101,127.06	60,493,046.00	138,964,200.05	52,311,228.83
	6,981,980,217.92	5,394,402,786.13	4,644,558,994.83	3,056,689,429.56

Notes to Financial Statements

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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 2013 is as follows:

	Amount	Percentage of revenue (%)
遼源吉糧油脂有限公司	662,034,999.81	9.48
PetroChina Company Limited (Note)	438,899,398.86	6.29
吉糧(四平)紅嘴油脂有限公司	419,753,150.35	6.01
Dalian West Pacific Petrochemical Company Ltd.	247,789,485.01	3.55
大連泰和盛國際貿易有限公司	204,793,008.05	2.93
	1,973,270,042.08	28.26

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

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

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

Revenue is analysed as follows:

	2013	2012
Loading services	1,876,641,202.48	1,773,464,794.99
Logistics services	606,783,597.85	655,590,132.62
Storage services	601,588,371.47	512,650,804.21
Port management services	202,647,685.17	190,502,299.59
Leasing services	401,885,459.60	312,304,250.96
Agency services	221,335,078.20	58,764,896.54
Tallying services	60,206,752.11	60,932,463.95
Electric supply services	131,101,191.05	96,525,759.10
Project construction and inspection services	154,975,775.49	139,680,990.42
Information services	73,802,977.15	63,164,871.71
Commodity trading	2,329,856,575.38	380,738,935.73
Sales of goods	72,749,278.95	159,968,560.67
Others	248,406,273.02	240,270,234.34
	6,981,980,217.92	4,644,558,994.83

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V. Notes to Consolidated Financial Statements (Continued)

45. BUSINESS TAX AND SURCHARGES

	2013	2012
Business tax	108,647,298.54	155,558,419.18
City maintenance and construction tax and education surcharge	18,527,408.81	19,061,602.20
Land appreciation tax	13,096,363.77	15,960,586.43
	140,271,071.12	190,580,607.81

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

46. GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2012
Payroll	333,803,003.78	297,342,757.89
Depreciation and amortisation	40,720,226.39	42,816,282.55
Tax expenses	21,150,688.27	20,572,994.13
Office charges	7,286,964.43	7,447,006.18
Intermediary fees	9,962,242.98	9,940,332.21
Rental expenses	18,376,187.38	15,035,178.49
Property insurance expenses	8,889,948.78	8,690,125.54
Others	118,174,247.66	89,551,360.20
	558,363,509.67	491,396,037.19

The above general and administrative expenses included the audit fee of the Company and its subsidiaries with an amount of RMB5,022,856.00 (2012: RMB5,026,910.40).

47. FINANCIAL EXPENSES

	2013	2012
Interest expense	577,452,339.77	672,534,755.64
Including: Interest on bank loans and other loans wholly repayable within five years	451,284,607.11	385,666,550.94
Interest on other loans	125,980,679.25	286,868,204.70
Finance lease charges	187,053.41	-
Less: Interest income	33,613,909.80	42,675,987.23
Less: Capitalised interest	134,663,381.06	256,001,476.58
Foreign exchange differences	(10,736,122.11)	1,356,537.94
Others	3,323,719.30	2,097,889.84
	401,762,646.10	377,311,719.61

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

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V. Notes to Consolidated Financial Statements (Continued)

48. LOSSES ON CHANGES IN FAIR VALUES

	2013	2012
Financial assets at fair value through profit or loss	6,621,030.01	–

49. INVESTMENT INCOME

	2013	2012
Investment income from long-term equity investments under the equity method	102,513,424.53	74,140,007.96
Investment gains/(losses) from disposal of long-term equity investments	806,926.52	(47,647.81)
Investment income from holding available-for-sale financial assets	678,950.93	1,754,695.36
Investment income from holding financial assets at fair value through profit or loss	115,218.00	–
Gain on disposal of financial assets at fair value through profit or loss	119,981.52	1,004,416.80
Investment income from entrusted investments	86,497,145.59	94,022,277.40
Investment loss from a business combination achieved in stages	(1,678,950.75)	–
	189,052,696.34	170,873,749.71

Among the income from long-term equity investments under the equity method, the top five investees in terms of the proportion of their investment income to the Group's total profit are as follows:

Investees	2013	2012	Reason for fluctuations
PetroChina Dalian LNG Co., Ltd.	45,583,294.91	22,713,562.26	Performance fluctuation
Dalian Port Corporation Finance Co., Ltd.	34,230,094.20	16,379,200.54	Performance fluctuation
Dalian Port PetroChina International Terminal Co., Ltd.	19,522,421.95	12,625,079.67	Performance fluctuation
Odfjell Terminals (Dalian) Co., Ltd.	17,242,025.86	21,074,399.92	Performance fluctuation
大連毅都冷鏈有限公司	15,400,345.48	10,528,005.73	Performance fluctuation
	131,978,182.40	83,320,248.12	

As at 31 December 2013, there was no significant restriction on the remittance of the Group's investment income.

In 2013, the Group's investment income of RMB263,241.22 was generated from the investments on listed companies (31 December 2012: RMB1,865,806.65).

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V. Notes to Consolidated Financial Statements (Continued)

50. NON-OPERATING INCOME

	2013	2012
Gain on disposal of non-current assets	100,369,519.77	302,042.98
Including: Gain on disposal of fixed assets	100,369,519.77	302,042.98
Government grants	253,674,520.33	214,281,851.67
Negative goodwill from an acquisition	250,000.00	–
Penalty	8,554,750.00	–
Others	6,427,601.77	3,688,885.03
	369,276,391.87	218,272,779.68

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

	2013	2012	Related to assets/income
Financial subsidy (Note 1)	200,397,000.00	175,902,700.00	Related to income
Relocation compensation	34,505,184.05	34,505,184.05	Related to assets
Construction of vessels	791,217.60	791,217.60	Related to assets
Equipment reconstruction	249,297.68	165,964.68	Related to assets
Operation subsidy (Note 2)	5,756,000.00	–	Related to income
Refund of taxes	691,050.00	1,608,299.13	Related to income
Others	11,284,771.00	1,308,486.21	Related to income
	253,674,520.33	214,281,851.67	

Note 1: Pursuant to 《大連市人民政府關於促進大連港口集裝箱業務加快發展的意見》(Da Zheng Fa [2011] No. 61) issued by the Government of Dalian City in August 2011, 《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 the Dalian Municipal Bureau of Finance in 2012, the Group recognised income relating to the government grants of RMB200,397,000.00 (31 December 2012: RMB175,902,700.00). The above government grants of RMB59,498,700.00 were received in 2013, and the remaining amount is expected to be received in 2014.

Note 2: The amount was received in respect of the operation subsidy of a subsidiary. The amount will be recognised in the income statement during the operation period of this subsidiary.

51. NON-OPERATING EXPENSES

	2013	2012
Losses on disposal of non-current assets	10,299,842.98	8,316,946.61
Including: Losses on disposal of fixed assets	10,299,842.98	8,316,946.61
Others	2,007,178.14	1,680,416.57
	12,307,021.12	9,997,363.18

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V. Notes to Consolidated Financial Statements (Continued)

52. TOTAL PROFIT

The Group's costs and expenses by nature are as follows:

	2013	2012
Cost of goods sold	2,342,986,145.38	457,159,353.13
Cost of employees	1,306,868,653.21	1,180,682,352.33
Depreciation and amortisation	703,464,647.58	608,565,282.42
Fuel	302,083,786.87	298,118,968.38
Electricity fee	154,722,778.75	154,498,490.13
Material costs	108,845,566.37	105,849,879.07
Maintenance expenses	87,545,279.53	86,803,778.17

53. INCOME TAX EXPENSES

	2013	2012
Current income tax expenses	247,213,418.76	225,357,720.58
Deferred income tax expenses	(3,298,089.83)	(3,639,143.85)
	243,915,328.93	221,718,576.73

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

	2013	2012
Total profit	1,025,888,960.13	906,481,629.66
Income tax expenses at the statutory rate (Note)	256,472,240.03	226,620,407.42
Effect of different tax rates applicable to subsidiaries in Mainland China	(3,029,788.49)	(1,318,953.97)
Effect of different tax rates applicable to subsidiaries outside Mainland China	3,981,170.67	4,531,108.76
Adjustments in respect of current income tax of previous years	(1,440,280.52)	(126,048.42)
Income not subject to tax	(8,702,730.94)	(8,936,670.49)
Investment income	(25,798,093.87)	(18,912,859.34)
Expenses not deductible for tax	9,773,204.65	6,091,829.29
Tax losses utilised from previous periods	(686,197.04)	(643,700.35)
Tax losses not recognised	13,345,804.44	14,413,463.83
Tax charged at the Group's effective income tax rate	243,915,328.93	221,718,576.73

Note: The income tax of the Group is calculated based on the estimated taxable profit from Mainland China and the applicable tax rate. Taxes arise from the taxable income in other regions and practices of the countries in which the Group operates.

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V. Notes to Consolidated Financial Statements (Continued)

54. 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:

	2013	2012
Earnings		
Net profit of the year attributable to ordinary shareholders of the Company	682,582,626.15	600,089,816.53
Shares		
Weighted average number of ordinary shares in issue	4,426,000,000.00	4,426,000,000.00

55. OTHER COMPREHENSIVE INCOME

	2013	2012
Gains/(losses) from fair value changes of available-for-sale financial assets		
Recognised as other comprehensive income	6,472,062.42	(909,894.92)
Less: Transferred from other comprehensive income and charged to current year profit or loss	(5,942,125.50)	(1,951,898.62)
Impact on income tax	-	(382,627.25)
	12,414,187.92	1,424,630.95
Exchange differences on foreign currency translation		
Recognised as other comprehensive income	(1,985,400.42)	(1,469,001.62)
	10,428,787.50	(44,370.67)

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V. Notes to Consolidated Financial Statements (Continued)

56. NOTES TO ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2013	2012
Cash received from other operating activities:		
Government grants received	253,834,050.00	194,573,152.84
Bank interest income received	30,385,121.82	50,331,422.66
Others	8,398,011.77	3,688,885.03
	292,617,183.59	248,593,460.53
Cash paid for other operating activities:		
Rental	18,376,187.38	15,035,178.49
Intermediary fees	11,377,314.28	9,940,332.21
Insurance	8,889,948.78	8,690,125.54
Fuel	4,895,401.49	7,402,757.20
Office charges	7,286,964.43	7,447,006.18
Utility fees	3,569,638.56	3,372,971.00
Travel expenses	5,852,733.66	5,906,858.19
Repair and maintenance	6,181,683.62	6,065,112.58
Commuting fees	3,810,066.15	3,544,820.85
Communication	1,767,787.26	1,758,205.83
Bank charges	3,509,207.97	1,655,320.48
Materials	1,385,932.37	1,789,246.12
Research and development	5,407,465.00	1,078,887.50
Subsidies paid to others on behalf of the local government	22,919,900.00	44,764,824.00
Other advance payment for customers	25,394,503.15	30,454,157.20
Others	71,507,247.95	59,864,548.51
	202,131,982.05	208,770,351.88
Cash received from other financing activities:		
Government grants received	18,650,000.00	1,080,000.00
Cash paid for other financing activities:		
Issuance cost of medium-term notes	3,836,413.56	3,905,350.00
Issuance cost of corporate bonds	-	760,000.00
Deposits paid to related companies	-	47,194,385.05
	3,836,413.56	51,859,735.05

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V. Notes to Consolidated Financial Statements (Continued)

57. 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:

	2013	2012
Net profit	781,973,631.20	684,763,052.93
Add: Impairment losses	344,918.29	1,169,487.21
Depreciation of fixed assets	642,961,220.58	596,306,971.56
Amortisation of intangible assets	39,903,766.84	43,461,806.51
Depreciation of investment properties	17,770,346.15	16,884,924.90
Amortisation of long-term prepaid expenses	2,829,314.01	3,356,488.17
Recognition of deferred income	(41,374,370.33)	(35,483,699.70)
(Gain)/loss on disposal of fixed assets, intangible assets and other long-term assets	(90,069,676.79)	8,014,903.63
Financial expenses	432,052,836.60	417,889,817.00
Interest income on entrusted loans	(1,832,263.52)	(818,577.64)
Investment income	(189,052,696.34)	(170,873,749.71)
Negative goodwill from acquisition of a subsidiary	(250,000.00)	–
Losses on changes in fair value	6,621,030.01	–
Increase in deferred tax assets	(1,101,376.53)	(2,019,075.15)
Decrease in deferred tax liabilities	(1,565,788.83)	(1,620,068.70)
Increase in inventories	(283,190,630.44)	(42,020,361.00)
Increase in special reserve	8,459,782.96	3,088,458.17
Increase in operating receivables	(90,643,475.54)	(248,717,212.43)
Increase in operating payables	379,879,728.95	31,441,109.46
Net cash flows from operating activities	1,613,716,297.27	1,304,824,275.21
Financing activities not involve cash: Finance lease of fixed assets	16,883,832.80	–
Net increase/(decrease) in cash and cash equivalents:		
Cash and cash equivalents at the end of the year	2,173,924,914.82	2,494,472,560.75
Less: Cash and cash equivalents at the beginning of the year	2,494,472,560.75	2,230,657,276.32
Net (decrease)/increase in cash and cash equivalents	(320,547,645.93)	263,815,284.43

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V. Notes to Consolidated Financial Statements (Continued)

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

(2) Acquisition and disposal of subsidiaries and other operating units

The information of acquisition of a subsidiary

	2013	2012
Consideration for the acquisition	10,315,900.00	–
Cash and cash equivalents paid for the acquisition	10,148,696.29	–
Less: Cash and cash equivalents in the subsidiary acquired	4,222,307.02	–
Net cash paid for the acquisition	5,926,389.27	–
Net assets of the subsidiary acquired	21,131,800.00	–
Current assets	9,138,490.03	–
Non-current assets	12,423,355.93	–
Current liabilities	430,045.96	–

The information of disposal of a subsidiary

	2013	2012
Consideration for disposal of a subsidiary	597,614,200.00	–
Cash and cash equivalents received from the disposal of a subsidiary	597,614,200.00	280,428.83
Less: Cash and cash equivalents received from the subsidiary	11,911,766.88	546,794.43
Cash received from/(paid) for the disposal of a subsidiary	585,702,433.12	(266,365.60)
Net assets of the subsidiary disposed of	535,100,000.00	546,794.43
Current assets	15,279,505.68	546,794.43
Non-current assets	1,584,540,051.30	–
Current liabilities	1,003,019,556.98	–
Non-current liabilities	61,700,000.00	–

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V. Notes to Consolidated Financial Statements (Continued)

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

(3) Cash and cash equivalents

	2013	2012
Cash	108,478.70	122,167.37
Including: Cash on hand	108,478.70	122,167.37
Cash at banks that can be readily drawn on demand	2,172,093,044.77	2,479,233,801.13
Other cash and cash equivalents that can be readily drawn on demand	1,723,391.35	15,116,592.25
Cash and cash equivalents at the end of the year	2,173,924,914.82	2,494,472,560.75

VI. Related Parties and Related Party Transactions

1. PARENT

	Type of company	Place of registration	Legal representative	Type of business	Registered capital RMB	Percentage of shareholding (%)	Percentage of voting rights (%)	Code of organisation
PDA	State-owned	Dalian	Hui Kai	Port business	4 billion	54.42	54.42	11842055-3

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

During the year, there was no change in the registered capital of the parent.

2. SUBSIDIARIES

The general information of subsidiaries is set out in Note IV. Consolidation scope of the consolidated financial statements.

3. JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

The general information of the jointly-controlled entities and associates is set out in Note V. 12.

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VI. Related Parties and Related Party Transactions (Continued)

4. OTHER RELATED PARTIES

	Related party relationship	Code of organisation
Dalian Port Machinery Co., Ltd.	Subsidiary of the parent	11841433-X
大連港保安服務公司	Subsidiary of the parent	24236458-7
大連宏譽大廈有限公司	Subsidiary of the parent	60480207-1
大連海港大廈	Subsidiary of the parent	24168740-5
大連港東旺汽車修配廠	Subsidiary of the parent	24166772-X
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
瓦房店太平灣港有限公司	Subsidiary of the parent	55499914-3
大連港北岸投資開發有限公司	Subsidiary of the parent	06444488-2
大連港萬通物流有限公司	Subsidiary of the parent	11837932-7
大連太平灣陽光置業有限公司	Subsidiary of the parent	06441290-1
大連萬峰置業有限公司	Subsidiary of the parent	05808242-4
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
大連港置地有限公司	Subsidiary of the parent	71135122-9
大連創意產業項目發展有限公司	Subsidiary of the parent	66921189-7
大連太平灣投資發展有限公司	Subsidiary of the parent	05809374-8
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
丹東海洋紅投資開發有限公司	Subsidiary of the parent	56462822-3
莊河北黃海港口投資開發有限公司	Subsidiary of the parent	56552286-9
大連萬通榮海船務有限公司	Subsidiary of the parent	79202273-3
大連龍港船務有限公司	Subsidiary of the parent	24167860-5
Dalian Port Petroleum & Chemical Co., Ltd.	Subsidiary of the parent	74094577-1
大連經濟技術開發區海灣貨運公司	Subsidiary of the parent	11837238-7
Dalian Equipment Finance Leasing Co., Ltd.	Associate of the parent	59442846-8
Dalian Port Construction Engineering Co., Ltd.	Associate of the parent	11843148-X
大連中油海港石油銷售有限公司	Associate of the parent	69603539-0
大連港實業有限公司	Associate of the parent	24124937-6
Dalian Port New Harbour Construction Engineering Co., Ltd.	Associate of the parent	11868471-9
大連港鍋爐安裝有限公司	Associate of the parent	24168462-6
大連港物業管理有限公司	Associate of the parent	24238883-7
大連救生筏檢驗有限公司	Associate of the parent	24107508-9
Dalian Port Machinery and Electric Co., Ltd.	Associate of the parent	24183221-1
大連港實業有限公司新港加油站	Associate of the parent	75990360-0
Dalian Wanpeng Infrastructure Co. Ltd.	Associate of the parent	75991518-5
大連水產品交易市場有限公司	Associate of the parent	79691219-4
大連中信海港投資有限公司	Associate of the parent	55060128-1
大連中油船用燃料運銷有限責任公司	Associate of the parent	74788099-0
大連港實綠化工程有限公司	Associate of the parent	67405219-X
大連港地產集團有限公司	Associate of the parent	24123702-5
大連中信海港投資有限公司	Associate of the parent	55060128-1
大連港口設計研究院有限公司	Associate of the parent	E5761614-X
大連港日興園林綠化工程有限公司	Associate of the parent	75158191-8

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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 or receipt of services

	Type of goods or services (Note)	2013	2012
Purchases of goods and services			
Transactions with the parent			
PDA	Comprehensive services	11,710,937.28	14,549,600.27
Transactions with jointly-controlled entities and associates			
大連港通利船務代理有限公司	Comprehensive services	1,685,764.25	1,896,053.61
China Unite Northeast Rail Containers Co., Ltd.	Comprehensive services	483,798.20	-
Liaoning Electronic Port Co., Ltd.	Comprehensive services	424,528.30	-
大連港盛招標代理有限公司	Agency services	326,692.24	-
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	Comprehensive services	262,639.22	211,720.00
Dalian Changxing Island Port Co., Ltd.	Comprehensive services	243,364.80	200,649.60
Dalian International Container Terminal Co., Ltd.	Comprehensive services	200,000.00	-
Odfjell Dalian Port Consulting Co., Ltd.	Comprehensive services	149,900.00	-
Dalian Port Corporation Finance Co., Ltd.	Settlement services	123,500.00	108,832.87
Dalian Automobile Terminal Co., Ltd.	Comprehensive services	25,200.00	64,335.88
Dalian Jilong Logistics Co., Ltd.	Comprehensive services	-	171,808.36
		3,925,387.01	2,653,400.32
Transactions with other related parties			
大連中油海港石油銷售有限公司	Purchase of fuel services	51,511,931.65	87,047,292.10
大連港實業有限公司	Comprehensive services	24,686,509.85	27,028,714.36
Dalian Port Machinery Co., Ltd.	Comprehensive services	9,330,932.94	13,610,643.01
大連港保安服務公司	Security services	1,612,847.00	2,485,365.00
Dalian Port New Harbour Construction Engineering Co., Ltd.	Maintenance services	1,558,281.51	824,839.42
大連宏譽大廈有限公司	Property management services	1,258,210.91	989,026.11
大連港鍋爐安裝有限公司	Maintenance services	753,932.16	2,447,431.03
大連港實綠化工程有限公司	Comprehensive services	730,508.61	864,233.99
Dalian Port Construction Engineering Co., Ltd.	Maintenance services	720,224.09	377,983.64
大連海港大廈	Comprehensive services	360,755.90	45,801.22
大連港物業管理有限公司	Comprehensive services	283,980.66	313,241.72
大連救生筏檢驗有限公司	Maintenance services	182,767.56	47,686.00
大連港東旺汽車修配廠	Maintenance services	53,625.16	63,394.38
Dalian Port Machinery and Electric Co., Ltd.	Maintenance services	28,301.89	100,000.00
大連港實業有限公司新港加油站	Purchase services	22,872.11	1,113,765.55
大連保稅區永德信房地產開發建設有限公司	Comprehensive services	600.00	-
Dalian Wanpeng Infrastructure Co., Ltd.	Comprehensive services	-	1,936,572.00
		93,096,282.00	139,295,989.53
		108,732,606.29	156,498,990.12

The purchases of goods and receiving services from related parties have been conducted in accordance with the terms/agreements mutually agreed between the parties.

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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 or receipt of services (Continued)

	Type of goods or services (Note)	2013	2012
Sales of goods and rendering of services			
Transactions with the parent			
PDA	Comprehensive services	21,613,466.05	30,390,039.25
Transactions with jointly-controlled entities and associates			
Dalian Port Container Terminal Co., Ltd.	Comprehensive services	37,962,386.26	54,444,795.08
Dalian International Container Terminal Co., Ltd.	Comprehensive services	36,056,881.74	47,779,657.54
Dalian Changxing Island Port Co., Ltd.	Construction Services	11,977,640.20	6,664,179.55
太倉興港拖輪有限公司	Transportation services	11,469,453.21	11,342,381.00
Dalian Changxing Island Port Investment & Development Co., Ltd.	Comprehensive services	6,333,060.24	11,727,995.00
Dalian China Oil Dock Management Co., Ltd.	Comprehensive services	5,576,900.11	9,001,969.66
Dalian North Petroleum Logistics Co., Ltd.	Construction Services	5,270,080.82	1,970,421.00
Dalian Automobile Terminal Co., Ltd.	Construction Services	3,755,877.29	2,325,849.78
大連毅都冷鏈有限公司	Comprehensive services	3,721,944.88	1,061,265.41
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Comprehensive services	2,484,448.09	3,106,282.33
Odfjell Terminals (Dalian) Co., Ltd.	Comprehensive services	2,212,836.10	6,057,272.12
Dalian Assembling Transportation Logistics Co., Ltd.	Comprehensive services	2,180,574.72	2,224,170.64
Liaoning Con-Rail International Logistics Co., Ltd.	Comprehensive services	1,965,687.85	400,255.79
China Unite Northeast Rail Containers Co., Ltd.	Comprehensive services	1,204,085.49	1,659,398.60
Dalian United International Shipping Agency Co., Ltd.	Comprehensive services	1,021,626.23	1,022,320.00
Dalian Singamas International Container Co., Ltd.	Comprehensive services	916,235.18	1,138,005.63
大連港盛招標代理有限公司	Comprehensive services	582,524.27	-
Dalian Vanguard International Logistics Co., Ltd.	Comprehensive services	458,377.90	3,137,139.10
Dalian Jilong Logistics Co., Ltd.	Comprehensive services	412,260.01	1,482,124.72
China United Tally Co., Ltd. Dalian	Comprehensive services	210,054.22	26,545.44
PetroChina Dalian LNG Co., Ltd.	Comprehensive services	165,596.75	-
Jadeway Limited	Comprehensive services	135,208.25	-
Dalian Harbour ECL Logistics Co., Ltd.	Comprehensive services	100,898.66	657,418.45
SINOECL Auto Liners, Limited	Comprehensive services	99,633.27	-
Dalian Port PetroChina International Terminal Co., Ltd.	Telecommunications services	38,235.31	26,807.76
Dalian Port Corporation Finance Co., Ltd.	Comprehensive services	25,822.45	137,508.63
大連港散貨物流中心有限公司	Telecommunications services	5,400.00	3,980,232.00
Dalian Wapeng Port Engineering Examination & Testing Co., Ltd.	Comprehensive services	4,687.77	4,719.13
大連港通利船務代理有限公司	Comprehensive services	1,358.36	1,342.32
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Comprehensive services	-	794,595.22
大連普集倉儲設施有限公司	Telecommunications services	-	706,461.60
Liaoning Electronic Port Co., Ltd.	Comprehensive services	-	300,000.00
		136,349,775.63	173,181,113.50

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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 or receipt of services (Continued)

	Type of goods or services (Note)	2013	2012
Sales of goods and rendering of services (continued)			
Transactions with other related parties			
瓦房店太平灣港有限公司	Supervision services	17,782,641.70	10,951.00
Dalian Port Machinery and Electric Co., Ltd.	Construction services	8,786,431.30	700,430.15
大連港北岸投資開發有限公司	Telecommunications services	1,819,063.19	-
Dalian Port Construction Engineering Co., Ltd.	Telecommunications services	1,673,819.25	177,384.58
大連水產品交易市場有限公司	Comprehensive services	1,466,207.28	3,966,596.20
大連港萬通物流有限公司	Comprehensive services	1,261,392.59	328,994.50
大連宏譽大廈有限公司	Telecommunications services	1,162,362.04	212,992.39
大連港實業有限公司	Telecommunications services	1,020,351.39	260,235.06
大連保稅區永德信房地產開發建設有限公司	Telecommunications services	967,931.60	985,269.38
大連中信海港投資有限公司	Comprehensive services	900,675.28	-
大連太平灣陽光置業有限公司	Supervision services	642,657.55	-
大連中油船用燃料運銷有限公司	Comprehensive services	460,743.79	785,155.94
大連萬峰置業有限公司	Information services	349,951.81	-
Dalian Port Machinery Co., Ltd.	Telecommunications services	275,146.85	619,992.47
大連海港大廈	Telecommunications services	256,254.55	1,203,335.42
Dalian Port New Harbour Construction Engineering Co., Ltd.	Telecommunications services	60,519.00	-
大連東北亞國際航運中心船舶交易市場有限公司	Comprehensive services	32,432.79	127,358.97
大連港置地有限公司	Telecommunications services	32,167.04	75,189.69
大連港實綠化工程有限公司	Telecommunications services	16,305.93	16,095.93
大連港地產集團有限公司	Telecommunications services	15,600.00	15,600.00
大連創意產業項目發展有限公司	Telecommunications services	9,137.64	706,962.82
大連太平灣投資發展有限公司	Telecommunications services	8,100.00	-
大連港物業管理有限公司	Telecommunications services	7,855.00	11,910.00
大連港集團(錦州)遼西港口投資開發有限公司	Comprehensive services	6,606.44	3,900.00
大連港鍋爐安裝有限公司	Telecommunications services	6,275.00	5,560.00
丹東海洋紅投資開發有限公司	Comprehensive services	-	495,600.00
莊河北黃海港口投資開發有限公司	Comprehensive services	-	209,866.32
		39,020,629.01	10,919,380.82
		196,983,870.69	214,490,533.57

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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 or receipt of 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

Operating leases of assets to related parties

2013

	Type of assets leased	Beginning date	Ending date	Rental income
Dalian Port Container Terminal Co., Ltd.	Terminal facilities	2005.5.30	2019.12.31	82,390,000.00
Dalian China Oil Dock Management Co., Ltd.	Berths and facilities	2013.1.1	2013.12.31	61,952,145.29
Dalian Port Container Terminal Co., Ltd.	Berths	2013.1.1	2013.12.31	53,500,000.00
Dalian Jilong Logistics Co., Ltd.	Storage facilities	2011.8.1	2020.3.31	4,519,743.11
大連港實業有限公司	Vehicles	2013.1.1	2013.12.31	1,511,903.33
大連毅都冷鏈有限公司	Loading equipment	2013.1.1	2013.12.31	1,096,702.10
Dalian Assembling Transportation Logistics Co., Ltd.	Land use right	2013.1.1	2013.12.31	736,000.00
Liaoning Con-Rail International Logistics Co., Ltd.	Loading equipment	2013.1.1	2013.12.31	313,792.85
Dalian North Petroleum Logistics Co., Ltd.	Terminal facilities	2013.1.1	2013.12.31	222,500.00
大連港實業有限公司	Vehicles	2013.1.1	2014.12.31	214,458.00
Liaoning Con-Rail International Logistics Co., Ltd.	Equipment	2013.1.1	2013.12.31	203,926.36
Dalian Changxing Island Port Co., Ltd.	Loading equipment	2013.6.14	2013.12.14	180,000.00
Dalian International Container Terminal Co., Ltd.	Internet equipment	2013.1.1	2013.12.31	98,823.92
Dalian Port Machinery Co., Ltd.	Buildings	2013.1.1	2013.12.31	73,668.00
大連港萬通物流有限公司	Buildings	2013.1.1	2013.12.31	72,003.60
Liaoning Con-Rail International Logistics Co., Ltd.	Equipment	2013.1.1	2013.2.28	50,000.00
Dalian Port Container Terminal Co., Ltd.	Server	2013.1.1	2013.12.31	30,656.41
大連萬通榮海船務有限公司	Buildings	2013.11.1	2014.12.31	25,000.00
Dalian Singamas International Container Co., Ltd.	Server	2013.1.1	2013.12.31	15,966.28
				207,207,289.25

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VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(2) Leases (Continued)

Operating leases of assets to related parties (Continued)

2012

	Type of assets leased	Beginning date	Ending date	Rental income
Dalian Port Container Terminal Co., Ltd.	Berths and facilities	2005.5.30	2019.12.31	82,390,000.00
Dalian China Oil Dock Management Co., Ltd.	Berths and facilities	2012.1.1	2012.12.31	60,271,020.09
Dalian Port Container Terminal Co., Ltd.	Berths	2012.1.1	2012.12.31	35,860,000.00
Dalian Jilong Logistics Co., Ltd.	Storage facilities	2011.8.1	2020.3.31	4,916,321.08
Liaoning Con-Rail International Logistics Co., Ltd.	Loading equipment	2012.1.1	2012.12.31	1,050,000.93
大連港實業有限公司	Vehicle	2012.6.1	2013.5.31	763,897.89
Dalian Assembling Transportation Logistics Co., Ltd.	Storage facilities	2012.1.1	2012.12.31	736,000.00
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Buildings	2012.1.1	2012.12.31	400,000.00
大連毅都冷鏈有限公司	Equipment	2012.1.1	2012.12.31	381,024.72
Dalian International Container Terminal Co., Ltd.	Others	2012.1.1	2012.12.31	158,685.20
大連水產品交易市場有限公司	Berths and facilities	2012.1.1	2012.12.31	75,000.00
大連港萬通物流有限公司	Buildings	2012.1.1	2012.12.31	51,406.60
大連普集倉儲設施有限公司	Buildings	2012.1.1	2012.12.31	33,720.00
Dalian Port Machinery Co., Ltd.	Buildings	2012.1.1	2012.12.31	15,000.00
				187,102,076.51

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VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(2) Leases (Continued)

Operating leases of assets from related parties
2013

	Type of assets leased	Beginning date	Ending date	Rental income
Dalian Port PetroChina International Terminal Co., Ltd.	Berths	2013.1.1	2013.12.31	91,250,000.00
PDA	Land use right	2013.1.1	2013.12.31	24,413,981.34
PDA	Buildings	2013.1.1	2013.12.31	3,539,923.34
PDA	Island mole	2007.1.1	2032.12.31	3,520,000.00
大連保稅區永德信房地產開發建設有限公司	Buildings	2013.1.1	2013.12.31	3,108,377.90
大連海港大廈	Buildings	2013.1.1	2013.12.31	2,929,343.70
Dalian China Oil Dock Management Co., Ltd.	Oil tank	2013.1.1	2013.7.31	2,555,000.00
Dalian Port Container Terminal Co., Ltd.	Place	2013.1.1	2013.12.31	2,320,348.00
Dalian International Container Terminal Co., Ltd.	Place	2013.1.1	2013.12.31	2,098,317.93
PDA	Terminal facilities	2013.1.1	2031.3.19	1,638,739.00
PDA	Terminal facilities	2013.1.1	2013.12.31	1,418,400.00
Dalian International Container Terminal Co., Ltd.	Buildings and Equipment	2013.1.1	2013.12.31	1,295,837.10
大連港實業有限公司	Vehicle	2013.1.1	2013.12.31	1,072,068.29
大連宏譽大廈有限公司	Buildings	2013.1.1	2013.12.31	890,357.63
大連保稅區永德信房地產開發建設有限公司	Buildings	2013.8.27	2014.12.31	867,528.03
大連保稅區永德信房地產開發建設有限公司	Buildings	2013.7.1	2013.12.31	867,287.44
大連保稅區永德信房地產開發建設有限公司	Buildings	2013.3.1	2013.12.31	640,375.55
PDA	Buildings	2013.1.1	2013.6.30	555,768.00
大連保稅區永德信房地產開發建設有限公司	Buildings	2013.6.1	2013.12.31	427,646.00
大連宏譽大廈有限公司	Buildings	2013.4.16	2014.4.15	401,094.94
Dalian Assembling Transportation Logistics Co., Ltd.	Place	2013.1.1	2013.12.31	248,289.48
大連宏譽大廈有限公司	Buildings	2013.6.1	2013.12.31	207,966.00
PDA	Vehicle	2013.1.1	2013.12.31	145,937.17
Dalian Port Machinery Co., Ltd.	Buildings	2013.1.1	2013.12.31	76,198.56
Dalian Automobile Terminal Co., Ltd.	Buildings	2013.1.1	2013.12.31	56,120.00
PDA	Land use right	2013.11.1	2033.10.31	36,575.73
大連港集團有限公司	Storage facilities	2013.1.1	2013.12.31	31,300.00
大連港集團有限公司	Equipment	2013.1.1	2013.12.31	19,260.00
大連保稅區永德信房地產開發建設有限公司	Buildings	2013.9.1	2013.12.31	14,257.39
大連港實業有限公司	Vehicle	2013.1.1	2013.9.30	9,339.90
				146,655,638.42

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VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(2) Leases (Continued)

Operating leases of assets from related parties (Continued)
2012

	Type of assets leased	Beginning date	Ending date	Rental income
Dalian Port PetroChina International Terminal Co., Ltd.	Berths	2012.1.1	2012.12.31	75,120,000.00
PDA	Buildings	2012.1.1	2012.12.31	21,051,215.40
Dalian Port Container Terminal Co., Ltd.	Storage facilities	2012.1.1	2012.12.31	3,577,166.00
大連保稅區永德信房地產開發建設有限公司	Buildings	2012.1.1	2012.12.31	3,312,487.16
Dalian International Container Terminal Co., Ltd.	Storage facilities	2012.1.1	2012.12.31	3,109,590.00
大連海港大廈	Buildings	2012.1.1	2012.12.31	1,919,667.17
PDA	Island mole	2007.1.1	2032.12.31	1,760,000.00
大連普集倉儲設施有限公司	Storage facilities	2012.1.1	2012.12.31	1,655,737.90
Dalian Automobile Terminal Co., Ltd.	Storage facilities	2012.1.1	2012.12.31	1,071,835.05
PDA	Berths and equipment	2007.10.1	2013.12.31	709,200.00
大連宏譽大廈有限公司	Buildings	2012.1.1	2012.12.31	598,017.16
大連港實業有限公司	Vehicle	2012.1.1	2012.12.31	553,869.00
Dalian Port Machinery Co., Ltd.	Buildings	2012.1.1	2012.12.31	151,468.00
Dalian Changxing Island Port Co., Ltd.	Loading equipment	2012.1.1	2012.12.31	20,400.00
				114,610,652.84

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.

Fixed assets under finance lease:

2013

	Type of assets leased	Beginning date	Ending date	Rental expense
Dalian Equipment Finance Lease Co., Ltd.	Standard dry containers	2013.10.30	2018.7.29	1,670,309.26

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

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

(3) Guarantees

Guarantees received from the parent

2013

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
PDA	2,350,000,000.00	2011.5.23	2021.11.22	No
PDA	2,650,000,000.00	2011.9.26	2019.3.25	No

2012

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
PDA	2,350,000,000.00	2011.5.23	2021.11.22	No
PDA	2,650,000,000.00	2011.9.26	2019.3.25	No

The above guarantees were received from the related party without any charges.

Guarantees provided to a related party

2013

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
China Unite Northeast Rail Containers Co., Ltd.	116,000,000.00	2009.7.31	2013.3.21	Yes (Note)

2012

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
China Unite Northeast Rail Containers Co., Ltd.	116,000,000.00	2009.7.31	2017.7.30	No

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

Note: On 21 March 2013, China Unite Northeast Rail Containers Co., Ltd. repaid the borrowing in advance.

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VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(4) Loans or borrowings

Borrowings from related parties

2013

	Amount	Interest rate	Starting date	Maturity date
Dalian Port Corporation Finance Co., Ltd.	796,000,000.00	5.60%	2013.1.1	2013.12.31
Dalian Port Corporation Finance Co., Ltd.	100,000,000.00	5.60%	2013.11.29	2014.5.28
Dalian Port Corporation Finance Co., Ltd.	30,000,000.00	5.60%	2013.5.13	2013.11.12
Dalian Harbour ECL Logistics Co., Ltd.	10,000,000.00	6.60%	2013.5.7	2014.5.6

2012

	Amount	Interest rate	Starting date	Maturity date
Dalian Port Corporation Finance Co., Ltd.	250,000,000.00	5.70%	2012.8.10	2013.8.9
Dalian Port Corporation Finance Co., Ltd.	210,000,000.00	5.70%	2012.12.31	2013.12.18
Dalian Port Corporation Finance Co., Ltd.	160,000,000.00	6.56%	2012.4.9	2012.8.24
Dalian Port Corporation Finance Co., Ltd.	150,000,000.00	5.70%	2012.9.20	2013.9.19
Dalian Port Corporation Finance Co., Ltd.	70,000,000.00	5.60%	2012.7.25	2012.10.30
Dalian Port Corporation Finance Co., Ltd.	20,000,000.00	6.65%	2012.3.22	2014.3.21
Dalian Port Corporation Finance Co., Ltd.	15,000,000.00	7.22%	2012.2.17	2013.2.16
Dalian Port Corporation Finance Co., Ltd.	15,000,000.00	7.22%	2012.4.10	2013.2.16
Dalian Port Corporation Finance Co., Ltd.	10,000,000.00	5.70%	2012.12.19	2013.12.18
Dalian Port Corporation Finance Co., Ltd.	10,000,000.00	5.70%	2012.12.28	2013.12.18
Dalian Assembling Transportation Logistics Co., Ltd.	21,000,000.00	4.00%	2012.4.11	2015.4.10

Interest expenses paid

	2013	2012
Dalian Port Corporation Finance Co., Ltd.	22,570,469.44	16,059,947.76
Dalian Assembling Transportation Logistics Co., Ltd.	851,666.65	851,666.65
Dalian Harbour ECL Logistics Co., Ltd.	438,167.00	—
	23,860,303.09	16,911,614.41

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 Bank of China.

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VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(4) Loans or borrowings (Continued)

Loans to related parties

2013

	Amount	Interest rate	Starting date	Maturity date
大連普集倉儲設施有限公司	24,000,000.00	6.00%	2013.7.3	2014.1.2
Liaoning Con-Rail International Logistics Co., Ltd.	5,610,000.00	6.00%	2013.2.21	2014.2.20
Liaoning Con-Rail International Logistics Co., Ltd.	685,000.00	6.00%	2013.4.20	2014.4.19
China Shipping Gang Lian Co., Ltd.	13,432,800.00	6.00%	2013.6.28	2013.6.27

2012

	Amount	Interest rate	Starting date	Maturity date
Liaoning Con-Rail International Logistics Co., Ltd.	1,020,000.00	6.56%	2012.3.27	2013.3.26
Liaoning Con-Rail International Logistics Co., Ltd.	2,830,000.00	6.56%	2012.4.20	2013.4.19
Liaoning Con-Rail International Logistics Co., Ltd.	1,020,000.00	6.56%	2012.9.3	2013.9.2

Interest income received

	2013	2012
Liaoning Con-Rail International Logistics Co., Ltd.	499,299.74	563,594.70
Jadeway Limited	135,208.25	172,781.28
SINOECL Auto Liners, Limited	99,633.27	97,672.33
China Shipping Gang Lian Co., Ltd.	420,894.40	–
大連普集倉儲設施有限公司	679,466.66	–
	1,834,502.32	834,048.31

Except for Jadeway Limited and SINOECL Auto Liners, Limited, 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. The loans to Jadeway Limited and SINOECL Auto Liners, Limited bear interest at rates mutually agreed between the parties by reference to TIBOR and HIBOR.

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VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(5) Acquisition or transfer of assets

	2013	2012
Acquisition of assets from:		
Dalian Port Construction Engineering Co., Ltd.	184,603,949.36	115,098,005.00
Dalian Port Machinery and Electric Co., Ltd.	38,436,991.79	32,774,733.60
大連港鍋爐安裝有限公司	13,656,056.86	6,169,861.39
Dalian Port Machinery Co., Ltd.	6,610,127.38	-
Dalian Wanpeng Infrastructure Co., Ltd.	5,267,659.00	229,856.00
Dalian Port New Harbour Construction Engineering Co., Ltd.	4,687,190.00	4,276,573.51
Dalian Port Design & Research Institute Co., Ltd.	4,486,918.00	-
大連港萬通物流有限公司	176,409.33	-
PDA	-	2,426,842.97
大連港實綠化工程有限公司	-	454,326.00
	257,925,301.72	161,430,198.47
Transfer of assets to:		
Dalian Automobile Terminal Co., Ltd.	1,456,410.09	-
Dalian Changxing Island Port Co., Ltd.	1,291,551.25	-
Dalian Port Container Terminal Co., Ltd.	254,716.98	-
Dalian International Container Terminal Co., Ltd.	239,622.65	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	139,622.63	-
Odfjell Terminals (Dalian) Co., Ltd.	52,828.47	-
瓦房店太平灣港有限公司	7,348.45	-
Dalian Changxing Island Port Co., Ltd.	277.99	-
大連毅都冷鏈有限公司	-	638,385.65
	3,442,378.51	638,385.65

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

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VI. Related Parties and Related Party Transactions (Continued)

5. MAJOR TRANSACTIONS WITH RELATED PARTIES (Continued)

(6) Transfer of shares to a related party

On 10 April 2013, as approved by the State-owned Assets Supervision and Administration Commission of Dalian, the Company transferred its 100% equity interests in Dalian Port Petroleum & Chemical Co., Ltd. to its parent company, PDA, at a consideration of RMB597,614,200.00 (Note IV.5).

(7) Deposits with a related party

As at 31 December 2013, the Group's deposits in Dalian Port Corporation Finance Co., Ltd. were RMB1,193,894,815.49 and the Group gained an interest income of RMB16,198,935.91.

(8) Compensation of key management personal

	2013	2012
Compensation of key management personal	5,245,420.97	4,423,873.42

Note: Except for the transactions with jointly-controlled entities and associates, 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

	2013	2012
Investments in subsidiaries		
Unlisted shares, at cost	4,017,008,595.72	4,296,258,595.72
Amounts due from subsidiaries included in current assets		
Interest-bearing (1)	691,000,000.00	1,001,000,000.00
Interest-free (2)	468,940,510.22	339,178,973.48
	1,159,940,510.22	1,340,178,973.48
Amounts due to subsidiaries included in current liabilities		
Interest-free (2)	22,663,640.93	52,682,152.96

(1) The balance comprises unsecured loans provided by the Company through entrusting the relevant banks 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 2013
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VI. Related Parties and Related Party Transactions (Continued)

7. AMOUNTS DUE FROM RELATED PARTIES

	2013		2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable:				
Amounts due from jointly-controlled entities and associates				
Dalian China Oil Dock Management Co., Ltd.	4,647,135.66	0.93	3,622,651.77	0.76
大連港散貨物流中心有限公司	4,425,232.00	0.88	3,980,232.00	0.83
Dalian International Container Terminal Co., Ltd.	2,666,393.23	0.53	3,925,000.89	0.82
Dalian Port Container Terminal Co., Ltd.	2,275,945.71	0.45	1,466,588.72	0.31
大連普集倉儲設施有限公司	1,417,771.39	0.28	1,417,771.39	0.30
Dalian Automobile Terminal Co., Ltd.	593,129.26	0.12	306,654.00	0.06
Dalian Changxing Island Port Co., Ltd.	512,049.55	0.10	234,048.24	0.05
Odfjell Terminals (Dalian) Co., Ltd.	374,105.82	0.07	975,590.83	0.20
Dalian United International Shipping Agency	324,551.58	0.06	2,005,677.39	0.42
Dalian Vanguard International Logistics Co., Ltd.	265,000.00	0.05	406,990.00	0.09
China Unite Northeast Rail Containers Co., Ltd.	155,000.00	0.03	89,900.00	0.02
Dalian Dagang China Shipping Container Terminal Co., Ltd.	109,420.64	0.02	432,887.00	0.09
Dalian Changxing Island Port Investment & Development Co., Ltd.	44,100.00	0.01	-	-
大連毅都冷鏈有限公司	34,131.00	0.01	19,056.00	0.00
Dalian Jilong Logistics Co., Ltd.	15,585.00	0.01	3,020.00	0.00
Dalian Assembling Transportation Logistics Co., Ltd.	8,969.00	0.01	21,226.00	0.00
Dalian Singamas International Container Co., Ltd.	2,373.50	0.00	10,082.17	0.00
大連舜德集發供應鏈管理有限公司	1,580.00	0.00	-	-
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	-	-	979,387.26	0.21
Liaoning Con-Rail International Logistics Co., Ltd.	-	-	150,000.00	0.03
Dalian Harbour ECL Logistics Co., Ltd.	-	-	129,731.45	0.03
Dalian North Petroleum Logistics Co., Ltd.	-	-	79,296.55	0.02
China United Tally Co., Ltd. Dalian	-	-	531.00	0.00
Dalian Shunda Logistics Co., Ltd.	-	-	231.00	0.00
	17,872,473.34	3.56	20,256,553.66	4.24
Amounts due from other related parties				
大連港萬通物流有限公司	4,156,337.60	0.83	3,857,320.00	0.81
Dalian Port Machinery and Electric Co., Ltd.	87,709.50	0.02	1,520,417.15	0.32
大連水產品交易市場有限公司	16,667.00	0.00	-	-
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
	4,260,714.10	0.85	5,823,756.96	1.23
	22,133,187.44	4.41	26,080,310.62	5.47

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31 December 2013
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VI. Related Parties and Related Party Transactions (Continued)

7. AMOUNTS DUE FROM RELATED PARTIES (Continued)

	2013		2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables:				
Amounts due from jointly-controlled entities and associates				
Dalian Port PetroChina International Terminal Co., Ltd.	1,909,300.00	0.40	1,909,300.00	0.64
Dalian Changxing Island Port Co., Ltd.	1,747,736.95	0.37	190,436.95	0.06
Dalian Changxing Island Port Investment & Development Co., Ltd.	1,708,172.40	0.36	817,282.20	0.28
Dalian China Oil Dock Management Co., Ltd.	826,302.13	0.17	887,906.47	0.30
Dalian Port Container Terminal Co., Ltd.	754,429.26	0.16	767,799.50	0.26
Dalian International Container Terminal Co., Ltd.	604,302.88	0.13	504,070.24	0.17
Dalian Vanguard International Logistics Co., Ltd.	527,429.00	0.11	120,439.00	0.04
Dalian United International Shipping Agency	322,144.00	0.07	240,032.00	0.08
Dalian Automobile Terminal Co., Ltd.	307,844.09	0.06	148,907.09	0.05
China Shipping Gang Lian Co., Ltd.	303,000.00	0.06	-	-
Dalian Harbour ECL Logistics Co., Ltd.	266,044.00	0.06	-	-
Odfjell Terminals (Dalian) Co., Ltd.	221,294.94	0.05	48,626.00	0.02
Dalian Port Corporation Finance Co., Ltd.	45,822.22	0.01	139,690.10	0.05
大連毅都冷鏈有限公司	33,905.00	0.01	-	-
大連港盛招標代理有限公司	30,000.00	0.01	-	-
Dalian Jilong Logistics Co., Ltd.	20,000.00	0.00	20,000.00	0.01
Dalian Assembling Transportation Logistics Co., Ltd.	19,412.00	0.00	8,384.00	0.00
Dalian Dagang China Shipping Container Terminal Co., Ltd.	15,956.39	0.00	16,228.02	0.00
PetroChina Dalian LNG Co., Ltd.	9,100.00	0.00	22,818.00	0.01
Dalian North Petroleum Logistics Co., Ltd.	-	-	840,000.00	0.28
大連普集倉儲設施有限公司	-	-	146,827.00	0.05
China Unite Northeast Rail Containers Co., Ltd.	-	-	50,000.00	0.02
	9,672,195.26	2.03	6,878,746.57	2.32
Amount due from the parent				
PDA	5,849,044.30	1.23	5,232,965.78	1.77

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31 December 2013
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VI. Related Parties and Related Party Transactions (Continued)

7. AMOUNTS DUE FROM RELATED PARTIES (Continued)

	2013		2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables (continued):				
Amounts due from other related parties				
Dalian Port Construction Engineering Co., Ltd.	1,427,478.02	0.30	142,651.02	0.05
Dalian Port Petroleum & Chemical Co., Ltd.	220,000.00	0.05	-	-
大連萬峰置業有限公司	214,981.01	0.05	-	-
Dalian Port Machinery and Electric Co., Ltd.	139,252.50	0.03	65,512.00	0.02
大連中油海港石油銷售有限公司	136,000.00	0.03	126,000.00	0.04
Dalian Port New Harbour Construction Engineering Co., Ltd.	40,577.00	0.00	40,577.00	0.02
大連保稅區永德信房地產開發建設有限公司	33,125.00	0.00	33,125.00	0.01
大連宏譽大廈有限公司	20,387.00	0.00	20,387.00	0.01
大連港萬通物流有限公司	12,556.00	0.00	-	-
大連海港大廈	6,120.00	0.00	6,120.00	0.00
大連創意產業項目發展有限公司	-	-	1,216,273.00	0.41
	2,250,476.53	0.46	1,650,645.02	0.56
	17,771,716.09	3.72	13,762,357.37	4.65
Prepayments:				
Amounts prepaid to other related parties				
大連中油海港石油銷售有限公司	1,813,465.71	2.70	878,948.44	0.39
大連港實業有限公司	14,678.63	0.02	13,418.86	0.01
	1,828,144.34	2.72	892,367.30	0.40
Interest receivable:				
Amounts due from a jointly-controlled entity and associates				
Dalian Port Corporation Finance Co., Ltd.	4,280,397.95	26.25	1,407,652.21	34.63
大連普集倉儲設施有限公司	41,066.66	0.25	-	-
China Shipping Gang Lian Co., Ltd.	26,865.60	0.16	-	-
Liaoning Con-Rail International Logistics Co., Ltd.	11,540.96	0.07	18,786.82	0.46
	4,359,871.17	26.73	1,426,439.03	35.09

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31 December 2013
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VI. Related Parties and Related Party Transactions (Continued)

7. AMOUNTS DUE FROM RELATED PARTIES (Continued)

	Note	2013		2012	
		Amount	Percentage (%)	Amount	Percentage (%)
Notes receivable:					
Amount due from an associate					
Dalian North Petroleum Logistics Co., Ltd.		7,177,392.12	11.95	-	-
Non-current assets due within one year:					
Amount due from a jointly-controlled entity					
Liaoning Con-Rail International Logistics Co., Ltd.		-	-	5,610,000.00	0.56
Other current assets:	Note V. 10				
Amount due from associates and a jointly-controlled entity					
大連普集倉儲設施有限公司		24,000,000.00	2.20	-	-
China Shipping Gang Lian Co., Ltd.		13,432,800.00	1.23	-	-
Liaoning Con-Rail International Logistics Co., Ltd.		6,295,000.00	0.58	4,870,000.00	100.00
		43,727,800.00	4.01	4,870,000.00	100.00
Other non-current assets:	Note V. 23				
Amounts due from associates					
Jadeway Limited		13,724,563.02	57.65	16,999,993.37	45.28
SINOECL Auto Liners, Limited		10,082,393.06	42.35	10,544,919.21	28.09
Dalian North Petroleum Logistics Co., Ltd.		-	-	10,000,000.00	26.63
		23,806,956.08	100.00	37,544,912.58	100.00

Except for the amounts due from related parties included in non-current assets due within one year, other current and non-current assets, and the amounts due from related parties are unsecured, interest-free and have no fixed repayment terms.

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VI. Related Parties and Related Party Transactions (Continued)

8. AMOUNTS DUE TO RELATED PARTIES

	2013		2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Other payables:				
Amounts due to associates and jointly-controlled entities				
Dalian United International Shipping Agency	2,264,633.00	0.27	300,800.00	0.04
大連港散貨物流中心有限公司	887,741.00	0.11	-	-
Odfjell Terminals (Dalian) Co., Ltd.	207,814.00	0.02	252,706.00	0.03
Odfjell Dalian Port Consulting Co., Ltd.	120,000.00	0.01	-	-
Dalian Assembling Transportation Logistics Co., Ltd.	50,000.00	0.01	50,000.00	0.01
Dalian Automobile Terminal Co., Ltd.	49,521.00	0.01	37,678.00	0.00
Dalian Singamas International Container Co., Ltd.	41,431.42	0.00	29,713.00	0.00
Dalian Jilong Logistics Co., Ltd.	39,961.46	0.00	42,625.50	0.00
Dalian Port Container Terminal Co., Ltd.	21,660.00	0.00	463,195.00	0.05
大連毅都冷鏈有限公司	20,900.00	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
Dalian International Container Terminal Co., Ltd.	20,000.00	0.00	75,833.00	0.02
China United Tally Co., Ltd. Dalian	12,000.00	0.00	12,000.00	0.00
Dalian Port Corporation Finance Co., Ltd.	-	-	66,146.66	0.02
Dalian Shunda Logistic Co., Ltd.	-	-	64,897.00	0.01
China Unite Northeast Rail Containers Co., Ltd.	-	-	9,274.00	0.00
Dalian Changxing Island Port Co., Ltd.	-	-	77.00	0.00
	3,755,661.88	0.43	1,445,745.16	0.18
Amount due to the parent				
PDA	1,149,047.55	0.14	3,259,477.38	0.38

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VI. Related Parties and Related Party Transactions (Continued)

8. AMOUNTS DUE TO RELATED PARTIES (Continued)

	2013		2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Other payables: (continued)				
Amounts due to other related parties				
Dalian Port Construction Engineering Co., Ltd.	264,727,322.01	31.35	184,321,025.36	21.59
Dalian Port Machinery and Electric Co., Ltd.	65,344,647.78	7.74	40,538,977.39	4.75
大連港鍋爐安裝有限公司	7,403,429.03	0.88	15,911,437.05	1.86
Dalian Port New Harbour Construction Engineering Co., Ltd.	5,776,830.53	0.68	6,287,473.64	0.74
Dalian Port Machinery Co., Ltd.	3,780,727.63	0.45	3,282,470.58	0.38
Dalian Wanpeng Infrastructure Co., Ltd.	2,395,702.43	0.28	4,721,966.43	0.55
Dalian Port Design & Research Institute Co., Ltd.	684,980.00	0.08	-	-
大連經濟技術開發區海灣貨運公司	313,385.76	0.04	311,778.12	0.04
大連港萬通物流有限公司	249,071.07	0.03	700.00	0.00
大連港實綠化工程有限公司	163,100.00	0.02	145,816.30	0.02
大連海港大廈	74,606.00	0.01	-	-
大連保稅區永德信房地產開發建設有限公司	50,435.70	0.01	-	-
大連宏譽大廈有限公司	25,217.85	0.00	-	-
大連港實業有限公司	14,183.40	0.00	1,348.40	0.00
大連港日興園林綠化工程有限公司	-	-	5,000.00	0.00
大連創意產業項目發展有限公司	-	-	5,000.00	0.00
	351,003,639.19	41.57	255,532,993.27	29.93
	355,908,348.62	42.14	260,238,215.81	30.49
Interest payable:				
Amounts due to jointly-controlled entities and an associate				
Dalian Port Corporation Finance Co., Ltd.	171,111.11	0.09	-	-
Dalian Harbour ECL Logistics Co., Ltd.	20,167.00	0.01	-	-
Dalian Assembling Transportation Logistics Co., Ltd.	25,666.63	0.01	-	-
	216,944.74	0.11	-	-

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

VI. Related Parties and Related Party Transactions (Continued)

8. AMOUNTS DUE TO RELATED PARTIES (Continued)

	Note	2013		2012	
		Amount	Percentage (%)	Amount	Percentage (%)
Notes payable:					
Amounts due to other related parties					
Dalian Port Construction Engineering Co., Ltd.		19,750,000.00	62.34	11,080,000.00	66.23
Dalian Wanpeng Infrastructure Co., Ltd.		-	-	350,000.00	2.09
		19,750,000.00	62.34	11,430,000.00	68.32
Accounts payable:					
Amounts due to jointly-controlled entities					
Dalian Changxing Island Port Investment & Development Co., Ltd.		4,350,000.00	2.02	-	-
Dalian Singamas International Container Co., Ltd.		113,115.47	0.05	854.99	0.00
Dalian International Container Terminal Co., Ltd.		52,661.00	0.02	300,000.00	0.17
Dalian Container Terminal Co., Ltd.		21,160.00	0.01	-	-
Dalian Jilong Logistics Co., Ltd.		2,916.00	0.00	-	-
		4,539,852.47	2.10	300,854.99	0.17
Amounts due to other related parties					
Dalian Port Construction Engineering Co., Ltd.		419,832.99	0.20	144,286.00	0.08
Dalian Port Machinery Co., Ltd.		224,870.00	0.10	320,500.00	0.19
大連中油海港石油銷售有限公司		203,732.49	0.09	-	-
Dalian Port New Harbour Construction Engineering Co., Ltd.		-	-	150,000.00	0.08
Dalian Port Machinery and Electric Co., Ltd.		-	-	3,059,807.50	1.73
		848,435.48	0.39	3,674,593.50	2.08
		5,388,287.95	2.49	3,975,448.49	2.25
Short-term borrowings:					
	V.25				
Amounts due to an associate and a jointly-controlled entity					
Dalian Port Corporation Finance Co., Ltd.		100,000,000.00	8.85	660,000,000.00	51.64
Dalian Harbour ECL Logistics Co., Ltd.		10,000,000.00	0.88	-	-
		110,000,000.00	9.73	660,000,000.00	51.64

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31 December 2013
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VI. Related Parties and Related Party Transactions (Continued)

8. AMOUNTS DUE TO RELATED PARTIES (Continued)

	2013		2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Long-term borrowings:				
Amounts due to an associate and a jointly-controlled entity				
Dalian Assembling Transportation Logistics Co., Ltd.	21,000,000.00	1.51	21,000,000.00	1.23
Dalian Port Corporation Finance Co., Ltd.	-	-	20,000,000.00	1.17
	21,000,000.00	1.51	41,000,000.00	2.40
Non-current liability due within one year:				
Amount due to an associate				
Dalian Port Corporation Finance Co., Ltd.	20,000,000.00	0.62	-	-
Advances from customers:				
Advances from associates and jointly-controlled entities				
Dalian Port Container Terminal Co., Ltd.	8,044,275.07	2.03	10,105,955.59	10.89
Dalian Assembling Transportation Logistics Co., Ltd.	736,000.00	0.19	736,000.00	0.79
Dalian Jilong Logistics Co., Ltd.	154,709.20	0.04	167,447.84	0.18
Dalian Automobile Terminal Co., Ltd.	110,150.00	0.03	-	-
大連毅都冷鏈有限公司	75,129.03	0.02	565,129.03	0.61
Dalian Singamas International Container Co., Ltd.	53,032.33	0.01	51,995.56	0.06
Dalian China Oil Dock Management Co., Ltd.	17,755.75	0.00	17,755.75	0.02
Dalian Wanpeng Port Engineering Examination and Testing Co., Ltd.	5,341.15	0.00	5,341.15	0.01
大連普集倉儲設施有限公司	2,759.72	0.00	3,256.11	0.00
PetroChina Dalian LNG Co., Ltd.	1,100.00	0.00	310.00	0.00
大連港散貨物流中心有限公司	490.00	0.00	-	-
Dalian Shunda Logistic Co., Ltd.	-	-	15,961.68	0.02
Odfjell Terminals (Dalian) Co., Ltd.	-	-	186,690.00	0.02
	9,200,742.25	2.32	11,855,842.71	12.60

Notes to Financial Statements

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VI. Related Parties and Related Party Transactions (Continued)

8. AMOUNTS DUE TO RELATED PARTIES (Continued)

	2013		2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Advances from customers: (continued)				
Advances from the parent				
PDA	183,513.10	0.05	-	-
Advances from other related parties				
大連港實業有限公司	162,580.03	0.04	598,439.95	0.64
大連萬通榮海船務有限公司	125,000.00	0.03	-	-
Dalian Port Construction Engineering Co., Ltd.	107,100.11	0.03	107,100.11	0.12
Dalian Port Petroleum & Chemical Co., Ltd.	33,675.66	0.01	-	-
大連港實綠化工程有限公司	16,091.15	0.00	-	-
Dalian Wanpeng Infrastructure Co., Ltd.	15,345.22	0.00	-	-
大連中油海港石油銷售有限公司	2,219.47	0.00	2,219.47	0.00
大連港萬通物流有限公司	1,420.50	0.00	15,390.00	0.02
	463,432.14	0.11	723,149.53	0.78
	9,847,687.49	2.48	12,578,992.24	13.38

Except for the amounts due to related parties included in short-term and long-term borrowings, non-current liabilities due within one year 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.

Note: Dalian Shunda Logistics Co., Ltd. was included in the Group's consolidation scope during the year. Refer to Note IV. 4 for details.

Notes to Financial Statements

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(Expressed in Renminbi Yuan)

VII. Commitments

	2013	2012
Capital commitments:		
Contracted, but not provided	346,972,104.68	57,697,740.08
Authorised but not contracted	1,828,385,954.34	2,210,419,662.01
	2,175,358,059.02	2,268,117,402.09
Investment commitments:		
Authorised, but not contracted	36,000,000.00	47,600,000.00
Contracted, but not fulfilled	12,750,000.00	–
	48,750,000.00	47,600,000.00

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.

IX. Events after the Balance Sheet Date

DIVIDEND DISTRIBUTED TO SHAREHOLDERS

Pursuant to the resolution in the second session of the board meeting in 2014 held on 27 March 2014, the Company proposed to pay a cash dividend to shareholders of RMB265,560,000.00, which is calculated based on the issued ordinary shares, in aggregate of 4,426,000,000 shares, and RMB0.6 per 10 shares (inclusive of applicable tax). The resolution will be submitted to the coming annual general meeting for approval.

X. Other Important Items

1. NET CURRENT ASSETS

	2013 Group	2012 Group	2013 Company	2012 Company
Current assets	4,985,594,385.82	4,713,189,889.91	3,681,550,746.98	4,295,886,797.03
Less: Current liabilities	5,484,643,177.30	3,591,969,549.48	3,810,101,955.29	2,476,127,263.65
Net current assets/(liabilities)	(499,048,791.48)	1,121,220,340.43	(128,551,208.31)	1,819,759,533.38

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items (Continued)

2. TOTAL ASSETS LESS CURRENT LIABILITIES

	2013 Group	2012 Group	2013 Company	2012 Company
Total assets	27,226,109,085.02	27,828,780,431.66	23,799,781,974.16	24,710,060,320.29
Less: Current liabilities	5,484,643,177.30	3,591,969,549.48	3,810,101,955.29	2,476,127,263.65
Total assets less current liabilities	21,741,465,907.72	24,236,810,882.18	19,989,680,018.87	22,233,933,056.64

3. LEASES

As lessee

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

As lessor

Finance lease: As at 31 December 2013, the unrecognised finance charge was RMB2,694,418.84 (31 December 2012: Nil) and amortised to each period during the lease term using actual interest rate method. According the contract, minimum lease payments are as follows:

	2013	2012
Within one year, inclusive	4,007,076.92	–
First to second years, inclusive	4,007,076.92	–
Second to third years, inclusive	4,007,076.92	–
After three years	6,345,393.16	–
	18,366,623.92	–

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

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:

	2013	2012
Within one year, inclusive	36,170,821.81	8,003,211.11
First to second years, inclusive	33,582,027.57	4,377,947.64
Second to third years, inclusive	3,520,000.00	3,520,000.00
Third to fourth years, inclusive	3,520,000.00	3,520,000.00
Fourth to fifth years, inclusive	3,520,000.00	3,520,000.00
After five years	49,280,000.00	52,800,000.00
	129,592,849.38	75,741,158.75

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items (Continued)

4. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE 2013

	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	18,924,264.64	-	6,931,124.61	-	21,214,860.11
Financial assets at fair value through profit or loss	-	(6,621,030.01)	-	-	12,412,829.99

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	26,577,769.81	-	(5,483,063.31)	-	18,924,264.64

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES DENOMINATED IN FOREIGN CURRENCIES 2013

	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	25,296,767.51	-	-	-	40,548,879.55
Available-for-sale financial assets	14,534,238.64	-	6,931,124.61	-	21,214,860.11
Loans and receivables	27,544,912.58	-	-	-	23,806,956.08
	67,375,918.73	-	6,931,124.61	-	85,570,695.74
Financial liabilities:					
Short-term borrowings	38,533,101.12	-	-	-	243,244,499.16
Long-term borrowings	288,915,409.65	-	-	-	279,191,221.44
	327,448,510.77	-	-	-	522,435,720.60

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items (Continued)

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES DENOMINATED IN FOREIGN CURRENCIES (Continued)

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
	60,752,910.05	-	459,062.19	-	67,375,918.73
Financial liabilities:					
Short-term borrowings	-	-	-	-	38,533,101.12
Long-term borrowings	289,841,456.80	-	-	-	288,915,409.65
	289,841,456.80	-	-	-	327,448,510.77

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 provision of related logistics services |
| (4) Automobile terminal and logistics and trading services | Loading and discharging of automobile and related logistics services, automobile trading operation |
| (5) Ore terminal and logistics services | Loading and unloading of ore and provision of related logistics services |
| (6) Bulk grains terminal and logistics and trading services | Loading and unloading of grains and provision of related logistics services, bulk grains trading operation |
| (7) General cargo terminal and logistics and trading services | Loading and unloading of general cargo and provision of related logistics services, steel trading operation |
| (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.

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items (Continued)

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

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.

2013

	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 and trading services RMB'000	Ore terminal and logistics services RMB'000	Bulk grains terminal and logistics and trading services RMB'000	General cargo terminal and logistics and trading services RMB'000	Port value-added services and ancillary port operations RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	1,106,303	1,310,855	131,045	743,874	295,685	1,890,389	423,953	966,775	113,101	6,981,980
Less: Cost of sales and services	567,238	965,898	93,727	718,038	183,763	1,706,341	429,272	669,633	60,493	5,394,403
Gross profit	539,065	344,957	37,318	25,836	111,922	184,048	(5,319)	297,142	52,608	1,587,577
Less: Tax and surcharges	31,606	53,475	3,669	1,747	6,436	9,753	7,851	22,175	3,559	140,271
Sales expenses	-	-	-	268	-	79	-	-	-	347
Administrative expenses	47,046	130,391	27,026	7,130	32,567	33,974	33,805	141,330	105,094	558,363
Financial expenses	24,862	5,005	2,435	(2,912)	(349)	16,633	(1,391)	(1,388)	358,868	401,763
Impairment losses	-	836	-	-	-	-	(10)	(481)	-	345
Losses on fair value changes	-	-	-	-	-	-	-	6,621	-	6,621
Add: Investment income	52,711	9,715	3,405	10,079	8	-	(11,468)	37,871	86,732	189,053
Operating profit	488,262	164,965	7,593	29,682	73,276	123,609	(57,042)	166,756	(328,181)	668,920
Add: Non-operating income	36,050	198,393	248	21	-	11,135	19,840	5,803	97,786	369,276
Less: Non-operating expenses	1,923	6,004	63	1	7	300	509	799	2,701	12,307
Total profit	522,389	357,354	7,778	29,702	73,269	134,444	(37,711)	171,760	(233,096)	1,025,889
Less: Income tax expenses	124,461	78,497	2,447	3,943	18,315	33,574	(4,087)	27,106	(40,341)	243,915
Net profit	397,928	278,857	5,331	25,759	54,954	100,870	(33,624)	144,654	(192,755)	781,974
Total assets	6,443,285	6,100,572	1,189,979	1,796,925	2,563,844	1,586,579	2,575,809	2,421,901	2,547,215	27,226,109
Total liabilities	1,628,922	739,394	78,416	548,857	109,133	140,686	171,974	126,511	9,020,931	12,564,824
Supplementary information:										
Investment income from associates and jointly- controlled entities	51,897	11,393	2,774	10,079	8	-	(11,468)	37,830	-	102,513
Depreciation and amortisation	182,784	153,844	30,444	9,742	87,199	66,648	77,415	60,175	35,214	703,465
Interest income	2,325	7,365	156	1,121	322	4,117	1,391	1,515	17,136	35,448
Capital expenditure (Note)	59,428	101,897	24,390	5,975	22,596	27,882	24,867	21,600	1,020,010	1,308,645
Intersegment sales	6,891	197	958	3,466	233	443	7,964	129,567	-	149,719

Notes to Financial Statements

31 December 2013
(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 trading services RMB'000	Ore terminal and logistics services RMB'000	Bulk grains terminal and logistics trading services RMB'000	General cargo terminal and logistics trading 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)	335,081	377,311
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

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

Notes to Financial Statements

31 December 2013
(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 the major non-current assets are located in Mainland China.

Information about a major customer

No revenue (2012: Nil) representing 10% or more of the Group's total revenue was derived from sales to a single 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.

Financial instruments by category

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

Financial assets

2013

	Financial assets at fair value through profit or loss RMB'000	Loans and receivables RMB'000	Available- for-sale financial assets RMB'000	Total RMB'000
Cash and bank balances	-	2,339,398	-	2,339,398
Financial assets at fair value through profit or loss	12,413	-	-	12,413
Notes receivable	-	60,057	-	60,057
Dividends receivable	-	6,337	-	6,337
Interest receivable	-	16,308	-	16,308
Accounts receivable	-	502,348	-	502,348
Other receivables	-	475,666	-	475,666
Other current assets	-	1,043,728	-	1,043,728
Available-for-sale financial assets	-	-	174,908	174,908
Other non-current assets	-	23,807	-	23,807
	12,413	4,467,649	174,908	4,654,970

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items (Continued)

7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

Financial instruments by category (Continued)

Financial assets (continued)

2012

	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
Interest 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	–	148,102	148,102
Other non-current assets	37,545	–	37,545
	4,395,219	148,102	4,543,321

Financial liabilities

	2013 Other financial liabilities RMB'000	2012 Other financial liabilities RMB'000
Short-term borrowings	394,593	1,278,033
Notes payable	31,680	16,730
Accounts payable	215,262	177,029
Interest payable	188,016	194,320
Dividends payable	85,947	83,182
Other payables	844,444	853,634
Non-current liabilities due within one year	3,208,792	545,000
Long-term borrowings	1,393,401	1,708,360
Bonds payable	4,963,843	8,004,513
Long-term payables	12,667	130
	11,338,645	12,860,931

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.

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items (Continued)

7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

Credit risk (Continued)

Other financial assets of the Group include cash and bank balances, financial assets at fair value through profit or loss, available-for-sale financial assets, interest 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 their 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 2013, the Group had certain concentration of credit risk as 33% (31 December 2012: 40%) of the Group's accounts receivable were due from the five largest customers. Except for the lien on the ironstone of Shenyang Oriental Steel Co., Ltd. (Note V.6), 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 Notes V. 6 and 7.

As at 31 December 2013 and 2012, 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:

	2013	2012
Undue and not impaired	356,371,997.04	331,736,250.27
Past due and not impaired – within 3 months	48,532,211.75	36,513,236.28
Past due and not impaired – over 3 months	97,443,815.67	102,779,250.81
	502,348,024.46	471,028,737.36

On 31 December 2013, non-overdue and impaired accounts receivable and other receivables are relevant to a plenty of dispersive customers without recent default records.

On 31 December 2013, overdue but not impaired account receivables and other receivables are relevant to a plenty of independent customers with good transaction records. According to the previous experience, the Group recognises no provision for impairment due to no occurrence of change in significant credit quality and can be recognized as collectable in full.

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 2013, 34% (31 December 2012: 17%) of the Group's interest-bearing debts will fall due within one year.

The Group relies sufficient operating cash inflows to meet its obligations associated with matured debts and external financing to fulfil its commitments to future capital expenditure. As at 31 December 2013, the Company has obtained bank loan facilities of RMB21,690,000,000.00 provided by several domestic banks to meet the future capital commitment and financing needs. Out of the total bank facilities, RMB15,990,557,000.00 has not been utilised.

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items (Continued)

7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities at each balance sheet date, based on the contractual undiscounted payments, is as follows:

31 December 2013

	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	31,680	-	-	-	-	31,680
Accounts payable	215,262	-	-	-	-	215,262
Interest payable	-	20	187,996	-	-	188,016
Dividends payable	85,947	-	-	-	-	85,947
Other payables	844,444	-	-	-	-	844,444
Short-term borrowings	-	183,343	215,817	-	-	399,160
Non-current liabilities due within one year	-	53,322	3,233,926	-	-	3,287,248
Long-term borrowings	-	15,323	53,341	1,571,230	-	1,639,894
Bonds payable	-	-	165,901	3,789,500	2,723,650	6,679,051
Long-term payables	-	-	-	12,667	-	12,667
	1,177,333	252,008	3,856,981	5,373,397	2,723,650	13,383,369

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
Interest payable	-	2,198	192,122	-	-	194,320
Dividends payable	7,422	-	75,760	-	-	83,182
Other payables	849,191	-	4,443	-	-	853,634
Short-term borrowings	-	71,934	1,249,366	-	-	1,321,300
Non-current liabilities due within one year	-	56,362	508,410	-	-	564,772
Long-term borrowings	-	20,355	70,856	1,906,664	22,436	2,020,311
Bonds payable	-	-	228,874	3,315,075	6,139,500	9,683,449
Long-term payables	-	-	-	130	-	130
	1,033,642	156,169	2,341,241	5,221,869	6,161,936	14,914,857

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31 December 2013
(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 reflects 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)	Total profit Increase/ (decrease)	Net profit Increase/ (decrease)	Equity (Note) Increase/ (decrease)
2013				
RMB	50	(7,016,050.12)	(5,262,037.59)	-
USD	50	(1,395,956.11)	(1,165,623.35)	(268,242.65)
RMB	(50)	7,016,050.12	5,262,037.59	-
USD	(50)	1,395,956.11	1,165,623.35	268,242.65
2012				
RMB	50	(9,822,224.22)	(7,366,668.17)	-
USD	50	(1,444,577.05)	(1,206,221.84)	(245,262.16)
RMB	(50)	9,822,224.22	7,366,668.17	-
USD	(50)	1,444,577.05	1,206,221.84	245,262.16

Note: Excluding retained earnings.

Notes to Financial Statements

31 December 2013
(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.

	Exchange rates Increase/ (decrease)	Total profit Increase/ (decrease)	Net profit Increase/ (decrease)	Equity (Note) Increase/ (decrease)
2013				
RMB strengthens against USD	1%	4,124,960.74	3,794,864.05	-
RMB strengthens against HKD	1%	(126,671.41)	(120,209.54)	(212,148.60)
RMB strengthens against JPY	1%	(148,685.19)	(145,825.30)	-
		3,849,604.14	3,528,829.21	(212,148.60)
RMB weakens against USD	(1%)	(4,124,960.74)	(3,794,864.05)	-
RMB weakens against HKD	(1%)	126,671.41	120,209.54	212,148.60
RMB weakens against JPY	(1%)	148,685.19	145,825.30	-
		(3,849,604.14)	(3,528,829.21)	212,148.60
2012				
RMB strengthens against USD	1%	3,057,111.23	3,015,665.92	-
RMB strengthens against HKD	1%	(147,161.17)	(136,733.17)	(145,342.39)
RMB strengthens against JPY	1%	(170,745.23)	(170,558.91)	-
		2,739,204.83	2,708,373.84	(145,342.39)
RMB weakens against USD	(1%)	(3,057,111.23)	(3,015,665.92)	-
RMB weakens against HKD	(1%)	147,161.17	136,733.17	145,342.39
RMB weakens against JPY	(1%)	170,745.23	170,558.91	-
		(2,739,204.83)	(2,708,373.84)	145,342.39

Note: Excluding retained earnings

Notes to Financial Statements

31 December 2013
(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 2013, the Group was exposed to equity investment price risk arising from individual equity investments classified as financial assets at fair value through profit or loss (Note V. 2) and 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 are as follows:

	2013 31 December	2013 Highest/lowest	2012 31 December	2012 Highest/lowest
Shanghai – A Share Index	2,214	2,548/2,041	2,376	2,578/2,052
Shenzhen – A Share Index	1,104	1,150/916	920	1,057/766
Hong Kong – Heng Seng Index	23,306	24,039/19,814	22,657	22,667/18,186

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.

	Fair value Increase/ (decrease)	Carrying amount of equity investments	Increase/ (Decrease) in total profit	Increase/ (Decrease) in net profit	Increase/ (Decrease) in shareholders' equity
2013					
Equity investments held for trading					
Shanghai	5%	2,232,597.00	111,629.85	83,722.39	-
Shenzhen	5%	2,446,275.00	122,313.75	91,735.31	-
Available-for-sale equity investments					
Hong Kong	5%	21,214,860.11	-	-	1,060,743.01
		25,893,732.11	233,943.60	175,457.70	1,060,743.01
Equity investments held for trading					
Shanghai	(5%)	2,232,597.00	(111,629.85)	(83,722.39)	-
Shenzhen	(5%)	2,446,275.00	(122,313.75)	(91,735.31)	-
Available-for-sale equity investments					
Hong Kong	(5%)	21,214,860.11	-	-	(1,060,743.01)
		25,893,732.11	(233,943.60)	(175,457.70)	(1,060,743.01)

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items (Continued)

7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

Market risk (Continued)

Equity investment price risk (Continued)

	Fair value Increase/ (decrease)	Carrying amount of equity investments	Increase/ (Decrease) in total profit	Increase/ (Decrease) in net profit	Increase/ (Decrease) in shareholders' equity
2012					
Available-for-sale equity investments					
Shanghai	5%	2,199,904.00	-	-	109,995.20
Shenzhen	5%	2,190,122.00	-	-	109,506.10
Hong Kong	5%	14,534,238.64	-	-	726,711.93
		18,924,264.64	-	-	946,213.23
Available-for-sale equity investments					
Shanghai	(5%)	2,199,904.00	-	-	(109,995.20)
Shenzhen	(5%)	2,190,122.00	-	-	(109,506.10)
Hong Kong	(5%)	14,534,238.64	-	-	(726,711.93)
		18,924,264.64	-	-	(946,213.23)

Fair value

Except for short-term financial instruments whose carrying amounts approximate to their fair values, the carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	2013	2012	2013	2012
Financial assets:				
Available-for-sale financial assets	21,214,860.11	18,924,264.64	21,214,860.11	18,924,264.64
Other non-current assets	23,806,956.08	37,544,912.58	23,806,956.08	37,544,912.58
Financial liabilities:				
Long-term borrowings	1,393,401,245.21	1,708,360,253.42	1,393,401,245.21	1,708,360,253.42
Bonds payable	4,963,843,320.56	7,844,512,916.99	4,963,843,320.56	7,844,512,916.99
Long-term payables	12,666,979.84	130,350.00	12,666,979.84	130,350.00

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31 December 2013
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X. Other Important Items (Continued)

7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

Fair value (Continued)

Management has assessed the fair values of cash and bank balances, notes receivable, accounts receivable, other current assets, short-term borrowings, other receivables, other payables, notes payable, accounts payable and etc. approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team led by the financial manager is responsible for determining the policies and procedures for the fair value measurement of the financial instruments. The corporate finance team reports directly to the Chief Financial Officer and the audit committee. At each balance sheet date, the corporate finance team analyses the movements in the values of financial instruments, and determines the major inputs applied in the valuation. The valuation shall be approved by the Chief Financial Officer. For the interim and annual financial reporting purpose, the corporate finance team discusses the valuation procedures and results with the audit committee twice a year.

The fair values of financial assets and liabilities are determined at the amount at which the assets could be exchanged or the liabilities could be settled in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair value.

The fair values of other non-current assets, long-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. As at 31 December 2013, the default risks of long-term and short-term borrowings are estimated to be not significant.

The fair values of listed equity instruments are based on quoted market prices.

The table below lists the level of fair value of financial instruments:

Financial instruments measured at fair value:

	Inputs used by fair value measurement			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
2013				
Available-for-sale financial assets	21,215	-	-	21,215
Financial assets at fair value through profit or loss	12,413	-	-	12,413
2012				
Available-for-sale financial assets	18,924	-	-	18,924

Notes to Financial Statements

31 December 2013
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X. Other Important Items *(Continued)*

7. FINANCIAL INSTRUMENTS AND RISKS *(Continued)*

Fair value *(Continued)*

Financial instruments disclosed at fair value:

	Inputs used by fair value measurement			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
2013				
Other non-current assets	-	23,807	-	23,807
Long-term borrowings	-	1,393,401	-	1,393,401
Bonds payable	-	4,963,843	-	4,963,843
Long-term payables	-	12,667	-	12,667
2012				
Other non-current assets	-	37,545	-	37,545
Long-term borrowings	-	1,708,360	-	1,708,360
Bonds payable	-	7,844,513	-	7,844,513
Long-term payables	-	130	-	130

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's abilities to continue as a going concern and to maintain healthy capital ratio in order to support its business development and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 31 December 2012.

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items (Continued)

7. FINANCIAL INSTRUMENTS AND RISKS (Continued)

Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net liabilities divided by capital plus net liabilities. The Group's policy is to maintain the gearing ratio between 40% and 60%. As at balance sheet date, the Group's gearing ratio is as follow:

	2013 RMB'000	2012 RMB'000
Short-term borrowings	394,593	1,278,033
Non-current liabilities due within one year	3,208,792	545,000
Long-term borrowings	1,393,401	1,708,360
Bonds payable	4,963,843	8,004,513
Long-term payables	12,667	–
less: Cash and bank balances	2,339,398	2,507,327
Non-current assets due within one year	–	1,005,610
Other current assets	1,043,728	4,870
Other non-current assets	23,807	27,545
Net liabilities	6,566,363	7,990,554
Owners' equity	14,661,285	13,974,992
Capital and net liabilities	21,227,648	21,965,546
Gearing ratio	45%	57%

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:

(1) Independent non-executive directors

	2013	2012
Fees	651,643.84	550,000.00
Other emoluments:		
Salaries, allowances and benefits in kind	3,611,736.50	3,473,384.40
Pension scheme contributions	156,816.00	146,488.80
	3,768,552.50	3,619,873.20
	4,420,196.34	4,169,873.20

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items *(Continued)*

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

(1) Independent non-executive directors *(Continued)*

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

	2013	2012
Yin Jintao	250,000.00	250,000.00
Liu Yongze	150,000.00	150,000.00
Gui Liyi	150,000.00	150,000.00
Yu Long	101,643.84	–
	651,643.84	550,000.00

There were no other emoluments payable to the independent non-executive directors during the year (2012: Nil).

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

	2013	2012
Salaries, allowances and benefits in kind:		
Executive directors:		
Hui Kai	500,000.00	400,000.00
Xu Song	897,034.10	812,552.72
Su Chunhua	535,659.10	–
Zhu Shiliang	483,215.10	268,951.08
Zhang Fengge	33,333.00	400,000.00
Sun Hong	–	100,000.00
Non-executive directors:		
Xu Jian	–	–
Zhang Zuogang	–	–
Supervisors:		
Sun Junyou	–	–
Zhang Guofeng	–	–
Zhang Xianzhi	100,000.00	100,000.00
Lv Jing	100,000.00	100,000.00
Xu Fangsheng	480,428.10	373,302.72
Jiang Weihong	482,067.10	369,912.72
Gui Yuchan	–	284,312.72
Su Chunhua	–	264,352.44
	3,611,736.50	3,473,384.40

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items (Continued)

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

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

	2013	2012
Pension scheme contributions:		
Executive directors:		
Hui Kai	-	-
Xu Song	31,363.20	28,303.20
Su Chunhua	31,363.20	-
Zhu Shiliang	31,363.20	16,126.80
Zhang Fengge	-	-
Sun Hong	-	-
Non-executive directors:		
Xu Jian	-	-
Zhang Zuogang	-	-
Supervisors:		
Sun Junyou	-	-
Zhang Guofeng	-	-
Zhang Xianzhi	-	-
Lv Jing	-	-
Xu Fangsheng	31,363.20	28,303.20
Jiang Weihong	31,363.20	28,303.20
Gui Yuchan	-	28,303.20
Su Chunhua	-	17,149.20
	156,816.00	146,488.80

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

9. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, there was one director (2012: one) of the Company whose emoluments are included in the disclosures in Note 8 above. The emoluments of the remaining four (2012: four) individuals are as follows:

	2013	2012
Salaries, allowances and benefits in kind	3,442,824.30	2,656,519.02
Pension scheme contributions	94,089.60	84,909.60
	3,536,913.90	2,741,428.62

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

	Number of employees	
	2013	2012
Nil to RMB1,000,000	3	3
RMB1,000,001 to RMB1,500,000	1	1

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

X. Other Important Items (Continued)

10. COMPARATIVE FIGURES

As mentioned in Note II. 2, due to the early adoption of certain CAS, the accounting treatment and presentation and the amounts of certain items in the financial statements have been modified to comply with the new regulations. Accordingly, certain prior year figures have been adjusted. Certain comparative figures have been reclassified and related to comply with the requirement for current year presentation and accounting treatment.

XI. Notes to the Company's Financial Statements

1. ACCOUNTS RECEIVABLE

	2013	2012
Within 1 year	281,514,945.12	245,566,592.06
1 to 2 years	43,023,436.33	28,473,755.12
2 to 3 years	3,643,943.64	3,159,516.00
Over 3 years	1,013,486.00	1,431,486.00
	329,195,811.09	278,631,349.18
Provision for bad debts	(130,752.00)	(548,752.00)
	329,065,059.09	278,082,597.18

Movements in provision for bad debts are as follows:

	2013	2012
Opening balance	548,752.00	548,752.00
Reversal	(418,000.00)	-
Closing balance	130,752.00	548,752.00

	2013				2012			
	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	248,505,061.26	75.49	-	-	194,967,505.35	69.97	-	-
Not individually significant but subject to separate provision	80,690,749.83	24.51	130,752.00	0.16	83,663,843.83	30.03	548,752.00	0.66
	329,195,811.09	100.00	130,752.00		278,631,349.18	100.00	548,752.00	

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

1. ACCOUNTS RECEIVABLE (Continued)

As at 31 December 2013, the top five accounts receivable are as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
NSK (China) Trading Co., Ltd.	Third party	48,972,778.00	Within 1 year	14.88
Shenyang Oriental Steel Co., Ltd.	Third party	41,765,122.79	Within 3 years	12.69
本溪北營鋼鐵(集團)股份有限公司	Third party	29,921,191.75	Within 1 year	9.09
Benxi Steel Group Corporation	Third party	26,067,656.34	Within 1 year	7.92
RGL Group Co., Ltd.	Third party	22,445,850.26	Within 1 year	6.82
		169,172,599.14		51.40

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 Nasional Berhad	Third party	23,417,930.97	Within 1 year	8.40
Angang Group International Trade Corporation Dalian Company	Third party	22,225,774.26	Within 1 year	7.98
		155,950,836.35		55.97

Accounts receivable due from subsidiaries, jointly-controlled entities, associates and other related parties are as follows:

	2013	2012
Amounts due from subsidiaries	1,368,485.58	1,407,386.00
Amounts due from jointly-controlled entities	7,629,951.32	7,730,111.53
Amounts due from associates	4,425,232.00	4,209,280.24
Amounts due from other related parties	4,101,163.00	5,598,081.15
	17,524,831.90	18,944,858.92

The above accounts receivable are unsecured, interest-free and repayable on demand.

As at 31 December 2013, there were no accounts receivable due from shareholders holding 5% (including 5%) or more of the Company's voting shares (31 December 2012: Nil).

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

2. OTHER RECEIVABLES

An ageing analysis of the other receivables is as follows:

	2013	2012
Within 1 year	188,668,292.15	151,776,237.63
1 to 2 years	1,142,729.08	3,571,050.87
2 to 3 years	2,268,780.02	601,551.87
Over 3 years	1,858,689.30	19,648,186.49
	193,938,490.55	175,597,026.86
Provision for bad debts	(16,098.47)	(16,098.47)
	193,922,392.08	175,580,928.39

Movements in provision for bad debts are as follows:

	2013	2012
Opening balance	16,098.47	93,710.07
Write-off	-	(77,611.60)
Closing balance	16,098.47	16,098.47

	2013				2012			
	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	155,625,327.00	80.24	-	-	156,625,675.00	89.20	-	-
Not individually significant but subject to separate provision	38,313,163.55	19.76	16,098.47	0.04	18,971,351.86	10.80	16,098.47	0.08
	193,938,490.55	100.00	16,098.47		175,597,026.86	100.00	16,098.47	

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

2. OTHER RECEIVABLES (Continued)

As at 31 December 2013, the top five other receivables are as follows:

	Relationship	Amount	Ageing	Percentage of other receivables (%)
Dalian Municipal Bureau of Finance	Third party	130,712,700.00	Within 1 year	67.40
Dalian Municipal Bureau of Finance	Third party	18,787,845.00	Within 1 year	9.69
河北縱橫鋼鐵集團有限公司	Third party	6,124,782.00	Within 1 year	3.16
大連市鋼材物流園有限公司	Subsidiary	5,106,700.29	Within 1 year	2.63
Dalian Maritime Pilots Association	Third party	4,004,604.49	Within 1 year	2.06
		164,736,631.78		84.94

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	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
Dalian Maritime Pilots Association	Third party	4,802,400.00	Within 1 year	2.73
Sunshine P&C Insurance Co., Ltd. Dalian Branch	Third party	2,631,770.00	Within 3 years	1.50
		164,059,845.00		93.42

Other receivables due from subsidiaries, jointly-controlled entities, associates, PDA and other related parties were as follows:

	2013	2012
Amounts due from subsidiaries	8,004,590.66	1,487,875.18
Amounts due from jointly-controlled entities	1,499,540.66	983,556.85
Amounts due from associates	1,560,000.00	1,500.00
Amount due from PDA	2,994,720.00	403,728.28
Amounts due from other related parties	100,000.00	58,533.00
	14,158,851.32	2,935,193.31

The above other receivables due from related parties are unsecured, interest-free and repayable on demand.

As at 31 December 2013, 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 2012: Nil).

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

3. LONG-TERM EQUITY INVESTMENTS

2013

	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.	3,009,297,222.35	2,897,297,222.35	112,000,000.00	3,009,297,222.35	100.00	100.00	117,104,707.57
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 Co., Ltd.	6,629,301.65	6,629,301.65	-	6,629,301.65	100.00	100.00	6,361,489.15
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	11,936,632.23
Dalian Port Soft 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	2,241,045.00
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	53,156,426.75	-	53,156,426.75	37.50	37.50	-
Dalian Port Power Supply Co., Ltd.	25,895,508.24	25,895,508.24	-	25,895,508.24	100.00	100.00	3,925,692.61
Dalian Port Petroleum & Chemical Co., Ltd.	-	596,800,000.00	(596,800,000.00)	-	-	-	-
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 United King Port Auto Trade Co., Ltd.	6,000,000.00	6,000,000.00	-	6,000,000.00	60.00	60.00	-
大連港糧油貿易有限公司	25,000,000.00	10,000,000.00	15,000,000.00	25,000,000.00	100.00	100.00	-
大連港鋼材貿易服務有限公司	8,000,000.00	8,000,000.00	-	8,000,000.00	100.00	100.00	869.15
大連港潤燃氣有限公司	2,550,000.00	-	2,550,000.00	2,550,000.00	51.00	51.00	-
大連海嘉汽車碼頭有限公司	200,000,000.00	-	200,000,000.00	200,000,000.00	50.00	50.00	-
Fujian Ninglian Port Co., Ltd.	-	12,000,000.00	(12,000,000.00)	-	-	-	-
Total for the cost method	4,017,008,595.72	4,296,258,595.72	(279,250,000.00)	4,017,008,595.72			148,030,435.71

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

3. LONG-TERM EQUITY INVESTMENTS (Continued)

2013 (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:							
Jointly-controlled entities							
大連港通利船務代理有限公司	1,311,300.00	2,098,230.38	(936,674.15)	1,161,556.23	50.00	50.00	1,200,000.00
Dalian Harbour ECL Logistics Co., Ltd.	30,111,142.43	30,483,506.91	230,056.12	30,713,563.03	50.00	50.00	199,338.62
Odfjell Terminals (Dalian) Co., Ltd.	86,878,185.37	141,719,736.78	(1,757,974.14)	139,961,762.64	50.00	50.00	19,000,000.00
Dalian Port PetroChina International Terminal Co., Ltd.	125,000,000.00	137,818,404.31	13,209,881.95	151,028,286.26	50.00	50.00	6,312,540.00
China United Tally Co., Ltd. Dalian	5,103,200.33	3,260,805.20	908,824.50	4,169,629.70	49.00	49.00	539,094.55
Dalian China Oil Dock Management Co., Ltd.	16,301,068.34	16,586,622.77	(4,338,984.05)	12,247,638.72	49.00	49.00	3,234,000.00
Dalian Automobile Terminal Co., Ltd.	152,503,640.00	159,024,931.23	8,017,488.81	167,042,420.04	40.00	40.00	-
Dalian Changxing Island Port Co., Ltd.	248,000,000.00	210,244,568.44	(11,284,082.34)	198,960,486.10	40.00	40.00	-
大連港散貨物流中心有限公司	2,000,000.00	2,193,949.42	(166,400.66)	2,027,548.76	40.00	40.00	172,494.31
Odfjell Dalian Port Consulting Co., Ltd.	3,000,000.00	2,238,271.71	(342,803.24)	1,895,468.47	50.00	50.00	-
Dalian Changxing Island Port Investment & Development Co., Ltd.	463,147,800.00	463,147,800.00	(278,548.40)	462,869,251.60	46.58	50.00	-
Odfjell Changxing Terminals (Dalian) Co., Ltd.	2,250,000.00	-	2,250,000.00	2,250,000.00	30.00	30.00	-
Total for jointly-controlled entities	1,135,606,336.47	1,168,816,827.15	5,510,784.40	1,174,327,611.55			30,657,467.48
Associates							
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	20,288,520.00	35,084,467.75	(29,722,886.49)	5,361,581.26	20.00	20.00	2,112,000.00
太倉興港拖輪有限公司	900,000.00	2,212,031.77	405,191.36	2,617,223.13	30.00	30.00	900,000.00
PetroChina Dalian LNG Co., Ltd.	520,000,000.00	535,988,496.95	32,948,068.26	568,936,565.21	20.00	20.00	13,558,605.25
Dalian North Petroleum Logistics Co., Ltd.	60,000,000.00	29,632,512.78	31,647,633.13	61,280,145.91	20.00	20.00	-
China Shipping Gang Lian Co., Ltd.	90,000,000.00	82,579,840.01	(4,065,217.89)	78,514,622.12	30.00	30.00	-
Sino Rail Bohai Train Ferry Co., Ltd.	274,500,286.56	273,924,483.74	562,393.70	274,486,877.44	17.50	17.50	8,175,520.07
中世國際物流有限公司	90,000,000.00	90,362,635.74	1,750,322.23	92,112,957.97	30.00	30.00	-
Dalian Port Corporation Finance Co., Ltd.	200,000,000.00	216,379,200.54	34,230,094.20	250,609,294.74	40.00	40.00	-
中海油(寧德)石化碼頭有限公司	2,450,000.00	-	98,298.72	98,298.72	24.50	24.50	-
Total for associates	1,258,138,806.56	1,266,163,669.28	67,853,897.22	1,334,017,566.50			24,746,125.32
Total for the equity method	2,393,745,143.03	2,434,980,496.43	73,364,681.62	2,508,345,178.05			55,403,592.80
	6,410,753,738.75	6,731,239,092.15	(205,885,318.38)	6,525,353,773.77			203,434,028.51

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

3. LONG-TERM EQUITY INVESTMENTS (Continued)

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 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	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	-
Fujian Ninglian Port Co., Ltd.	12,000,000.00	12,000,000.00	-	12,000,000.00	60.00	60.00	-
Dalian United King Port Auto Trade Co., Ltd.	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	-
Total for the cost method	4,307,325,096.98	4,234,037,137.40	62,221,458.32	4,296,258,595.72			138,189,218.44

Notes to Financial Statements

31 December 2013
(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:							
Jointly-controlled entities							
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 PetroChina 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	-
大連港散貨物流中心有限公司	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 & Development Co., Ltd.	463,147,800.00	-	463,147,800.00	463,147,800.00	50.00	50.00	-
Total for jointly-controlled entities	1,133,356,336.47	697,818,948.13	470,997,879.02	1,168,816,827.15			17,523,504.09
Associates							
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 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
大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
PetroChina 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 Co., Ltd.	200,000,000.00	200,000,000.00	16,379,200.54	216,379,200.54	40.00	40.00	-
Total for associates	1,225,288,806.56	1,238,146,681.13	28,016,988.15	1,266,163,669.28			15,061,058.46
Total for the equity method	2,358,645,143.03	1,935,965,629.26	499,014,867.17	2,434,980,496.43			32,584,562.55
	6,665,970,240.01	6,170,002,766.66	561,236,325.49	6,731,239,092.15			170,773,780.99

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

4. REVENUE AND COST OF SALES

Revenue is as follows:

	2013	2012
Revenue from the principal operations	2,388,913,518.70	2,288,737,507.69
Revenue from other operations	479,982,823.31	385,689,369.08
	2,868,896,342.01	2,674,426,876.77

Cost of sales is as follows:

	2013	2012
Cost of the principal operations	1,552,781,617.22	1,354,122,729.75
Cost of other operations	265,491,272.74	243,345,257.67
	1,818,272,889.96	1,597,467,987.42

Revenue by segment is as follows:

	2013		2012	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil/Liquefied chemicals terminal and logistics services	979,507,739.59	519,637,511.26	817,498,958.74	441,045,450.06
Port value-added services and ancillary port operations	602,551,364.10	559,804,662.55	603,552,367.85	405,286,022.85
General cargo terminal and logistics and trading services	327,898,509.05	304,951,335.64	320,358,483.70	283,855,423.59
Bulk grains terminal and logistics and trading services	332,393,250.92	157,522,542.62	320,202,272.07	159,717,763.71
Ore terminal and logistics services	295,685,178.43	143,869,553.85	294,272,735.55	189,599,739.59
Passenger and roll-on, roll-off terminal and logistics services	87,178,016.88	54,812,395.66	96,481,558.15	49,296,864.47
Container terminal and logistics services	86,790,541.98	15,689,446.68	35,860,000.00	9,486,418.32
Others	156,891,741.06	61,985,441.70	186,200,500.71	59,180,304.83
	2,868,896,342.01	1,818,272,889.96	2,674,426,876.77	1,597,467,987.42

Notes to Financial Statements

31 December 2013
(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 2013 is as follows:

	Amount	Percentage of revenue (%)
PetroChina Company Limited (Note)	343,255,080.85	11.96
West Pacific Petrochemical Company Ltd. Dalian	247,789,485.01	8.64
Petroliam Nasional Berhad	96,027,481.52	3.35
NSK (China) Trading Co., Ltd.	91,167,398.12	3.18
Bengang Steel Plates Co., Ltd.	80,950,000.00	2.82
	859,189,445.50	29.95

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

	Amount	Percentage of revenue (%)
PetroChina Company Limited (Note)	330,401,203.63	12.35
West Pacific Petrochemical Company Ltd. Dalian	246,321,007.45	9.21
Angang Group International Trade Corporation Dalian Company	110,499,824.62	4.13
PetroChina Fuel Oil Co., Ltd.	68,655,505.00	2.57
Benxi Steel Group Corporation	66,562,684.00	2.49
	822,440,224.70	30.75

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

Revenue is analysed as follows:

	2013	2012
Logistics services	392,240,732.29	441,332,394.89
Loading services	1,274,817,284.09	1,198,832,473.89
Storage services	423,575,609.49	339,076,297.14
Agency services	9,322,023.79	10,134,680.57
Port management services	200,820,106.26	189,073,960.59
Leasing services	234,113,311.98	170,555,548.28
Utility services	148,507,924.86	113,598,372.57
Others	185,499,349.25	211,823,148.84
	2,868,896,342.01	2,674,426,876.77

Notes to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

XI. Notes to the Company's Financial Statements (Continued)

5. INVESTMENT INCOME

	2013	2012
Investment income from long-term equity investments under the cost method	148,030,435.71	138,189,218.44
Investment income from long-term equity investments under the equity method	90,545,911.33	64,444,991.27
Gain/(loss) from disposal of long-term equity investments	814,200.00	(2,088,126.09)
Investment income from available-for-sale financial assets	638,350.93	1,387,827.32
Income from disposal of financial assets at fair value through profit or loss	115,218.00	–
Gain on disposal of available-for-sale financial assets	119,981.52	1,004,416.80
Investment income from entrusted investments	86,497,145.59	94,022,277.40
	326,761,243.08	296,960,605.14

6. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

Reconciliation from net profit to cash flows from operating activities:

	2013	2012
Net profit	632,105,270.79	589,824,339.59
Add: Asset impairment	(418,000.00)	–
Depreciation of fixed assets	471,617,930.28	428,177,162.23
Long-term prepaid expenses	419,535.60	342,411.87
Amortisation of intangible assets	11,482,259.33	12,682,877.85
Recognition of deferred income	(34,628,667.05)	(34,526,517.42)
(Gain)/loss from disposal of fixed assets, intangible assets and other non-current assets	(92,995,794.89)	2,606,862.64
Financial expenses	382,609,075.01	362,627,389.76
Interest income from entrusted loans	(53,509,695.30)	(86,362,249.79)
Investment income	(326,761,243.08)	(296,960,605.14)
Loss on fair value changes	6,621,030.01	–
(Increase)/decrease in deferred tax assets	(72,310.72)	1,015,612.23
(Increase)/decrease in inventories	(14,569,364.36)	3,996,225.52
Increase in special reserve	4,650,765.37	2,178,166.13
(Increase)/decrease in operating receivables	(283,739,841.04)	52,855,538.01
Increase in operating payables	139,632,537.45	26,842,953.64
Net cash flows from operating activities	842,443,487.40	1,065,300,167.12

Supplementary Information to Financial Statements

Year ended 31 December 2013
(Expressed in Renminbi Yuan)

I. Summary of Extraordinary Profit or Loss

The Group recognises extraordinary profit or loss for 2013 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).

	2013
Profit from entrusting others with investment or asset management	86,497,145.59
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)	11,968,000.00
Investment income from the disposal of financial assets at fair value through profit or loss	(6,385,830.49)
Interest income from outward entrusted loans	1,834,502.32
Reversal of impairment provision for accounts receivable that was tested for impairment individually	1,180,793.87
Gain on disposal of non-current assets, including the reversal of impairment provision for such assets	90,069,676.79
Non-operating income and expenses other than the above items	9,992,258.34
Gains arising from the investment cost of acquiring a subsidiary less than the Company’s share of fair value of the identifiable net assets of the investee on the acquisition date	250,000.00
Total extraordinary profit or loss	195,406,546.42
Impact on income tax	(49,590,324.21)
Impact on non-controlling interests (after tax)	761,877.01
	146,578,099.22

Included in the government grants that changed to current year profit or loss, items not regarded as extraordinary profit or loss items because of being closely intimately related to normal business operation, and subject to certain standard fixed amount or quantity in accordance with the state’s policy are as follows:

	2013	Reason
Subsidy for container volume	200,397,100.00	Fix amount and constantly
Deferred income amortization	40,618,370.33	Fix amount and constantly

Supplementary Information to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

II. Return on Net Assets and Earnings per share

2013

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	5.17%	0.15
Net profit after deducting extraordinary profit or loss attributable to ordinary shareholders of the Company	4.06%	0.12

2012

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	4.69%	0.14
Net profit after deducting extraordinary profit or loss attributable to ordinary shareholders of the Company	4.16%	0.12

No dilutive potential ordinary shares have been issued by the Company.

III. Analysis on Changes of Financial Statement Items

The analysis of the financial statement items with fluctuation over 30%, or accounting for more than 5% of total assets or 10% of total income during the reporting period, or with nature or content cannot be reflected by their name are as follows:

- (1) As at 31 December 2013, cash and bank balances amounted to 2,339,398,061.70, a decrease of 7% compared with last year. This is mainly due to the payments of the expired bank loans and an increase in the investments in joint ventures by the Group in 2013.
- (2) As at 31 December 2013, financial assets at fair value through profit or loss amounted to RMB12,412,829.99, an increase of 100% compared with last year. This is mainly due to the purchase of open monetary fund in 2013.
- (3) As at 31 December 2013, dividends receivable amounted to RMB6,337,135.91, an increase of 46% compared with last year. This is mainly because the Group has not received the dividend which was declared by its investees in 2013.
- (4) As at 31 December 2013, interest receivable amounted to RMB16,308,120.60, an increase of 301% compared with last year. This is mainly due to the increase in interest on the newly purchased financial product in 2013.
- (5) As at 31 December 2013, other receivables amounted to RMB475,665,762.06, an increase of 61% 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 2013, prepayments amounted to RMB67,102,980.29, a decrease of 70% compared with last year. This is mainly due to the change of settlement method between the Group and certain of its suppliers.

Supplementary Information to Financial Statements

Year ended 31 December 2013
(Expressed in Renminbi Yuan)

III. Analysis on Changes of Financial Statement Items *(Continued)*

- (7) As at 31 December 2013, the carrying amount of inventory amounted to RMB414,139,590.18, an increase of 216% compared with last year. This is mainly due to the business expansion of trading companies of the Group in 2013.
- (8) As at 31 December 2013, the Group has no other non-current assets due within one year. This is mainly due to the receipt of the entrusted investment and loans to related parties of the prior year.
- (9) As at 31 December 2013, other current assets amounted to RMB1,091,825,294.05, an increase of 22,319% compared with last year. This is mainly due to the purchase of an entrusted investment and the increase in the input value added tax in 2013.
- (10) As at 31 December 2013, long-term equity investments amounted to RMB3,892,666,681.51, an increase of 5% compared with last year. This is mainly due to the capital contribution to the Group's investees and the increase in the investment income recognized at its shareholding percentage.
- (11) As at 31 December 2013, fixed assets amounted to RMB14,055,550,428.58, an increase of 10% compared with last year. This is mainly due to the transfer of construction in progress to fixed assets in 2013.
- (12) As at 31 December 2013, fixed assets pending for disposal amounted to RMB888,514.14, a decrease of 98% compared with last year. This is mainly due to the completion of relocation of the Group's port assets in 2013.
- (13) As at 31 December 2013, construction in progress amounted to RMB2,547,712,504.06, a decrease of 46% compared with last year. This is mainly owing to the fact that the Group disposed of its subsidiary and the construction in progress transferred to fixed assets in 2013.
- (14) As at 31 December 2013, goodwill amounted to RMB16,035,288.74, a decrease of 79% compared with last year. This is mainly because of the disposal of a subsidiary by the Group in 2013.
- (15) As at 31 December 2013, other non-current assets amounted to RMB23,806,956.08, a decrease of 37% compared with last year. This is mainly owing to the fact that the transfer of prepayments for equity interests in 2013.
- (16) As at 31 December 2013, short-term borrowings amounted to RMB394,592,844.90, a decrease of 69% compared with last year. This is mainly due to the expired loans in 2013.
- (17) As at 31 December 2013, notes payable amounted to RMB31,680,000.00, an increase of 89% compared with last year. This is mainly due to the increase in the construction payments that were settled by notes in 2013.
- (18) As at 31 December 2013, accounts receivable in advance amounted to RMB297,003,288.14, an increase of 220% compared with last year. This is mainly due to the business expansion of the Group's trading companies in 2013.
- (19) As at 31 December 2013, employee benefits payable amounted to RMB153,090,035.08, an increase of 31% compared with last year. This is mainly due to the increase in the Group's salary in 2013.
- (20) As at 31 December 2013, non-current liabilities due within one year amounted to RMB3,208,791,625.50, an increase of 489% compared with last year. This is mainly owing to the fact that certain long-term borrowings would fall due within one year in 2013.

Supplementary Information to Financial Statements

31 December 2013
(Expressed in Renminbi Yuan)

III. Analysis on Changes of Financial Statement Items *(Continued)*

- (21) As at 31 December 2013, bonds payable amounted to RMB4,963,843,320.56, a decrease of 37% compared with last year. This is mainly owing to the fact that the Group has repaid matured bonds and portion of bonds payable would fall due within one year in 2013.
- (22) As at 31 December 2013, long-term payables amounted to RMB12,666,979.84, an increase of 9,618% compared with last year. This is mainly to the increase in the finance lease payable for certain fixed assets in 2013.
- (23) As at 31 December 2013, deferred tax liabilities amounted to RMB12,451,436.00, a decrease of 84% compared with last year. This is mainly due to the disposal of a subsidiary in 2013.
- (24) As at 31 December 2013, the special reserve amounted to RMB9,528,835.46, an increase of 259% compared with last year. This is mainly due to the increase in the unused production safety expenses in 2013.
- (25) In 2013, operation revenue amounted to RMB6,981,980,217.92, an increase of 50% compared with last year. This is mainly due to the business expansion of the Group's trading companies in 2013.
- (26) In 2013, operation cost amounted to RMB5,394,402,786.13, an increase of 76% compared with last year. This is mainly due to the business expansion of the Group's trading companies in 2013.
- (27) In 2013, business tax and surcharges amounted to RMB140,271,071.12, a decrease of 26% compared with last year. This is mainly owing to the fact that the Group's applicable tax category has transformed from business tax to VAT.
- (28) In 2013, sales expenses amounted to RMB347,363.56, an increase of 338% compared with last year. This is mainly owing to the expansion of trading companies' scale.
- (29) In 2013, general and administrative expenses amounted to RMB558,363,509.67, an increase of 14% compared with last year. This is mainly due to the increase in payroll and social insurance expenses.
- (30) In 2013, financial expenses amounted to RMB401,762,646.10, an increase of 6% compared with last year. This is mainly due to the decrease in capitalized interest with the transfer of construction in progress to fixed assets in 2013.
- (31) In 2013, investment income amounted to RMB189,052,696.34, an increase of 11% compared with last year. This is mainly due to the increase in the Group's investment income in 2013.
- (32) In 2013, impairment losses amounted to RMB344,918.29, a decrease of 71% compared with last year. This is mainly due to the decrease in the provision for bad debts in 2013.
- (33) In 2013, non-operating revenue amounted to RMB369,276,391.87, an increase of 69% compared with last year. This is mainly due to the receipt of relocation compensation and financial subsidy in 2013.
- (34) In 2013, income tax expenses amounted to RMB243,915,328.93, an increase of 10% compared with last year. This is mainly due to the increase in the Group's taxable profit in 2013.

Financial Highlights for the Past Five Financial Years

	2013 RMB'000	2012 RMB'000	2011* RMB'000	2010* RMB'000	2009* RMB'000
Revenue and Profit					
Revenue	6,981,980	4,644,559	3,955,394	3,336,951	3,022,480
Gross profit	1,587,577	1,587,870	1,467,642	1,448,676	1,231,351
Operating profit	668,920	698,206	821,351	994,512	817,927
Total profit	1,025,889	906,482	995,053	1,078,300	865,602
Net profit	781,974	684,763	757,465	846,818	737,183
Net profit attributable to owners of the parent	682,583	600,090	666,338	813,154	727,270
Basic earnings per share (RMB)	0.15	0.14	0.15	0.22	0.20
Assets and Liabilities					
Cash and bank balances	2,339,398	2,507,327	2,254,079	3,257,585	1,260,270
Current assets	4,985,594	4,713,190	3,897,527	4,261,695	2,171,027
Non-current assets	22,240,515	23,115,591	23,276,327	18,429,124	15,022,699
Borrowings	9,973,296	11,535,906	11,059,432	6,159,634	5,002,706
Current liabilities	5,484,643	3,591,970	2,767,639	4,689,401	1,124,510
Non-current liabilities	7,080,181	10,261,819	10,766,551	5,645,726	6,417,655
Total assets	27,226,109	27,828,780	27,173,854	22,690,819	17,193,726
Net assets	14,661,285	13,974,992	13,639,665	12,355,692	9,651,562
Capital and Equity					
Share capital	4,426,000	4,426,000	4,426,000	4,426,000	2,926,000
Equity attributable to owners of the parent	13,444,744	12,964,562	12,628,799	12,190,226	9,509,896
Minority interests	1,216,541	1,010,430	1,010,866	165,466	141,665
Total equity	14,661,285	13,974,992	13,639,665	12,355,692	9,651,562
Net assets per share (RMB)	3.04	2.93	2.85	2.75	3.25

* The financial information was prepared in accordance with CAS.



DALIAN PORT (PDA) COMPANY LIMITED

大連港股份有限公司

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