



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 2015



Contents

General Information on the Company	2
Chairman's Statement	8
Financial Highlights	10
Management Discussion and Analysis	11
Directors' Report	48
Corporate Governance Report	60
Profiles of Directors, Supervisors and Senior Management	72
Independent Auditor's Report	76
Consolidated Balance Sheet	77
Consolidated Income Statement	79
Consolidated Cash Flows Statement	80
Consolidated Statement of Changes in Shareholders' Equity	82
Company Balance Sheet	83
Company Income Statement	85
Company Cash Flow Statement	86
Company Statement of Changes in Shareholders' Equity	88
Notes to the Financial Statements	89
Supplementary Information to the Financial Statements	228
Financial Highlights for the Past Five Financial Years	230

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 trading services; 4) ore terminal and related logistics services; 5) general cargo terminal and related logistics and trading services; 6) bulk grain terminal and related logistics and trading 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 multimodal transportation system comprising various transportation means such as water, road, railway and pipelines. The Group is an important oil/liquefied storage, transportation and distribution center in 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 150,000dwt. The shipping routes connected with the Group’s container terminals cover more than 100 major 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 trading 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 and Dalian, the Group’s automobile terminal business has been growing rapidly.

General Information on the Company

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

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

In terms of bulk grain terminal and related logistics and trading services, the Group, as the most competitive grain transshipment center in the Northeastern, 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 Provinces of China will accelerate the volume increase of the Group's dry grain terminal and related logistics business.

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

In terms of port value-added and ancillary port operations, the Group provides services such as tugging, tallying, IT, port logistics, construction management and supervision services, and power supply. The Group has a leading tugboat fleet among the ports in China. The advanced port IT operational system, 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 Group

- | | |
|---|---|
| 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 | Hui Kai |
| 3. Contact person | Wang Jilu |
| Joint Company Secretary/Secretary to the Board of Directors | Address: Room 2618, Xingang Commercial Building, Xingang Road, Dalian International Logistics Park Zone, Liaoning Province, the PRC
Telephone: 86 411 87599899
Facsimile: 86 411 87599854
E-mail: wangjilu@dlport.cn |

General Information on the Company

Joint Company Secretary/Qualified Accountant	Mr. Lee, Kin Yu Arthur Address: Room 2618, Xingang Commercial Building, Jingang Road, Dalian International Logistics Park Zone, Liaoning Province, the PRC Telephone: 86 411 87599866 Facsimile: 86 411 87599854 E-mail: lijr@dlport.cn
4. Registered office	Xingang Commercial Building, Dayao Bay, Dalian Free Trade Zone, PRC 116600
Postal Code	116600
Place of Business and Postal Code in PRC	Xingang Commercial Building, Jingang Road, Dalian International Logistics Park Zone, Liaoning Province, the PRC (116601)
Place of Business in Hong Kong	36th Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Company website	www.dlport.cn
Company e-mail	ir@dlport.cn
5. Designated newspapers for information disclosure of the Company	China Securities Daily, Shanghai Securities Daily, Securities Times, and Securities Daily
Website designated by the China Securities Regulatory Commission for publishing the A share annual reports	www.sse.com.cn
Website for publishing the H share annual report	www.hkexnews.hk
Place for collection of annual report	Room 2601, Xingang Commercial Building, Jingang Road, Dalian International Logistics Park Zone, Liaoning Province, PRC
6. Places of listing	Shanghai Stock Exchange Hong Kong Stock Exchange
Stock abbreviations	Dalian Port Dalian Port
Stock codes	601880 (Shanghai) 2880 (Hong Kong)
7. A share registrar and transfer office	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
H share registrar and transfer office	Computershare Hong Kong Investor Services Limited
8. Auditors	Pricewaterhouse Coopers Zhong Tian LLP Address: 11/F PricewaterhouseCoopers Center 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai
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 Agricultural Bank of China China Construction Bank Bank of China Bank of Communications

General Information on the Company

(3) Business Milestones



General Information on the Company

January

- The Company entered into an oil storage agreement with NSK International Trading Limited Company (NSK國際貿易有限公司), further promoting the development of the business of bonded crude oil storage tanks and the international transshipment.
- MSC Oscar, the world's largest and the most advanced container vessel, set sail from the phase two of the container terminal of Dalian Port.
- The qualification of the Group's ore terminal as a bonded iron ore futures settlement terminal was approved by the General Administration of Customs. Since then, the Group has become the first company in China that owned a terminal with the qualification of a bonded iron ore futures settlement terminal.

March

- The Group announced the annual results for the year 2015.
- The Company convened the first extraordinary general meeting for the year 2015.
- The automobile terminal of the Group completed the handling of 4324 automobiles in total in a single day of a single month, with the actual operation time being only 16 hours, which set the highest record of handling of automobiles at the Group's automobile terminal on a single day.
- The project "Active Protection System for Large-scale Petroleum Storage Tank (大型石油儲罐主動防護系統)" proceeded to trial operation. The safety and risk management capacity of the oil terminal of the Company was comprehensively enhanced.

April

- The general cargo terminal company of the Group and Suez Shanghai Trading Co., Limited (蘇艾科(上海)貿易有限公司) entered into an assignment agreement of pound load operation for goods at ports (港口貨物擡載作業協議). The agreed operation model under the agreement not only solved the problems of lengthy inspection time and long duration of occupation of frontline space caused by huge transshipment of foreign imported coal per vessel but also generated revenue in relation to pound loading and storage for the Company.

May

- The Group's bulk grain terminal company finished loading 121 vehicles with soybean in a night shift, which set the Company's new record of loading efficiency per shift.

June

- The Company convened the annual general meeting for 2014 and the first A shareholders' and H shareholders' class meeting for 2015.
- The Group and the Customs of Dayaowan, Dayaowan Entry-Exit Inspection and Quarantine Bureau (大窑灣出入境檢驗檢疫局), Dayaowan's border checkpoint (大窑灣邊防檢查站) and Dalian Maritime Safety Administration (大連海事局) signed the "Memorandum of Cooperation in relation to the Implementation of 'Three Mutual' at the Port of Dayaowan to facilitate the establishment of customs clearance (《大窑灣口岸落實「三互」推進大通關建設合作備忘錄》)" to shorten the duration of customs clearance for goods and lower the customs clearance cost of the Company.
- The volume of exported rolled coils for foreign trade handled by MV Glory Hangzhou hit a new high in the handling record of steel for foreign trade in relation to a single deck of a single vessel at Dalian Port.

July

- The Ministry of Transport and the NDRC issued a notice that the berth in relation to the Group's ore terminals was designated as one of the first seven berths in the PRC that can accommodate ore vessels of 400,000 dwt.
- The Group's oil terminal company handled 13 VLCCs in a single month, with a throughput amounting to 5.16 million tonnes, which set the highest record since the commencement of operation.
- The Group and Guangzhou Port jointly established Guangzhou Jingang Automobile International Trading Limited Company (廣州金港汽車國際貿易有限公司), commencing the business of parallel importing of automobiles in Guangzhou Nansha free trade area, which helped form a positive relationship involving interaction between the South and the North and mutual complementing.

General Information on the Company

August

- The Group announced the interim results for the year 2015.
- The Group's general cargo terminal cooperated with Jinzhou Port, pioneering a new model of railway-river combined transportation of coal from eastern Mongolia.
- Chinese Taishan, an international cruise, set off at our port and began to run the cruise route between Dalian and Korea/Japan. It marked the beginning of a new chapter of the Group's international cruise business.
- The trial run of the mainland-and-island route between Xingshutun and the port at Guangludao Beixiaoquan commenced. On 2 December, the Company's Guanglu terminal was officially set up, which marked Dalian Port Passenger Group Company's crucial step towards cross-region operation.

October

- The China Securities Regulatory Commission approved the issue of additional overseas listed foreign shares by the Company.

November

- The Group entered into a strategic cooperation agreement with Samsung Electronics, Korea Woojin Logistics (韓國佑進物流) and Dalian Xianxing Global, comprehensively promoting the development of the Company's multimodal transport business and establishing a model of China-Korea logistic cooperation in the industry.
- The Group issued "Implementation Measures of Integrated Management of the Group's Passenger and Ro-RO Business (《集團客運滾裝業務一體化管理實施辦法》)". An integrated operation and management model for the passenger and ro-ro segment has been officially formed.

December

- The Company convened the second extraordinary general meeting in 2015.
- The Company entered into a placing agreement with a sole placing agent for the additional issue of H shares under a specific mandate.
- The bonded logistics park of Dalian Port in Tongliao was officially open. It strengthened the project construction of "One Belt, One Road" and, when coupled with the strength on resources, helped establish the "new silk road on grassland" with Dalian as the key nodal point.
- The monthly and annual accumulated transshipment volume handled by the Group's automobile terminal once again hit a new high. The Group was the only one in the automobile and roll-on, roll-off terminal industry along the coast that maintained positive growth.
- The customer service system jointly developed by the Group's general cargo terminal and Maritime University duly passed the acceptance inspection. The system, based on the concept of big data, fully leveraged on the technological concept of "internet+" to strive to enhance the customer service capability of the port through data analysis.

Chairman's Statement

Dear shareholders,

On behalf of the Board of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2015.

In 2015, the recovery of the global economy further slowed down and the global trade grew at a slow pace. The speed of growth of the domestic economy had turned from a high to a medium-high pace. The adjustment, transformation and upgrading of economic structure had been continuously intensified. The driving factor of the economic growth had changed from key element-driven and investment-driven to consumption-driven and innovation-driven. The economic development of China has entered into the area of "new normal". The year-round gross domestic product (GDP) reached RMB67.67 trillion, with a year-on-year growth of 6.9%.

Operating Results and Dividend

Against the backdrop of the slowdown of macro-economic growth and the gradual deepening of economic restructuring, it was increasingly apparent that the port production and operation tended to change from high speed growth to moderate growth. On a year-round basis, the growth of cargo throughput handled by China's large-scale ports dropped relatively sharp as compared with the corresponding period of last year and the growth rate of cargo such as grain and iron ore all declined.

In 2015, the Group's net profit attributable to the parent amounted to RMB484,333,300, representing a year-on-year decrease of 7%. To better reward the Shareholders, the Board recommended the payment of cash dividends of RMB0.75 (tax included) and stock dividends of 3 shares (tax included) per each 10 shares for the year 2015, and proposed to increase the shares on the basis of 10 shares for every 10 existing shares held by all Shareholders by way of capitalization of capital reserves.

Business Review

As the integrated platform for port and logistics services in Dalian port, the Group is the largest comprehensive port and logistics 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 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).

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

For the Oil Segment, riding on the opportunity of falling international oil prices and gradual liberalization of the use of crude oil, the Group fully leveraged on its deep-water ports and key locational advantage to actively expanded business into international transshipment and bonded crude oil storage that significantly increased its imported crude oil throughput in Northeast China. For the Container Segment, the Group effectively maintained container throughput at a stable level through developing foreign trade transshipment market in overseas markets and the Bohai Rim region. Meanwhile, following the "One Belt, One Road" initiative of the central government, the Group initiated international container routes in a timely manner and transformed Dalian Port into a part of the international logistics chain by utilizing multimodal transportation system. For the Automobile Terminal Segment, while streamlining the business structure and developing the service brand, the Group continued to promote the trading of automobiles and facilitate the launch of near-port industry projects, and successfully maintained a 100% market share for the fourth consecutive year in the commodities automobiles

Chairman's Statement

roll-on, roll-off industry in the northeast, which was a significant breakthrough. For the Ore Segment, by actively developing the ore mixing business and building up a service brand for handling coking coal, the Group rapidly developed the near-port industries. For the General Cargo Segment, the Group was dedicated to the implementation of the operation principle of "the logistics management of goods supply, running shipping routes on shiftwork" with outstanding results attained in market development. For the Bulk Grain Segment, while continuing to enhance the port logistics service, the Group endeavored to strengthen the market development concept of win-win cooperation. It strove to gain a deeper understanding of the clients' needs and expand the market share through holding product development roadshows. For the Passenger Segment, while stepping up the effort in market exploration, the Group actively opened up new cruise routes and was fully devoted to developing forward-looking business such as tourism, so as to make way for the diversified business development in the future.

Prospects

In 2016, the global economy, while undergoing a deep restructuring, will recover in face of complications and the development of the major economies are expected to continue to show different pattern. 2016 is the starting year for the implementation of the "Thirteenth Five-Year-Plan" of China, which means the restructuring of domestic industries and the innovation of development models will be even more vigorous. Meanwhile, it should be noted that, with the complete launch of the "Thirteenth Five-Year-Plan", the PRC will accelerate the deployment in the open area, support the coastal regions to fully take part in the cooperation and competition in the global economy and enhance the level of development in the cross-border economic cooperation zones. During such process, the Group's crucial position as the "bridgehead" for the opening up of the northeast area will be further consolidated and enhanced, which will prompt the authority to provide more favorable policy support to the Group and the regional economic development. At the same time, the targeted implementation of a series of key strategies of the "One Belt, One Road" of the

PRC such as the building up of a great ocean power, revitalizing the old industrial bases in northeastern China and establishing free trade zones will further promote the healthy and stable development of the port industry.

The Group's major hinterland includes the Three Northeastern Provinces of China, the eastern regions in Inner Mongolia and the Bohai Rim region. Cargo supply is mainly related to oil products, containers, automobiles, passenger and roll-on and roll-off operations, iron ore, coal, steel, grain and bulk general cargo. With a comprehensive range of cargo types in its operations, the Group has a stronger risk-resisting capability. The Group expects that the total throughput will continue to maintain a steady growth in 2016. The Group will continue to focus on building its comprehensive logistics service platform and integrated industrial, commerce and trading platform, and positioning itself to tap into economic trends. By facilitating the construction of supply chain service system, strengthening the collaboration with both upstream and downstream enterprises such as railway enterprises and port service enterprises to enrich its chain value, the Group will customize all-in-one solutions including logistics, trading and financial services for customers by making use of the port's own advantages in production and operation. Supply chain and logistics chain systems will be further consolidated by continuous extension into new business segments and exploration of new cargoes, aiming at enhance the overall level of revenue of the Group and generate sustainable 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

24 March 2016

Financial Highlights

	2015 RMB'000	2014* RMB'000	Changes
Income Statement			
Revenue	8,886,167	7,942,459	11.9%
Gross profit	1,454,512	1,374,897	5.8%
Operating profit	461,118	459,792	0.3%
Net profit attributable to owners of the parent	484,333	520,775	-7.0%
Basic earnings per share (RMB)	0.11	0.12	-7.0%
Balance Sheet			
Cash and bank balances	2,933,298	2,446,016	19.9%
Net current assets	1,347,451	1,551,114	-13.1%
Total assets	29,129,890	27,849,208	4.6%
Borrowings	11,303,901	10,316,436	9.6%
Gearing ratio	54.0	47.7	13.2%
Net assets value per share (RMB)	3.17	3.10	2.3%
Return on equity	3.49	3.84	-9.1%
Cash Flow Statement			
Net cash generated from operating activities	1,930,698	829,244	132.8%
Net cash used in investing activities	-1,686,796	-72,937	-2,212.7%
Net cash generated from financing activities	233,924	-685,845	134.1%
Net increase in cash and cash equivalents	481,853	68,157	607.0%

Note: Gearing ratio = Borrowings/Net assets

* The financial information was prepared in accordance with CAS.

MANAGEMENT DISCUSSION AND ANALYSIS



Management Discussion and Analysis

I. Management Discussion and Analysis

Global economic recovery remained sluggish and uneven in 2015 amid complicated international conditions. In the meantime, China's economy faced increasing downward pressure with an overall over-production among traditional manufacturing industries and dropping profitability among industrial enterprises. The rapid development of newly emerging industries further intensified market fluctuation. Total import and export of China for the year amounted to RMB24.59 trillion, representing a decrease of 7% on a year-on-year basis. The year-round gross domestic product (GDP) reached RMB67.67 trillion, up 6.9% from 2014, which hit a new low since 1990. The macro-economy continued to grow slowly. As a result, the domestic port industry witnessed a slow growth. Cargo throughput handled by China's large-scale ports for the year grew at a significantly slower pace. As to regional conditions, the economy of Northeastern China lacked momentum and faced increasing pressure. Cargo of key resources, such as food and steel, from the hinterland were battered particularly hard by the economic conditions. Against such backdrop, the Company actively implemented different gradual transformational and innovative measures so as to take on the challenges with a scientific development approach to grasp the opportunities brought by the final stage of China's 12th Five-Year Plan, thereby laying the stable foundation for the Group's business development notwithstanding the complicated present economic conditions.

In 2015, China relied more on imported crude oil. Attributable to the increase in demand but a drop in prices, the Oil Segment handled 52.448 million tons of oil and liquefied chemicals, representing an increase of 18.9% on a year-on-year basis, of which 30.04 million tons was imported crude oil, representing an increase of 36.8% on a year-on-year basis. The Container Segment, on the other hand, was battered relatively harder by the sluggish international economy. Nonetheless, thanks to the Group's aggressive marketing strategies and optimal allocation of resources, the Container Segment recorded only a slight drop as a whole and handled 10.153 million TEUs, representing a decrease of 6.0% on a year-on-year basis, of which 9.300 million TEUs were handled by the Group at Dalian port, representing a decrease

of 7.1% on a year-on-year basis. The Chinese automobile production and sales maintained growth in 2015, albeit at a slower pace. The Automobile Segment handled 480,088 vehicles during the year, representing an increase of 5.7% on a year-on-year basis. The Group maintained a 100% market share in terms of finished vehicles handled among all ports in Northeast China of the corresponding period. Impacted by the economic restructuring and production rationalization in China, the Ore Segment slowed down and handled 15.474 million tons of ores during the year, representing a decrease of 11.7% as compared with 2014. The steel and coal markets in China were weak and suffered from the increasing problem of overcapacity in 2015. As a result, the General Cargo Segment handled 29.527 million tons of cargoes, representing a decrease of 7.9% on a year-on-year basis. The central government's temporary grain storage policy affected the 2015 grain market. As the Group's ports rely on railway to transport grains, which is subject to distance limitation, the Group's comprehensive grain logistic costs was relatively higher. Therefore, the amount of grains handled by the Bulk Grain Segment during the year dropped significantly by 34.3% on a year-on-year basis to 4.210 million tons. As maritime passengers continued to be diverted to other improved domestic transportation means, the Passenger and Ro-Ro Segment transported 3.485 million passengers, representing a decrease of 5% on a year-on-year basis. It also handled 1.074 million vehicles, representing a decrease of 1.7% on a year-on-year basis.

II. Status of Main Businesses during the Reporting Period

OVERALL ANALYSIS OF RESULTS

In 2015, the Group's net profit attributable to owners of the parent amounted to RMB484,333,281.47, representing a decrease of RMB36,441,298.6 or 7.0% from RMB520,774,580.07 in 2014. In spite of the increase in the gross profit of the Oil, Container and Value-added Services Segments, and certain gains from transfer and holding of financial assets, the net profit attributable to owners of the parent dropped during the year due to a drop in the throughput and, thus, a decrease in the gross profit of the Bulk Grain and Ore Segments, which are more affected by the economic conditions. In 2015, the Group's basic earnings were RMB10.94 cents per share, representing a decrease of 7.0% as compared with RMB11.77 cents in 2014.

Management Discussion and Analysis

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

Items	2015 (RMB)	2014 (RMB)	Changes (%)
Net profit attributable to owners of the parent	484,333,281.47	520,774,580.07	-7.0
Including:			
Revenue	8,886,167,093.15	7,942,458,597.74	11.9
Cost of sales	7,431,655,456.89	6,567,561,921.15	13.2
Business taxes and surcharges	41,221,065.09	41,876,474.97	-1.6
Gross profit (note 1)	1,454,511,636.26	1,374,896,676.59	5.8
Gross profit margin (note 2)	16.4%	17.3%	down by 0.9 percentage point
Administrative expenses	622,366,106.34	582,564,328.04	6.8
Sales expenses	1,457,374.14	3,741,535.20	-61.0
Financial expenses	520,637,995.03	462,011,084.16	12.7
Investment income	189,328,170.46	175,480,145.22	7.9
Net non-operating revenue	268,626,642.95	336,221,964.93	-20.1
Income tax expenses	160,606,843.64	190,237,709.62	-15.6

Note 1: Gross profit = Revenue – Cost of sales

Note 2: Gross profit margin = (Revenue - Cost of sales)/Revenue

Management Discussion and Analysis

In 2015, the Group's revenue increased by 11.9%, mainly due to the growth of the trading business. In particular, port trading income increased by 33.9% on a year-on-year basis. Excluding the trading income, revenue decreased by 1.0% on a year-on-year basis, mainly due to the drop in throughput of the Bulk Grain, Ore and General Cargo Segments, partly offset by an increase in income from the Oil, Container and Value-added Services Segments.

In 2015, the Group's cost of sales increased by 13.2%. Excluding the increase in costs of the port trading business, cost of sales decreased by 2.6% mainly due to the drop in fuel, material and other costs, and the increase in labor costs and part of the depreciation charges associated with the commissioning of new facilities.

In 2015, the Group's gross profit increased by 5.8% while gross profit margin dropped by 0.9 percentage points. Excluding the influence of the port trading business, gross profit margin would have risen by 3.3 percentage points. The change in gross profit was mainly due to the rise in gross profit margins of the Oil and Container Segments, partly offset by the drop in gross profit margins of the Bulk Grain and Ore Segments.

In 2015, the Group's administrative expenses increased by 6.8%, mainly due to the increase in labor costs.

In 2015, the Group's sales expenses plummeted by 61.0%, mainly due to a low base and the decrease in transportation fees of grains included in sales expenses due to falling grain sales.

In 2015, the Group's financial expenses increased by 12.7%, mainly due to an increase in average debt balance for the year.

In 2015, the Group's investment income increased by 7.9%, mainly due to the recognition of income from the transfer of stocks and equities during the year and the receipt of retained profits distributed by investees.

In 2015, the Group's net non-operating revenue dropped by 20.1%, mainly due to the decrease in subsidies of the Cargo Segment.

In 2015, the Group's income tax expenses dropped by 15.6%, mainly due to the decreases in taxable income resulting from less revenue and net non-operating revenue.

ASSETS AND LIABILITIES

As at 31 December 2015, the Group's total assets and net assets were RMB29,129,889,617.94 and RMB15,369,285,889.59, respectively. Net asset value per share was RMB3.17, representing an increase of 2.26% from RMB3.10 per share as at 31 December 2014. Equity attributable to the owners of the Group increased in tandem with the accrued net profits from the rise in retained profits and surplus reserve funds. As at 31 December 2015, the Group's total liabilities amounted to RMB13,760,603,728.35, in which RMB11,303,901,178.04 were total outstanding borrowings. The gearing ratio was 47.2%, representing a slight increase as compared with the corresponding period last year.

With strong financial strength and a decrease in investment and construction expenses from the port logistic business, the Group maintained a generally stable level of indebtedness and a relatively sound capital structure.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2015, the Group had a balance of cash and cash equivalents of RMB2,728,928,183.51, representing an increase of RMB481,852,592.73 as compared with 31 December 2014.

In 2015, the Group's net cash inflows generated from operating activities amounted to RMB1,930,698,354.79, net cash inflow generated from financing activities amounted to RMB233,923,653.18, and net cash outflow for investing activities amounted to RMB1,686,795,542.39. Benefited from strong cash flows from operating activities, proceeds from issuance of bonds and borrowings, recovery of entrusted investments and the Group's prudent approach to fixed asset and equity investments, the Group had maintained good financial position and capital structure.

As at 31 December 2015, the Group's outstanding borrowings amounted to RMB11,303,901,178.04, in which RMB8,164,765,743.03 were long-term borrowings repayable after one year (including a balance of borrowings with floating rates of RMB300,000,000.00), and RMB3,139,135,435.01 were borrowings repayable within one year. As the Group's debts were mainly long-term debts, it has a reasonable debt maturity profile, which is conducive to medium to long-term development and stable financial resources.

Management Discussion and Analysis

As at 31 December 2015, net debt-to-equity ratio was 54.0%% (31 December 2014: 47.7%).

As at 31 December 2015, the Group's unutilized bank line of credit amounted to RMB17,767,566,700.00.

Being a company with both listed A Shares and H Shares, the Company enjoys invaluable access to both domestic and overseas capital markets.

The Group has already evaluated its interest rate risk, and considered that changes in interest rates did not have any material impact on it. For further details about interest rate risk, please refer to the notes.

As the principal businesses of the Group were conducted in mainland China, and settlement was mostly in RMB, the Group did not have any significant exposure to exchange rate fluctuation.

The Group's borrowings bearing interest at fixed rate amounted to RMB10,503,901,178.04.

There has been no material change in the proposed use of proceeds from the A Shares IPO as stated in the Company's prospectus dated 3 December 2010, except for changes announced by the Company on 31 December 2011. As at 31 December 2015, the details of the use of proceeds were as follows:

The Group continued to closely monitor its interest rate risk and exchange rate risk. In 2015, the Group did not enter into any foreign exchange hedging contracts in connection with its exchange rate risk.

USE OF PROCEEDS

Net proceeds of the public offering of 762 million A Shares in 2010 ("A Shares IPO") obtained by the Company amounted to approximately RMB2,772,091,519.47. As at 31 December 2015, the Company had utilized approximately RMB2,352,636,500.00 of the net proceeds and the balance of the net proceeds was RMB419,455,000.00. In March 2015, 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 RMB98,161,787.76 (an interest income of RMB5,706,800.00 was earned on the proceeds).

Unit: RMB

Projects	Proceeds from A Shares IPO	Use of proceeds as of 31 December 2015	Balance
Construction of oil storage tanks with a total capacity of 1,000,000 m ³ in Xingang	760,000,000.00	508,703,400.00	251,296,600.00
Construction of oil storage tanks with a total capacity of 600,000 m ³ in the Xingang resort area	550,000,000.00	550,000,000.00	0
Construction of phase II of the Shatuozi oil storage tanks project in the Xingang Shatuozi 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	369,841,200.00	150,158,800.00
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	212,000,400.00	17,999,600.00
Construction of railway siding in Muling	41,250,000.00	41,250,000.00	0
Construction of information systems	50,000,000.00	50,000,000.00	0
Investment in phase III of Dayao Bay Terminal	84,041,500.00	84,041,500.00	0
Total	2,772,091,500.00	2,352,636,500.00	419,455,000.00

Note : In order to use the idle cash effectively and reduce the financing cost, the third meeting of the fourth session of the Company's board of directors in 2015 passed a resolution regarding the use of certain temporarily 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 27 March 2015 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 27 March 2015.

Management Discussion and Analysis

CAPITAL EXPENDITURE

In 2015, the Group's capital expenditure for fixed assets amounted to RMB835,923,658.28 which was mainly funded by the surplus cash generated from operating activities, the proceeds from the public offering of A Shares and issuance of corporate bonds.

The performance analysis of each business segment in 2015 was as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2015 and its comparative results in 2014:

	2015 ('0000 tons)	2014 ('0000 tons)	+/- (%)
Crude oil	4,080.2	3,010.3	35.5%
<i>Foreign trade imported crude oil</i>	3,004.0	2,195.2	36.8%
Refined oil	774.8	972.8	(20.4%)
Liquefied chemicals	116.0	90.8	27.8%
Others (including LNG)	273.8	336.2	(18.6%)
Total	5,244.8	4,410.1	18.9%

In 2015, in terms of oil/liquefied chemicals throughput, the Group handled a total of 52.448 million tons, representing an increase of 18.9% on a year-on-year basis.

In 2015, the Group's crude oil throughput was 40.802 million tons, representing an increase of 35.5% on a year-on-year basis, of which imported crude oil throughput was 30.04 million tons, representing an increase of 36.8% on a year-on-year basis. Against the backdrop of low international oil prices and gradual liberalization of crude oil importation to China, the Group took advantage of its geographical location, port and storage capacities to solicit business of crude oil transshipment, and actively expanded business into bonded crude oil storage and international transshipment that highly elevated crude oil throughput of the Group.

In 2015, the Group's liquefied chemicals throughput amounted to 1.16 million tons, representing an increase of 27.8% on a year-on-year basis. The significant increase in throughput demonstrated the Group's efforts to explore new markets and embrace new customers on the basis of stable oil supply.

In 2015, the Group's refined oil throughput amounted to 7.748 million tons, representing a decrease of 20.4% on a year-on-year basis. Affected by the continuous decrease in volume of "North-South Oil Transfer", transshipment throughput of refined oil recorded a significant fall.

In 2015, liquefied natural gases (LNG) throughput handled by the Group amounted to 2.738 million tons, representing a decrease of 18.6% on a year-on-year basis. Due to economic downturn in Northeast China, LNG sales remained at a depressed level, and the Group's LNG throughput decreased significantly.

In 2015, the share of crude oil volume imported to Dalian and Northeast China handled by the Group were 100% (2014: 100%) and 73.6% (2014: 69.3% in) respectively. The increase in market share was due to the facts that (i) crude oil price remained at low level; (ii) the number of regional refineries granted with the right to use imported crude oil increased; (iii) the Group took advantages of its geographical location, and port and bonded storage capacities to seize market opportunities and increased its imported crude oil throughput in Northeast China.

Management Discussion and Analysis

The performance of the Oil Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/- (%)
Revenue	2,078,019,028.41	1,909,118,078.18	8.8
Share in the Group's revenue	23.4%	24.0%	Down by 0.6 percentage point
Gross profit	809,150,573.33	690,043,389.15	17.3
Share in the Group's gross profit	55.6%	50.2%	Up by 5.4 percentage points
Gross profit margin	38.9%	36.1%	Up by 2.8 percentage points

In 2015, revenue from the Oil Segment increased by 8.8%, mainly due to an increase in handling revenue brought by the increased throughput as well as the new oil trading business. Gross profit margin increased by 2.8 percentage points. Excluding the impact of the trading business, the gross profit margin would be 51.8%, representing an increase of 5.1 percentage points year-on-year. The increase was mainly attributable to a year-on-year increase in volume in foreign oil supply, transshipment and bonded business, offset by increased depreciation expenses and operating costs as compared with 2014.

In 2015, the Group's major measures taken and the progress of major projects related to the Group's Oil Segment were as follows:

Capitalizing on low oil prices and gradual liberalization of crude oil importation to China, the Group secured additional crude oil transshipment clients by integrating resources to provide them with more effective and convenient logistics port services.

The construction of the 305,000 m³ bonded storage tanks under Phase II of Dalian North Petroleum Logistics Co.,Ltd. and the 1,200,000 m³ bonded crude oil tanks in Changxing Island was completed.

Management Discussion and Analysis

Container Segment

The following table sets out the container throughput handled by the Group in 2015 and its comparative results in 2014:

		2015 (‘0000 TEUs)	2014 (‘0000 TEUs)	+/- (%)
Foreign trade	Dalian	510.3	525.0	(2.8%)
	Other ports (note 1)	22.7	17.9	26.9%
Sub-total		533.0	542.9	(1.8%)
Domestic trade	Dalian	419.7	476.1	(11.8%)
	Other ports	62.5	61.5	1.6%
Sub-total		482.2	537.6	(10.3)
Total	Dalian	930.0	1,001.1	(7.1%)
	Other ports (note 1)	85.2	79.4	7.3%
Total		1,015.3	1,080.5	(6.0%)

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 2015, in terms of container throughput, the Group handled a total of 10.153 million TEUs, representing a decrease of 6.0% on a year-on-year basis. In Dalian port, container throughput was 9.3 million TEUs, representing a decrease of 7.1% on a year-on-year basis.

In 2015, the Group adopted proactive measures to maintain container throughput at a stable level by developing foreign trade transshipment market in the Bohai Rim region and in overseas markets in order to compensate the slip in the hinterland of Northeast China where both import and export trade experienced dramatic slump. Following the “One Belt, One Road” initiative of the central government, the Group initiated international container routes and transformed Dalian Port into a part of the international logistics chain.

Management Discussion and Analysis

The performance of the Container Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/- (%)
Revenue	1,692,339,086.99	1,568,307,307.03	7.9 Down by 0.7
Share in the Group's revenue	19.0%	19.7%	percentage point
Gross profit	341,195,242.12	237,717,219.53	43.5 Up by 6.2
Share in the Group's gross profit	23.5%	17.3%	percentage points
Gross profit margin	20.2%	15.2%	percentage points Up by 5.0

In 2015, revenue from the Container Segment was up 7.9%. The increase was mainly attributable to the comprehensive logistics services provided to the customers with the help of good allocation of logistics elements and resources, and the new sea-land co-development and the refrigerated container operation of the trading business. Gross profit margin increased by 5.0 percentage points. The increase was mainly due to the decrease in operating costs as the Group integrated some sub-routes among container routes by following the "One Belt, One Road" initiative. In 2015, the Group's major measures taken and the progress of major projects related to the Group's Container Segment were as follows:

The Group enhanced its strength to develop transshipment market by initiating logistics collaboration with key domestic and foreign shipping companies on their trading networks,

ensuring the smooth operation of foreign trading routes of Dalian Port, and pushing forward the establishment of domestic trading center in Dalian.

To construct international sea-to-rail transportation network and foster inter-connected mutual development of Northeast Asia, the Group collaborated with railway authorities and logistics service providers to expand the international railway network and build a new economic Silk Road across Northeast China reaching east to Japan and Korea, west to Europe and Russia, and south to ASEAN.

The Group facilitated specialized logistics development and extended port services in order to speed up transformation and upgrade of the port. Also the Group expanded port trading business, improved services of the port and fostered the transformation and upgrade of the port according to the development of the hinterland and demand of the market.

Automobile Segment

The following table sets out the throughput handled by the Group's Automobile Segment in 2015 and its comparative results in 2014.

		2015	2014	+/- (%)
Vehicles (units)	Foreign trade	16,593	30,135	(44.9%)
	Domestic trade	463,495	424,084	9.3%
	Total	480,088	454,219	5.7%
Equipment (tons)		5,737	12,905	(55.5%)

Management Discussion and Analysis

In 2015, the Group handled a total of 480,088 vehicles, representing an increase of 5.7% on a year-on-year basis, since domestic trade customers increased their transshipment volume with the Group. The year-on-year increase in domestic finished automobile trading led to the increase in the overall throughput.

In 2015, the units of vehicles handled by the Group maintained a 100% market share in Northeast China.

The performance of the Automobile Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/- (%)
Revenue	1,866,027,173.77	1,639,882,258.40	13.8
Share in the Group's revenue	21.0%	20.6%	Up by 0.4 percentage point
Gross profit	44,544,236.02	29,445,712.65	51.3
Share in the Group's gross profit	3.1%	2.1%	Up by 1.0 percentage point
Gross profit margin	2.4%	1.8%	Up by 0.6 percentage point

In 2015, revenue from the Automobile Segment increased by 13.8%, mainly due to the steady launch of the automobile trading business. Gross profit and gross profit margin recorded increases of 51.3% and 0.6 percentage point respectively. The increases were attributable to extended routes developed for automobile trading and enhanced value-added services.

In 2015, the Group's major measures taken and the progress of major projects related to the Group's Automobile Segment were as follows:

Frequent and proactive communication with shipping companies enabled timely information collection and development of roll-on, roll-off routes; improved port facilities and diversified cargo varieties enhanced customers' loyalty; joint venture collaboration and concentration of cargo supply escalated overall competitiveness of the port.

ORE SEGMENT

The following table sets out the throughput handled by the Group's Ore Segment in 2015 and its comparative results in 2014.

	2015 ('0000 tons)	2014 ('0000 tons)	+/- (%)
Ore	1,429.8	1,633.0	(12.4%)
Others	117.6	119.3	(1.4%)
Total	1,547.4	1,752.3	(11.7%)

In 2015, the Group's Ore Segment handled 15.474 million tons of ores, representing a decrease of 11.7% on a year-on-year basis.

Mainly affected by the downturn in iron ore markets around the world, declining domestic demand, and improved handling and transporting capabilities of nearby ports, the Group's iron ore throughput recorded a significant decrease.

Management Discussion and Analysis

The performance of the Ore Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/- (%)
Revenue	349,865,498.15	255,881,586.33	36.7
Share in the Group's revenue	3.9%	3.2%	Up by 0.7 percentage point
Gross profit	-47,677,521.74	54,398,752.07	-187.6
Share in the Group's gross profit	-3.3%	4.0%	Down by 7.3 percentage points
Gross profit margin	-13.6%	21.3%	Down by 34.9 percentage points

In 2015, revenue from the Ore Segment increased by 36.7%, mainly due to the commencement of trading business. Excluding the revenue from the trading business, revenue and gross profit would drop by 33.5% and 187.6%, respectively, on a year-on-year basis, mainly due to insufficient market demand and reduced throughput resulted from stronger competition among nearby ports. Gross profit margin decreased by 34.9 percentage points mainly due to a significant decrease in the logistics revenue, high fixed costs and increase in depreciation expenses of the new stacking yard added during the year.

In 2015, the Group's major measures taken and the progress of major projects related to the Group's Ore Segment were as follows:

In 2015, fully loaded vessel "VALEMAX" arrived at our port with her virgin voyage. With the core capabilities of our specialized port facilities for 400,000 tons ore carriers and the upgrade of our stacking yard, a comprehensive supply chain extended from port services, and a Bohai Rim regional ore distribution center was established.

Near-port ore mixing business has been further enhanced and the efficiency of our techniques has been greatly improved in 2015. The brand of "Asian (Dalian) Standard Ore" began to come into effect and laid the solid foundation for port transformation and regional economic growth.

GENERAL CARGO SEGMENT

The following table sets out the throughput handled by the Group's General Cargo Segment in 2015 and its comparative results in 2014:

	2015 ('0000 tons)	2014 ('0000 tons)	+/- (%)
Steel	658.9	772.2	(14.7%)
Coal	907.6	1,079.6	(15.9%)
Equipment	409.9	293.4	39.7%
Others	976.3	1,060.3	(7.9%)
Total	2,952.7	3,205.5	(7.9%)

The throughput handled at the Group's General Cargo Segment in 2015 amounted to 29.527 million tons, representing a decrease of 7.9% on a year-on-year basis.

In 2015, the Group handled 6.589 million tons of steel, representing a decrease of 14.7% on a year-on-year basis. Due to the market downturn in the domestic steel market and the anti-dumping policies imposed by foreign markets on China's steel products, steel plants faced greater operating pressures. The Group was severely impacted due to the geographical location of the ports where major steel plants reduced their transshipment volume.

In 2015, the volume of coal handled by the Group was 9.076 million tons, representing a decrease of 15.9% on a year-on-year basis. Due to excessive production capacity, a high level of inventory, over-supply and the impacts from imported coal, the coal prices in China were persistently low. As the majority of coal suppliers and traders have been selling coal at loss for a prolonged period, their desires to carry on coal transaction were worn out so that the transshipment volume they consigned at the Group's ports declined on a year-on-year basis.

Management Discussion and Analysis

In 2015, the volume of equipment handled by the Group was 4.099 million tons, representing an increase of 39.7% on a year-on-year basis. Through boosting near-port industries, “front workshops” of equipment plants at the port were established. More large equipment manufacturers were attracted by tailor-made high quality services, and advanced cargo handling processes and technologies of the port. As the Group’s port has become their transshipment center in Northeast China, the equipment throughput of the port increased significantly.

The steel throughput and coal throughput handled by the Group’s General Cargo Segment in 2015 accounted for 20.1% (2014: 20.5%) and 17.9% (2014: 18.1%), respectively, of the total market share among all ports in Northeast China.

The performance of the General Cargo Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/- (%)
Revenue	374,123,523.09	418,361,343.64	-10.6
Share in the Group’s revenue	4.2%	5.3%	Down by 1.1 percentage points
Gross profit	-6,513,748.02	-11,684,392.57	44.3
Share in the Group’s gross profit	-0.4%	-0.8%	Up by 0.4 percentage point
Gross profit margin	-1.7%	-2.8%	Up by 1.1 percentage points

In 2015, revenue from the General Cargo Segment decreased by 10.6%. Excluding the impact of the decreased revenue from the trading business, revenue would remain at approximately the same level as that in 2014. Gross profit margin increased by 1.1 percentage points, mainly attributable to lower labor costs, pound load fees and railway fees (including port railway and national railway) resulting from the reduction of general cargo carriages in handling coal and steel. Nevertheless, a portion of the reduced costs was offset by the increased depreciation expense after the reclassification of the Dalian Bay terminal as fixed asset as well as the increased outsourcing environmental protection service charge for the coal operation.

In 2015, the Group’s major measures taken and the progress of major projects related to the Group’s General Cargo Segment were as follows:

The Longzu steel transportation services substantially stabilized the steel transportation operation. The operation of the port developed steadily by commencing more domestic and foreign trade routes.

Resources were poured into the development of near-port industries in order to attract near-port projects to be developed in Dalian Port.

BULK GRAIN SEGMENT

The following table sets out the throughput handled by the Group’s Bulk Grain Segment in 2015 and its comparative results in 2014:

	2015 ('0000 tons)	2014 ('0000 tons)	+/- (%)
Corn	62.6	241.4	(74.1%)
Soybean	195.9	226.4	(13.5%)
Barley	31.0	46.9	(33.9%)
Wheat	1.9	4.2	(54.8%)
Others	129.6	121.9	6.4%
Total	421.0	640.8	(34.3%)

In 2015, the throughput handled by the Group’s Bulk Grain Segment was 4.21 million tons, representing a year-on-year decrease of 34.3%.

Management Discussion and Analysis

In 2015, corn throughput handled by the Group's Bulk Grain Segment was 0.626 million tons, representing a decrease of 74.1% on a year-on-year basis. In 2015, the corn market was substantially impacted by imported corn and its substitutes, the decline in downstream demand and massive inventory of corn, resulting in shrinking liquidity in the corn market. Therefore, the Group recorded a year-on-year decrease in corn throughput.

In 2015, the Group's soybean throughput was 1.959 million tons, representing a decrease of 13.5% on a year-on-year basis. The decrease was due to sluggish soybean importation for processing caused by the sluggish domestic demand and persistently low prices of soybean and soybean meal.

In 2015, the Group's barley throughput was 0.31 million tons, representing a decrease of 33.9% on a year-on-year basis. Affected by centralized procurement implemented at the end of 2014, the total volume of barley purchased by the major customers of the Group dropped in 2015.

The performance of the Bulk Grain Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/- (%)
Revenue	1,361,492,366.50	1,000,851,533.24	36.0
Share in the Group's revenue	15.3%	12.6%	Up by 2.7 percentage points
Gross profit	-39,280,782.78	27,349,877.10	-243.6
Share in the Group's gross profit	-2.7%	2.0%	Down by 4.7 percentage points
Gross profit margin	-2.9%	2.7%	Down by 5.6 percentage points

In 2015, revenue from the Bulk Grain Segment increased by 36.0%. Excluding the impact of the trading business, the revenue would drop by 48.0%. The decrease was mainly caused by the decrease in handling fees due to the reduced throughput. Gross profit decreased by 243.6% and gross profit margin decreased by 5.6 percentage points, mainly due to a significant decrease in the transshipment throughput of bulk grain such as corn, reduced revenue from the utilization of the Group's bulk grain carriages subsequent to the liberalization of the bulk grain carriage rental market, and the rising share of fixed costs.

In 2015, the Group's major measures taken and the progress of major projects related to the Group's Bulk Grain Segment were as follows:

Through triangular collaboration among the port, railway companies and cargo owners, the Group strived to develop a new model of dual bulk grain carriages circulation system to reduce operating costs and attract business from domestic corn trade.

Management Discussion and Analysis

Passenger and Ro-Ro Segment

	2015	2014	+/-%
Passengers ('0000 persons)	348.5	366.8	(5.0%)
Vehicles ('0000 units) (note 2)	107.4	109.2	(1.7%)

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

In 2015, the Group transported 3.485 million passengers, representing a decrease of 5% on a year on year basis, and handled 1.074 million vehicles, representing a decrease of 1.7% on a year-on-year basis.

The performance of the Passenger and Ro-Ro Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/- (%)
Revenue	128,759,441.77	130,682,437.91	-1.5
Share in the Group's revenue	1.4%	1.6%	Down by 0.2 percentage point
Gross profit	30,972,107.11	34,588,174.46	-10.5
Share in the Group's gross profit	2.1%	2.5%	Down by 0.4 percentage point
Gross profit margin	24.1%	26.5%	Down by 2.4 percentage points

In 2015, revenue from the Passenger and Ro-Ro Segment fell 1.5%, mainly due to a decrease in passenger throughput. Gross profit margin decreased by 2.4 percentage points, mainly due to the decreases in both passenger and vehicle throughput, especially vehicle throughput which is a higher profit margin business.

In 2015, the major measures taken and the progress of key projects related to the Group's Passenger and Ro-Ro Segment were as follow:

The Group successfully procured the cruise vessel "Chinese Taishan" to depart from Dalian Port and entered the international cruise business.

The Group developed cross-regional passenger and roll-on, roll-off business by improving routes between the mainland and islands.

The Group endeavored to push forward the establishment of e-commerce platform, further improved the official website and mobile phone application, and implemented the strategy of "Internet + Port" by collaborating with third-party e-commerce platforms such as Ctrip and Tencent based on the current ticket-selling model in We Chat.

Value-added Services Segment

The performance of the Value-added Services Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/- (%)
Revenue	940,030,013.54	914,102,400.25	2.8
Share in the Group's revenue	10.6%	11.5%	Down by 0.9 percentage points
Gross Profit	293,841,158.42	280,998,221.33	4.6
Share in the Group's gross profit	20.2%	20.4%	Down by 0.2 percentage point
Gross profit margin	31.3%	30.7%	Up by 0.6 percentage point

Management Discussion and Analysis

In 2015, revenue from the Value-add Services Segment was up 2.8%, mainly due to an increase in revenue from the tugging business and information service income from IT projects. Gross profit margin increased by 0.6 percentage point, mainly attributable to the steady quantitative and qualitative growth of the Value-added Services Segment.

TUGGING

In 2015, the Group secured steady income by voyage-charter and reasonable resource allocation. At the same time, by flexibly adjusting the number of tugboats and power ratios at each of the tugboat bases through scientific data analysis, the Group effectively reduced mobilization costs, which helped maintain a promising development momentum for the tugging business.

In respect of the services in markets outside Dalian, the Group made greater marketing efforts in response to the dynamic changes in market conditions. To maintaining its leading position among its domestic peers, the Group has expanded the market, timely adjusted strategies and optimized resource allocation to maintain a stable market using its edges in terms of professionals, equipment, management and technology.

TALLYING

Total tallying throughput handled by the Group was 45.001 million tons, representing a decrease of 3.7% on a year-on-year basis.

RAILWAY

In terms of railway operation, the Group handled a total of 513,000 carriages, representing a decrease of 18.2% on a year-on-year basis.

(I) ANALYSIS OF MAIN OPERATIONS

Table of profit and analysis on change of cash flow and related items

Unit: RMB

Subject	Current year	Corresponding period of the last year	Change ratio (%)
Revenue	8,886,167,093.15	7,942,458,597.74	11.9
Cost of sales	7,431,655,456.89	6,567,561,921.15	13.2
Selling and distribution expenses	1,457,374.14	3,741,535.20	-61.0
General and administrative expenses	622,366,106.34	582,564,328.04	6.8
Financial expenses	520,637,995.03	462,011,084.16	12.7
Net cash flow from operating activities	1,930,698,354.79	829,243,762.82	132.80
Net cash flow from investing activities	-1,686,795,542.39	-72,936,600.95	-2,212.7
Net cash flow from financing activities	233,923,653.18	-685,844,619.60	134.1
R&D spending			

1. Income and Cost Analysis

Please refer to the description under the section headed "Overall Analysis of Results" in the Board's discussion and analysis of the status of main businesses during the reporting period for the analysis of factors driving the changes in business income.

Sales from the Group's major customers: The turnover generated from the Group's top five customers amounted to RMB1,799,596,600, representing 20.3% of the total turnover of the Company.

Management Discussion and Analysis

(1) Analysis of main operations by industries, products and regions

Unit: ten thousand RMB

Analysis of main operations by industries						
By industries	Revenue	Cost of sales	Gross profit margin (%)	Year-on-year changes in revenue (%)	Year-on-year changes in cost of sales (%)	Year-on-year changes in gross profit margin (%)
Oil products	207,801.90	126,886.85	38.9	8.8	4.1	Up by 2.8 percentage points
Containers	169,233.91	135,114.38	20.2	7.9	1.5	Up by 5.0 percentage points
General cargoes	37,412.35	38,063.73	-1.7	-10.6	-11.5	Up by 1.1 percentage points
Ore	34,986.55	39,754.30	-13.6	36.7	97.3	Down by 34.9 percentage points
Bulk grain	136,149.24	140,077.31	-2.9	36.0	43.9	Down by 5.6 percentage points
Passenger	12,875.94	9,778.73	24.1	-1.5	1.8	Down by 2.4 percentage points
Value-added	94,003.00	64,618.89	31.3	2.8	2.1	Up by 0.6 percentage points
Automobiles	186,602.72	182,148.29	2.4	13.8	13.1	Up by 0.6 percentage points
Unallocated	9,551.10	6,723.06	29.6	-9.3	-8.2	Down by 0.8 percentage points

Details of main operations by industries, products and regions

Please refer to the section headed "The Performance Analysis of Each Business Segment" in the Board's discussion and analysis of the status of operation during the reporting period for details.

Management Discussion and Analysis

(2) Cost analysis table

Unit: ten thousand RMB

Status by industries							
By industries	Cost components	Amount for the period	Percentage of the total cost for the period (%)	Amount for the same period of previous year	Percentage of the total cost for the same period of previous year (%)	Change in amount for the period over that of the same period of previous year (%)	Description
Oil products	Cost of sales	126,886.85	17.1	121,907.47	18.6	4.1	
Oil products	Depreciation and amortisation	20,814.37	2.8	19,000.76	2.9	9.5	
Oil products	Labor cost	19,177.07	2.6	16,828.07	2.6	14.0	
Containers	Cost of sales	135,114.38	18.2	133,059.01	20.3	1.5	
Containers	Depreciation and amortisation	17,085.02	2.3	16,057.86	2.4	6.4	
Containers	Labor cost	18,268.51	2.5	19,554.52	3.0	-6.6	
General cargoes	Cost of sales	38,063.73	5.1	43,004.57	6.5	-11.5	
General cargoes	Depreciation and amortisation	9,760.06	1.3	8,192.15	1.2	19.1	
General cargoes	Labor cost	17,325.42	2.3	17,571.23	2.7	-1.4	
Ore	Cost of sales	39,754.30	5.3	20,148.28	3.1	97.3	
Ore	Depreciation and amortisation	10,168.93	1.4	8,592.23	1.3	18.4	
Ore	Labor cost	4,621.47	0.6	4,375.09	0.7	5.6	
Bulk grain	Cost of sales	140,077.31	18.9	97,350.17	14.8	43.9	
Bulk grain	Depreciation and amortisation	6,803.81	0.9	6,922.66	1.1	-1.7	
Bulk grain	Labor cost	5,996.71	0.8	6,332.17	1.0	-5.3	
Passenger	Cost of sales	9,778.73	1.3	9,609.43	1.5	1.8	
Passenger	Depreciation and amortisation	2,956.60	0.4	3,319.44	0.5	-10.9	
Passenger	Labor cost	4,716.15	0.6	4,891.53	0.7	-3.6	
Value-added	Cost of sales	64,618.89	8.7	63,310.42	9.6	2.1	
Value-added	Depreciation and amortisation	6,229.00	0.8	5,706.61	0.9	9.2	
Value-added	Labor cost	31,432.71	4.2	29,731.96	4.5	5.7	
Automobiles	Cost of sales	182,148.29	24.5	161,043.65	24.5	13.1	
Automobiles	Depreciation and amortisation	1,051.86	0.1	423.51	0.1	148.4	
Automobiles	Labor cost	-	-	-	-	-	
Unallocated	Cost of sales	6,723.06	0.9	7,323.19	1.1	-8.2	
Unallocated	Depreciation and amortisation	803.86	0.1	2,296.55	0.3	-65.0	
Unallocated	Labor cost	1,377.15	0.2	1,274.05	0.2	8.1	
Total	Cost of sales	743,165.54	100.0	656,756.19	100.0	13.2	

Other details of cost analysis

The major suppliers of the Group: The purchases from the top five suppliers amounted to RMB1,322,132,700, representing 20.1% of the total purchases of the Company.

Management Discussion and Analysis

2. Expenses

Please refer to the section headed “Overall Analysis of Results” in the Board’s discussion and analysis of the status of operation during the reporting period for details.

3. Cash flow

Net cash inflow generated from operating activities amounted to RMB1,930,698,354.79, representing a year-on-year increase of RMB1,101,454,591.97, which was mainly attributable to the steady increase in the amount of cash inflow from the sales of the port logistics business, the year-on-year increase in the cash collection rate of the trading business and the enhancement of the management of operation expenses during the year. As a result, the net cash flow generated from operating activities for this year increased significantly.

Net cash outflow generated from investing activities amounted to RMB1,686,795,542.39, representing a year-on-year increase of RMB1,613,858,941.44, which was mainly attributable to the increase in external equity investment as a result of the Company being transferred a land parcel at Dalian Bay, the year-on-year decrease in the expenses on the port establishment and the increase in net cash inflow from financial management.

Net cash inflow generated from financing activities amounted to RMB233,923,653.18, representing a year-on-year increase of RMB919,768,272.78, which was mainly attributable to the greater demand for servicing loan as some of the borrowings have become due this year, resulting in a stronger demand for funds for loan repayment, as well as the greater demand for the fund required for the Company’s short term business activities.

Management Discussion and Analysis

(II) ANALYSIS OF ASSETS AND LIABILITIES

Assets and liabilities

Unit: ten thousand RMB

Item	Amount as at the end of the period	Percentage of total assets as at the end of the period (%)	Amount as at the end of the previous period	Percentage of total assets as at the end of the previous period (%)	Change of the amount (%)	Description
Other receivables	96,886.15	3.3	43,693.81	1.6	121.7	Mainly attributable to the refund of land premium of state-owned-land receivable and the increase in entrusted loans in 2015.
Other current assets	9,195.48	0.3	70,510.64	2.5	-87.0	Mainly attributable to the recovery of the principal of the financial management products matured by the Group in 2015.
Available-for-sale financial assets	15,401.47	0.5	23,342.82	0.8	-34.0	Mainly attributable to the reclassification of the Group's financial management products to non-current assets due within one year in 2015.
Fixed assets pending for disposal	310.05	0.0	176.02	0.0	76.1	Mainly attributable to the retired assets of the Group for 2015 in the process of disposal.
Long-term prepaid expenses	5,202.82	0.2	2,359.22	0.1	120.5	Mainly attributable to the amortisation of newly installed environmental protection facilities in 2015.
Other non-current assets	11,861.00	0.4	-	-	-	Mainly attributable to the deposit paid by the Group for the bidding of land in 2015.
Short-term borrowings	60,169.45	2.1	90,730.28	3.3	-33.7	Mainly attributable to the settlement of borrowing of the Group in 2015.
Accounts payable	23,339.86	0.8	37,467.65	1.3	-37.7	Mainly attributable to the Group's payment for purchase of goods in 2015.
Other current liabilities	201,468.95	6.9	100,382.86	3.6	100.7	Mainly attributable to the fund raising of short-term commercial paper by the Group in 2015.
Special reserves	2,372.96	0.1	1,635.45	0.1	45.1	Mainly attributable to the rise in the safe production cost of the Group provided but not yet utilized in 2015.
Other comprehensive income	2,702.36	0.1	712.34	0.0	279.4	Mainly attributable to the increase in the difference from foreign currency translation of the Group due to changes in exchange rates in 2015.

Management Discussion and Analysis

(III) ANALYSIS OF INDUSTRIAL BUSINESS INFORMATION

In 2015, with global economic downturn and the lack of domestic demand, there was still downward pressure on the economy. In respect of the port industry, large-scale ports along the coast have handled 7.84 billion tonnes of goods, representing a year-on-year increase of 1%, which was 4.6 percentage points lower than that of the same period in last year. The amount of goods handled for foreign trade was 3.25 billion tonnes, up 0.7%, which was 5.2% lower than that of the same period in last year. The growth in throughput of the main ports in the PRC was slowing down while the throughput of some ports dropped year-on-year. Against such backdrop, the transformation and upgrade of the major ports of the country are being accelerated. The scope of services kept expanding from conventional main businesses such as port loading and storage, with particular focus on transformation and innovation. Resources are further consolidated to enhance the competitiveness of the ports.

Under the new normal, the economic growth in the Northeastern slowed down, so did the growth of the throughput of the major ports in the coastal areas of Liaoning. The throughput of some ports dropped. Currently, the relatively homogenous structure of goods supply of the major ports in the coastal areas of Liaoning, the proximity of the geographical location and the similarity in the functions of the services contributed to a relatively keen market competition. **(Source of data: "IFENG")**

(IV) ANALYSIS OF INVESTMENT

1. Overall analysis of external equity investment

(1) Significant equity investment

① Securities investment

No.	Categories of securities	Stock code	Abbreviated name of securities	Initial investment (RMB)	Number of shares held (share)	Carrying value as of the end of the period (RMB)	Percentage of total securities investment as of the end of the period (%)	Profit or loss during the reporting period (RMB)
1	Stock	002204	DHHI	8,415,096.97	886,200	8,862,000.00	54.77	446,903.03
2	Stock	601558	Sinovel	4,500,000.00	288,000	1,229,760.00	7.60	336,960.00
3	Stock	002563	SEMIR	2,445,500.00	132,000	1,636,800.00	10.12	572,550.00
4	Stock	601799	Xingyu Co., Ltd	1,359,360.00	64,000	2,413,440.00	14.92	1,274,880.00
5	Stock	601616	SSEG	1,216,000.00	115,200	991,872.00	6.13	404,352.00
6	Stock	300185	Tongyu Heavy	1,025,000.00	93,750	861,562.50	5.33	335,625.00
7	Stock	002781	QIXIN	13,310.00	1,000	37,370.00	0.23	24,060.00
8	Stock	002787	HUAYUAN PACKAGING	11,370.00	1,000	16,370.00	0.10	5,000.00
9	Stock	002786	BASIS	10,720.00	1,000	27,360.00	0.17	16,640.00
10	Stock	603999	Duzhe Publishing&Media	9,770.00	1,000	58,800.00	0.36	49,030.00
	Stock		Others	22,285.00	3,000	43,835.00	0.27	4,590,875.12
Total				19,028,411.97	1,586,150	16,179,169.50	100.00	8,056,875.15

Note: Shareholding held (shares) and initial investment are disclosed with reference to the shareholding held as of the end of the reporting period and the initial investment corresponding to such portion of shares.

Management Discussion and Analysis

② Shareholding in other listed companies

Unit: ten thousand RMB

Stock code	Abbreviated name of securities	Initial investment cost	Percentage of the shares of that company (%)	Carrying value as of the end of the period	Profit or loss during the reporting period	Changes in interests of owners during the reporting period	Accounting items	Source of shares
00368.HK	SINOTRANS SHIP	HK\$77,996,300.00	0.24	12,221,995.42	639,058.58	-2,612,183.95	Available-for-sale financial assets	Purchased from primary market
01776.HK	GF SEC	HK\$39,191,836.06			10,096,776.72	—	Available-for-sale financial assets	Purchased from primary market
Total		HK\$117,188,136.06	/	12,221,995.42	10,735,835.30	-2,612,183.95		

Descriptions of shareholding in other listed companies

The Company participated in the global public offering of H shares of GF SEC and disposed of the shares when the opportunity arose, obtaining an investment gain of RMB10,096,776.72.

③ Equity interests in unlisted financial companies

Unit: yuan

Name	Initial investment (RMB)	Number of shares held (share)	Percentage of the shares of that company (%)	Carrying value as of the end of the period (RMB)	Profit or loss during the reporting period (RMB)	Changes in interests of owners during the reporting period (RMB)	Accounting items	Source of shares
Dalian Port Group Financial Co., Ltd.	200,000,000.00	200,000,000.00	40.00	942,662,258.48	56,938,739.93	56,938,739.93	Long-term equity investments	Shareholding of a newly established company
Total		200,000,000.00	40.00	942,662,258.48	56,938,739.93	56,938,739.93		

Management Discussion and Analysis

④ Purchase and sale of shares of other listed companies

Purchase and sale of shares of other listed companies

No.	Stock name	Shares held as of the beginning of the period (share)	Shares purchased during the reporting period (share)	Fund utilized (RMB)	Shares sold during the reporting period (share)	Shares held as of the end of the period (share)	Investment gains generated (RMB)
1	DHFI		886,200	8,415,096.97		886,200	
2	Sinovel	288,000				288,000	
3	SEMIR	33,000	99,000			132,000	33,000.00
4	SGEG	115,200				115,200	5,760.00
5	Tongyu Heavy	93,750				93,750	6,562.50
6	Xingyu Co., Ltd	64,000				64,000	49,920.00
7	Duzhe Publishing&Media		1,000	9,770.00		1,000	
8	QIXIN		1,000	13,310.00		1,000	
9	BASIS		1,000	10,720.00		1,000	
10	HUAYUAN PACKAGING		1,000	11,370.00		1,000	
11	Others	11,137,228	497,000	10,478,973.35	11,631,228	3,000	5,010,649.72
Total		11,731,178	1,486,200	18,939,240.32	11,631,228	1,586,150	5,105,892.22

Note: For the shares of "SEMIR", 99,000 shares purchased during the reporting period were bonus shares.

Management Discussion and Analysis

(2) Significant non-equity investment

Unit: ten thousand RMB

Investment project	Source of funding	Proposed total investment	Investment for this year	Accumulated investment as of the end of the period	Progress of the project	Realized gain for the year	Reason of failure to achieve the expected gain
Construction of oil storage tanks with a total capacity of 1,000,000m ³ in Xingang	Financing through issuance of A shares	76,000.00	1,465.52	50,870.34	67%	Revenue of approximately RMB15,369; profit of approximately RMB9,867	
Construction of oil storage tanks with a total capacity of 600,000m ³ in the Xingang resort area	Financing through issuance of A shares	55,000.00	3,192.10	55,000.00	100%	Revenue of approximately RMB5,660; profit of approximately RMB2,316	
Construction of phase II of the Shatuozhi oil storage tanks project in the Xingang Shatuozhi area	Financing through issuance of A shares	2,960.00	-	2,960.00	100%	Project investment gain of RMB302	
LNG project	Financing through issuance of A shares	32,000.00	-	32,000.00	100%	Project investment gain of RMB2,157	
No. 4 stacking yard for ore terminal	Financing through issuance of A shares	52,000.00	2,567.87	36,984.12	71%	Revenue of approximately RMB578; profit of approximately RMB-1,502	Please refer to the note headed "Reasons of failure to achieve the expected gain (1)"
Purchase of gantry for ore terminal	Financing through issuance of A shares	3,720.00	-	3,720.00	100%	Revenue of approximately RMB995; profit of approximately RMB195	
Purchase of 300 bulk grain carriages	Financing through issuance of A shares	15,000.00	-	15,000.00	100%	Revenue of approximately RMB34.7; profit of approximately RMB-574.74	Please refer to the note headed "Reasons of failure to achieve the expected gain (2)"
Ro-ro ships for carrying cars	Financing through issuance of A shares	23,000.00	0.04	21,200.04	92%	Revenue of approximately RMB3,156; profit of approximately RMB0	Please refer to the note headed "Reasons of failure to achieve the expected gain (3)"
Construction of railway siding in Muling	Financing through issuance of A shares	4,125.00	-	4,125.00	100%	Project investment gain of RMB3	

Management Discussion and Analysis

Investment project	Source of funding	Proposed total investment	Investment for this year	Accumulated investment as of the end of the period	Progress of the project	Realized gain for the year	Reason of failure to achieve the expected gain
Construction of information systems	Financing through issuance of A shares	5,000.00	-	5,000.00	100%	N.A	
Investment in phase III of Dayao Bay Terminal company	Financing through issuance of A shares	8,404.15	-	8,404.15	100%	Project investment gain of RMB4,010,000	
Dayao Bay No. 13-16 parking area in Phase II	The Group's internal fund, loans	378,300.00	2,824.93	226,369.22	92%	No.13 and No.14 parking areas were transferred to a joint venture and a value-added gain of RMB200,000,000 was realized ;the annual rental income of no. 15 parking area was RMB53,500,000; the construction of the main body of no. 16 parking area has been completed and has not yet been leased out.	
New Port No. 18-21 parking area	The Group's internal fund, loans	41,377.00	1,494.03	33,373.86	81%	N.A.	The project is under construction and has not yet been put into operation so no gain is generated.
Total		696,886.15	11,544.49	495,006.73		N.A.	

Management Discussion and Analysis

- Reasons of failure to achieve the expected gain
- (1) No. 4 stacking yard for ore terminal: The project commenced operation from December 2014. Affected by the downward pressure upon the domestic economy in 2015, iron and steel enterprises suffered enormous losses. In order to reduce losses, iron and steel enterprises stepped up measures on cost management and control and opted for near-port operation to meticulously control ocean freight costs and road freight costs. Angang and Bengang opted for Yingkou Port and Dandong Port, which reduced the competitive edge of large berthing capacity of the Company. The revenue of the Company decreased significantly year-on-year, resulting in the low efficiency of the no. 4 stacking yard. Under the unfavorable production and operation environment, the Company strove to improve trading sales by focusing on ore mixing and enhanced the marketing and sales of mixed ores to the neighboring steel production plants, Shangdong and Hebei; and started to provide comprehensive logistics + financial services after the integration of trading sales model, which helped to address the capital requirement of the steel production plants and raised the throughput of our port, realizing the mutually benefitting strategy. Currently, the Company is endeavoring to prepare for the opening of the 400,000 dwt parking space of the large port and is committed to attracting the berthing of vessels, creating new point of growth for revenue, so as to ensure the enhancement of efficiency of no. 4 stacking yard.
 - (2) Purchase of 300 bulk grain carriages: The 300 bulk grain carriages in the project began operation in 2011. During the initial stage of project construction, the capacity of the bulk grain carriages in the Three Northeastern Provinces of China fell short of demand. There was a temporarily critical shortage of capacity of bulk grain carriages. After the reform of the Ministry of Railways in 2013, the restriction on approving purchases of bulk grain carriages has been lifted. Bulk grain carriages can be freely purchased. Consequently, the competition for the supply of bulk grain carriages, which are mainly for transporting grain, was intensified in the markets outside Heilongjiang. In the second half of 2014, the Shenyang Railway Bureau built another 1,000 bulk grain carriages. By then, there were already 9,889 bulk grain carriages in the Northeastern China. As a result, there was an excess of bulk grain carriages with a large amount of idling bulk grain carriages and carriage rental significantly lowered. The operation of bulk grain carriages was difficult. In addition, the freight charges for return trip passing through highways in Jinzhou and Bayuquan is relatively lower. Thus, traffic volume of the railway was greatly diverted, which affected the bulk grain carriage transportation of the Company and even the entire Northeastern China. Besides, the volume of corn imported from the South was enormous, which casted a blow to the transportation operation of corn from the Northern China. In 2015, the year-round volume of corn in the entire Northeastern China dropped by 11.45 million tonnes, which in turn affected railway transport. Looking forward, the Group will continue to foster the cooperation with railway authorities in terms of vehicle allocation to ensure the orderly and highly efficient traffic of bulk carriages, and it will continue to closely cooperate with grain trading companies to attract small and medium-sized customers by platforms, such as capital platform and logistics platforms, so as to facilitate and enhance the operation efficiency of bulk grain carriages.

Management Discussion and Analysis

- (3) Ro-ro ships for carrying cars: 2 of the ro-ro ships for carrying cars in the project were completed and commenced operation in 2011. The 2 ships were named “Anji 8 (安吉8)” and “Anji 9 (安吉9)” respectively. During the initial stage of the construction of the project, the development of ro-ro shipping was in its prime and the prospect of ro-ro ships for carrying cars was promising. Nonetheless, adversely affected by the global economy and the condition of the global shipping industry in 2011, the ro-ro shipping industry of the PRC would gradually experience a downturn with a surplus of ro-ro capacity. Thus the operation efficiency of the ro-ro ship project slumped. To maintain the loading rate of the 2 ships to prevent losses, the Company leased “Anji 8” and “Anji 9” to Ansheng Ship (安盛船務) at cost price after taking the capital cost into consideration. Looking forward, through enhancing the cooperation between the logistic companies such as Anji Logistics (安吉物流), Dalian Port will fully leverage on the advantages as a fundamental transshipment port in the Northeastern China of automobile manufacturers such as SAIC Motor. The transshipment of automobiles is expected to increase steadily, thus ensuring the enhancement of the efficiency of the project of ro-ro ships for carrying cars.

- (3) *Financial assets at fair value*
Please refer to (iv),(1) for details.

(V) ANALYSIS OF SUBSTANTIAL CONTROLLING SHAREHOLDING COMPANIES AND INVESTEE COMPANIES

Dalian Container Development Co., Ltd (大連集裝箱發展有限公司) (“Dalian Container”) is the wholly-owned subsidiary of Dalian Port (PDA) Company Limited, with registered capital of RMB2,807,460,000. Its principal scope of business is the provision of terminal facilities to vessels, provision of containers for loading and storage and arrangement of containers in the port area, leasing of port facilities, equipments and port machines, maintenance services, property leasing, company management services and consulting services etc. As of the end of 2015, the total assets of the company amounted to RMB4,421,462,160.38 with net assets of RMB3,176,658,421.15. In 2015, a revenue of RMB134,888,274 was realized and the net profit was RMB123,985,716.39, representing 25.60% of the net profit attributable to the parent.

Dalian Container Terminal Co., Ltd (“DCT”) was jointly funded and established by Dalian Container, a wholly-owned subsidiary of the Company, and Singapore Dalian Port Investment Pte. Ltd., with 51% of its shares held by Dalian Container. The registered capital of the company was RMB1,350,000,000. Its principal scope of business is development, construction, management and operation of container terminals and its auxiliary facilities, provision of containers for loading and provision of bonded storage. As of the end of 2015, the total assets of the company amounted to RMB1,592,345,679.66 with net assets of RMB1,396,064,408.22. In 2015, a revenue of RMB487,081,023.05 was realized in 2015 and the net profit was RMB127,890,570.23, representing 26.41% of the net profit attributable to the parent.

Management Discussion and Analysis

III. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(I) COMPETITION LANDSCAPE AND INDUSTRY TREND

In 2016, global economy recovery will remain arduous, and since the slowdown of macro-economy is unlikely to change within a short period of time, the global economy will continue to face greater downward pressure.

It is expected that the domestic economic growth will continue to slow down and the macro-control will shift towards supply-side and structural reforms. Facing the challenges of both domestic and global economy, the central government aims at stabilizing economic growth, adjusting the economic structure and implementing moderate reforms.

The Group's major hinterland includes the Three Northeastern Provinces of China, the eastern region of Inner Mongolia and the Bohai Rim region. Cargo supply mainly relates to oil products, containers, automobiles, bulk commodities such as iron ores, coal, steel and grain, as well as passenger and roll-on and roll-off operations. With a comprehensive range of cargo types in its operations, the Group has a stronger risk-resisting capability. The Group expects that the total throughput will continue to maintain a stable growth. In particular, the oil and chemical business and the automobile business will continue to maintain a steady growth.

(II) DEVELOPMENT STRATEGIES OF THE GROUP

The Group will continue to focus on building its comprehensive logistics service platform and integrated industrial, commerce and trading platform, and positioning itself to tap into economic trends. By facilitating the construction of supply chain service system, strengthening the collaboration with both upstream and downstream enterprises such as railway enterprises and port service enterprises to enrich its chain value, the Group will customize all-in-one solutions including logistics, trading and financial services for customers by making use of the port's own advantages. Supply chain and logistics chain systems will be further consolidated by continuous expansion into new business segments and exploration of new cargoes.

Major market development measures for various business segments taken by the Group in 2016 are as follows:

Oil Segment

Capitalizing on the gradual liberalization of crude oil importation to China and the increase in the number of regional refineries granted with the right to use imported crude oil, the Group will expand the business of domestic crude oil transshipment.

Seizing the market opportunity brought about by the consistently low international oil prices, the Group will proactively expand the business of international crude oil transshipment.

Container Segment

Following the "One Belt, One Road" strategic development plan of the country, the Group will seek support for the operation of branch lines through port development so as to expand the scope of cooperation.

Stepping up on the effort on exploration of the domestic and foreign trade route market, the Group will pay close attention to the global market landscape of the shipping industry and will continue to strengthen the marketing effort targeting the headquarters of the shipping companies so as to attract cross-ocean routes and direct routes for domestic trade to set Dalian as its destination and realize more integration of large projects and shipping routes, which will in turn enhance the competitiveness of the ports.

Management Discussion and Analysis

It will continuously establish itself as a famous brand in supply chain service, extend the supply chain service to the comprehensive logistic chain and innovatively develop special supply chain products jointly provided by the hinterland and the port.

Automobile Segment

The Group will continue to strengthen its market exploration, striving to increase its influence over the ports for securing 100% of market share in the Northeastern China.

The Group will further facilitate innovation of its products and services in order to diversify its port services.

It will promote the modification and sales of vehicles, so as to realize the benefits of agglomeration of near-port industries.

It will continue to strengthen businesses such as automobile trading, trade shows, automobile logistics and financing, aiming at achieving rapid development of automobile trading business.

Ore Segment

With the regular berthing of 400,000dwt vessels at Dalian Port and “Dalian Standard Mine”, the business cooperation on ore mixing as the starting point, the Group will accelerate the formation of the iron ore supply chain service system in the Northeastern China with the aim of achieving win-win situation for all parties.

Through the establishment of port along Bohai rim region and formation of alliances on bulk cargo liners, the Group will further compress the overall logistics cost so as to comprehensively increase the core competitiveness of the iron ore distribution service system with Dalian Port being the center.

General Cargo Segment

Through grasping the actual need for near-port processing of the equipment manufacturing industry and integrating the port’s competitive edges in terms of soft wares and hard wares, the Group will establish itself as the “leading workshop” in the equipment manufacturing industry. With this innovative operation model, the Group will strive to raise both the throughput and profitability through various channels.

The Group will rapidly enhance the services and functions of the ports through upgrading and modifying the existing resources of the ports, building professional cold rooms, controlling costs and innovation in technologies.

With the “two ports connected by one shipping route” as the medium, the Group will establish a new logistic model of “railway-river joint transportation” for coal and open up a transporting route for coal which is low in cost and impairment and high in efficiency.

Bulk Grain Segment

Through the integrated comprehensive logistic service, the Group will develop trade financing with the support of the resources of the port and will strive to secure various favorable policies so as to narrow the difference in logistic cost for corn customers, which was competitive in nature and gradually resume the corn trading function of the port and increase the transshipment of corn and other goods.

Passenger and Ro-Ro Segment

The Group will foster the cooperation with the Lu-liao drop-pull transportation enterprises to vigorously develop drop-pull transportation business and obtain more supplies of drop-pull vehicles for operation.

The Group will keep improving the operation procedure of the sea-rail joint transportation business and enhance the operation efficiency and quality with safety as the prerequisite, endeavoring to further enlarge the market share of the sea-rail joint transportation business.

Management Discussion and Analysis

Value-added Services Segment

With the steady development of the port businesses, the Group will seek new points of growth of efficiency through measures such as optimized resource allocation and scientific and rational development of tugboats at each base.

The two full-swing tugboats of 5,200 horsepower with icebreaking, firefighting and towing capabilities arrived at the port at the end of 2015. The Group will further adjust the resource deployment for the tugboats according to the conditions of the port.

(III) BUSINESS PLAN

In 2016, transformation and upgrade will be the core competitiveness of the Company's business development. The Company will endeavor to achieve innovation in corporate culture, business model, port environment, scientific initiatives so as to further enhance the cooperation among various ports and facilitate international cooperation, build up a community of common interest among the upstream and downstream segments of the industry and achieve win-win cooperation for all parties. The Company will continue to step up its efforts on cost management and control cost through various modes are measures while innovating the cost management model, streamlining management procedures and hence eventually reducing costs and expenses.

(IV) POSSIBLE RISK EXPOSURES

Against the backdrop of slow global economic recovery and the "New Normal" of the domestic economy, the Chinese economy will continue to restructure, transform and upgrade. Labor costs will also continue to rise. Meanwhile, China's export trade is also facing challenges, and the risks and uncertainties impose pressure on the operations of the port under such complicated global economic conditions. Firstly, global economic uncertainties are still prominent and the changes of international trading pattern affect the development of the port. Secondly, the domestic economy is facing "New Normal" which dramatically influences cargo trading at port. Thirdly, the economy in the Group's hinterland, namely Northeast China, lacks momentum, resulting in keener competition in cargo supply. Fourthly, sizing-up of vessels and forming alliances among different transportation service providers reduce the number of ports available for choice. On the other hand, large-scale domestic ports are generally just large in size but not strong in operations, and their structures are also not optimized. Affected by the aforementioned risks and uncertainties, throughput and operating revenue of domestic ports will show sluggish growth.

Please refer to "the Group's major measures taken and the progress of major projects related to the Group" under the section of "the performance analysis of each business segment of the Group" for the details of the risk mitigation measures.

Management Discussion and Analysis

(V) OTHER ASPECTS

Human resource

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 increasing positive incentives in various aspects.

We also placed emphasis on the provision of training to our staff with both internal and external training to build up a talent pool that lays a strong base for the Company's business development.

As of 31 December 2015, the Company had a total of 4,462 full time employees. The Company and its invested businesses together had a total of 6,818 employees. The Company reviews its employee remuneration policy annually by taking into account the Company's performance, staff annual appraisal results and the labour 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 analysis on shareholders' feedback on a regular basis and pay great attention to their suggestions in order to continue to optimise the Company. We also review of the shareholdings of both institutional and retail investors, tracking and interpreting changes in shareholding structure by types of investors regularly. These procedures enable us to build up and maintain good relationships with our existing and future potential investors.

In 2015, 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 a series of roadshows such as press conferences, analyst briefings and conference calls. We also arranged other activities such as site visits to Dalian port for investors, and set up investors' enquires desk, in order 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 newspapers designated by the regulatory authorities.

Management Discussion and Analysis

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 trusted listed companies in terms of trustworthiness amongst capital market investors.

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. At the beginning of the year, we were accredited with quality, environment and occupation health and safety management system certification, ensuring the standardized management being kept abreast of time. The Company organises management representative training course, national registered auditor training course, internal auditor training course for the staff of each level of the Company and set up an experienced management team with extensive knowledge and strong execution capability to provide standardized management support in relation to the management, quality control, safety control, occupation safety control of the Company, thereby ensuring the effective performance of the corporate social responsibilities of the Company. The Company takes the initiative to fulfil the obligation of “contributing all it should contribute”, making due contributions to national and regional construction.

II. Caring for customers

1. Quality of products and customer services

In 2015, the Company established the rationale of a market operation which was based on product quality and customer service and formulated customized services and products in response to varied demands of different customers, forming replicable and marketable standardized services and products. Through emphasizing on the expansion of the functions of the supply chain services and on the innovation of customized services, the Company consolidated its key resources so as to provide products and services of higher quality to customers. Meanwhile, the interaction between the port and customers are facilitated by the application of information service platforms such as Dalian Port’s customer call service system, mobile phone applications and Weigangtong (微港通).

Management Discussion and Analysis

2 Production safety

Through the unremitting efforts of all the employees, we have not only successfully achieved fast growth in its operation and production, but also have satisfactorily met each and every one of the safety standard. Guided by the principal of “integrated management with safety as the priority and prevention as the theme”, the Company determinedly and thoroughly adheres to the important notice issued by Secretary General Xi Jinping and Premier Li Kexiang in relation to production safety, upholding the “red line” consciousness and the “bottom line” mindset and reinforcing the principle of “scientific development with due regard to humanities and safety” to maintain safety as its first and foremost duty. Through measures including “system establishment, mechanism enhancement, highlighting preventive control, strengthening of supervision, sustaining the strengths while making innovations, focusing on the practicality and effectiveness”, the fulfilment of major obligations in production safety at each level has been continuously enhanced, the level of safety management has been raised, thus the production safety of the Company has been constantly maintained.

There were 20 safety training courses organized during the year and the accumulated number of employees receiving training reached 27,548. A fund of over RMB3,000,000 was utilized. Inspection rate of special equipment was 100%. We promote the fulfilment of safety standards during construction. There were a total of 34 units passed the standard assessment, among which 5 received the level one standard, 14 received the level two standard, 16 received level three standard. We learned deeply from the lesson of “8.12” Incident of Tianjin Port and conducted comprehensive safety checks on all ports. During the safety checks, a total of 298 potential problems were identified and the Company has finished rectifying all potential problems according to the “Five Implementations”. Aiming at refining the contingency plans of each level, 91 spontaneous drills, for which there were neither predetermined scenarios nor prepared script, were conducted. A total of 1,469 emergency drills of various types were conducted during the year and the accumulated number of participant reached 15,673. A fund of RMB406,200 was allocated to the emergency drills. A reward system for potential risks reporting was available to all employees. Cash prizes of RMB641,500 were awarded.

Management Discussion and Analysis

III. *Caring for staff*

1. Safeguard the interest of employees

We place great emphasis on occupational health management, and therefore we arranged tests for hazardous factors and monitored the occupational health of our employees. During the year, there were 336 items tested with the inspection rate reaching 100%. Occupational health checks were arranged: for 111 people before assuming office, 2,103 people during their employment and 31 people when they left the Group. The rate for notification of occupational health hazard was 100%. We also completed report of changes in occupational health hazards for 4 subsidiaries. Checks on a checklist of potential occupational health hazards were conducted and foundational occupational health promotion campaigns were initiated, for which over RMB17,690,000 were allocated. Training courses on occupational health were held with 2,710 workers receiving training and 74 part-time specialized management personnel. The passing rate of the assessment was 100%. Data on occupational health and the monitoring of workers' occupational health were filed. The filing rate was 100%. 7 special drills on emergency rescue in relation to occupational health hazards were carried out, which enhanced the capacity of handling emergency. The Group also passed the assessment by the experts recruited by the safety bureau of Dalian city as a demonstration enterprise for foundational occupational health construction campaigns.

We continued to improve on the labour management system by entering into employment contracts with all of the staff, maintaining insurance covering pension, medical, work injury, unemployment and maternity and housing funds and safeguarding the right of all employees to enjoy paid annual leaves. We protect our employees' legal interests by establishment of an appropriate system and rigorously complying with its requirements. Meanwhile, we have formulated and implemented a system to protect the special rights and interests of female employees, so as to protect various rights they are entitled to during pregnancy, childbirth and lactation. We are committed to manage the Company 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 considering, passing and deciding. We will implement and handle proposals from employee representatives in a serious manner and inform them of how the proposals are handled in a timely manner to ensure the employees' right to democratic management is exercised, this would lay a solid foundation for the establishment of a harmonious corporation.

Management Discussion and Analysis

2. Improvement on employment mechanism

We improved our remuneration and benefit system, enhanced remuneration incentive management, further improved appraisal management and 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 through banking system during the year. The Company proactively promoted collective negotiation on salary. Within the requirements of the relevant policies of the country and the guidelines on salary of Dalian, we review and adjust employees' salaries each year in accordance with production development and economic efficiency so as to raise the level of salary of employees along with the Company's business development.

The Company has been upholding a people-oriented management approach. Therefore, it provides training to employees and creates a good talent selection and deployment environment, so as to fully utilize the strengths of talents. In strict compliance with "Measures for Training and Managing All Staff (《全員培訓管理辦法》)", the Company has constantly strengthened the establishment of a training system for all staff. It formulates and issues staff training plans on an annual basis, and holds employees' skills competition and elitist matches alternately to encourage and support employees to uncover their potentials through self-learning and working in their post. The has effectively promoted the quality of our staff. We held over 1,100 different training sessions during 2015 with number of participants amounted to over 25,000. Currently, 60% of the staff has tertiary qualification.

IV. Ecological development

1. Environmental protection

During the process of establishing a multi-purpose, comprehensive and modernized and strong international port, the Company particularly pays attention to environmental protection, conservation of energy and reduction of emission. We have set establishment of a "five-model" harbor, which is an environmental friendly, innovative, intelligent and happy harbor with high efficiency, as the development objective of the Company. In line with the green development concept of "conservation of resource, environmental friendly", we adhere to a scientific, safe, clean and sustainable development, striving to build up an ecologically green harbor. Over the years, we have been insisting on incorporating green and low-carbon concept into the planning and construction of ports and the process of production and operation, striving to adopt energy-conserving and emission-reducing measures in various aspects including structure, management and technologies. We attach great importance to technological innovation and undertake the social responsibility of environmental protection and have attained outstanding achievements. In addition, according to the actual development of ports and based on the concept of coordination between the development and operation of ports and environmental conservation, the Company performs its social responsibility in environmental protection and implements the "three concurrences" in protecting the ecological environment and adoption of environmental protection measures during construction projects while

Management Discussion and Analysis

accelerating the construction of infrastructure of Dalian Port and engaging in competition and cooperation in port operation, taking the initiative to control the source of environmental pollutants, as well as facilitating development based on environmental protection. All of such initiatives aim at developing Dalian Port into a multi-purpose, comprehensive, modernized and strong international port while building up a modern, ecological and green port, realizing the green development of the port. In terms of port construction and development, the Company adopts environmental impact assessment and the environmental-friendly “three concurrences” system in a serious manner. For all construction projects, environmental impact assessment reports are compiled according to the requirements and the measures of the environmental-friendly “three concurrences” system. When the project is under construction, we pay attention to the control of pollutant sources and plan the construction work using scientific methods. Environmental tracking and monitoring management is carried out and construction of supporting environmental protection facilities is finalized. We always insist on putting ecological protection as our priority, prevent damaging the ecological environment, and effectively utilize the coastline resources so as to protect the ecological environment, water resource environment and ocean 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, desulfur 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. We continued to properly carry out sewage collection and processing in port area, ensured the discharge of sewage was up to standard and increased the reusage rate of the sewage. We also continued to maintain the effectiveness of environmental protection measures relating to the desulphurization of exhaust gases from the coal-fired boilers in boiler room of the Dayao Bay centre. In addition, greening transformation was carried out according to the Company’s circumstances on the port area and ore terminal at the port area of Dayao Bay. Landscaping and ecological revitalization of the open area and bare slope that were available for afforestation at the port area were implemented, so as to enhance the ecological image of the port environment, gradually enhance the existing greening level, thereby increasing the level of ecological construction at the port. There were no incidences of pollution of ecological environment in which the Company was held accountable for throughout year 2015.

Management Discussion and Analysis

2. Energy conservation and reduction
Actively responding to the call for “Blue-sky Project” of Dalian, the Company considered the “five-model harbour” as the guideline for energy management and put “green, low carbon, energy conservation and ecology” as the goals for harbour development and the implementation of the major project of green, recycling and low-carbon port as the key point of work. We placed emphasis on the intensive use of resources, reduction of energy consumption and emission and insisted on integrating the application of the green technology of energy-saving and innovation in energy conservation management. We took the initiative to adjust and optimise energy structure and further improved on the green and low-carbon development of the port.

During 2015, the Company rationalized the construction of a green and low-carbon port during the “12th Five-year-plan” and summed up its experience in constructing a green port. In order to promote the green and sustainable development of the Company, the Company has finished the development plan for a green ecological port during the “13th Five-year-plan”.

The Company spared no effort in facilitating the implementation of the major project of green, recycling and low-carbon port. It launched and promoted the project of shore power application of vessels berthing at the port. In terms of ro-ro shore power, the pilot test on the application of shore power of vessels at no.18 ro-ro parking area in Dayao Bay was completed. In terms of application of shore power on container cargoes, we actively facilitated State Grid Dalian Electric Power Supply Company’s investment of RMB17,690,000 in the cooperation project on shore power for no.15 and no. 18 parking areas at the container terminal of Dayao Bay and the project has been started on the site. We adopted energy contract management model so as to promote green lighting in the port area. Green lighting has been applied to all the existing street lights in the port area. Over 1,300 street lamps have been changed into LED street lights, which helped save over 50% of energy. In the production and operation area at the terminals, tests on green lighting tools have been carried out extensively and its application was promoted. Over 1,400 lights have been changed into green energy-saving lights. Energy-saving technologies are widely applied. Machines with high energy consumption and old transformers were completely abandoned and electric appliances and facilities with high energy efficiency were used instead. We actively carried out desulphuring of boilers and modified them for saving energy, raising the energy consumption efficiency by 7%. The upgrading and modification technologies of frequency conversion and speed adjustment and electric control system were widely applied. The

Management Discussion and Analysis

work on frequency conversion, upgrade and modification of gantry cranes at general cargo terminals has been commenced, saving over 15% of the energy. The substitution of bunker fuel-powered equipment with electrical-powered equipment for container gantry cranes has been completed, which helps saving 40% of energy. Insisting on optimizing the production technologies and production flow, we began to reform the environmental friendly technologies for coal operation at the general cargo terminal. Enhancement of the technologies of conveyor belts has been started at ore terminals, which significantly enhanced working efficiency. With the help of automation and information technology, the automatic collection and monitoring of the energy consumption of operation procedure has been gradually realized and energy efficiency has been enhanced. The percentage of the use of clean energy is raised. The environmental-friendly technologies such as oil gas reclamation, wind shielding and dust controlling net and solar energy heating have been actively promoted.

The construction of energy management system has been initiated to strengthen energy conservation management, fully raise the level of energy management and establish a sophisticated, comprehensive, systematic and regulated energy management model. Currently, the system standard has been publicized and the documentation regarding the system is now underway. Events including energy saving week and water saving week were organized to officially conclude and promote the achievement of the energy and emission reduction work in recent year, promote the experience and results of energy saving and emission reduction. We strive to eliminate waste from leaking, emitting, dripping and overflowing, and enhance the energy saving consciousness of all staff.

In 2015, the Company's unit consumption of comprehensive energy for production was 3.10 tonnes of standard coal per 10,000 tonnes of throughput and the unit energy consumption for loading, unloading and production was 1.4 tonnes of standard coal per 10,000 tonnes of throughput, representing a decrease of 7.42% and 7.28% over the last year, respectively

V. *Community charity*

In order to serve the society, we implemented missions assigned by the municipal government and arranged the staff to take part in unpaid blood donation. We also actively launched voluntary projects including poverty alleviation of Lejia village in Pulandian. The Group won the 2015 "Award for Encouraging Unpaid Blood Donation in Dalian (大連市無償獻血促進獎)" and the honour of "Dalian Village Poverty Aid Active Unit (大連市農村對口扶貧先進單位)".

Directors' Report

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 2015.

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 and trading services; (iv) the provision of ore terminal and logistics services; (v) the provision of general cargo terminal and logistics and trading services; (vi) the provision of bulk grain terminal and logistics and trading 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 VIII to the financial statements.

Details of the analysis of the Group's operating results by business segments for the year ended 31 December 2014 are set out in VIII to the financial statements.

Results and appropriations

The results of the Group for the year ended 31 December 2015 are set out in the consolidated income statement of the financial statements.

The Board recommends, on the basis of 5,606,320,000 shares, the payment of a cash dividend of RMB0.75 (tax included) and a share dividend of three shares (tax included) for every 10 shares and a conversion of capital reserve on the basis of 10 shares for every 10 shares, aggregating to a cash dividend of RMB420,474,000.00 (tax included) and a share dividend of 1,681,896,000.00 (tax included).

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 Company's shareholders at the general meeting. Accordingly, the aforesaid dividend distribution proposal will be implemented following the approval of the Company's shareholders at annual general meeting for 2015.

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 2015, the Company's reserves available for distribution were RMB2,535,370.92 thousand, 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 2015, the total amount of outstanding bank loans and other borrowings of the Group was RMB11,303,901.18 thousand. Details of the relevant loans are set out in Note 4 (25), Note 4 (34), Note 4 (35), Note 4 (36), Note 4 (37) and Note 4 (38) to the financial statements.

Capitalisation of interest

The total amount of capitalised interest of the Group was approximately RMB6,644,827 thousand for 2015.

Fixed assets and construction in progress

Details of the movements in the fixed assets and construction in progress of the Group during this year are set out in Note 4 (16) and Note 4 (17) to the financial statements.

Directors' Report

Investment properties

Details of the properties held for investment purpose of the Group during this year are set out in Note 4 (15) to the financial statements.

Share capital

The share capital structure of the Company as at 31 December 2014 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 4 (41) 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, 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 Limited (the "Listing Rules")) of the Company.

Directors and supervisors

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

EXECUTIVE DIRECTORS

Mr. Hui Kai
Mr. Xu Song (*resigned on 29 December 2015*)
Mr. Sun Benye (*appointed on 27 March 2015*)
Mr. Sun Benye (*resigned on 18 March 2016*)
Mr. Wei Minghui (*appointed on 29 February 2016*)
Ms. Su Chunhua (*resigned on 30 January 2015*)

NON-EXECUTIVE DIRECTORS

Mr. Xu Song (*appointed on 29 December 2015*)
Mr. XU Jian (*resigned on 18 March 2016*)
Mr. YIN Shihui (*appointed on 27 March 2015*)
Mr. Zhang Zuogang (*resigned on 30 January 2015*)
Mr. Dong Yanhong (*resigned on 29 December 2015*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WAN Kam To, Peter
Mr. WANG Zhifeng
Mr. SUN Xiyun (*appointed on 27 March 2015*)
Mr. Guo Yu (*resigned on 27 March 2015*)

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.

Directors' Report

SUPERVISORS

Mr. Sun Junyou (*resigned on 29 January 2015*)
Mr. Zhang Zuogang (*appointed on 27 March 2015*)
Mr. Zhang Zuogang (*resigned on 18 March 2016*)
Mr. Yin Shihui (*resigned on 29 January 2015*)
Mr. Jia Wenjun (*appointed on 27 March 2015*)
Mr. Kong Xianjing (*appointed on 31 July 2014*)
Mr. Xu Fangsheng (*resigned on 29 January 2015*)
Mr. Jiao Yingguang (*appointed on 31 July 2014*)
Ms. Zhao Rong (*appointed on 29 January 2015*)

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

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 2015, none of the directors, supervisors, senior management or any of their respective associates had any interests and short positions in shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Directors' and supervisors' rights to acquire shares and debentures

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

Directors' interests in competing businesses

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

Directors' Report

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 the Company's shareholder at the general meeting.

Details of the directors' and supervisors' remuneration are set out in Note 9. (8) to the financial statements.

Five highest paid individuals

For the year ended 31 December 2015, information in respect of the five highest paid individuals of the Group is set out in note Note 9. (9) to the financial statements.

Management contracts

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

Connected transactions

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

NON-EXEMPT CONNECTED TRANSACTIONS UNDER RULE 14A.73 OF LISTING RULES

1. On 13 January 2015, the Company entered into the Fixed Assets Purchase Agreement with PDA, pursuant to which the Company agreed to purchase certain fixed assets from PDA for a total cash consideration of RMB11,406,362,41. The fixed assets to be purchased by the Company from PDA pursuant to the Fixed Assets Purchase Agreement include the external auxiliary heating supply network at the south bank of Dayao Bay, the external auxiliary power supply network and power distribution assets at the south bank of Dayao Bay, and the fire foam warehouse in Dayao Bay. Such fixed assets are free from encumbrances (including collateral and guarantee) and are not subject to any dispute as to their respective property titles. The total consideration for the Purchase is RMB11,406,362.41, which shall be paid within three days after the date of the Fixed Assets Purchase Agreement. The consideration was arrived at after arm's length negotiations between the parties with reference to the appraised value as at 30 June 2014 on a cost method. The valuation was prepared by an independent valuer recognized by the competent PRC government authority, and the appraisal value of the fixed assets to be purchased by the Company pursuant to the Fixed Assets Purchase Agreement as at 30 June 2014 was RMB11,406,362.41 whereas the book value of such fixed assets as at 30 June 2014 was RMB11,348,179.05.
2. The Company and PDA increased the registered capital of Finance Company from RMB500 million to RMB1,000 million, by contributing RMB200 million and RMB300 million, respectively, by way of cash to Finance Company in proportion to their respective equity interests in Finance Company. The capital increase was completed on 2 April 2015. Immediately before the Registered Capital Increase, the registered capital of Finance Company was RMB500 million. The Registered Capital Increase would be beneficial to the operation of Finance Company's business, improve its ability to provide financing support to the Company and its subsidiaries, lower the overall financing cost of the Company and increase the Company's return on capital. Furthermore, the Registered Capital Increase was undertaken by the shareholders of Finance Company pro-rata according to their percentage shareholding, and was therefore fair and reasonable to the Company and consistent with the interests of the Company and its shareholders. The additional registered capital of Finance Company in the sum of RMB200 million was paid up by the Company from its internal resources. The amounts of contribution and the terms of the Registered Capital Increase, as set out in the Registered Capital Increase Agreement, were agreed between the Company and PDA after negotiations at an arm's length basis and on normal commercial terms or better. In view of the above, the Directors (including the independent non-executive Directors) consider that it is in the interest of the Company and its Shareholders to fund the additional registered capital requirement of Finance Company by conducting the Registered Capital Increase and entering into the Registered Capital Increase Agreement which are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Directors' Report

3. On 26 October 2015, the Company and PDA entered into the Registered Capital Increase Agreement II pursuant to which the Company and PDA agreed to further increase the registered capital of Finance Company from RMB1,000 million to RMB2,000 million by contributing RMB400 million and RMB600 million, respectively, by way of cash to Finance Company in proportion to their respective equity interests in Finance Company. As at the date of this announcement, PDA, being the controlling shareholder of the Company, is beneficially interested in 60% of the registered capital of Finance Company. The amounts of contribution and the terms of the Second Registered Capital Increase under the Registered Capital Increase Agreement II were agreed between the Company and PDA after negotiations at an arm's length basis and on normal commercial terms or better. The additional registered capital of Finance Company in the sum of RMB400 million shall be paid up by the Company from its internal resources. Upon completion of the Second Registered Capital Increase, the Company and PDA shall maintain the same proportion of equity interests in Finance Company as before such increase. The Second Registered Capital Increase would be conducive to the expansion of credit scale and the improvement of financial services of the Finance Company to increase its return on capital. Finance Company's business functions will thereby be put into play in a more effective manner, and will be able to provide better services to the Group and achieve better economic benefits. Furthermore, the Second Registered Capital Increase will be undertaken by the Company and PDA, being the shareholders of Finance Company, on a pro rata basis according to their respective shareholding, and will therefore be fair and reasonable to the Company and consistent with the interests of the Company and its shareholders. In view of the above, the Directors (excluding the independent non-executive Directors who will form their view after receiving the advice from the independent financial adviser) consider that it is in the interest of the Company and its Shareholders to fund the additional registered capital requirement of Finance Company by conducting the Second Registered Capital Increase and entering into the Registered Capital Increase Agreement II which are on normal commercial terms or better, fair and reasonable, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS UNDER RULE 14A.73 OF LISTING RULES

The following table sets out a summary of the Group's non-exempt continuing connected transactions undertaken during the year 2015.

	Connected transactions	Connected persons	Cap for 2015 (RMB'000)	Actual amount for 2015 (RMB'000)
A	Construction supervision and management services	PDA Group	42,900	37,825
B	Property and equipment Lease	PDA Group	47,899	45,550
C	Supply of goods and services	PDA Group	48,171	44,771
D	Purchase of goods and services	PDA Group	263,234	112,342
E	Terminal facilities design and construction services	PDA Group	228,800	7,598
F	Finance lease	PDA Group	226,900	116,105
	Total		857,904	364,191

Directors' Report

A. CONSTRUCTION SUPERVISION AND MANAGEMENT SERVICES

On 30 September 2009, Dalian Port Construction Supervision and Consultation Co. Ltd. ("DCSC") and Dalian Port Construction and Management Company Limited ("DCM") entered into Construction Supervision Services Agreement and Construction Management Services Agreement with PDA respectively, pursuant to which, the Group provides construction supervision services and construction management services to PDA. On 29 August 2012, the New Construction Management Agreement was entered into between DCSC and PDA pursuant to which DCSC has taken over the role of DCM under the Construction Management Services Agreement with effective from 27 August 2012. On 30 October 2012, DCSC entered into the 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 2015 were RMB42,900,000.00 and RMB37,825,000.00 respectively.

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

- ① The terms and conditions on which such services are to be provided to PDA and/or its associate will be no more favorable than those offered to independent third parties;
- ② The initial term of the agreement commenced from 1 January 2013 and to be ended on 31 December 2015. Unless otherwise agreed by the parties, each party may terminate the agreement by giving three months' written notice in prior;
- ③ The construction supervision and management services will be priced in accordance with the following principles:
 - (a) State price, 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

On 30 September 2009 and 9 June 2011, Properties Lease Agreement and Land Use Right Lease Agreement were entered into between the Group and PDA respectively pursuant to which the Group leased certain land use rights and buildings from PDA for certain business operations and offices. On 30 October 2012, the Group entered into the Properties and Equipment Lease Agreement with PDA, pursuant to which the Group leased certain land use rights, buildings and equipment from the PDA. The annual cap for the property and equipment leasing and the actual amount of the transaction for the year ended 31 December 2015 were RMB47,899,000.00 and RMB45,550,000.00 respectively.

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

- ① 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;
- ② The initial term of the Property Leasing Agreement commenced from 1 January 2013 and to be ended on 31 December 2015. The Group may terminate the agreement on giving three months' written notice in prior;
- ③ 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/or 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.

Directors' Report

C. SUPPLY OF GOODS AND SERVICES

On 30 September 2009, the Company and PDA entered into the Mutual Supply Master Agreement, pursuant to which, the Group provided certain goods and services to PDA. On 30 October 2012, the Group entered into the Supply of Goods and Services Agreement with PDA, pursuant to which 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 2015 were RMB48,171,000.00 and RMB44,771,000.00 respectively.

The major terms of the Supply of Goods and Services agreement are as follows:

- ① Goods 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;
- ② 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 to independent third parties;
- ③ The initial term of the Supply of Goods and Services Agreement commenced from 1 January 2013 and to be ended on 31 December 2015. PDA and its associates may not terminate the agreement without the Group's prior written consent; and
- ④ 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 or 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.

D. PURCHASE OF GOODS AND SERVICES

On 30 September 2009 and 27 April 2012, the Company and PDA entered into the Mutual Supply Master Agreement, pursuant to which, the Group purchased certain goods and services from PDA. On 30 October 2012, the Group entered into the Purchase of Goods and Services Agreement with the PDA Group, pursuant to which PDA Group supplied goods and provided services to the Group. The annual cap of goods and services to be purchased and the actual amount of transaction for the year ended 31 December 2015 were RMB263,234,000.00 and RMB112,342,000.00 respectively.

The major terms with respect to the purchase of goods and services under the Purchase of Goods and Services Agreement are as follows:

- ① 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;

Directors' Report

- ② 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;
- ③ The term of the Purchase of Goods and Services Agreement commenced from 1 January 2013 and to be ended on 31 December 2015. PDA and its associates may not terminate the agreement without the Group's prior written consent; and
- ④ The supplies and services will be provided at prices determined in accordance with the following pricing principles:
 - (a) state price, being the price set by the PRC government (at central or local level) or its relevant departments by laws, regulations, determinations, orders and policies;
 - (b) where there is no state price, the market price, being the price at which the same or comparable services are provided to independent third parties in the same area in the ordinary course of business; or
 - (c) where there is neither a state price nor a market price, in respect of the supplies and services to be provided by PDA and/or its associates, the reasonable cost incurred in providing such goods or services.

E. TERMINAL FACILITIES DESIGN AND CONSTRUCTION SERVICES

On 30 September 2009, the Company entered into Terminal Facilities Design and Construction Services Agreement with PDA, pursuant to which, PDA provided the Group with terminal facilities design and construction services. On 30 October 2012, the Company entered into the New Terminal Facilities Design and Construction Services Agreement with PDA pursuant to which 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 2015 were RMB228,800,000.00 and RMB7,598,000.00 respectively.

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

- ① 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;
- ② The term of the agreement commenced from 1 January 2013 and to be ended on 31 December 2015. PDA and/or its associates may not terminate the agreement without the Group's prior written consent; and
- ③ 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; 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; and
 - (c) where the project is subject to public bidding, the price will be determined through the bidding process.

Directors' Report

F. FINANCE LEASE

Dalian Equipment Finance Lease Company Limited ("DLEFL"), a subsidiary of PDA had been providing finance lease services, to the Group in respect of leasing containers and computer software and hardware pursuant to the Finance Lease Agreement dated 29 October 2013. On 17 March 2014, the Group entered into the New Finance Lease Agreement with PDA, pursuant to which PDA agreed to provide, and/or procure its subsidiaries and/or associates to provide, finance leasing (including leaseback) to the Group, and revised the annual cap for finance leasing for the year ended 31 December 2014 from RMB15,000,000.00 to RMB146,230,000.00. The annual cap for the finance leasing and the actual amount of transaction for the year ended 31 December 2015 was RMB226,900,000.00 and RMB116,105,000.00 respectively. The major terms of the Finance Lease Agreement are as follows:

- ① PDA and/or associates agrees to provide, finance lease the Company, the terms will no less favourable to them than those available to independent third parties;
- ② the initial term of the agreement commenced from 30 October 2013 and to be ended on 31 December 2018. Upon the expiry of the initial term, the renewal of the agreement is subject to the Company completing the compliance procedures in accordance to the Listing Rules or obtaining approval of independent directors (if required) in compliance of the applicable requirements of the Listing rules;
- ③ 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
- ④ with respect to each individual finance lease, the Company and its subsidiaries shall enter into separate written agreements which set out the binding principles, guidelines, terms and conditions.

G. FINANCIAL SERVICES

According to the Financial Services Agreement entered into on 28 August 2014, Dalian Port Group Finance Company Limited provided financial services set out therein to the Group. The Financial Services Agreement is valid from 1 January 2015 and ended 31 December 2015. During the effective period of the agreement, the maximum daily closing balance of deposits was RMB4,000,000,000.00, the actual daily closing balance of deposits was RMB3,190,228,000.00; the maximum daily closing balance of loan was RMB5,000,000,000.00, the actual daily closing balance of loan was RMB707,000,000.00; the maximum annual handling fees in connection with other financial services was RMB3,000,000.00, the actual amount was RMB503,130.00. The main terms and conditions of the Financial Services Agreement are as follows:

- ① Financial services to be provided by Dalian Port Group Finance Company Limited to the Group include:
 - (a) Deposit services: including current deposit, fixed term deposit, call deposit and agreement deposit;
 - (b) Loan services: including loan, bill acceptance, bill discount and other credit services;
 - (c) Payment and receivable settlement services; and
 - (d) other financial services within the scope of the Financial Company's license;
- ② The terms and conditions on which the financial services are to be provided to the Group will be no less favourable than those available to independent third parties;

Directors' Report

- ③ The term of the Financial Services Agreement is valid from 1 January 2015 to 31 December 2015. 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, revise or cancel the agreement;
- ④ The financial services shall be priced in accordance with the following principles:
 - (a) The interest rates for deposit should not be lower than the uniform interest rate prescribed by the People's Bank of China for comparable deposits, the interest rates paid by other major commercial banks in China for comparable deposits, and not be lower than the interest rate paid by the Finance Company to any member of PDA for comparable deposits;
 - (b) The interest rates for loans should not be higher than the rate charged by major commercial banks in the PRC for comparable loans, and not be higher than the interest rate payable by any member of the PDA Group to the Finance Company;
 - (c) The settlement services are free of any charge; and
 - (d) The other financial services fee will not be higher than the fee charged by other financial institutions in China for comparable services;
- ⑤ The Group and Dalian Port Group Finance Company Limited shall keep in strict confidence information, data, financial data, product information of the other party, and shall strictly abide by the confidential provisions under the agreement; and
- ⑥ Details of connected transactions contemplated under the abovementioned Financial Services Agreement will be disclosed in announcements upon the occurrence of the actual transaction.

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 better than terms available to 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 for the year 2015. 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 of 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 2015, 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 to the financial statements. Certain of these non-exempt connected transactions and non-exempt continuing connected transactions are also included in the note to the above-mentioned financial statement in this report for disclosure.

Directors' Report

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	9.2%
The top five suppliers as a percentage of the Group's purchases	20.1%
The largest customer as a percentage of the Group's turnover	5.2%
The top five customers as a percentage of the Group's turnover	20.3%

No directors, supervisors of the company or their associates or any shareholder (which to the knowledge of the directors own more than 5% of the company's share capital) were interested in the above top five customers or suppliers.

Retirement benefit scheme

Details of the Group's retirement benefit scheme are set out in Note 4(29) to the financial statements.

Substantial shareholders' interests

As at 31 December 2015, so far as is known to the directors of the Company, the following persons (other than the directors or supervisors) or the chief executive 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 corporation	10.80%	2.59%
Nippon Yusen Kabushiki Kaisha	H shares	114,800,000 (long position)	Interest of controlled corporation	10.80%	2.59%
China Shipping (Group) Co., Ltd.	H shares	73,610,000 (long position)	Interest of controlled corporation	6.92%	1.66%
Deutsche Bank Aktiengesellschaft	H shares	63,568,000 (long position)	Beneficial owner	5.98%	1.44%
		13,278,000 (short position)		1.25%	0.30%

- Number of shares in the relevant class of share capital: A shares–3,363,400,000, H shares–1,062,600,000.
- Total number of shares of share capital: 4,426,000,000.

Directors' Report

3. During the period from January to 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. During the period from November to December 2015 PDA had purchased on the H share market a total of 88,520,000 H shares of the Company. As at 31 December 2015, PDA held a total of 245,326,592 shares of the Company, representing approximately 55.36% of the Company's total issued share capital.

Save as disclosed above, as at 31 December 2015, so far as is known to the directors of the Company, no other persons (other than the directors or supervisors or the chief executive) 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 2015 have been audited by PricewaterhouseCoopers Zhong Tian LLP as the Company's auditor, who was appointed at the annual general meeting for the year 2014.

Other matters

IMPLEMENTATION OF THE NON-COMPETITION AGREEMENT

1. On 23 March 2006, the Company and Dalian Port Corporation Limited ("PDA") entered into the Non-Competition Agreement in preparation of its initial public offering and listing of its H shares on the main board of the Stock Exchange for the purpose of avoiding the actual and potential competition with the Company. In connection with the acquisition of certain port services related business and assets from PDA and issuance of A shares on the Shanghai Stock Exchange, a revised non-competition agreement (the "Revised Non-Competition Agreement") (together with the Non-Competition Agreement, the "Non-Competition Agreements") was entered into on 30 September 2009. 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 agreement, 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. During the year, the independent non-executive directors reviewed the implementation of the Non-Competition Agreements and confirmed PDA has been in full compliance with the said agreements without any breach of the said agreements.

The independent non-executive directors have conducted a review and made necessary enquiries for the year 2015 and confirm that PDA has been in compliance with the provisions of the Non-Competition Agreements and there was no breach on the side of PDA.

By Order of the Board

Hui Kai
Chairman

Dalian, PRC
24 March 2016

Corporate Governance Report

INTRODUCTION

The Company is well aware of the importance of corporate governance, and recognizes that maintaining a high standard of corporate governance is in the fundamental interests of the Company and its shareholders. The Company has been striving to improve its corporate governance practices since its establishment. We have adopted the code 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 and up to the date of this report are:

Executive Directors:

Mr. Hui Kai (Chairman)

Mr. Wei Minghui (General Manager) (appointed on 29 February 2016)

Mr. Xu Song (resigned on 29 December 2015)

Ms. Su Chunhua (retired on 30 January 2015)

Mr. Sun Benye (appointed on 27 March 2015)

Mr. Sun Benye (resigned on 18 March 2016)

Non-executive Directors:

Mr. Xu Song (Vice-chairman) (appointed on 29 December 2015)

Mr. Yin Shihui (appointed on 27 March 2015)

Mr. Xu Jian (resigned on 18 March 2016)

Mr. Zhang Zuogang (resigned on 30 January 2015)

Mr. Dong Yanhong (resigned on 29 January 2015)

Independent non-executive Directors

Mr. Wan Kam To, Peter

Mr. Wang Zhifeng (appointed on 30 October 2014)

Mr. Sun Xiyun (appointed on 27 March 2015)

Mr. Guo Yu (resigned on 27 March 2015)

Corporate Governance Report

Pursuant to the Articles of Association of the Company, every Director shall be appointed for a term of no more than 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.

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 four independent non-executive directors of the Company are highly qualified professionals with extensive experiences in areas such as accounting, finance, laws, internal control and corporate management.

All independent non-executive directors have confirmed their independence to the Company during the reporting period as required under Rule 3.13 of the Listing Rules. The Company considers such directors to be independent during their respective tenure in 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 secretary of the Board is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

Corporate Governance Report

During the reporting period, the Board held a total of 11 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 his/her proxy	Attendance Rate
Hui Kai	11	10	1	91%
Sun Benye	8	8	0	100%
Xu Song	11	11	0	100%
Xu Jian	11	10	1	91%
Yin Shihui	8	8	0	100%
Wan Kam To, Peter	11	10	1	91%
Wang Zhifeng	11	11	0	100%
Sun Xiyun	8	8	0	100%
Zhang Zuogang	1	1	0	100%
Dong Yanhong	11	10	1	91%
Su Chunhua	1	1	0	100%
Guo Yu	2	2	0	100%

During the reporting year, the Company convened three 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	3	2	67%
Sun Benye	3	3	100%
Xu Song	3	3	100%
Xu Jian	3	2	67%
Yin Shihui	3	3	100%
Wan Kam To, Peter	3	2	67%
Wang Zhifeng	3	3	100%
Sun Xiyun	3	3	100%
Zhang Zuogang	0	0	100%
Dong Yanhong	2	2	100%
Su Chunhua	0	0	100%
Guo Yu	0	0	100%

Corporate Governance Report

3. Respective responsibilities of the Board and the Management

The responsibilities of the Board and the management of the Company have been clearly defined in the Articles of Association of the Company, which aims to provide sufficient check-and-balance mechanisms for 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 2014, 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.

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.

Corporate Governance Report

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
Seminars on insider trading and disclosure of information by listed companies	The site visit and explain	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. Wan Kam To, Peter (Chairman, independent non-executive director)

Mr. Wang Zhifeng (independent non-executive director, was elected as a member of Audit Committee on 27 March 2015)

Mr. Yin Shihui (director, was elected as a member of Audit Committee on 27 March 2015)

Mr. Zhang Zuogang (director, was resigned as a member of Audit Committee on 30 January 2015)

Mr. Guo Yu (independent non-executive director, retired as a member of Audit Committee on 27 March 2015)

Corporate Governance Report

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

During the reporting year, the Audit Committee completed the following major tasks:

1. Coordination and supervision of the audit work performed by both the external auditors and the internal audit department of the Company – During the reporting year, the Audit Committee reviewed the annual external audit and internal audit work plan for the year 2015. Discussions were held with the external auditors and on matters relating to the annual financial audit and internal control of the Company for 2014. Examination was carried out and recommendations were made to the Board on the appointment of auditors for 2015.
2. Review of connected transactions – During the reporting year, the Audit Committee completed the review of the Finance Lease Agreement, the continuing connected transactions contemplated thereunder, the A share daily connection transaction amount for year 2015, and renew of the Financial Services Agreement, etc. 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 2014, the first quarterly report for the year 2015, the third quarterly report for the year 2015, interim report for the year 2015, and a 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. Wan Kam To, Peter	4	4	100%
Mr. Wang Zhifeng	3	3	100%
Mr. Yin Shihui	3	3	100%
Mr. Zhang Zuogang	1	1	100%
Mr. Guo Yu	1	1	100%

Nomination and Remuneration Committee

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. Guo Yu (Chairman, independent non-executive director, resigned as the chairman of Nomination and Remuneration Committee on 27 March 2015)

Mr. Wang Zhifeng (Chairman, independent non-executive director, elected as the Chairman of Nomination and Remuneration Committee on 27 March 2015)

Mr. Wan Kam To, Peter (independent non-executive director)

Mr. Hui Kai (executive director)

Corporate Governance Report

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

During the reporting period, the Nomination and Remuneration Committee completed the assessment of the nomination and appointment of director candidates of the fourth session of the Board of the Company and independent director candidates, and made recommendations to the Board.

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

Members of the Nomination and Remuneration Committee	Number of meetings in his/her Incumbency	Number of Attendance in person	Attendance Rate
Mr. Guo Yu	1	1	100%
Mr. Wang Zhifeng	1	1	100%
Mr. Wan Kam To, Peter	2	2	100%
Mr. Hui Kai	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:

The Strategy Development Committee consisted of three directors, namely:

Mr. Hui Kai (Chairman, director)

Mr. Xu Song (director)

Mr. Dong Yanhong (director, resigned as a member of Strategy Development Committee on 29 December 2015)

Mr. Wei Minghui (director, appointed as a member of Strategy Development Committee on 24 February 2016)

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.

Corporate Governance Report

During the reporting year, the Strategy Development Committee held three 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. Hui Kai	2	2	100%
Mr. Xu Song	2	2	100%
Mr. Dong Yanhong	2	2	100%
Mr. Wei Minghui	0	0	0

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:

Mr. Xu Jian (Chairman, director)

Mr. Wan Kam To, Peter (Independent non-executive director)

Ms. Su Chunhua (Chairman, director, retired on 30 January 2015)

Mr. Yin Shihui (Non-executive director, was elected as a member of Financial Management Committee on 27 March 2015)

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

During the reporting year, the major tasks performed by the Financial Management Committee included the review of, among others, the 2015 annual budget, the 2014 annual profit distribution plan, and the 2014 annual report (including the financial statements contained therein), and the recommendations to the Board.

Corporate Governance Report

During the reporting year, the Financial Management Committee held six 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
Mr. Xu Jian	4	4	100%
Mr. Wan Kam To, Peter	4	4	100%
Ms. Su Chunhua	1	1	100%
Mr. Yin Shihui	3	3	100%

F. AUDITORS

PricewaterhouseCoopers Zhong Tian LLP was appointed as the Company's auditor by the shareholders at the annual general meeting for the year 2014 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 2015. On the same day, PricewaterhouseCoopers Zhong Tian LLP was also appointed by the shareholders at the annual general meeting for the year 2014 as the auditor for internal control on financial reporting of the Company for the year of 2015.

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 RMB2,710,753.89 and the fees paid and payable for internal control audit were approximately RMB828,814.83. 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 AND REMUNERATION

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

Details of remuneration payable to members of the senior management in the year of 2015 are set out in Note to the financial statements.

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 a minimum of 15 hours dedicated for related professional training as set out in Rule 3.29 of the Listing Rules. Ms. Gui Yuchan and Mr. Lee Kin Yu, Arthur also participate in trainings and review 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 convene an extraordinary general meeting within 2 months and include the proposals put forward by the requisitioner(s) in the agenda of the 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 ten 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:	Mr. Wang Jilu	(Tel: 86-411-87599899)
Joint Company Secretary/qualified accountant:	Mr. Lee Kin Yu, Arthur	(Tel: 852-53774873)
		(Fax: 86-411-87599854)

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 the second extraordinary general meeting in 2015 was held on 30 January 2015 to consider and approve the amendments to the Articles of Association of the Company as follows:

paragraph 1 of Article 113 of the Article of Association to be amended as follows:

A general meeting shall be convened and presided over by the Chairman of the Board. If the Chairman is unable or fails to perform such duties, the Vice Chairman shall convene and take the chair of the meeting. If the Vice Chairman is unable or fails to perform such duties, a director elected by more than one half of the directors shall convene and preside over the meeting. If no chairman of the meeting has been designated, shareholders present shall elect one person to chair the meeting. Where the shareholders fail to elect a chairman for any reasons, the shareholders (including his proxy) present in person or by proxy who holds the greatest number of shares carrying the voting rights thereat shall be the chairman of the meeting.

paragraph 3 of Article 147 of the Article of Association to be amended as follows:

The Chairman and Vice Chairman shall be elected and removed by more than one half of all the members of the Board. The term of their office shall be three years, and renewable upon re-election.

paragraph 1 of Article 161 of the Article of Association to be amended as follows:

The Company shall establish the Board, which shall be accountable to and report to the general meeting. The Board shall consist of nine directors, three of which are independent directors. The Board shall have one chairman and one vice chairman.

paragraph 2 of Article 167 of the Article of Association to be amended as follows:

The Vice Chairman of the Company shall assist the Chairman in his performing his duties. If the Chairman is unable or fails to perform his duties, the Vice Chairman shall perform such duties. If the Vice Chairman is unable or fails to perform his duties, a director elected by more than one half of the directors shall perform such duties.

Corporate Governance Report

paragraph 3 of Article 169 of the Article of Association to be amended as follows:

The Chairman of the Board shall convene and preside over a board meeting within ten days after receiving such proposal. If the Chairman is unable or fails to perform his duties, the Vice Chairman shall perform such duties. If the Vice Chairman is unable or fails to perform his duties, a director elected by more than one half of the directors shall convene and preside over the meeting.

paragraph 1 of Article 40 of the Appendix to the Article of Association – the rules of procedure for shareholders' meetings to be amended as follows:

A general meeting shall be convened and presided over by the Chairman of the Board. If the Chairman is unable or fails to perform such duties, the Vice Chairman shall convene and take the chair of the meeting. If the Vice Chairman is unable or fails to perform such duties, a director elected by more than one half of the directors shall convene and preside over the meeting. If no chairman of the meeting has been designated, shareholders present shall elect one person to chair the meeting. Where the shareholders fail to elect a chairman for any reasons, the shareholders (including his proxy) present in person or by proxy who holds the greatest number of shares carrying the voting rights thereat shall be the chairman of the meeting.

Article 7 of the Appendix to the Article of Association – the rules of procedure for board meeting to be amended as follows:

A Board meeting shall be convened and presided over by the Chairman. If the Chairman is unable or fails to perform such duties, the Vice Chairman shall convene and preside over the meeting. If the Vice Chairman is unable or fails to perform such duties, a director elected by more than one half of the directors shall convene and preside over the meeting.

2. Convening of General Meetings

During the reporting year, two extraordinary general meetings and one annual general meeting 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 52, 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 Lushunkou District of Dalian; and the director of Dalian Municipal Commission of Development and Reform; chairman of the board of directors, general manager and deputy secretary of Dalian Port Corporation Limited; director and chairman of the board of directors of Dalian Port (PDA) Company Limited;. He is currently the chairman of the board of directors and deputy secretary of Dalian Port Corporation Limited as well as the chairman of the board of directors of Dalian Port (PDA) Company 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, and is a senior engineer at the professor level.

Mr. Xu Song (徐頌先生), aged 44, Chinese national, vice-chairman and a non-executive director of the Company. Mr. Xu joined Port of Dalian Authority (currently known as Dalian Port Corporation Limited) in 1992 and held the position of 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, a director of Dalian Port Corporation Limited, a director and the general manager of Dalian Port (PDA) Company Limited, and currently serves as the chairman of the board and the general manager of Dalian Port Corporation Limited, as well as a director and the vice-chairman of Dalian Port (PDA) Company Limited. 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.

Mr. Yin Shihui (尹世輝先生), aged 47, Chinese national. He is currently the deputy general manager and chief security of Dalian Port Corporation Limited. He joined the Port of Dalian Authority (currently known as Dalian Port Corporation Limited) in 1992 and acted as an assistant director and deputy director of the department of operations. He was also the deputy manager, manager, party secretary and secretary for discipline inspection of Dalian Port Xianglujiao Stevedoring Company, director of operation department of Dalian Port Corporation Limited, the general manager and party secretary of Dalian Port General Cargo Terminals Company, and an assistant to the general manager and deputy chief accountant of Dalian Port Corporation Limited. He now serves as the deputy general manager of Dalian Port Corporation Limited and a director of Dalian Port (PDA) Company Limited. Mr. Yin graduated from Renmin University of China with a bachelor's degree in Law. He is a senior specialist in logistics.

Profiles of Directors, Supervisors and Senior Management

Mr. Wei Minghui (魏明暉先生), aged 46, Chinese national, an executive director and general manager of the Company. Mr. Wei joined Port of Dalian Authority (former name of Dalian Port Corporation Limited) in 1994 and held various positions in the past, including the deputy director of the Shenyang office of Dalian Port Freight Centre, the secretary of the Secretarial Office of Port of Dalian Authority, the deputy director of Dalian Port Freight Centre, the general manager of Dalian Port (PDA) Company Limited's Automotive Logistics Division, the general manager of Dalian Automobile Terminal Co., Ltd. and a branch secretary of the Party Committee. He is currently a director and the general manager of Dalian Port (PDA) Company Limited. Mr. Wei graduated from Dalian Maritime University with a master degree in transportation planning and management and is a senior specialist in logistics.

Mr. Wan Kam To, Peter (尹錦滔先生), aged 63, 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. 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.

Wang Zhifeng (王志峰先生), aged 61, Chinese national, an independent non-executive Director of the Company, served as the head and the Secretary of the Communist Party Committee of Dalian Branch of the Agricultural Bank, and a supervisor of ABC Financial Leasing Co., Ltd. He is currently the senior specialist of assets and liabilities department of the head office of Agricultural Bank of China Limited. Mr. Wang graduated from Shenyang Agricultural College with master's degree in economic management, and is currently a senior economist.

Mr. Sun Xiyun (孫喜運先生), aged 65, Chinese national, an independent non-executive Director of the Company. Mr. Sun is the former party secretary of Dalian Locomotive & Rolling Stock Factory Co., Ltd. (大連機車車輛廠(有限公司)) and was the chairman, general manager, party secretary of Dalian Locomotive & Rolling Stock Co., Ltd. (大連機車車輛有限公司) and the president assistant at the headquarters of China CNR Corporation (中國北車集團) of Dalian. He is currently the vice-president of association for science and technology of China CNR Corporation. Mr. Sun holds an EMBA from the Faculty of Management and Economics of Dalian University of Technology and is a senior engineer at the professor level.

Supervisors:

Mr. Jia Wenjun (賈文軍先生), aged 42, Chinese national. Mr. Jia was the head of audit verification department of Liaoning Dongzheng Accounting Firms (遼寧東正會計師事務所) and prior to that, worked in Dalian Regulatory Bureau under China Securities Regulatory Commission, business section I of inspectors under China Securities Regulatory Commission in Shenzhen and acted as the deputy chief of the listed companies' supervision division and the investigation division of Dalian Regulatory Bureau under China Securities Regulatory Commission. He is currently the chief accountant of Dalian Port Corporation Limited and a supervisor of Dalian Port (PDA) Company Limited. Mr. Jia graduated from Dongbei University of Finance and Economics with a master's degree in accounting. He is an CPA and CPV.

Profiles of Directors, Supervisors and Senior Management

Mr. Kong Xianjing (孔憲京先生), aged 64, Chinese national. Mr. Kong is currently a professor of the Institute of Earthquake Engineering under the School of Hydraulic Engineering of Dalian University of Technology and an instructor of PhD candidates. He led and completed around 30 national projects sponsored by the National Natural Science Fund of China, Key Projects of Ministry of Education, and Research Fund for the Doctoral Program of Higher Education of Ministry of Education and National Key Scientific Projects. He received two second award of the National Prize for Progress in Science and Technology, one third award of the National Prize for Progress in Science and Technology, three first award of the Provincial Prize for Progress in Science and Technology and five other science and technology prizes. He took part in preparation and revision of six national and industrial standards, owned eight licensed software copyrights and published over 160 papers. He has been named and awarded with a number of honorary titles, including as one of “the Hundred Outstanding Young Scientists in Dalian City”, “the Young Workers of Advanced Science and Technology in Liaoning Province”, “Outstanding Overseas Studies Returnees”, “Outstanding Experts in Dalian City” and “First Batch of Distinguish Experts in Dalian City”. He has enjoyed the government special allowance since 1998. Mr. Kong graduated from Dalian University of Technology with post-graduate attainment and obtained a doctorate degree in 1990.

Mr. Jiao Yingguang (焦迎光先生), aged 49, Chinese national. Mr. Jiao held various positions including deputy chief of the shipping and commerce division under the business department of Port of Dalian Authority, deputy chief of the business department of Port of Dalian Authority, deputy general manager of Dalian Port General Cargo Terminals Company, deputy general manager of Dalian Port Corporation (Jinzhou) Liaoxi Port Investment and Development Co., Ltd., deputy director of operation department of Dalian Port Corporation Limited, deputy director of operation department of Dalian Port (PDA) Company Limited, director of operation department and head of customer service centre of Dalian Port (PDA) Company Limited, and general manager of Dalian Portnet Co., Ltd.. Mr Jiao, currently serves as the staff supervisor and head of production planning center of Dalian Port (PDA) Company Limited. Mr. Jiao graduated from Wuhan Institute of Water Transportation Engineering with a bachelor’s degree in Transportation Management. He is a senior specialist in logistics.

Ms. Zhao Rong (趙蓉女士), aged 48, Chinese national,. Ms. Zhao held various positions with PDA since then, including the financial controller of the Dalian Port Freight Centre, the head of the Finance Division of Dalian Port Dayaowan Stevedoring Company, the accounting head of the planning and financing department of PDA, deputy director of the risk management department of PDA, deputy head of the audit management center of PDA and chief financial controller of the Dalian Port Real Estate Co., Ltd.. Ms. Zhao is currently a staff supervisor and the director of audit management center of Dalian Port (PDA) Company Limited. Ms. Zhao graduated from the Central Radio and TV University with a bachelor’s degree in accounting. She is a senior accountant.

Senior Management:

Mr. Wei Minghui (魏明輝先生), the general manager of the Company. Please refer to the above section headed “Directors” for the profile of Mr. Wei.

Mr. Wang Tiefu (王鐵夫先生), aged 52, Chinese national, the deputy general manager of the Company. He previously served as the deputy manager of Dalian Port Dalian Bay Stevedoring Company, the deputy director of the coordination office of Port of Dalian Authority, the deputy general manager of Dalian United International Shipping Agency, the deputy chief of the business department of Port of Dalian Authority, the deputy director (oversight of tasks) of Dalian Port Freight Development and Service Center, the manager of Dalian Port Ore Terminal Company (大連港礦石碼頭公司), the assistant to the general manager of Dalian Port Corporation Limited, the chairman of the board of directors of Ningde Port Development Limited Company (寧德港口發展有限公司), the director of Fujian Ninglian Port Co., Ltd., the general manager of North Yellow Sea Port Cooperation Management Company (北黃海港口合作管理公司), the deputy team leader of the preparation team for the Coastal New City at the Taiping Bay of Dalian Port (大連港太平灣臨港新城), the team leader of the preparation team for the Coastal New City at the Taiping Bay of Dalian Port, the deputy general manager of Dalian Port (PDA) Company Limited, the general manager of Changxing Island Investment Development Co., Ltd., the general manager of Dalian Port General Cargo Terminals Company. He is currently the deputy general manager of Dalian Port (PDA) Company Limited. Mr. Wang obtained a bachelor’s degree in economics from Fudan University, majoring in domestic economics and management. He is senior specialist in logistics.

Profiles of Directors, Supervisors and Senior Management

Mr. Wang Jilu (王職璐先生), aged 40, Chinese national, the deputy general manager and secretary to the board of the Company. He previously served as the project manager of the investment banking division and the senior manager of mergers and acquisitions division at GF Securities Co., Ltd. and the deputy director of the listing office at Dalian Port Corporation Limited. He currently serves as the deputy general manager and secretary to the board of Dalian Port (PDA) Company Limited. Mr. Wang graduated from Dongbei University of Finance and Economics with a Master degree. He is also an assistant economist.

Mr. Li Yu (李宇先生), aged 39, Chinese national, the deputy chief accountant and the head of financing department of the Company. Mr. Li held various positions in the past, including finance officer of financing department of Dalian Port Container Development Company Limited, financial manager of Dalian United International Shipping Agency, project manager of financing department of Dalian Port Container Development Company Limited, deputy manager (oversight of tasks) of financing department of Dalian Jifa Logistics Company Limited, manager of financing department of Dalian Port Container Terminal Company Limited, and financial management manager of the Company. He is currently the deputy chief accountant and the deputy head of financing department of Dalian Port (PDA) Company Limited. Mr. Li obtained a master's degree in business administration from Dalian University of Technology. He is a accountant.

Mr. Lee Kin Yu, Arthur (李健儒先生), aged 56, 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 Auditor's Report

PwC ZT Shen Zi (2016) No. 10099

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 2015, and the consolidated and company income statements, the consolidated and company statements of changes in shareholders' equity and the consolidated and company cash flow statements for the year then ended, and the notes to the financial statements.

1. Management's Responsibility for the Financial Statements

Management of Dalian Port (PDA) Company Limited is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

2. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements 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 auditor's judgment, 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the 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.

3. Opinion

In our opinion, the accompanying 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 2015, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

PricewaterhouseCoopers Zhong Tian LLP

Shanghai, the People's Republic of China

24 March 2016

Consolidated Balance Sheet

As at 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

ASSETS	Note	31 December 2015 Consolidated	31 December 2014 Consolidated
Current assets			
Cash at bank and in hand	4(1)	2,933,297,517.35	2,446,016,177.99
Financial assets at fair value through profit or loss	4(2)	16,179,169.50	15,445,634.60
Notes receivable	4(3)	81,250,783.25	90,865,505.13
Accounts receivable	4(6)	821,726,759.91	837,441,400.50
Advances to suppliers	4(8)	310,199,461.71	354,973,853.25
Interest receivable	4(5)	10,165,145.48	13,272,595.57
Dividends receivable	4(4)	22,956,917.66	18,644,275.34
Other receivables	4(7)	968,861,537.41	436,938,098.66
Inventories	4(9)	936,271,014.10	965,168,857.46
Current portion of non-current assets	4(10)	65,820,000.00	–
Other current assets	4(11)	91,954,813.36	705,106,362.22
Total current assets		6,258,683,119.73	5,883,872,760.72
Non-current assets			
Available-for-sale financial assets	4(12)	154,014,686.92	233,428,161.08
Long-term receivables	4(13)	18,018,915.80	22,544,798.38
Long-term equity investments	4(14)	4,731,659,905.46	3,873,207,058.31
Investment properties	4(15)	663,610,456.30	681,660,028.98
Fixed assets	4(16)	14,333,551,893.37	14,766,393,409.27
Construction in progress	4(17)	1,837,213,589.39	1,555,093,364.31
Fixed assets pending for disposal	4(18)	3,100,470.31	1,760,200.88
Intangible assets	4(19)	881,523,132.83	729,050,736.49
Goodwill	4(20)	16,035,288.74	16,035,288.74
Long-term prepaid expenses	4(21)	52,028,185.59	23,592,159.31
Deferred tax assets	4(22)	61,839,973.50	62,570,094.83
Other non-current assets	4(23)	118,610,000.00	–
Total non-current assets		22,871,206,498.21	21,965,335,300.58
TOTAL ASSETS		29,129,889,617.94	27,849,208,061.30

Consolidated Balance Sheet

As at 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

LIABILITIES AND OWNERS' EQUITY	Note	31 December 2015 Consolidated	31 December 2014 Consolidated
Current liabilities			
Short-term borrowings	4(25)	601,694,492.83	907,302,821.28
Notes payable	4(26)	12,940,000.00	12,714,000.00
Accounts payable	4(27)	233,398,574.75	374,676,495.88
Advances from customers	4(28)	448,542,346.12	357,410,116.97
Employee benefits payable	4(29)	214,209,719.42	180,628,173.95
Taxes payable	4(30)	61,070,098.34	67,417,400.53
Interest payable	4(31)	143,719,858.67	132,295,618.54
Dividends payable	4(32)	67,388,950.20	73,114,454.27
Other payables	4(33)	585,807,063.52	669,983,218.09
Current portion of non-current liabilities	4(34)	527,771,479.16	553,387,648.39
Other current liabilities	4(35)	2,014,689,463.02	1,003,828,573.32
Total current liabilities		4,911,232,046.03	4,332,758,521.22
Non-current liabilities			
Long-term borrowings	4(36)	2,351,010,023.77	2,827,010,023.77
Debentures payable	4(37)	5,763,754,605.64	4,971,625,629.16
Long-term payables	4(38)	55,021,113.62	59,886,723.51
Deferred income	4(39)	565,081,808.69	566,797,413.08
Deferred tax liabilities	4(22)	11,731,632.17	10,086,937.73
Other non-current liabilities	4(40)	102,772,498.43	97,036,185.00
Total non-current liabilities		8,849,371,682.32	8,532,442,912.25
Total liabilities		13,760,603,728.35	12,865,201,433.47
Owners' equity			
Share capital	4(41)	4,426,000,000.00	4,426,000,000.00
Capital surplus	4(42)	6,117,565,754.62	6,122,277,019.87
Other comprehensive income	4(43)	27,023,577.28	7,123,380.72
Special reserve		23,729,633.11	16,354,483.20
Surplus reserve	4(44)	623,925,889.68	579,682,823.85
Undistributed profits	4(45)	2,820,227,405.53	2,559,058,167.36
Total equity attributable to equity holders of the Company		14,038,472,260.22	13,710,495,875.00
Minority interests	4(46)	1,330,813,629.37	1,273,510,752.83
Total owners' equity		15,369,285,889.59	14,984,006,627.83
TOTAL LIABILITIES AND OWNERS' EQUITY		29,129,889,617.94	27,849,208,061.30

The accompanying notes form an integral part of these financial statements.

Legal representative:
Hui Kai

Principal in charge of accounting:
Li Yu

Head of accounting department:
Li Yu

Consolidated Income Statement

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

Item	Note	2015 Consolidated	2014 Consolidated
1. Revenue	4(47)	8,886,167,093.15	7,942,458,597.74
Less: Cost of sales	4(47)	(7,431,655,456.89)	(6,567,561,921.15)
Taxes and surcharges	4(48)	(41,221,065.09)	(41,876,474.97)
Selling and distribution expenses	4(49)	(1,457,374.14)	(3,741,535.20)
General and administrative expenses	4(50)	(622,366,106.34)	(582,564,328.04)
Financial expenses - net	4(51)	(520,637,995.03)	(462,011,084.16)
Asset impairment losses	4(55)	10,000.00	(1,629,504.33)
Add: Profit arising from changes in fair value	4(53)	2,950,982.93	1,238,604.61
Investment income	4(54)	189,328,170.46	175,480,145.22
Including: Share of profit of associates and joint ventures		120,705,350.12	128,045,475.98
2. Operating profit		461,118,249.05	459,792,499.72
Add: Non-operating income	4(56)	274,916,120.86	355,153,011.23
Including: Gains on disposal of non-current assets		358,780.48	21,824,679.61
Less: Non-operating expenses	4(57)	(6,289,477.91)	(18,931,046.30)
Including: Losses on disposal of non-current assets		(2,223,447.08)	(13,741,880.27)
3. Total profit		729,744,892.00	796,014,464.65
Less: Income tax expenses	4(58)	(160,606,843.64)	(190,237,709.62)
4. Net profit		569,138,048.36	605,776,755.03
Including: Net profit of the combined party in a business combination involving enterprises under common control before the combination date		(303,767.46)	104,607.52
Attributable to equity holders of the Company		484,333,281.47	520,774,580.07
Minority interest		84,804,766.89	85,002,174.96
5. Other comprehensive income after tax-Net	4(43)	19,900,196.56	(7,279,998.73)
Attributable to equity holders of the Company		19,900,196.56	(7,279,998.73)
Items that will be reclassified subsequently to profit or loss			
Share of investee's other comprehensive income that will be reclassified subsequently to profit or loss		1,079,120.55	(1,834,787.33)
Gain or loss from fair value change of available-for-sale financial assets		(2,612,183.95)	(7,833,536.67)
Translation differences on foreign financial statements		21,433,259.96	2,388,325.27
Attributable to minority interest		-	-
6. Total comprehensive income		589,038,244.92	598,496,756.30
Attributable to equity holders of the Company		504,233,478.03	513,494,581.34
Attributable to minority interest		84,804,766.89	85,002,174.96
7. Earnings per share	4(59)		
Basic earnings per share (RMB Yuan)		0.11	0.12
Diluted earnings per share (RMB Yuan)		0.11	0.12

The accompanying notes form an integral part of these financial statements.

Legal representative:
Hui Kai

Principal in charge of accounting:
Li Yu

Head of accounting department:
Li Yu

Consolidated Cash Flow Statement

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

Item	Note	2015 Consolidated	2014 Consolidated
1. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		9,959,976,314.56	8,549,599,596.92
Refund of taxes and surcharges		486,172.24	4,066,556.76
Cash received relating to other operating activities	4(60)(a)	516,196,340.95	466,424,887.08
Sub-total of cash inflows from operating activities		10,476,658,827.75	9,020,091,040.76
Cash paid for goods and services		(6,450,689,722.44)	(6,091,670,425.33)
Cash paid to and on behalf of employees		(1,420,626,280.57)	(1,380,237,220.79)
Payments of taxes and surcharges		(375,156,634.86)	(425,317,377.99)
Cash paid relating to other operating activities	4(60)(b)	(299,487,835.09)	(293,622,253.83)
Sub-total of cash outflows from operating activities		(8,545,960,472.96)	(8,190,847,277.94)
Net cash flows from operating activities		1,930,698,354.79	829,243,762.82
2. Cash flows from investing activities			
Cash received from disposal of investments		1,519,616,847.47	1,735,303,079.92
Cash received from returns on investments		133,212,771.09	105,091,739.83
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		3,124,857.57	291,749,966.07
Cash received relating to other investing activities	4(60)(c)	198,940,587.21	165,473,146.89
Sub-total of cash inflows from investing activities		1,854,895,063.34	2,297,617,932.71
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,013,395,628.44)	(827,286,708.34)
Cash paid to acquire investments		(1,832,387,460.55)	(1,342,434,457.50)
Net cash paid to acquire subsidiaries and other business units	4(61)(b)	-	(1,892,780.60)
Cash paid relating to other investing activities	4(60)(d)	(695,907,516.74)	(198,940,587.22)
Sub-total of cash outflows from investing activities		(3,541,690,605.73)	(2,370,554,533.66)
Net cash flows from investing activities		(1,686,795,542.39)	(72,936,600.95)

Consolidated Cash Flow Statement

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

Item	Note	2015 Consolidated	2014 Consolidated
3. Cash flows from financing activities			
Cash received from capital contributions		58,296,800.31	64,271,029.57
Including: Cash received from capital contributions by minority shareholders of subsidiaries		58,296,800.31	64,271,029.57
Cash received from borrowings		2,484,707,752.63	4,451,522,451.27
Cash received from issuance of debentures		2,800,000,000.00	1,000,000,000.00
Cash received relating to other financing activities	4(60)(e)	40,071,900.00	11,346,926.61
Sub-total of cash inflows from financing activities		5,383,076,452.94	5,527,140,407.45
Cash repayments of borrowings		(4,314,024,735.59)	(5,269,690,187.72)
Cash payments for interest expenses and distribution of dividends or profits		(798,066,451.10)	(939,962,460.65)
Including: Cash payments for dividends or profit to minority owners of subsidiaries		(90,226,371.37)	(85,867,313.93)
Cash payments relating to other financing activities	4(60)(f)	(37,061,613.07)	(3,332,378.68)
Sub-total of cash outflows from financing activities		(5,149,152,799.76)	(6,212,985,027.05)
Net cash flows from financing activities		233,923,653.18	(685,844,619.60)
4. Effect of foreign exchange rate changes on cash and cash equivalents			
		4,026,127.15	(2,305,552.46)
5. Net increase in cash and cash equivalents			
Add: Cash and cash equivalents at beginning of year	4(61)(c)	2,247,075,590.78	2,178,918,600.97
6. Cash and cash equivalent at end of year			
		2,728,928,183.51	2,247,075,590.78

The accompanying notes form an integral part of these financial statements.

Legal representative:
Hui Kai

Principal in charge of accounting:
Li Yu

Head of accounting department:
Li Yu

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

Item	Note	Attributable to equity holders of the Company							
		Paid-in capital	Capital surplus	Other comprehensive income	Surplus reserve	Special reserve	Undistributed profits	Minority interests	Total owners' equity
Balance at 31 December 2013		4,426,000,000.00	6,109,266,256.52	14,403,379.45	533,416,415.28	9,528,835.46	2,352,129,307.90	1,216,540,835.39	14,661,285,030.00
Business combinations involving enterprises under common control	5(1)(a)	-	5,000,000.00	-	-	-	24,786.48	-	5,024,786.48
Balance at 1 January 2014		4,426,000,000.00	6,114,266,256.52	14,403,379.45	533,416,415.28	9,528,835.46	2,352,154,094.38	1,216,540,835.39	14,666,309,816.48
Total comprehensive income		-	-	(7,279,998.73)	-	-	520,774,580.07	85,002,174.96	598,496,756.30
Net profit		-	-	-	-	-	520,774,580.07	85,002,174.96	605,776,755.03
Other comprehensive income	4(43)	-	-	(7,279,998.73)	-	-	-	-	(7,279,998.73)
Capital contribution and withdrawal by owners		-	5,439,078.91	-	-	-	-	58,831,950.67	64,271,029.58
Establishment of subsidiaries		-	-	-	-	-	-	47,100,316.00	47,100,316.00
Disposal of minority interests		-	5,439,078.91	-	-	-	-	11,731,634.67	17,170,713.58
Profit distribution	4(45)	-	-	-	46,266,408.57	-	(313,870,507.09)	(87,378,823.35)	(354,982,921.87)
Appropriation to surplus reserve		-	-	-	46,266,408.57	-	(46,266,408.57)	-	-
Profit distribution to equity owners		-	-	-	-	-	(265,560,000.00)	(85,687,313.93)	(351,247,313.93)
Appropriation to employee bonus and welfare fund		-	-	-	-	-	(2,044,098.52)	(1,691,509.42)	(3,735,607.94)
Special reserve		-	-	-	-	6,825,647.74	-	514,615.16	7,340,262.90
Accruals in the current year		-	-	-	-	30,427,817.02	-	2,898,122.20	33,325,939.22
Utilized in the current year		-	-	-	-	(23,602,169.28)	-	(2,383,507.04)	(25,985,676.32)
Others	4(42)	-	2,571,684.44	-	-	-	-	-	2,571,684.44
Balance at 31 December 2014		4,426,000,000.00	6,122,277,019.87	7,123,380.72	579,682,823.85	16,354,483.20	2,559,058,167.36	1,273,510,752.83	14,984,006,627.83
Balance at 1 January 2015		4,426,000,000.00	6,122,277,019.87	7,123,380.72	579,682,823.85	16,354,483.20	2,559,058,167.36	1,273,510,752.83	14,984,006,627.83
Total comprehensive income		-	-	19,900,196.56	-	-	484,333,281.47	84,804,766.89	589,038,244.92
Net profit		-	-	-	-	-	484,333,281.47	84,804,766.89	569,138,048.36
Other comprehensive income	4(43)	-	-	19,900,196.56	-	-	-	-	19,900,196.56
Capital contribution and withdrawal by owners		-	2,116.31	-	-	-	-	58,294,684.00	58,296,800.31
Establishment of subsidiaries		-	-	-	-	-	-	18,350,000.00	18,350,000.00
Disposal of minority interests		-	-	-	-	-	-	28,000,000.00	28,000,000.00
Subscribed capital contribution by minority shareholders		-	2,116.31	-	-	-	-	11,944,684.00	11,946,800.31
Profit distribution	4(45)	-	-	-	44,243,065.83	-	(223,164,043.30)	(86,098,209.42)	(265,019,186.89)
Appropriation to surplus reserve		-	-	-	44,243,065.83	-	(44,243,065.83)	-	-
Profit distribution to equity owners		-	-	-	-	-	(177,040,000.00)	(84,500,867.30)	(261,540,867.30)
Appropriation to employee bonus and welfare fund		-	-	-	-	-	(1,880,977.47)	(1,597,342.12)	(3,478,319.59)
Special reserve		-	-	-	-	7,375,149.91	-	301,635.07	7,676,784.98
Accruals in the current year		-	-	-	-	29,515,913.50	-	2,690,234.65	32,206,148.15
Utilized in the current year		-	-	-	-	(22,140,763.59)	-	(2,388,599.58)	(24,529,363.17)
Others	4(42)	-	(4,713,381.56)	-	-	-	-	-	(4,713,381.56)
Balance at 31 December 2015		4,426,000,000.00	6,117,565,754.62	27,023,577.28	623,925,889.68	23,729,633.11	2,820,227,405.53	1,330,813,629.37	15,369,285,889.59

The accompanying notes form an integral part of these financial statements.

Legal representative:
Hui Kai

Principal in charge of accounting:
Li Yu

Head of accounting department:
Li Yu

Company Balance Sheet

As at 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

Assets	Note	31 December 2015 Company	31 December 2014 Company
Current assets			
Cash at bank and in hand		762,617,453.11	968,139,861.43
Financial assets at fair value through profit or loss		16,179,169.50	15,445,634.60
Notes receivable		70,752,136.53	71,560,455.87
Accounts receivable	18(1)	604,181,704.13	609,891,726.68
Advances to suppliers		8,455,263.12	13,254,097.70
Interest receivable		9,284,624.89	13,326,704.57
Dividends receivable		632,101,224.04	501,368,769.30
Other receivables	18(2)	699,598,239.30	663,781,196.55
Inventories		48,611,513.93	51,876,684.71
Current portion of non-current assets		65,820,000.00	–
Other current assets		1,325,794.87	601,590,954.96
Total current assets		2,918,927,123.42	3,510,236,086.37
Non-current assets			
Available-for-sale financial assets		13,900,057.50	91,620,057.50
Long-term receivables		1,110,000,000.00	600,000,000.00
Long-term equity investments	18(3)	7,582,403,325.00	6,616,563,021.81
Fixed assets		11,186,682,178.80	11,505,339,651.56
Construction in progress		1,485,645,240.06	1,382,940,547.20
Fixed assets pending for disposal		3,100,470.31	1,760,200.88
Intangible assets		430,005,207.59	257,657,345.98
Long-term prepaid expenses		20,798,333.44	3,785,460.53
Deferred tax assets		2,600,895.71	4,063,330.14
Other non-current assets		118,610,000.00	–
Total non-current assets		21,953,745,708.41	20,463,729,615.60
TOTAL ASSETS		24,872,672,831.83	23,973,965,701.97

Company Balance Sheet

As at 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

Liabilities and owners' Equity	Note	31 December 2015 Company	31 December 2014 Company
Current liabilities			
Notes payable		12,140,000.00	12,714,000.00
Accounts payable		27,673,362.29	54,804,816.43
Advances from customers		19,304,602.94	21,311,852.05
Employee benefits payable		109,004,368.67	89,353,514.87
Taxes payable		9,666,795.36	19,257,371.41
Interest payable		129,842,818.38	131,212,986.61
Other payables		341,572,687.88	470,876,454.97
Current portion of non-current liabilities		500,000,000.00	250,000,000.00
Other current liabilities		2,014,689,463.02	1,003,828,573.32
Total current liabilities		3,163,894,098.54	2,053,359,569.66
Non-current liabilities			
Long-term borrowings		2,300,000,000.00	2,800,000,000.00
Debentures payable		4,979,878,964.06	4,971,625,629.16
Deferred income		537,006,884.92	533,845,220.22
Other non-current liabilities		102,743,355.00	97,036,185.00
Total non-current liabilities		7,919,629,203.98	8,402,507,034.38
Total liabilities		11,083,523,302.52	10,455,866,604.04
Owners' equity			
Share capital		4,426,000,000.00	4,426,000,000.00
Capital surplus		6,230,896,469.59	6,231,275,243.90
Surplus reserve		579,045,626.93	534,802,561.09
Special reserve		17,836,514.63	11,797,967.31
Undistributed profits		2,535,370,918.16	2,314,223,325.63
Total owners' equity		13,789,149,529.31	13,518,099,097.93
TOTAL LIABILITIES AND OWNERS' EQUITY		24,872,672,831.83	23,973,965,701.97

The accompanying notes form an integral part of these financial statements.

Legal representative:
Hui Kai

Principal in charge of accounting:
Li Yu

Head of accounting department:
Li Yu

Company Income Statement

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

Item	Note	2015 Company	2014 Company
1. Revenue	18(4)	3,026,290,132.35	3,082,042,240.56
Less: Cost of sales	18(4)	(2,096,292,864.14)	(2,104,281,023.08)
Taxes and surcharges		(18,415,146.65)	(18,695,493.52)
General and administrative expenses		(347,759,293.15)	(329,339,174.48)
Financial expenses - net		(456,428,090.33)	(418,829,468.43)
Asset impairment losses		10,000.00	(43,199,708.28)
Add: Profit arising from changes in fair value		2,950,982.93	1,322,804.61
Investment income		329,997,046.52	305,464,767.23
Including: Share of profit of associates and joint ventures	18(5)	114,744,957.14	96,682,471.26
2. Operating profit		440,352,767.53	474,484,944.61
Add: Non-operating income		46,619,358.65	67,360,000.65
Including: Gains on disposal of non-current assets		5,858.21	20,814,690.00
Less: Non-operating expenses		(3,656,671.40)	(7,663,287.31)
Including: Losses on disposal of non-current assets		(698,479.71)	(2,896,164.87)
3. Total profit		483,315,454.78	534,181,657.95
Less: Income tax expenses		(40,884,796.41)	(71,517,572.24)
4. Net profit		442,430,658.37	462,664,085.71
5. Other comprehensive income after tax-Net		-	-
6. Total comprehensive income		442,430,658.37	462,664,085.71

The accompanying notes form an integral part of these financial statements.

Legal representative:
Hui Kai

Principal in charge of accounting:
Li Yu

Head of accounting department:
Li Yu

Consolidated Cash Flow Statement

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

Item	Note	2015 Company	2014 Company
1. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		3,128,277,010.59	2,911,882,727.14
Cash received relating to other operating activities		218,889,711.30	224,595,924.72
Sub-total of cash inflows from operating activities		3,347,166,721.89	3,136,478,651.86
Cash paid for goods and services		(954,891,826.22)	(965,209,695.33)
Cash paid to and on behalf of employees		(847,295,023.32)	(901,193,252.78)
Payments of taxes and surcharges		(152,684,377.22)	(196,150,677.25)
Cash paid relating to other operating activities		(332,937,628.01)	(295,697,007.14)
Sub-total of cash outflows from operating activities		(2,287,808,854.77)	(2,358,250,632.50)
Net cash flows from operating activities	18(6)(a)	1,059,357,867.12	778,228,019.36
2. Cash flows from investing activities			
Cash received from disposal of investments		2,246,063,004.09	2,283,829,336.28
Cash received from returns on investments		152,832,266.85	230,708,976.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		901,620.30	278,190,657.15
Cash received relating to other investing activities		2,184,293.56	3,218,000.00
Sub-total of cash inflows from investing activities		2,401,981,184.80	2,795,946,970.19
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,148,777,777.29)	(524,832,466.69)
Cash paid to acquire investments		(2,631,412,154.17)	(2,400,770,000.00)
Cash paid relating to other investing activities		(2,053,494.10)	(1,271,400.98)
Sub-total of cash outflows from investing activities		(3,782,243,425.56)	(2,926,873,867.67)
Net cash flows from investing activities		(1,380,262,240.76)	(130,926,897.48)

Consolidated Cash Flow Statement

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

Item	Note	2015 Company	2014 Company
3. Cash flows from financing activities			
Cash received from borrowings		–	2,000,000,000.00
Cash received from issuance of debentures		2,000,000,000.00	1,000,000,000.00
Cash received relating to other financing activities		40,131,665.29	5,880,000.00
Sub-total of cash inflows from financing activities		2,040,131,665.29	3,005,880,000.00
Cash repayments of borrowings		(1,250,000,000.00)	(2,750,000,000.00)
Cash payments for interest expenses and distribution of dividends or profits		(666,921,468.75)	(785,536,285.32)
Cash payments relating to other financing activities		(7,869,632.61)	(3,332,378.68)
Sub-total of cash outflows from financing activities		(1,924,791,101.36)	(3,538,868,664.00)
Net cash flows from financing activities		115,340,563.93	(532,988,664.00)
4. Effect of foreign exchange rate changes on cash and cash equivalents			
		–	–
5. Net (decrease)/increase in cash and cash equivalents			
Add: Cash and cash equivalents at beginning of year	18(6)(b)	966,868,460.45	852,556,002.57
6. Cash and cash equivalent at end of year			
	18(6)(b)	761,304,650.74	966,868,460.45

The accompanying notes form an integral part of these financial statements.

Legal representative:
Hui Kai

Principal in charge of accounting:
Li Yu

Head of accounting department:
Li Yu

Company Statement of Changes in Shareholders' Equity

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

Item	Note	Paid-in capital	Capital surplus	Surplus reserve	Special reserve	Undistributed profits	Total owners' equity
Balance at 31 December 2013		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
Balance at 1 January 2014		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
Total comprehensive income		-	-	-	-	462,664,085.71	462,664,085.71
Net profit		-	-	-	-	462,664,085.71	462,664,085.71
Other comprehensive income		-	-	-	-	-	-
Profit distribution		-	-	46,266,408.56	-	(311,826,408.56)	(265,560,000.00)
Appropriation to surplus reserve		-	-	46,266,408.56	-	(46,266,408.56)	-
Profit distribution to equity owners		-	-	-	-	(265,560,000.00)	(265,560,000.00)
Special reserve		-	-	-	4,969,035.81	-	4,969,035.81
Accrued in the current year		-	-	-	22,263,813.42	-	22,263,813.42
Utilized in the current year		-	-	-	(17,294,777.61)	-	(17,294,777.61)
Others		-	1,313,249.36	-	-	-	1,313,249.36
Balance at 31 December 2014		4,426,000,000.00	6,231,275,243.90	534,802,561.09	11,797,967.31	2,314,223,325.63	13,518,099,097.93
Balance at 1 January 2015		4,426,000,000.00	6,231,275,243.90	534,802,561.09	11,797,967.31	2,314,223,325.63	13,518,099,097.93
Total comprehensive income		-	-	-	-	442,430,658.37	442,430,658.37
Net profit		-	-	-	-	442,430,658.37	442,430,658.37
Other comprehensive income		-	-	-	-	-	-
Profit distribution		-	-	44,243,065.84	-	(221,283,065.84)	(177,040,000.00)
Appropriation to surplus reserve		-	-	44,243,065.84	-	(44,243,065.84)	-
Profit distribution to equity owners		-	-	-	-	(177,040,000.00)	(177,040,000.00)
Special reserve		-	-	-	6,038,547.32	-	6,038,547.32
Accrued in the current year		-	-	-	21,767,504.95	-	21,767,504.95
Utilized in the current year		-	-	-	(15,728,957.63)	-	(15,728,957.63)
Others		-	(378,774.31)	-	-	-	(378,774.31)
Balance at 31 December 2015		4,426,000,000.00	6,230,896,469.59	579,045,626.93	17,836,514.63	2,535,370,918.16	13,789,149,529.31

The accompanying notes form an integral part of these financial statements.

Legal representative:
Hui Kai

Principal in charge of accounting:
Li Yu

Head of accounting department:
Li Yu

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

1 General information

Dalian Port (PDA) Company Limited (“the Company”) is a limited liability company jointly established by Dalian Port Group Co., Ltd (“PDA Group”), Dalian Rongda Investment Co., Ltd., Dalian Haitai Holding Co., Ltd., Dalian Detai Holding Co., Ltd. and Dalian Bonded Zhengtong Co., Ltd. on 16 November 2005, with its registered address and head office in Dalian, Liaoning Province of the People’s Republic of China (“PRC”). The parent company and the ultimate parent company of the Company is Dalian Port Group Co., Ltd. On 6 December 2010, the Company was listed on Shanghai Stock Exchange. On 21 March 2006 the Company issued 966,000,000 shares (H shares) to the public, and on 28 April 2006 it was listed on the Stock Exchange of Hong Kong Limited. As at 31 December 2015, the Company’s share capital totalled RMB4,426,000,000 with a par value of RMB1.00 each.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as “the Group”) include the provision of terminal business and logistics services such as international and domestic cargo loading and discharging, transportation, transshipment, storage and etc.; tallying 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 bonded qualification and those at port storage facilities); refined oil products storage (restricted to those applying for bonded qualification and those at port storage facilities); import and export of goods and technology (excluding 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%).

Subsidiaries included in the scope of consolidation in the current year are listed in Note 6, and those newly included in the consolidation scope for the year are Dalian Northeast Asia International Shipping Center Shipping Talent Market Co., Ltd., Dalian Port Xinchengshi Trading Co., Ltd., Dalian Port Trans-Eurasia International Logistics Co., Ltd., Inner Mongolia Lugang Bonded Logistics Park Co., Ltd., Port of Dalian SLD Timber Trading Center Co., Ltd., Dalian Zhuanghe Gangxing Investment Co., Ltd., Huanan Dalian Port Zhengliang Cereals and Oil Trading Co., Ltd.. Refer to Note 5.

These financial statements were approved and authorised for issue by the Company’s Board of Directors on 24 March 2016.

2 Summary of significant accounting policies and accounting estimates

The Group determines its specific accounting policies and accounting estimates on the basis of the production and operation feature, which is reflected in: Method to make a provision for bad debts of accounts receivable (Note 2(10)), Valuation of inventory (Note 2(11)), Judgement criteria for impairment of available-for-sale equity instrument (Note 2(9)), Amortisation of fixed assets and intangible assets (Note 2(14)(17)), Measurement model of investment properties (Note 2(13)), and Recognition of revenue (Note 2(23)).

The critical judgements made by the Group in determining significant accounting policies are detailed in Note 2(29).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(1) BASIS OF PREPARATION

The financial statements are prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises, and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and thereafter (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “CAS”), and the disclosure requirements *Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provision on Financial Reporting* issued by China Securities Regulatory Commission.

The financial statements have been prepared on a going concern basis.

The New Hong Kong Companies Ordinance took effect from 2015 and certain disclosures in the financial statements have been adjusted in accordance with requirements therein.

(2) STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Company for the year ended 31 December 2015 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the consolidated and the Company as at 31 December 2015 and of their financial performance, cash flows and other information for the year then ended.

(3) ACCOUNTING YEAR

The Company’s accounting year starts on 1 January and ends on 31 December.

(4) RECORDING CURRENCY

The recording currency is Renminbi (RMB).

(5) BUSINESS COMBINATIONS

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer’s interest in the fair value of the acquiree’s identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer’s interest in the fair value of the acquiree’s identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(6) PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profit realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' shareholders' equity and the portion of subsidiaries' net profits and losses and comprehensive income for the period not attributable to the Company are recognised as minority interests, net profit attributed to minority interests and total comprehensive income attributed to minority interests, and presented separately in the consolidated financial statements under owners' equity, net profits and total comprehensive income respectively. If the subsidiaries' loss of current period attributed to the minority shareholders exceed the opening amount of minority interests, the balance will be deducted from the minority interests. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to shareholders of the Company. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to shareholders of the Company and minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to shareholders of the Company and minority interests in accordance with the allocation proportion of the parent in the seller subsidiary.

If the accounting treatment of a transaction which considers the Group as an accounting entity is different from that considers the Company or its subsidiaries as an accounting entity, it is adjusted from the perspective of the Group.

(7) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) FOREIGN CURRENCY TRANSLATION

(a) Foreign currency transaction

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(8) FOREIGN CURRENCY TRANSLATION (Continued)

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) FINANCIAL INSTRUMENTS

(a) Financial assets

(i) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in the short term.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets on the balance sheet if management intends to dispose of them within 12 months after the balance sheet date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments that management has the positive intention and ability to hold to maturity. Held-to-maturity investments with maturities over 12 months when the investments were made but are due within 12 months (inclusive) at the balance sheet date are included in the current portion of non-current assets; held-to maturity investments with maturities no more than 12 months (inclusive) when the investments were made are included in other current assets.

(ii) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initially recognised amounts.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables and held-to-maturity investments are measured at amortised cost using the effective interest method.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(9) FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial assets *(Continued)*

(ii) *Recognition and measurement (Continued)*

Gains or losses arising from change in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Interests and cash dividends received during the period in which such financial assets are held, as well as the gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

Gains or losses arising from change in fair value of available-for-sale financial assets are recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets. When such financial assets are derecognised, the cumulative gains or losses previously recognised directly into equity are recycled into profit or loss for the current period. Interests on available-for-sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

(iii) *Impairment of financial assets*

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment loss is provided for.

Objective evidence indicating impairment of financial assets refers to the matter that actually occurs after the initial recognition of financial assets, will affect estimated future cash flows of financial assets, and its impact can be reliably measured.

Objective evidence indicating impairment of available-for-sale equity instruments includes a significant or prolonged decline in the fair value of the investment in equity instruments. The Group separately tests the available-for-sale equity instruments at each balance sheet date. If their fair value at the balance sheet date is lower than their initial investment costs for more than 50% (inclusive) or lower than their initial investment costs for the duration of more than 1 year (inclusive), therefore, the impairment loss has occurred. However, if their fair value at the balance sheet date is lower than their initial investment costs for more than 20% (inclusive) but less than 50%, the Group will take into account other factors, such as price volatility in the judgement of impairment loss. The Group calculates the initial investment cost of available-for-sale equity instruments by using weighted average method.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(9) FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets (Continued)

(iii) Impairment of financial assets (Continued)

If an impairment loss on available-for-sale financial assets measured at fair value incurred, the cumulative losses arising from the decline in fair value that has been recognised directly in equity are transferred out from equity and into impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previously recognised impairment loss is reversed into profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

When an impairment loss on an available-for-sale financial asset measured at cost incurs, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognised in profit or loss for the current period. The previously recognised impairment loss will not be reversed in subsequent periods.

(iv) Derecognition of financial assets

A financial asset is derecognised when any of the below criteria is met: (i) the contractual rights to receive the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group mainly comprise other financial liabilities, including payables, borrowings and bonds payable.

Payables, including accounts payable and other payables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and debentures payable are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities no more than one year (inclusive) are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year (inclusive) at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(9) FINANCIAL INSTRUMENTS *(Continued)*

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. When conducting valuation, the Group uses valuation techniques that are applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. The Group uses unobservable inputs when relevant observable inputs are not available or feasible.

(10) RECEIVABLES

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sales of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

(a) Receivables with amounts that are individually significant and subject to separate assessment for provision for bad debts

Receivables with amounts that are individually significant are subject to separate assessment for impairment. If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for impairment of that receivable is made.

The criterion for determining “individually significant” amounts is that any individual amount is more than RMB5 million.

Provision for bad debts for those individually significant amounts is determined at the excess amount of its carry amount over the present value of the future cash flow expected to be derived from the receivable.

(b) Receivables that are subject to provision for bad debts on the grouping basis

Receivables with amounts that are not individually significant and those receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

The basis of the grouping recognition:

Group 1: Receivables except for Group 2

Group 2: Receivables recognised as low credit risk characteristics according to the transaction nature and historical experience

Methods of determining provision for bad debts by groupings are as follows:

Group 1: Ageing analysis method

Group 2: No provision for bad debts

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(10) RECEIVABLES (Continued)

(b) Receivables that are subject to provision for bad debts on the grouping basis (Continued)

The provision ratios used under the ageing analysis method for the above groupings are as follows:

Ageing	Provision ratios used for accounts receivable	Provision ratios used for other receivables
Within 1 year (inclusive)	5%	5%
1 to 2 years (inclusive)	10%	10%
2 to 3 years (inclusive)	20%	20%
3 to 5 years (inclusive)	50%	50%
Over 5 years	100%	100%

(c) Receivables with amounts that are not individually significant but subject to separate assessment for provision for bad debts

The reason for making separate assessment for provision for bad debts is that there exists objective evidence that the Group will not be able to collect the amount under the original terms of the receivable.

The provision for bad debts is determined at the excess amount of its carry amount over the present value of the future cash flow expected to be derived from the receivable.

(d) When the Group transfers the accounts receivable to the financial institutions without recourse, the difference between the proceeds received from the transaction and their carrying amounts and the related taxes is recognised in profit or loss for the current period.

(11) INVENTORIES

(a) Classification

Inventories include raw materials, work in progress, finished goods and turnover materials, and are stated at the lower of cost and net realisable value. Raw materials mainly comprise fuel and spare parts used in port operation. Work in progress mainly comprises software under development for third parties. Finished goods mainly comprise trading goods.

(b) Costing of inventories

Cost is determined using the weighted average method. Costs of inventories consist of purchase cost, processing cost and other costs.

(c) Basis for determining net realisable value of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

(d) The Group adopts the perpetual inventory system.

(e) Amortisation methods of low value consumables and packaging materials

Turnover materials include low value consumables and packaging materials. Low value consumables are amortised into expenses based upon numbers of usage, and the packaging materials are expensed when issued.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(12) LONG-TERM EQUITY INVESTMENTS

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is the investee that the Group has significant influence on its financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments acquired through a business combination: for a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For a long-term equity investment acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(b) Subsequent measurement and recognition of related profit and loss

Long-term equity investments accounted for using the cost method are measured at the initial investment cost. Cash dividends or profit distributions declared by the investees are recognised as investment income in profit or loss.

Long-term equity investments accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at the cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

Long-term equity investments under the equity method of accounting, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group does not recognise further losses when the carrying amounts of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in the investees are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. The changes of the Group's share of the investee's owner's equity other than those arising from the net profit or loss, other comprehensive income and profit distribution, are recognised in capital surplus with a corresponding adjustment to the carrying amounts of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses on transactions between the Group and its investees are eliminated to the extent of the Group's equity interest in the investees, based on which the investment gain or losses are recognised. Any losses resulting from transactions between the Group and its investees attributable to asset impairment losses are not eliminated.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(12) LONG-TERM EQUITY INVESTMENTS (Continued)

(c) Basis for determining existence of control, joint control or significant influence over investees

Control is the power to govern an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns.

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

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

(13) INVESTMENT PROPERTIES

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Buildings and land use rights are depreciated or amortised to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation (amortisation) rates of investment properties are determined using the same policies as buildings or land use rights (Note 2(14) and 2(17)).

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at its carrying amount at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of the transfer.

The investment property's estimated useful life, net residual value and depreciation (amortisation) method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

The carrying amount of an investment property is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(19)).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(14) FIXED ASSETS

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, terminal facilities, oil tanks and pipelines, loading equipment, transportation equipment, vessels, storage facilities, machinery and equipment and other equipment.

Fixed assets are recognised when it is probable that the associated economic benefits will flow to the Group and the reliable costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition. The fixed assets contributed by the State shareholders at the reorganisation of the Company into a corporation entity are recognised based on the revaluated amounts approved by the state-owned assets administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful life, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

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

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

- (c) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(14) FIXED ASSETS (Continued)

(d) Recognition and measurement of fixed assets held under finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge (Note 2(26)(b)).

Fixed assets held under a finance lease are depreciated on a basis consistent with the depreciation policy adopted for fixed assets that are self-owned. When a leased asset can be reasonably determined that its ownership will be transferred at the end of the lease term, it is depreciated over the expected useful life; otherwise, the leased asset is depreciated over the shorter period of the lease term and the expected useful life.

(e) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(15) CONSTRUCTION IN PROGRESS

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

(16) BORROWING COSTS

The borrowing costs that are directly attributable to the acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial amount of the borrowings.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(17) INTANGIBLE ASSETS

Intangible assets comprise land use rights, container flat vehicle use rights, software, golf membership, sea area use rights, port facility use rights, customer relationships and port information platform. Intangible assets are measured at cost. The intangible assets contributed by the State shareholders at the reorganisation of the Company into a corporation are recognised based on the revaluated amounts as approved by the state-owned assets administration department.

If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

(a) The estimated useful life of intangible assets are as follows:

	Estimated useful life
Land use rights	50 years
Container flat vehicle use rights	10 years
Software	2 to 10 years
Golf membership	10 to 46 years
Sea area use rights	10 to 50 years
Port facilities use rights	50 years
Customer relationships	10 years
Port information platform	10 years

(b) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

(c) Impairment of intangible assets

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

(18) LONG-TERM PREPAID EXPENSES

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(19) IMPAIRMENT OF LONG-TERM ASSETS

Fixed assets, construction in progress, intangible assets with a finite useful life and long-term equity investments in subsidiaries, joint ventures are tested for impairment if there is any indication that an asset may be impaired at the balance date. Intangible assets which are not ready for their intended use are tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(19) IMPAIRMENT OF LONG-TERM ASSETS *(Continued)*

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(20) EMPLOYEE BENEFITS

Employee benefits refer to all forms of consideration compensation given by the Group in exchange for service rendered by employees or for the termination of employment relationship, which include short-term employee benefits, post-employment benefits and termination benefits.

(a) Short-term employee benefits

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs and etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and Defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which belong to the defined contribution plans.

Basic pensions

Employees of the Group participate in the basic pension plan set up and administered by local authorities of Ministry of Human Recourse and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(20) EMPLOYEE BENEFITS *(Continued)*

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

The termination benefits expected to be settled within one year since the balance sheet date are classified as current liabilities.

(21) DIVIDEND DISTRIBUTION

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

(22) PROVISIONS

Provisions for product warranties, onerous contracts etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(23) REVENUE RECOGNITION

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is stated net of discounts, rebates and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of the Group's activities as described below:

(a) Sales of goods

Revenue is recognised when the Group has transferred all the significant risks and rewards incidental to ownership of goods to the buyer and no longer reserved any right to continue to manage and implement effective control which often associated with the ownership of the goods, and costs incurred or to be incurred can be measured reliably. The amount of revenue arising from the sales of goods is determined in accordance with the consideration received or receivable from the buyer under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair. 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 from the sales of goods is measured at the fair value of the consideration receivable.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(23) REVENUE RECOGNITION *(Continued)*

(b) 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, otherwise, the revenue is recognised to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving 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 related economic benefits will flow into 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 completion progress of a transaction involving rendering of services based on the proportion of cost incurred to estimated total cost. The total service revenue on a transaction involving the rendering of services is determined in accordance with the consideration received or receivable from the recipient of services under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair.

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

(24) GOVERNMENT GRANTS

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidies and etc.

Government grants are recognised when the Group can comply with all attached conditions and the government grant can be received. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is non-monetary assets, it will be measured at fair value; if it is unable to obtain its fair value reliably; it will be measured at nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purpose of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

A government grant related to an asset will be recognised as deferred income, and evenly recognised in profit or loss over the useful life of the related asset. Government grants measured at nominal amount will be directly recorded in profit or loss for the current period.

Government grants related to income will be recorded as deferred income and recognised in profit or loss in the period in which the related expenses are recognised if the grants are intended to compensate for future expenses or loss and otherwise recognised in profit or loss for the current period of the grants are used to compensate for expenses or losses that have been incurred.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(25) DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax 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.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred taxes are related to the same tax payer within the Group and the same taxation authority; and,
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(26) LEASES

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

(a) Operating leases

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

Rental income under an operating lease is recognised on a straight-line basis over the period of the lease.

(b) Finance leases

The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge and is amortised using the effective interest method over the period of the lease. A long-term payable is recorded at the amount equal to the minimum lease payments less the unrecognised finance charge.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(27) SEGMENT INFORMATION

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

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; and (3) for which the information on financial position, operating results and cash flows is available to the Group. Two or more operating segments have similar economic characteristics and satisfy certain conditions, can be aggregated into one single operating segment.

(28) PRODUCTION SAFETY EXPENSES

Production safety expenses accrued in accordance with regulations is charged to the cost of related products or recognised in profit or loss for the current period, and recorded in the specific reserve. Accounting for utilisation depends on whether the expenses are fixed asset related. If production safety expenses incurred are expenditure in nature, the special reserve is reversed directly. If production safety expenses incurred are fixed assets related, they are capitalised in cost of fixed assets when the assets are ready for intended use, and the special reserve of the equivalent amount is reversed and recognised as accumulated depreciation.

(29) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

Income taxes

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

2 Summary of significant accounting policies and accounting estimates

(Continued)

(29) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Critical judgements in applying the accounting policies

- (i) *Consolidation scope – the Group holding 50% or less equity interests of the investees*
The Group determines that even if the Company only holds 50% or less of the equity interests, it has over Dalian Haijia Automobile Terminal Co., Ltd., Dalian Portsoft 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 Dalian Haijia Automobile Terminal Co., Ltd., 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 Directors of Dalian Portsoft 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 25% equity interests) of Dalian Golden Bay Grain Logistics Co., Ltd., the other shareholder gives consent to the decisions of the Company on significant operation matters. Accordingly, the Company has de-facto control over the entity.
- (ii) *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 that are largely independent 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. Such judgement is made on an individual property basis.

3 Taxation

(1) THE MAIN CATEGORIES AND RATES OF TAXES APPLICABLE TO THE GROUP ARE SET OUT BELOW:

Category	Tax base	Tax rate
Enterprise income tax	Taxable income	15% or 25%
Value-added tax ("VAT")(a)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period)	13% – 17% or 6% – 11%
Business tax (a)	Taxable turnover amount	5%
City maintenance and construction tax	Payment of VAT and business tax	7%
Educational surcharge	Payment of VAT and business tax	3%
House property tax	70% of the cost of house property or rental revenue	1.2% or 12%

- (a) Pursuant to the 'Circular on the Pilot Plan for Levying VAT in Lieu of Business Tax' from the 'Circular on Tax Policies in the Pilot Collection of Value Added Tax in lieu of Business Tax in the Railway Transportation and Post Industries' (Cai Shui [2013] No. 106) jointly issued by the Ministry of Finance and the State Administration of Taxation and other relevant regulations, revenue from terminal business of the Group is subject to VAT at the rate of 6%–11% from 1 August 2013, which is subject to business tax at the rate of 3%–5% before then.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

3 Taxation (Continued)

(2) PREFERENTIAL TAX TREATMENTS

Corporate income tax

Dalian Port Logistics Technology Co., Ltd., a subsidiary of the Group, has obtained on 29 November 2012 the Certificate of the *High and New Technological Enterprise* (No. GF201221200029) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax and Dalian Municipal Bureau of Local Taxation, and the term of validity is three years.

Dalian Portsoft Technology Co., Ltd., a subsidiary of the Group, has obtained on 29 September 2014 the Certificate of the *High and New Technological Enterprise* (No. GR201421200032) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax and Dalian Municipal Bureau of Local Taxation, and the term of validity is three years.

Dalian Portnet Co., Ltd., a subsidiary of the Group, has obtained on 29 September 2014 the Certificate of the *High and New Technological Enterprise* (No. GR201421200116) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax and Dalian Municipal Bureau of Local Taxation, and the term of validity is three years.

Dalian Port Logistics Technology Co., Ltd., a subsidiary of the Group, has obtained on 21 September 2015 the Certificate of the *High and New Technological Enterprise* (No. GR201521200005) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax and Dalian Municipal Bureau of Local Taxation, and the term of validity is three years.

Under the *Enterprise Income Tax Law of the People's Republic of China*, the income tax rate applicable to the above 3 companies for the year of 2015 is 15%.

Land use tax

According to the *Tentative Regulations of the People's Republic of China of Urban Land Use Tax and Regulation on Issue of Land Use Tax Exemption of Port Land of Transport Department* (Guo Shui Di [1989] No. 123), certain land used for dock is exempted from land use tax. Accordingly, the land use rights held by the Group used for dock are exempted from land use tax.

Value-added tax ("VAT")

According to the 'Circular on Related Tax Policies of Encouraging Industry Development of Software and Integrated Circuit by the Ministry of Finance, State Administration of Taxation and General Administration of Customs' (Cai Shui [2000] No. 25) and Clause 1.1 of the *Circular on Policies of Further Encouraging Industry Development of Software and Integrated Circuit* (Guo Fa [2011] No. 4), VAT paid by those VAT ordinary tax payers who sell self-developed software which are taxed at the statutory rate of 17% will be refunded for the portion exceeding 3% of the actual tax burden. The tax refund should be restricted to be used for software development and expanding reproduction, which is exempted from corporate income tax. Dalian Port Logistics Technology Co., Ltd. and Dalian Portsoft Technology Co., Ltd. are entitled to the aforesaid preferential tax policy.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements

(1) CASH AT BANK AND ON HAND

	31 December 2015	31 December 2014
Cash on hand	88,856.07	123,972.84
Cash at bank (i)	2,900,011,535.80	2,415,559,980.55
Other cash balances (ii)	33,197,125.48	30,332,224.60
	2,933,297,517.35	2,446,016,177.99
Including: Amounts deposited abroad	574,311,358.65	41,227,998.41

(i) As at 31 December 2015, a bank deposit of RMB1,374,154.35 (31 December 2014: RMB1,271,400.00) is pledged as collateral for the Group's bank acceptance notes payable of RMB12,940,000.00 (31 December 2014: RMB12,714,000.00).

As at 31 December 2015, a bank deposit of RMB98,648.02 (31 December 2014: nil) is pledged as collateral for the Group's project payment guarantee of RMB985,888.67 (31 December 2014: nil).

(ii) As at 31 December 2015, other cash balance of RMB27,819,113.47 (31 December 2014: RMB24,584,123.23) is pledged as collateral for the Group's non-cancellable letter of credit.

As at 31 December 2015, other cash balance of RMB3,127,418.00 (31 December 2014: RMB4,085,063.00) is pledged as the Group's project performance guarantee.

(2) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2015	31 December 2014
Investments in equity instrument held for trading	16,179,169.50	4,304,310.00
Open money market fund	–	11,141,324.60
	16,179,169.50	15,445,634.60

The fair value of the investments in equity instrument held for trading is determined at the closing price of Shanghai Stock Exchange and Shenzhen Stock Exchange on the last trading day of the year.

(3) NOTES RECEIVABLE

	31 December 2015	31 December 2014
Trade acceptance notes	3,161,136.53	–
Bank acceptance notes	78,089,646.72	90,865,505.13
	81,250,783.25	90,865,505.13

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(3) NOTES RECEIVABLE (Continued)

- (a) As at 31 December 2015, the Group had no pledged notes receivable (31 December 2014: nil).
- (b) As at 31 December 2015, notes receivable which have been endorsed to other parties at end of year but not mature yet are as follows:

	Derecognised	Not derecognised
Bank acceptance notes	17,744,671.43	–

(4) DIVIDENDS RECEIVABLE

	31 December 2015	31 December 2014
Dalian Automobile Terminal Co., Ltd.	17,112,185.95	4,000,000.00
Taicang Xinggang Tug Co., Ltd.	2,218,079.87	–
Dalian Singamas International Container Co., Ltd.	3,626,651.84	3,127,040.63
Dalian Port Container Terminal Co., Ltd.	–	9,922,500.00
Dalian Dagang China Shipping Container Terminal Co., Ltd.	–	1,594,734.71
	22,956,917.66	18,644,275.34

(5) INTEREST RECEIVABLE

	31 December 2015	31 December 2014
Interest of fixed deposits	8,820,832.74	9,290,641.50
Interest of financial products	870,988.01	3,824,876.86
Interest of entrusted loans	276,113.60	78,911.94
Interest of current deposits	197,211.13	78,165.27
	10,165,145.48	13,272,595.57

(6) ACCOUNTS RECEIVABLE

	31 December 2015	31 December 2014
Accounts receivable	823,602,282.24	840,473,630.04
Less: Provision for bad debts	(1,875,522.33)	(3,032,229.54)
	821,726,759.91	837,441,400.50

A portion of the Group's sales is dealt in cash, advances from customers and bank acceptance notes. The remaining is made with a credit term of 90 days.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(6) ACCOUNTS RECEIVABLE (Continued)

(a) The ageing of accounts receivable based on their recording dates is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	683,272,280.43	763,462,567.08
1 to 2 years	74,971,816.13	30,391,817.26
2 to 3 years	20,154,482.34	38,966,795.19
Over 3 years	45,203,703.34	7,652,450.51
	823,602,282.24	840,473,630.04

As at 31 December 2015, accounts receivable of RMB147,554,652.13 were past due but not impaired (31 December 2014: RMB164,672,389.57). Based on the analysis of the customers' financial status and credit history, the Group expected that the overdue amounts can be recovered. The ageing of these accounts receivables is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	61,339,057.68	91,218,019.90
1 to 2 years	22,737,798.10	30,327,543.67
2 to 3 years	20,149,615.34	37,015,100.70
Over 3 years	43,328,181.01	6,111,725.30
	147,554,652.13	164,672,389.57

(b) Accounts receivable are analysed by categories as follows:

	31 December 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Percentage	Amount	% of total balance	Amount	Percentage
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	5,319,057.65	0.65%	1,491,504.33	28.04%	5,553,656.87	0.66%	1,491,504.33	26.86%
With amounts that the related provision for bad debts is provided on the grouping basis	817,899,206.59	99.30%	-	-	833,379,247.96	99.16%	-	-
Including: Group 1	-	-	-	-	-	-	-	-
Group 2	817,899,206.59	99.30%	-	-	833,379,247.96	99.16%	-	-
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	384,018.00	0.05%	384,018.00	100.00%	1,540,725.21	0.18%	1,540,725.21	100.00%
	823,602,282.24	100.00%	1,875,522.33	0.23%	840,473,630.04	100.00%	3,032,229.54	0.36%

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(6) ACCOUNTS RECEIVABLE (Continued)

- (c) As at 31 December 2015, accounts receivable with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Percentage	Reason
Receivables from Ansteel Co., Ltd.	5,319,057.65	1,491,504.33	28.04%	(i)

- (i) As at 31 December 2015, receivables with carrying amount of RMB5,319,057.65 from Ansteel Co., Ltd., including withholding port construction expenses of RMB1,491,504.33. Due to disagreement on the former terms of the business contract arising from the change of withholding agent for port construction expenses, it is believed that the Company is not able to collect such receivables and therefore full provisions for bad debts is made.

- (d) During 2015, no provision for bad debts is made.

- (e) Accounts receivable written off in the current year of RMB1,156,707.21 are analysed as follows:

	Nature of accounts receivable	Amount of write-off	Reason	Procedure for write-off	Arising from related party transactions or not
Dalian Customs	Miscellaneous expenses	1,156,707.21	Long ageing and uncollectible	Subject to approval by the Board of Directors	No

- (f) As at 31 December 2015, the top five balances of accounts receivable categorised by debtors are summarised as follows:

	Balance	Provision for bad debts	% of total balance
Total balances of top five accounts receivable	452,958,673.86	-	55.00%

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(7) OTHER RECEIVABLES

	31 December 2015	31 December 2014
Refund of land-transferring fees receivable	491,032,200.00	–
Entrusted loans (i)	162,032,800.00	43,042,800.00
Government subsidies receivable	132,479,357.00	177,717,395.00
Receivables from project payment and guarantee deposit	41,857,174.02	59,043,764.77
Receivables from freight charges, deposit and security deposit	39,867,642.11	30,603,768.82
Bills of exchange	27,771,142.03	59,832,121.88
Berth rentals receivable	13,375,000.00	–
Port construction and miscellaneous expenses	9,882,131.44	37,511,748.41
Public infrastructure maintenance expenses	411,410.70	1,508,059.45
Others	51,213,873.08	28,739,633.30
	969,922,730.38	437,999,291.63
Less: Provision for bad debts	(1,061,192.97)	(1,061,192.97)
	968,861,537.41	436,938,098.66

(i) Entrusted loans

– Loans to joint ventures

As at 31 December 2015, loans to joint ventures include:

The Group entrusted CMB Dalian Zhongshan Sub-branch to provide mortgage loans of RMB110,000,000.00 to its joint venture, Dalian Port Yidu Cold Chain Co., Ltd., at the rate of 5.0025% annually. The loans are due on 28 March 2016. The pledged assets are the borrower's 41,271m² land and 37,745m² property located in Dalian International Bonded Logistics. (31 December 2014: nil) (Note 9(5)(d)(ii)).

The Group entrusted Dalian Port Group Financial Co., Ltd. (31 December 2014: Agricultural Bank of China) to provide unsecured loans of RMB4,600,000.00 to its joint venture, Liaoning Con-Rail International Logistics Co., Ltd., at the rate of 5.60% annually. The loan is due on 11 February 2016 (31 December 2014: the loans of RMB5,610,000.00 at the rate of 6.00% annually and due on 20 February 2015) (Note 9(5)(d)(ii)).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(7) OTHER RECEIVABLES (Continued)

- Loans to associates

As at 31 December 2015, loans to associates include:

The Group entrusted Dalian Port Group Financial Co., Ltd. to provide unsecured loans of RMB24,000,000.00 to its associate, Dalian Puji Storage Facility Co., Ltd., at the rate of 6.00% annually. The loan is due on 1 July 2016 (31 December 2014: the loan of RMB24,000,000.00 at the rate of 6.00% annually and due on 2 July 2015) (Note 9(5)(d)(ii)).

The Group entrusted Dalian Port Group Financial Co., Ltd. to provide unsecured loans of RMB16,000,000.00 to its associate, Dalian Puji Storage Facility Co., Ltd., at the rate of 6.16% annually. The loan is due on 28 January 2016 (31 December 2014: nil) (Note 9(5)(d)(ii))

The Company entrusted Dalian Port Group Financial Co., Ltd. to provide unsecured loans of RMB7,432,800.00 to its associate, China Harbour United Shipping Co., Ltd., at the rate of 4.85% annually. The loan is due on 28 June 2016 (31 December 2014: the loan of RMB13,432,800.00 at the rate of 6.00% annually and due on 27 June 2015) (Note 9(5)(d)(ii)).

(a) The ageing of other receivables is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	936,531,985.48	405,958,707.23
1 to 2 years	17,963,945.74	19,971,178.71
2 to 3 years	5,418,371.15	5,903,146.39
Over 3 years	10,008,428.01	6,166,259.30
	969,922,730.38	437,999,291.63

As at 31 December 2015, other receivables of RMB30,478,770.44 were past due but not impaired. (31 December 2014: RMB14,161,039.73). Based on the analysis of the debtors' financial status and credit history the group expected that the overdue amounts can be recovered. The ageing of these other receivables is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	13,147,172.83	6,464,573.91
1 to 2 years	10,619,780.23	4,441,574.73
2 to 3 years	3,653,340.17	2,020,020.47
Over 3 years	3,058,477.21	1,234,870.62
	30,478,770.44	14,161,039.73

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(7) OTHER RECEIVABLES (Continued)

(b) Other receivables are analysed by categories as follows:

	31 December 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Percentage	Amount	% of total balance	Amount	Percentage
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	-	-	-	-	-	-	-	-
With amounts that the related provision for bad debts is provided on the grouping basis	963,884,103.01	99.38%	-	-	434,696,576.66	99.25%	-	-
Including: Group 1	-	-	-	-	-	-	-	-
Group 2	963,884,103.01	99.38%	-	-	434,696,576.66	99.25%	-	-
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	6,038,627.37	0.62%	1,061,192.97	17.57%	3,302,714.97	0.75%	1,061,192.97	32.13%
	969,922,730.38	100.00%	1,061,192.97	0.11%	437,999,291.63	100.00%	1,061,192.97	0.24%

(c) During 2015, no provision for bad debts or reversal/write-off of such provision for bad debts of other receivables were made.

(d) As at 31 December 2015, the top five balances of other receivables categorised by debtors are summarised as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Dalian Municipal Bureau of Finance	Financial subsidies and refund of land-transferring fees	619,453,275.00	Within 1 year	63.87%	-
Dalian Port Yidu Cold Chain Co., Ltd.	Entrusted loans	110,000,000.00	Within 1 year	11.34%	-
Dalian Puji Storage Facility Co., Ltd.	Entrusted loans	40,000,000.00	Within 1 year	4.12%	-
Dalian Port Engineering Co., Ltd.	Project payment and guarantee deposit	13,762,961.52	Within 1 year	1.42%	-
	Project payment and guarantee deposit	878,069.40	1 to 2 years	0.09%	-
	Project payment and guarantee deposit	1,273,584.00	2 to 3 years	0.13%	-
	Project payment and guarantee deposit	735,249.02	Over 3 years	0.08%	-
Dalian Port Container Terminal Co., Ltd.	Berth rentals	14,951,281.43	Within 1 year	1.54%	-
	Deposits	30,000.00	2 to 3 years	0.00%	-
	Deposits	45,000.00	Over 3 years	0.00%	-
		801,129,420.37		82.59%	-

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(7) OTHER RECEIVABLES (Continued)

(e) As at 31 December 2015, the Group's government grants recognised at amounts receivable are analysed as follow:

	Government grants	Balance	Ageing	Basis of estimated collection
Dalian Port (PDA) Company Limited	Subsidy for container development	101,078,100.00	Within 1 year	Announcement of the implementation regulation of subsidy funds for promoting the quick development of Dalian port container
Dalian Port (PDA) Company Limited	Single premium of highway tolls	24,043,975.00	Within 1 year	Announcement of the implementation regulation of subsidy funds for promoting the quick development of Dalian port container
Heilongjiang Suimu Logistics Co.,Ltd.	Subsidy for working capital	3,200,000.00	Within 1 year	Research on application for subsidy by Dalian Suimu Logistics Co., Ltd.
	Refund of tax	858,282.00	Within 1 year	Cooperation agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone
Dalian Jiye Logistics Co., Ltd.	Subsidy for container development	3,299,000.00	Within 1 year	Announcement of the implementation regulation of subsidy funds for promoting the quick development of Dalian port container
		132,479,357.00		

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(8) ADVANCES TO SUPPLIERS

(a) The ageing of advances to suppliers is analysed below:

	31 December 2015		31 December 2014	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	308,476,143.94	99.44%	353,979,711.67	99.72%
1 to 2 years	1,101,276.19	0.36%	932,015.18	0.26%
2 to 3 years	559,915.18	0.18%	-	-
Over 3 years	62,126.40	0.02%	62,126.40	0.02%
	310,199,461.71	100.00%	354,973,853.25	100.00%

As at 31 December 2015, advances to suppliers with ageing over one year amounted to RMB1,723,317.77 (31 December 2014: RMB994,141.58), which represents advances paid to gas stations. Since the cooperation with the gas stations is stable, these amounts have not been settled.

(b) As at 31 December 2015, the top five balances of advances to suppliers categorised by debtors are summarised as follows:

	Amount	% of total balance
Total amounts of top five advances to suppliers	185,870,700.16	59.92%

(9) INVENTORIES

(a) Inventories are summarised by categories as follows:

	31 December 2015			31 December 2014		
	Ending balance	Provision for decline in the value of inventories	Carrying amount	Ending balance	Provision for decline in the value of inventories	Carrying amount
Raw materials	75,159,083.83	(2,037,642.99)	73,121,440.84	77,101,073.21	(2,037,642.99)	75,063,430.22
Work in progress	-	-	-	322,720.01	-	322,720.01
Finished goods	856,982,556.21	-	856,982,556.21	884,184,563.18	-	884,184,563.18
Turnover materials	6,167,017.05	-	6,167,017.05	5,598,144.05	-	5,598,144.05
	938,308,657.09	(2,037,642.99)	936,271,014.10	967,206,500.45	(2,037,642.99)	965,168,857.46

As at 31 December 2015, inventories and relevant notes of import business with carrying amount of RMB772,498,330.38 (31 December 2014: RMB347,391,525.41) are pledged as collateral for the collateralised borrowings of RMB566,694,492.83 (31 December 2014: RMB218,422,030.38) (Note 4(25)(i)).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(9) INVENTORIES (Continued)

(b) Provision for decline in the value of inventories are analysed as follows:

	31 December 2014	Increase in the current year Provision	Others	Decrease in the current year Reversal/write-off	Others	31 December 2015
Raw materials	2,037,642.99	-	-	-	-	2,037,642.99

(c) Provision for decline in the value of inventories are as follows:

	Specific basis to determine net realisable value	Reasons for provision for decline in the value of inventories reversal or write-off in the current year
Raw materials	Obsolete raw materials	N/A

(10) CURRENT PORTION OF NON-CURRENT ASSETS

	31 December 2015	31 December 2014
Available-for-sale financial assets (Note 4(12))	65,820,000.00	-

(11) OTHER CURRENT ASSETS

	31 December 2015	31 December 2014
Value-added taxes to be offset (i)	90,265,698.39	105,106,362.22
Prepaid income tax	1,689,114.97	-
Available-for-sale financial assets (Note 4(12))	-	600,000,000.00
	91,954,813.36	705,106,362.22

(i) Value-added taxes to be offset are VAT inputs arising from the Group's purchase of goods with VAT payable, but not yet fully offset.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(12) AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2015	31 December 2014
Measured at fair value		
– Available-for-sale equity instruments – H shares	61,829,144.20	60,626,529.12
Measured at cost		
– Available-for-sale equity instruments – unlisted enterprises	141,792,691.50	153,692,691.50
– Entrusted investment (i)	65,820,000.00	665,820,000.00
Less: Provision for impairment	(49,607,148.78)	(46,711,059.54)
	219,834,686.92	833,428,161.08
Less: Available-for-sale financial assets included in other current assets (ii)	–	(600,000,000.00)
Available-for-sale financial assets included in the current portion of non-current assets (i)	(65,820,000.00)	–
	154,014,686.92	233,428,161.08

(a) Related information of available-for-sale financial assets is analysed as follows:

Available-for-sale equity instruments measured at fair value – H shares

- (i) The 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) by strategic allotment.

Such available-for-sale H shares are measured at fair value

	31 December 2015	31 December 2014
Available-for-sale equity instruments – H shares		
– Fair value	12,221,995.42	13,915,469.58
– Cost	65,343,740.21	61,528,941.18
– Accumulated in other comprehensive income	(3,514,596.01)	(902,412.06)
– Accumulated provision for impairment	(49,607,148.78)	(46,711,059.54)

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(12) AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

(a) Related information of available-for-sale financial assets is analysed as follows: (Continued)

Available-for-sale equity instruments – unlisted enterprises

The available-for-sale financial assets measured at cost mainly include the unlisted equity investments held by the Group which are not quoted in an active market and whose fair value cannot be reliably measured as the range of fair value reasonable estimates is large and probabilities for determining these estimates cannot be reasonably determined. The Group has no plan to dispose these investments.

	31 December 2014	Decrease in the current year	31 December 2015	Shareholding (%)	Cash dividends in the current year
Available-for-sale equity instruments					
– Cost					
– Qinhuangdao Xin'gangwan Container Terminal Co., Ltd.	60,000,000.00	–	60,000,000.00	15.00	–
– Jinzhou New Age Container Terminal Co., Ltd.	52,843,634.00	–	52,843,634.00	15.00	–
– Dalian Xin Bei Liang Co., Ltd.	14,414,400.00	–	14,414,400.00	5.01	–
– Fujian Ninglian Port Co., Ltd.	12,000,000.00	–	12,000,000.00	12.00	–
– Shandong Weihai Port Co., Ltd.	11,900,000.00	(11,900,000.00)	–	9.97	21,226,268.00
– Da-In Ferry Co., Ltd.	1,900,057.50	–	1,900,057.50	7.50	360,859.24
– Dalian Port Design & Research Institute Co., Ltd.	634,600.00	–	634,600.00	5.80	116,000.00
	153,692,691.50	(11,900,000.00)	141,792,691.50		21,703,127.24

Entrusted investment:

- (i) As at 31 December 2015, entrusted investment of RMB65,820,000.00 represents a trust plan of assembled funds developed by Shaanxi International Trust Co., Ltd. which is purchased by the Company. The trust plan is used for the infrastructure construction of the core district of western Lingang new town, Lvshun economic development zone, Dalian. The estimated annual return is 9.66% with the maturity date on 11 May 2016.
- (ii) As at 31 December 2014, entrusted investment of RMB200,000,000.00 represents structured deposits developed by the Company and China Everbright Bank Co., Ltd. Dalian Branch. The annual interest rate is 4.66% with the maturity date on 17 February 2015. Entrusted investment of RMB400,000,000.00 represents a specific asset management plan signed by the Company and ICBC Credit Suisse Investment Management Co., Ltd. The specific asset management plan is mainly used for the project of Dalian Aonan Property Development Co., Ltd. The estimated annual return is 7.00% with the maturity date on 8 March 2015.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(12) AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

- (b) Related information of provision for impairment of available-for-sale financial assets is analysed as follows:

	Available-for-sale equity instruments – H shares
31 December 2014	(46,711,059.54)
Difference on translation of foreign currency financial statements	(2,896,089.24)
	<hr/>
31 December 2015	(49,607,148.78)

(13) LONG-TERM RECEIVABLES

	31 December 2015	31 December 2014
Entrusted loans (i)	18,018,915.80	22,544,798.38
Less: Provision for bad debts	–	–
	<hr/>	<hr/>
	18,018,915.80	22,544,798.38

- (i) The Group and other investors provided, in accordance with their proportions to their capital contributions, unsecured shareholder loans to their associates, Jadeway Limited and SINOECL Auto Liners, Limited. As at 31 December 2015, the Group provided an unsecured shareholder loan of JPY 241,650,409.44 (equivalent to RMB13,018,915.80) to Jadeway Limited (31 December 2014: JPY 240,106,638.13, equivalent to RMB12,341,481.20) and HKD0 (equivalent to RMB0)(a) (31 December 2014: HKD12,933,600.18, equivalent to RMB10,203,317.18) to SINOECL Auto Liners, Limited.

- (a) Due to excess deficit on long-term equity investments in SINOECL Auto Liners, Limited, long-term receivables from it were reduced from HKD12,933,600.18 to zero.

The Group entrusted Dalian Port Group Financial Co., Ltd. to provide unsecured loans of RMB5,000,000.00 to its joint venture, Liaoning Con-Rail International Logistics Co., Ltd. (31 December 2014: RMB0.00) (Note 9(5)(d)(ii)).

(14) LONG-TERM EQUITY INVESTMENTS

	31 December 2015	31 December 2014
Joint ventures (a)	2,555,741,147.51	2,354,300,066.64
Associates (b)	2,175,918,757.95	1,518,906,991.67
	<hr/>	<hr/>
Less: Provision for impairment of long-term equity investments	–	–
	<hr/>	<hr/>
	4,731,659,905.46	3,873,207,058.31

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(14) LONG-TERM EQUITY INVESTMENTS (Continued)

(a) Joint ventures

	31 December 2014	Movements in the current year							31 December 2015	Balance of provision for impairment at end of year	
		Increase in investment	Decrease in investment	Share of net profit/(loss) using the equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/ profit declared by joint ventures	Provision for impairment			Others
Dalian Port Tongji Shipping Agency Co., Ltd.	1,435,452.09	-	-	320,227.01	-	-	-	-	-	1,755,679.10	-
Dalian Harbour ECL Logistics Co., Ltd.	30,896,947.73	-	-	257,759.56	-	21,025.03	(512,951.67)	-	-	30,662,780.65	-
Odfjell Terminals (Dalian) Co., Ltd.	151,161,340.66	-	-	18,661,355.13	-	(336,720.55)	(7,500,000.00)	-	-	162,005,975.24	-
Dalian Port PetroChina International Terminal Co., Ltd.	161,473,353.45	-	-	21,543,772.11	-	-	(10,103,150.00)	-	-	172,913,975.56	-
Dalian United International Shipping Agency Co., Ltd.	6,302,622.78	-	-	2,216,582.04	-	-	(1,950,000.00)	-	-	6,569,204.82	-
Dalian Vanguard International Logistics Co., Ltd.	34,870,415.90	-	-	152,352.44	-	-	-	-	-	35,022,768.34	-
Dalian Port Yidu Cold Chain Co., Ltd.	74,846,159.26	175,000,000.00	-	17,802,033.38	-	380,507.25	-	-	-	268,028,699.89	-
China United Tally (Dalian) Co., Ltd.	4,690,363.06	-	-	1,890,827.16	-	-	(1,965,400.08)	-	-	4,615,790.14	-
China Oil Dock Management (Dalian) Co., Ltd.	10,817,828.45	-	-	(9,546,472.87)	-	-	-	-	-	1,271,355.58	-
Liaoning Electronic Port Co., Ltd.	5,818,128.18	-	-	(1,020,313.45)	-	-	-	-	-	4,797,814.73	-
Liaoning Con-Rail International Logistics Co., Ltd.	7,931,055.16	-	-	52,237.54	-	-	-	-	-	7,983,292.70	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	7,052,957.12	-	-	33,263.09	-	30,726.61	-	-	-	7,116,946.82	-
Dalian Port Container Terminal Co., Ltd.	221,034,790.70	-	-	4,788,193.48	-	(51.92)	-	-	-	225,822,932.26	-
Dalian International Container Terminal Co., Ltd.	530,656,873.99	-	-	4,140,933.62	-	30,593.04	-	-	-	534,828,400.65	-
Dalian Jilong Logistics Co., Ltd.	36,700,102.43	-	-	1,880,390.74	-	-	-	-	-	38,580,493.17	-
Dalian Automobile Terminal Co., Ltd.	173,478,029.45	-	-	7,812,678.00	-	(4,601.90)	(17,112,185.95)	-	-	164,173,919.60	-
Dalian Singamas International Container Co., Ltd.	43,071,487.42	-	-	1,603,700.68	-	9,164.97	(1,586,819.63)	-	-	43,097,533.44	-
China United International Pail Containers (Dalian) Co., Ltd.	186,590,006.49	-	-	(1,921,707.58)	-	-	-	-	-	184,668,298.91	-
Dalian Changxing Island Port Co., Ltd.	179,646,598.86	-	-	(26,773,391.80)	-	178,064.67	-	-	-	153,051,271.73	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	2,120,743.57	-	-	363,100.98	-	-	(91,419.78)	-	-	2,392,424.77	-
Odfjell Dalian Port Consulting Co., Ltd.	2,373,635.50	-	-	(463,753.35)	-	-	-	-	-	1,909,882.15	-
Dalian Changxing Island Port Investment & Development Co., Ltd.	462,810,937.89	-	-	1,460,203.73	-	(6,209.55)	-	-	-	464,264,932.07	-
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	11,246,054.39	-	-	1,665,735.40	-	-	-	-	-	12,911,789.79	-
Odfjell Changxing Warehousing Terminals (Dalian) Co., Ltd.	7,254,182.11	-	-	(691,280.96)	-	-	-	-	-	6,562,901.15	-
Ha'ou International Logistics Co., Ltd.	-	23,000,000.00	-	(2,307,995.09)	-	40,079.34	-	-	-	20,732,084.25	-
	2,354,300,066.64	198,000,000.00	-	43,920,430.99	-	342,576.99	(40,821,927.11)	-	-	2,555,741,147.51	-

Please refer to Note 6(2) for related information of interest in joint ventures.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(14) LONG-TERM EQUITY INVESTMENTS (Continued)

(b) Associates

	Movements in the current year								31 December 2015	Balance of provision for impairment at end of year	
	31 December 2014	Increase in investment	Decrease in investment	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/profit declared by joint ventures	Provision for impairment			Others
China Harbour United Shipping Co., Ltd.	74,362,135.45	-	-	2,014,663.78	-	-	-	-	-	76,376,799.23	-
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	8,541,840.40	-	-	6,922,005.04	-	-	-	-	-	15,463,845.44	-
Dalian Wangepeng Port Engineering Testing Co., Ltd.	2,596,942.24	-	-	392,333.20	-	-	(280,000.00)	-	-	2,709,275.44	-
Dalian Puji Storage Facility Co., Ltd.	157,042,154.11	-	-	(10,949,541.02)	-	-	-	-	-	146,092,613.09	-
Taicang Xinggang Tug Co., Ltd.	3,459,798.32	835,713.00	-	3,270,425.97	-	-	(3,053,792.87)	-	-	4,512,144.42	-
PetroChina Dalian LNG Co., Ltd.	562,989,012.23	-	-	21,569,804.44	-	-	(30,555,884.58)	-	-	554,002,932.09	-
SINOCL Auto Liners, Limited	-	-	-	-	-	-	-	-	-	-	-
Jadeway Limited	570,233.46	-	-	(1,649,354.01)	1,079,120.55	-	-	-	-	-	-
Dalian North Oil Petroleum Logistics Co., Ltd.	59,592,013.49	-	-	3,235,778.41	-	-	-	-	-	62,827,791.90	-
Sino Rail Bohai Train Ferry Co., Ltd.	265,499,017.07	-	-	(2,308,149.30)	-	(23,758.55)	(3,499,007.71)	-	-	259,668,101.51	-
Zhongshi International Logistics Co., Ltd.	97,657,677.73	-	-	8,266,674.17	-	-	-	-	-	105,924,351.90	-
Dalian Port Group Financial Co., Ltd.	285,723,518.55	600,000,000.00	-	56,938,739.93	-	-	-	-	-	942,662,258.48	-
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	872,648.62	-	-	120,250.16	-	-	(112,000.00)	-	-	880,898.78	-
Guangzhou King Port Auto International Trade Co., Ltd.	-	4,900,000.00	-	(102,244.33)	-	-	-	-	-	4,797,755.67	-
	1,518,906,991.67	605,735,713.00	-	87,721,376.44	1,079,120.55	(23,758.55)	(37,500,685.16)	-	-	2,175,918,757.95	-

Please refer to Note 6(2) for related information of interest in associates.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(15) INVESTMENT PROPERTIES

	Buildings	Land use rights	Terminal facilities	Total
Cost				
31 December 2014	30,959,816.68	69,785,783.60	746,469,631.62	847,215,231.90
Increase in the current year				
Transfers from construction in progress	1,011,459.10	–	–	1,011,459.10
Decrease in the current year				
Transfer to owner-occupied property	(1,157,050.00)	–	–	(1,157,050.00)
31 December 2015	30,814,225.78	69,785,783.60	746,469,631.62	847,069,641.00
Accumulated depreciation and amortisation				
31 December 2014	(8,057,454.71)	(10,215,396.77)	(147,282,351.44)	(165,555,202.92)
Increase in the current year				
Provision or amortisation	(845,205.54)	(1,471,434.60)	(15,879,652.64)	(18,196,292.78)
Decrease in the current year				
Transfer to owner-occupied property	292,311.00	–	–	292,311.00
31 December 2015	(8,610,349.25)	(11,686,831.37)	(163,162,004.08)	(183,459,184.70)
Net book value				
31 December 2015	22,203,876.53	58,098,952.23	583,307,627.54	663,610,456.30
31 December 2014	22,902,361.97	59,570,386.83	599,187,280.18	681,660,028.98

In 2015, no capitalised borrowing cost was included in investment properties (2014: nil).

In 2015, RMB18,196,292.78 (2014: RMB18,119,198.95) of depreciation and amortisation was charged for the investment properties and no (2014: nil) provision for impairment was provided.

In 2015, the Group changed the use of certain buildings with a carrying amount of RMB864,739.00 (a cost of RMB1,157,050.00) to owner-occupied properties, and therefore, such investment properties were transferred to fixed assets at the date of change in use (2014: nil).

As at 31 December 2015, the investment properties above were all leased out under operating lease.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(16) FIXED ASSETS

	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
Cost										
31 December 2014	1,546,607,018.93	5,703,777,467.34	2,739,996,507.24	2,964,518,687.68	874,188,267.90	1,735,719,586.49	3,194,443,452.23	1,014,253,725.15	698,461,885.65	20,471,966,598.61
Increase in the current year										
Increase from acquisition	750,000.00	50,000.00	-	11,543,347.12	1,053,265.09	-	1,811,343.57	7,225,974.77	6,565,851.83	28,999,782.38
Transfers from construction in progress	22,670,431.40	63,562,375.60	60,746,505.72	4,069,644.08	986,449.02	-	4,984,797.66	76,648,058.42	26,349,664.10	260,017,926.00
Reclassification of assets	13,156,721.79	(40,746,754.05)	24,642,258.56	1,200,491.44	29,478,512.11	(29,381,392.43)	-	2,513,208.19	(863,045.61)	-
Transfers from investment properties	1,157,050.00	-	-	-	-	-	-	-	-	1,157,050.00
Decrease in the current year										
Disposal and obsolescence	(4,332.74)	-	-	(5,576,893.92)	(2,458,766.60)	(3,000.00)	-	(11,823,519.62)	(15,932,252.59)	(35,798,765.47)
Others	-	(259,454.00)	-	-	-	-	(1,368,693.27)	-	-	(1,628,147.27)
31 December 2015	1,584,336,889.38	5,726,383,634.89	2,825,385,271.52	2,975,755,276.40	903,247,727.52	1,706,335,194.06	3,199,870,900.19	1,088,817,446.91	714,582,103.38	20,724,714,444.25
Accumulated depreciation										
31 December 2014	(321,404,621.49)	(938,000,262.84)	(769,747,469.47)	(1,611,877,942.69)	(305,591,025.84)	(418,315,857.35)	(563,801,527.46)	(483,257,400.71)	(293,577,061.49)	(5,705,573,189.34)
Increase in the current year										
Provision	(45,390,894.92)	(117,079,952.65)	(88,822,456.91)	(156,450,048.59)	(42,136,276.68)	(60,314,075.51)	(77,672,534.69)	(72,833,934.21)	(46,492,289.42)	(717,132,463.58)
Reclassification of assets	(4,739,198.41)	11,036,303.21	(4,894,324.24)	(621,408.64)	(24,727,754.07)	25,317,569.42	-	(991,448.32)	(379,738.95)	-
Transfers from investment properties	(292,311.00)	-	-	-	-	-	-	-	-	(292,311.00)
Decrease in the current year										
Disposal and obsolescence	2,145.49	-	-	5,086,941.50	2,130,675.35	2,880.00	-	9,963,083.11	14,709,687.59	31,895,413.04
31 December 2015	(371,824,680.33)	(1,044,043,912.28)	(873,464,270.62)	(1,763,862,458.42)	(370,324,381.24)	(453,309,483.44)	(641,474,062.15)	(547,119,700.13)	(325,739,402.27)	(6,391,162,550.88)
Carrying amount										
31 December 2015	1,212,512,009.05	4,682,339,722.61	1,951,921,000.90	1,211,892,817.98	532,923,346.28	1,253,025,710.62	2,558,396,838.04	541,697,746.78	388,842,701.11	14,333,551,893.37
31 December 2014	1,225,202,397.44	4,765,777,204.50	1,970,249,037.77	1,352,640,744.99	568,597,242.06	1,317,403,729.14	2,630,641,924.77	530,966,324.44	404,884,824.16	14,766,393,409.27

As at 31 December 2015, logistics stations with a carrying amount of RMB96,449,466.32 (a cost of RMB102,322,342.45) (31 December 2014: a carrying amount of RMB98,879,621.96 and a cost of RMB102,322,342.45) have been pledged as collateral for long-term borrowings of RMB27,010,023.77, including the current portion of RMB10,000,000.00 (31 December 2014: RMB37,010,023.77, including the current portion of RMB10,000,000.00) (Note 4(36)(a-i)).

As at 31 December 2015, fixed assets with a carrying amount of RMB150,868,257.15 (a cost of RMB228,576,076.21) (31 December 2014: a carrying amount of RMB153,999,206.27 and a cost of RMB228,576,076.21) have been pledged as collateral for long-term borrowings of RMB150,000,000.00 (31 December 2014: RMB150,000,000.00) (Note 4(36)(a-ii)).

As at 31 December 2015, fixed assets with a carrying amount of RMB452,722,560.60 (a cost of RMB935,860,681.53) (31 December 2014: a carrying amount of RMB481,593,095.85 and a cost of RMB935,860,681.53) have been pledged as collateral for long-term borrowings of RMB500,000,000.00 (31 December 2014: RMB500,000,000.00) (Note 4(36)(a-iii)).

As at 31 December 2015, fixed assets with a carrying amount of RMB842,764,288.94 (a cost of RMB1,735,975,658.93) (31 December 2014: a carrying amount of RMB975,138,982.30 and a cost of RMB1,735,975,658.93) have been pledged as collateral for long-term borrowings of RMB1,000,000,000.00 (31 December 2014: RMB1,000,000,000.00) (Note 4(36)(a-iv)).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(16) FIXED ASSETS (Continued)

As at 31 December 2015, fixed assets with a carrying amount of RMB47,020,107.26 (a cost of RMB68,391,732.00) (31 December 2014: a carrying amount of RMB49,263,623.46 and a cost of RMB68,391,732.00) have been pledged as collateral for long-term borrowings of RMB50,000,000.00 (31 December 2014: RMB50,000,000.00) (Note 4(36)(a-v)).

As at 31 December 2015, fixed assets with a carrying amount of RMB281,420,540.90 (a cost of RMB384,992,940.93) (31 December 2014: a carrying amount of RMB313,165,498.16 and a cost of RMB384,992,940.93) have been pledged as collateral for long-term borrowings of RMB300,000,000.00 (31 December 2014: RMB300,000,000.00) (Note 4(36)(a-vi)).

In 2015, the amount of depreciation expense charged to fixed assets was RMB717,192,463.58 (2014: RMB686,475,733.85), of which RMB697,673,337.00 (2014: RMB667,759,989.74), RMB17,588,938.22 (2014: RMB18,715,744.11) and RMB1,930,188.36 (2014: nil) were charged to cost of sales, general and administrative expenses and special reserve respectively.

In 2015, the costs of fixed assets transferred from construction in progress amounted to RMB260,017,926.00 (2014: RMB1,324,060,386.13).

As at 31 December 2015, the Group had no temporarily idle fixed assets (31 December 2014: nil).

The Company's management believed that no provision for impairment of fixed assets was required at balance sheet date.

(a) Fixed assets held under finance leases

As at 31 December 2015, the fixed assets with a carrying amount of RMB63,850,075.16 (a cost of RMB74,802,846.88) are held under finance leases (31 December 2014: a carrying amount of RMB71,327,354.21 and a cost of RMB74,802,846.88) (Note 13). The analysis is as follows:

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
31 December 2015				
Other equipment	74,802,846.88	(10,952,771.72)	-	63,850,075.16
31 December 2014				
Other equipment	74,802,846.88	(3,475,492.67)	-	71,327,354.21

(b) Fixed assets with pending certificates of ownership

As at 31 December 2015, the certificate of title to buildings at a carrying amount of approximately RMB573,344,720.44 (a cost of RMB649,341,904.88) had not been obtained yet (31 December 2014: a carrying amount of RMB622,642,143.73 and a cost of RMB684,548,376.80).

	Reasons for not yet obtaining certificates of title	Estimated date that certificate of title will be obtained
Buildings	In the process of obtaining	Meet registration procedures requirement and related charges paid

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(16) FIXED ASSETS (Continued)

(c) Fixed assets held under an operating lease

	Carrying amount as at 31 December 2015	Carrying amount as at 31 December 2014
Buildings	103,207,506.33	17,863,960.06
Terminal facilities	207,306,320.12	802,679,693.75
Oil tanks and pipelines	857,708.33	223,756,235.12
Loading equipment	7,906,150.39	13,358,538.87
Transportation equipment	476,161,957.76	509,134,988.20
Vessels	441,904,267.96	463,128,729.15
Storage facilities	60,854,858.75	–
Machinery and equipment	36,648,577.37	53,398,734.79
Other equipment	146,793.73	35,059,392.43
	1,334,994,140.74	2,118,380,272.37

(17) CONSTRUCTION IN PROGRESS

	31 December 2015			31 December 2014		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Dayao Bay No. 13-16 Berth in Phase II	637,478,735.57	–	637,478,735.57	612,809,882.68	–	612,809,882.68
New Port No. 18-21 Berth	336,879,169.58	–	336,879,169.58	314,509,012.19	–	314,509,012.19
Dalian Automotive Terminal No. 4 Berth Project	301,127,088.34	–	301,127,088.34	181,558,820.41	–	181,558,820.41
Dayao Bay North Shore Automotive Logistics Centre	148,898,592.13	–	148,898,592.13	148,785,597.13	–	148,785,597.13
New Port accident buffer pool	95,745,117.64	–	95,745,117.64	86,115,892.01	–	86,115,892.01
All-rotation tug	68,999,734.54	–	68,999,734.54	17,273,354.80	–	17,273,354.80
Dalian Bay Passenger Terminal Mobile machinery acquisition for Taiping Bay Port	32,240,961.82	–	32,240,961.82	6,158,140.38	–	6,158,140.38
Ore No. 4 Storage Yard	30,750,646.63	–	30,750,646.63	7,668,629.39	–	7,668,629.39
Dalian Bay Groceries and Ro-ro Berth Project	18,955,125.50	–	18,955,125.50	15,866,984.95	–	15,866,984.95
	6,895,244.63	–	6,895,244.63	–	–	–
New Port No. 7-8 Oil Tank	–	–	–	16,696,959.81	–	16,696,959.81
New Port No. 9 Oil Tank	–	–	–	16,082,711.84	–	16,082,711.84
Others	159,243,173.01	–	159,243,173.01	131,567,378.72	–	131,567,378.72
	1,837,213,589.39	–	1,837,213,589.39	1,555,093,364.31	–	1,555,093,364.31

The Group's management believed that no provision for impairment of construction in progress was required at balance sheet date.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(17) CONSTRUCTION IN PROGRESS (Continued)

(a) Movement of significant projects of construction in progress

Project name	Budgeted amount	31 December 2014	Increase in the current year	Transfer to fixed assets, intangible assets and investment properties in the current year	Other decreases	31 December 2015	Proportion of expenditures incurred to budgeted amount (i)	Progress of construction	Accumulative amount of capitalised borrowing costs	Including: Borrowing costs capitalised in the current year	Capitalisation rate	Source of funds
Dayao Bay No. 13-16 Berth in Phase II	3,783,000,000.00	612,809,882.68	28,249,300.97	-	(3,580,448.08)	637,478,735.57	92%	92%	174,850,184.03	25,792,866.27	5.76%	Proprietary funds and loans from financial institutions and other sources
New Port No. 18-21 Berth	413,770,000.00	314,509,012.19	23,616,094.16	-	(1,245,936.77)	336,879,169.58	81%	81%	82,237,079.85	13,762,500.00	5.70%	Loans from financial institutions and other sources
Dalian Automotive Terminal No. 4 Berth Project	461,760,000.00	181,558,820.41	119,568,267.93	-	-	301,127,088.34	65%	65%	12,566,119.74	12,566,119.74	5.35%	Proprietary funds and loans from financial institutions
Dayao Bay North Shore Automotive Logistics Centre	450,000,000.00	148,785,597.13	112,995.00	-	-	148,898,592.13	33%	33%	8,054,440.28	-	-	Loans from financial institutions and other sources
New Port accident buffer pool	98,886,800.00	86,115,892.01	9,629,225.63	-	-	95,745,117.64	96%	96%	11,538,135.38	4,635,269.71	5.76%	Proprietary funds and loans from financial institutions
All-rotation tug	82,080,000.00	17,273,354.80	51,726,379.74	-	-	68,999,734.54	84%	84%	3,766,878.54	2,814,379.74	5.76%	Proprietary funds and loans from financial institutions
Dalian Bay Passenger Terminal	383,160,000.00	6,158,140.38	26,082,821.44	-	-	32,240,961.82	8%	8%	1,461,273.23	1,141,848.44	5.76%	Proprietary funds and loans from financial institutions
Mobile machinery acquisition for Taiping Bay Port	36,400,000.00	7,668,629.39	23,082,017.24	-	-	30,750,646.63	84%	84%	2,217,512.77	1,798,886.18	5.76%	Proprietary funds and loans from financial institutions
Ore No. 4 Storage Yard	570,600,000.00	15,866,984.95	3,088,140.55	-	-	18,955,125.50	96%	96%	-	-	-	Funds raising
Dalian Bay Groceries and Ro-ro Berth Project	700,000,000.00	-	159,940,274.43	(153,045,029.80)	-	6,895,244.63	99%	99%	-	-	-	Proprietary funds and loans from financial institutions
New Port No. 7-8 Oil Tank	718,500,000.00	16,696,959.81	118,366.00	(14,558,201.09)	(2,257,124.72)	-	75%	100%	-	-	-	Funds raising
New Port No. 9 Oil Tank	598,400,000.00	16,082,711.84	8,666,481.42	(24,769,193.26)	-	-	95%	100%	-	-	-	Funds raising
Others	545,634,880.86	131,567,378.72	284,883,642.64	(228,954,634.79)	(28,253,213.56)	159,243,173.01			4,732,510.98	3,936,398.82	5.76% - 6%	
		1,555,093,364.31	738,784,007.15	(421,327,058.94)	(35,336,723.13)	1,837,213,589.39			301,414,134.80	66,448,268.90		

(i) Proportion of expenditures incurred to budgeted amount is the proportion of the total expenditures incurred to budgeted amount.

(18) FIXED ASSETS PENDING FOR DISPOSAL

	31 December 2015	31 December 2014
Loading equipment	1,681,781.69	-
Vessels	401,093.55	-
Transportation equipment	-	15,595.86
Machinery and equipment	-	1,744,605.02
Other equipment	1,017,595.07	-
	3,100,470.31	1,760,200.88

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(19) INTANGIBLE ASSETS

	Land use rights	Container flat vehicle use rights	Software	Golf membership identification	Sea area use rights	Berth facility use rights	Customer relationships	Port information platform	Total
Cost									
31 December 2014	585,220,530.55	46,660,098.18	139,510,669.12	1,977,376.00	3,455,982.72	253,448,422.59	15,970,000.00	64,310,000.00	1,110,553,079.16
Increase in the current year									
Increase from acquisition	26,580,000.00	-	9,652,641.72	-	-	-	-	-	36,232,641.72
Transfers from construction in progress	154,020,214.80	-	6,277,459.04	-	-	-	-	-	160,297,673.84
Decrease in the current year									
Disposal	-	-	(9,504,771.51)	-	-	-	-	-	(9,504,771.51)
31 December 2015	765,820,745.35	46,660,098.18	145,935,998.37	1,977,376.00	3,455,982.72	253,448,422.59	15,970,000.00	64,310,000.00	1,297,578,623.21
Accumulated amortisation									
31 December 2014	(135,765,047.33)	(24,788,177.46)	(76,463,387.95)	(947,929.81)	(1,572,418.90)	(88,604,964.55)	(11,023,000.00)	(42,337,416.67)	(381,502,342.67)
Increase in the current year									
Provision	(14,099,300.97)	(2,916,256.08)	(12,849,866.99)	(13,756.32)	(414,717.84)	(5,230,038.12)	(1,597,000.00)	(6,431,000.00)	(43,551,936.32)
Decrease in the current year									
Disposal	-	-	8,998,788.61	-	-	-	-	-	8,998,788.61
31 December 2015	(149,864,348.30)	(27,704,433.54)	(80,314,466.33)	(961,686.13)	(1,987,136.74)	(93,835,002.67)	(12,620,000.00)	(48,768,416.67)	(416,055,490.38)
Carrying amount									
31 December 2015	615,956,397.05	18,955,664.64	65,621,532.04	1,015,689.87	1,468,845.98	159,613,419.92	3,350,000.00	15,541,583.33	881,523,132.83
31 December 2014	449,455,483.22	21,871,920.72	63,047,281.17	1,029,446.19	1,883,563.82	164,843,458.04	4,947,000.00	21,972,583.33	729,050,736.49

In 2015, the amortisation of intangible assets amounted to RMB43,551,936.32 (2014: RMB40,281,693.19).

As at 31 December 2015, land use rights with a carrying amount of RMB15,576,958.57 (a cost of RMB17,631,590.19) (31 December 2014: a carrying amount of RMB15,929,644.33 and a cost of RMB17,631,590.19) have been pledged as collateral for long-term borrowings of RMB27,010,023.77, including the current portion of RMB10,000,000.00 (31 December 2014: RMB37,010,023.77, including the current portion of RMB10,000,000.00) (Note 4 (36)(a-i)).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(20) GOODWILL

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015
Goodwill				
Dalian Jiyi Logistics Co., Ltd.	2,397,589.82	–	–	2,397,589.82
DCT Logistics Co., Ltd.	6,218,460.29	–	–	6,218,460.29
Dalian Portnet Co., Ltd.	7,419,238.63	–	–	7,419,238.63
	16,035,288.74	–	–	16,035,288.74
Less: Provision for impairment	–	–	–	–
	16,035,288.74	–	–	16,035,288.74

For Dalian Jiyi Logistics Co., Ltd., DCT Logistics Co., Ltd. and Dalian Portnet Co., Ltd., the recoverable amount of asset groups is calculated using the estimated cash flows determined according to the five-year budget approved by management. The cash flows beyond the five-year period are calculated based on the following estimated growth rates.

	Dalian Jiyi Logistics Co., Ltd.	DCT Logistics Co., Ltd.	Dalian Portnet Co., Ltd.
Growth rate	3.00%	3.00%	3.00%
Gross margin	5.00%	15.00%	60.00%
Discount rate	12.00%	12.00%	12.00%

The weighted average growth rates applied by management are consistent with those estimated in the industry reports, and do not exceed the long-term average growth rates of each product. Management determines budgeted gross margin based on past experience and forecast on future market development. The discount rates used by management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups and groups of asset groups. The above assumptions are used to assess the recoverable amount of each asset group and group of asset groups within the corresponding operating segment.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(21) LONG-TERM PREPAID EXPENSES

	31 December 2014	Increase in the current year	Amortisation charged in the current year	Other decreases	31 December 2015
Expenses of public facilities in bonded port	11,115,874.36	–	(855,067.44)	–	10,260,806.92
Decoration	3,506,540.02	3,209,382.08	(1,154,803.62)	(40,490.00)	5,520,628.48
Site development expenses	–	11,172,307.75	(93,102.56)	–	11,079,205.19
Environmental reconstruction expenses	–	16,922,061.09	–	–	16,922,061.09
Others	8,969,744.93	603,476.11	(1,327,737.13)	–	8,245,483.91
	23,592,159.31	31,907,227.03	(3,430,710.75)	(40,490.00)	52,028,185.59

(22) DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

(a) Deferred tax assets before offsetting

	31 December 2015		31 December 2014	
	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses
Elimination of intra-group unrealised profit	55,976,157.50	223,904,630.00	54,575,365.60	218,301,462.40
Provision for asset impairments	829,688.87	3,318,755.48	1,118,865.68	4,475,462.72
Advances from customers with tax paid	980,228.54	3,920,914.16	1,495,648.66	5,982,594.64
Difference on depreciation period	2,714,749.15	10,858,996.60	2,729,627.78	10,918,511.12
Difference on amortisation period of software	–	–	288,750.01	1,155,000.04
Changes in fair value of financial assets at fair value through profit or loss	586,810.60	2,347,242.40	1,324,556.33	5,298,225.32
Government grants	321,839.88	1,287,359.52	812,239.44	3,248,957.76
Others	1,065,209.90	4,260,839.60	859,752.27	3,439,009.08
	62,474,684.44	249,898,737.76	63,204,805.77	252,819,223.08
Including:				
Expected to be recovered within one year (inclusive)	1,169,032.00		1,532,876.76	
Expected to be recovered after one year	61,305,652.44		61,671,929.01	
	62,474,684.44		63,204,805.77	

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(22) DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (Continued)

(b) Deferred tax liabilities before offsetting

	31 December 2015		31 December 2014	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Fair value adjustment for business combinations involving enterprises not under common control	8,590,102.23	34,360,408.92	10,086,937.73	40,347,750.92
Others	3,776,240.88	15,104,963.52	634,710.94	2,538,843.76
	12,366,343.11	49,465,372.44	10,721,648.67	42,886,594.68
Including:				
Expected to be recovered within one year (inclusive)	1,496,835.51		1,496,835.37	
Expected to be recovered after one year	10,869,507.60		9,224,813.30	
	12,366,343.11		10,721,648.67	

- (c) Deductible temporary differences and deductible losses that are not recognised as deferred tax assets are analysed as follows:

	31 December 2015	31 December 2014
Deductible losses	341,894,013.82	321,958,219.81

- (d) Deductible losses that are not recognised as deferred tax assets will be expired as follows:

	31 December 2015	31 December 2014
2015	–	21,127,232.00
2016	96,444,686.49	102,683,565.96
2017	50,233,847.56	58,025,016.53
2018	47,356,751.95	49,932,293.08
2019	86,996,450.43	90,190,112.24
2020	60,862,277.39	–
	341,894,013.82	321,958,219.81

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(22) DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (Continued)

(e) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2015		31 December 2014	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred tax assets	(634,710.94)	61,839,973.50	(634,710.94)	62,570,094.83
Deferred tax liabilities	(634,710.94)	11,731,632.17	(634,710.94)	10,086,937.73

(23) OTHER NON-CURRENT ASSETS

	31 December 2015	31 December 2014
Guarantee payment for land bidding	118,610,000.00	–

According to the Agreement on Pre-transfer of Land entered into by Dalian Port (PDA) Company Limited (“Party B”) and Dalian Bonded Area Land Reserve Trading Centre (“Party A”), the Company pays guarantee payment for land of RMB139,880,000 for Dalian Port Petrochemical Project. Party A has released a land pre-transfer announcement for the Project. If Party B fails to clinch the deal upon expiry of the quotation period, Party A will return all amounts paid by Party B within 5 days. The balance of guarantee payment for land bidding is 118,610,000 as at 31 December 2015.

(24) PROVISION FOR ASSET IMPAIRMENTS

	31 December 2014	Increase in the current year	Decrease in the current year		31 December 2015
			Reversal	Write-off	
Provision for bad debts	4,093,422.51	–	–	(1,156,707.21)	2,936,715.30
Including: Provision for bad debts of accounts receivable	3,032,229.54	–	–	(1,156,707.21)	1,875,522.33
Provision for bad debts of other receivables	1,061,192.97	–	–	–	1,061,192.97
Provision for decline in value of inventories	2,037,642.99	–	–	–	2,037,642.99
	6,131,065.50	–	–	(1,156,707.21)	4,974,358.29

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(25) SHORT-TERM BORROWINGS

	31 December 2015	31 December 2014
Impawn (i)	566,694,492.83	218,422,030.38
Guaranteed (ii)	–	608,880,790.90
Unsecured	35,000,000.00	80,000,000.00
	601,694,492.83	907,302,821.28

(i) As at 31 December 2015, impawn borrowings of 566,694,492.83 (31 December 2014: RMB218,422,030.38) were secured by the Group's inventories with a carrying amount of RMB772,498,330.38 (31 December 2014: RMB347,391,525.41) (Note 4 (9)(a)) and notes of related import business.

(ii) As at 31 December 2015, bank borrowings of RMB0.00 (31 December 2014: RMB138,880,790.90) were guaranteed by the Group's associates. Bank borrowings of RMB0.00 (31 December 2014: RMB470,000,000.00) were guarantees provided by the Company for its subsidiaries.

As at 31 December 2015, the interest rate of the short-term borrowings was 1.80% – 6.40% (31 December 2014: 2.03% – 6.60%).

(26) NOTES PAYABLE

	31 December 2015	31 December 2014
Bank acceptance notes	12,940,000.00	12,714,000.00

(27) ACCOUNTS PAYABLE

	31 December 2015	31 December 2014
Vessel leasing and ocean freight	86,648,885.25	80,157,710.03
Purchase of goods	1,947,574.59	133,889,045.71
Purchase of auxiliary materials and quality guarantee deposit	144,802,114.91	160,629,740.14
	233,398,574.75	374,676,495.88

(a) As at 31 December 2015, accounts payable with ageing over one year amounted to RMB15,406,894.42 (31 December 2014: RMB12,841,919.71). Such accounts payable mainly comprised payables for subcontracting, materials and quality guarantee deposit, which were not cleared finally for the overall project had not been completed and finally settled.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(27) ACCOUNTS PAYABLE (Continued)

(b) The ageing of accounts payable based on their recording dates is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	217,991,680.33	361,834,576.17
1 to 2 years	11,688,206.75	10,615,746.25
2 to 3 years	2,224,709.90	1,764,929.37
Over 3 years	1,493,977.77	461,244.09
	233,398,574.75	374,676,495.88

(28) ADVANCES FROM CUSTOMERS

	31 December 2015	31 December 2014
Sales of motor vehicles	344,600,805.52	275,053,781.22
Refined oil trade	36,367,775.00	–
Cold chain trade	30,796,540.04	46,135,701.50
Rental expenses	6,227,258.80	5,892,675.62
Miscellaneous expenses	5,870,345.20	7,766,402.36
Public facility maintenance expenses	3,920,914.08	5,982,594.55
Freights	3,277,514.57	4,528,074.03
Others	17,481,192.91	12,050,887.69
	448,542,346.12	357,410,116.97

As at 31 December 2015, advances from customers with ageing over one year amounted to 5,610,557.74 (31 December 2014: 5,982,594.55). Such advances from customers were mainly advances of public facility maintenance services, which were unsettled due to the incompleteness of the project.

(29) EMPLOYEE BENEFITS PAYABLE

	31 December 2015	31 December 2014
Short-term employee benefits payable (a)	202,607,240.14	172,515,786.21
Defined contribution plans payable (b)	10,248,547.82	8,112,387.74
Termination benefits payable (c)	1,353,931.46	–
	214,209,719.42	180,628,173.95

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(29) EMPLOYEE BENEFITS PAYABLE (Continued)

(a) Short-term employee benefits

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015
Wages and salaries, bonus, allowances and subsidies	143,284,720.78	765,645,820.67	(727,365,693.44)	181,564,848.01
Staff welfare	–	59,909,153.81	(59,909,153.81)	–
Social security contributions	107,404.81	55,767,947.78	(55,741,103.65)	134,248.94
Including: Medical insurance	98,101.46	51,101,749.72	(51,102,549.72)	97,301.46
Work injury insurance	7,114.28	2,390,687.01	(2,363,043.55)	34,757.74
Maternity insurance	2,189.07	1,296,629.06	(1,296,628.39)	2,189.74
Others	–	978,881.99	(978,881.99)	–
Housing funds	7,753,120.50	120,046,311.44	(127,799,431.94)	–
Labour union funds and employee education funds	2,345,129.15	21,786,569.06	(22,216,818.57)	1,914,879.64
Labour expenses	11,393,238.71	299,704,957.21	(298,804,462.56)	12,293,733.36
Other short-term employee benefits	7,632,172.26	6,680,236.03	(7,612,878.10)	6,699,530.19
	172,515,786.21	1,329,540,996.00	(1,299,449,542.07)	202,607,240.14

(b) Defined contribution plans

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015
Basic pensions	264,445.12	116,545,792.69	(116,545,892.69)	264,345.12
Payment of annuity	7,826,235.18	30,510,853.41	(28,374,732.49)	9,962,356.10
Unemployment insurance	21,707.44	6,403,895.79	(6,403,756.63)	21,846.60
	8,112,387.74	153,460,541.89	(151,324,381.81)	10,248,547.82

(c) Termination benefits payable

	31 December 2015	31 December 2014
Other termination benefits (i)	1,353,931.46	–

(i) For the year ended 31 December 2015, other termination benefits paid by the Group for termination of the employment relationship is RMB1,588,385.96.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(30) TAXES PAYABLE

	31 December 2015	31 December 2014
Enterprise income tax payable	40,173,551.13	31,551,159.68
Value-added tax payable	8,897,181.26	5,925,310.74
Individual income tax payable	4,343,935.90	5,351,058.28
Business tax payable	2,931,330.16	17,391,879.33
City maintenance and construction tax payable	895,783.59	1,623,052.43
Educational surcharge payable	639,909.44	1,159,725.06
Others	3,188,406.86	4,415,215.01
	61,070,098.34	67,417,400.53

(31) INTEREST PAYABLE

	31 December 2015	31 December 2014
Interest of long-term borrowings with instalment payments and principal due for maturity	10,255,941.03	11,653,076.49
Interest of bonds	133,069,780.14	119,656,026.71
Interest of short-term borrowings	132,916.66	966,348.34
Interest of entrusted loans	261,220.84	20,167.00
	143,719,858.67	132,295,618.54

(32) DIVIDENDS PAYABLE

	31 December 2015	31 December 2014
Singapore Dalian Port Investment Pte. Ltd.	61,287,719.06	67,334,900.05
Dalian Bonded Zhengtong Company Limited	5,779,554.22	5,779,554.22
NYK Bulk & Projects Carriers Ltd.	277,790.92	–
Others	43,886.00	–
	67,388,950.20	73,114,454.27

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(33) OTHER PAYABLES

	31 December 2015	31 December 2014
Project expenses payable	313,949,456.39	440,267,743.90
Down payment	95,267,095.93	61,272,444.55
Subsidies received for other companies	25,000,000.00	30,688,800.00
Borrowings from related parties	20,000,000.00	–
Freights	15,230,017.14	22,402,004.98
Guaranty	10,977,518.47	6,228,635.00
Port construction expenses collected for other companies	10,667,298.57	11,577,494.91
Risk deposits	10,593,105.87	6,479,419.90
Compensation received for other companies	6,409,042.68	8,521,355.92
Security expenses payable to the Bureau of Port	5,666,222.51	3,203,470.12
Fares collected for other companies	5,241,152.11	11,807,409.94
Others	66,806,153.85	67,534,438.87
	585,807,063.52	669,983,218.09

As at 31 December 2015, other payables with ageing over one year amounted to RMB187,366,272.01 (31 December 2014: RMB382,618,876.15). Such other payables were mainly project expenses payable, which were unsettled for the project had not been completed and finally settled.

(34) CURRENT PORTION OF NON-CURRENT LIABILITIES

	31 December 2015	31 December 2014
Current portion of long-term borrowings (Note 36)	510,000,000.00	541,474,000.00
Current portion of long-term payables (Note 38)	17,771,479.16	11,913,648.39
	527,771,479.16	553,387,648.39

(35) OTHER CURRENT LIABILITIES

	31 December 2015	31 December 2014
Corporate bonds (a)	2,014,689,463.02	1,003,828,573.32

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(35) OTHER CURRENT LIABILITIES (Continued)

(a) Related information of short-term bonds payable is as follows:

	31 December 2014	Issued in the current year	Interest at par	Amortisation of premium/discount	Repayment in the current year	31 December 2015
Corporate bonds (i)	1,003,828,573.32	-	34,394,444.44	2,776,982.24	(1,041,000,000.00)	-
Corporate bonds (ii)	-	1,000,000,000.00	12,512,500.00	(1,873,893.82)	-	1,010,638,606.18
Corporate bonds (iii)	-	1,000,000,000.00	6,488,888.90	(2,438,032.06)	-	1,004,050,856.84
	1,003,828,573.32	2,000,000,000.00	53,395,833.34	(1,534,943.64)	(1,041,000,000.00)	2,014,689,463.02

	Par value	Issuance date	Maturity	Issuance amount
Corporate bonds (i)	100.00	3 November 2014	1 year	1,000,000,000.00
Corporate bonds (ii)	100.00	10 August 2015	1 year	1,000,000,000.00
Corporate bonds (iii)	100.00	19 October 2015	1 year	1,000,000,000.00

(i) The Company issued corporate bonds with a total amount of RMB1,000,000,000.00 and duration of 1 year on 3 November 2014. Such bonds at a fixed interest rate have a nominal interest rate of 4.10%. Interest and principal is paid on the maturity date and related issuance expense amounts to RMB3,332,378.68.

(ii) The Company issued corporate bonds with a total amount of RMB1,000,000,000.00 and duration of 1 year on 10 August 2015. Such bonds at a fixed interest rate have a nominal interest rate of 3.15%. Interest and principal is paid on the maturity date and related issuance expense amounts to RMB3,212,389.43.

(iii) The Company issued corporate bonds with a total amount of RMB1,000,000,000.00 and duration of 1 year on 19 October 2015. Such bonds at a fixed interest rate have a nominal interest rate of 3.20%. Interest and principal is paid on the maturity date and related issuance expense amounts to RMB3,250,709.43.

(36) LONG-TERM BORROWINGS

	31 December 2015	31 December 2014
Pledged (a)	2,027,010,023.77	2,037,010,023.77
Guaranteed	-	281,474,000.00
Unsecured	834,000,000.00	1,050,000,000.00
	2,861,010,023.77	3,368,484,023.77
Less: Current portion of long-term borrowings		
Pledged	(10,000,000.00)	(10,000,000.00)
Guaranteed	-	(281,474,000.00)
Unsecured	(500,000,000.00)	(250,000,000.00)
	(510,000,000.00)	(541,474,000.00)
	2,351,010,023.77	2,827,010,023.77

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements *(Continued)*

(36) LONG-TERM BORROWINGS *(Continued)*

- (a-i) As at 31 December 2015, bank borrowings of RMB27,010,023.77 (31 December 2014: RMB37,010,023.77) were secured by the Group's fixed assets with a carrying amount of RMB96,449,466.32 (a cost of RMB102,322,342.45) (31 December 2014: a carrying amount of RMB98,879,621.96 and a cost of RMB102,322,342.45) (Note 4(16)) and land use rights with a carrying amount of RMB15,576,958.57 (a cost of RMB17,631,590.19) (31 December 2014: a carrying amount of RMB15,929,644.33 and a cost of RMB17,631,590.19) (Note 4(19)). Interest is payable every three months, current portion is due for repayment equally on 20 June 2016 and 20 December 2016, and remaining principal is due for repayment over time before 14 March 2019.
- (a-ii) As at 31 December 2015, borrowings of RMB150,000,000.00 (31 December 2014: RMB150,000,000.00) were secured by the Company's fixed assets with a carrying amount of approximately RMB150,868,257.15 (a cost of RMB228,576,076.21) (31 December 2014: a carrying amount of RMB153,999,206.27 and a cost of RMB228,576,076.21) (Note 4(16)). Interest is payable every three months and the principal is due for repayment on 30 June 2017.
- (a-iii) As at 31 December 2015, borrowings of RMB500,000,000.00 (31 December 2014: 500,000,000.00) were secured by the Company's fixed assets with a carrying amount of approximately RMB452,722,560.60 (a cost of RMB935,860,681.53) (31 December 2014: a carrying amount of RMB481,593,095.85 and a cost of RMB935,860,681.53) (Note 4(16)). Interest is payable every three months and the principal is due for repayment on 23 May 2017.
- (a-iv) As at 31 December 2015, borrowings of RMB1,000,000,000.00 (31 December 2014: 1,000,000,000.00) were secured by the Company's fixed assets with a carrying amount of approximately RMB842,764,288.94 (a cost of RMB1,735,975,658.93) (31 December 2014: a carrying amount of RMB975,138,982.30 and a cost of RMB1,735,975,658.93) (Note 4(16)). Interest is payable every three months and the principal is due for repayment on 29 May 2017.
- (a-v) As at 31 December 2015, borrowings of RMB50,000,000.00 (31 December 2014: 50,000,000.00) were secured by the Company's fixed assets with a carrying amount of approximately RMB47,020,107.26 (a cost of RMB68,391,732.00) (31 December 2014: a carrying amount of RMB49,263,623.46 and a cost of RMB68,391,732.00) (Note 4(16)). Interest is payable every three months and the principal is due for repayment on 30 June 2017.
- (a-vi) As at 31 December 2015, borrowings of RMB300,000,000.00 (31 December 2014: 300,000,000.00) were secured by the Company's fixed assets with a carrying amount of approximately RMB281,420,540.90 (a cost of RMB384,992,940.93) (31 December 2014: a carrying amount of RMB313,165,498.16 and a cost of RMB384,992,940.93) (Note 4 (16)). Interest is payable every three months and the principal is due for repayment on 6 November 2017.

As at 31 December 2015, the interest rate for the long-term borrowings was 5.39% – 6.33% (31 December 2014: 5.76% – 6.20%).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(37) BONDS PAYABLE

	31 December 2014	Issued in the current year	Issuance expense	Amortisation of premium/discount	Repayment in the current year	31 December 2015	Interest at par
Corporate bonds	4,971,625,629.16	-	-	8,253,334.90	-	4,979,878,964.06	284,875,000.00
Corporate bonds	-	800,000,000.00	(23,424,000.00)	7,299,641.58	-	783,875,641.58	31,265,753.42
	4,971,625,629.16	800,000,000.00	(23,424,000.00)	15,552,976.48	-	5,763,754,605.64	316,140,753.42

Related information is as follows:

	Par value	Issuance date	Maturity	Issuance amount
Corporate bonds (a)	100.00	23 May 2011	10 years	2,350,000,000.00
Corporate bonds (b)	100.00	26 September 2011	7 years	2,650,000,000.00
Corporate bonds (c)	100.00	17 February 2015	3 years	800,000,000.00

- (a) Under Regulatory Permission [2011] No. 699 approved by CSRC, the Company issued corporate bonds on 23 May 2011. Interest of such bonds is annually paid and calculated by the simple interest method at a fixed interest rate of 5.30% annually. Interest is payable every year (Note 4(31)), and related issuance expense amounts to RMB25,156,495.00.
- (b) Under Regulatory Permission [2011] No. 1226 approved by CSRC, the Company issued corporate bonds on 26 September 2011. At end of the fifth year after issuance, the Company has the right to increase the nominal interest rate and holders have the right to sell all or partial bonds back to the Company at par. Such bonds at a fixed interest rate have a nominal interest rate of 6.05%. Interest is payable every year (Note 4(31)), and related issuance expense amounts to RMB27,775,729.25.
- (c) The Company issued corporate bonds on 27 February 2015. Interest of such bonds is annually paid and calculated by the simple interest method at a fixed interest rate of 4.50% annually. Interest is payable every half year (Note 4(31)), and related issuance expense amounts to RMB23,424,000.00.

(38) LONG-TERM PAYABLES

	31 December 2015	31 December 2014
Payable for finance lease	62,752,592.78	71,800,371.90
Standby letters of credit fee payable	10,040,000.00	-
	72,792,592.78	71,800,371.90
Less: Current portion of long-term payables	(17,771,479.16)	(11,913,648.39)
	55,021,113.62	59,886,723.51

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(39) DEFERRED INCOME

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015	
Government grants	566,797,413.08	45,930,182.00	(47,645,786.39)	565,081,808.69	
Government grants	31 December 2014	Increase in the current year	Amortisation recognised in non-operating income in the current year	31 December 2015	Related to assets/ income
Relocation compensation (i)	524,839,661.58	-	(34,439,916.54)	490,399,745.04	Related to assets
Production safety fund (ii)	-	31,750,000.00	-	31,750,000.00	Related to assets
Operation subsidies (iii)	24,218,502.19	5,858,282.00	(11,296,000.00)	18,780,784.19	Related to income
Sea-railway transportation subsidies (iv)	5,000,000.00	5,340,000.00	-	10,340,000.00	Related to assets
Acquisition of vessels (v)	4,457,316.20	-	(791,217.56)	3,666,098.64	Related to assets
Energy conservation and emission reduction special fund (vi)	4,329,393.20	42,900.00	(717,756.71)	3,654,536.49	Related to assets
Equipment reconstruction (vii)	2,420,132.18	-	(264,423.68)	2,155,708.50	Related to assets
Others	1,532,407.73	2,939,000.00	(136,471.90)	4,334,935.83	Related to assets
	566,797,413.08	45,930,182.00	(47,645,786.39)	565,081,808.69	

- (i) The amount received by the Company in respect of the compensation for the relocation of the terminals will be recognised in the consolidated income statement by periods over the estimated useful lives of the new terminals upon commencement of their operations.
- (ii) The amount received by the Company in respect of the government grant for safety of production will be recognised in the consolidated income statement by periods over the useful lives of the relevant assets. This project has not been completed and transferred to fixed assets.
- (iii) The subsidy related to income granted by the People's Government of Muling was used to the compensation for operating loss in five years since Heilongjiang Suimu Logistics Co., Ltd.'s incorporation. The Company was characterised as large initial investment and long payback period. The local government offered financial supporting for the operating loss incurred in the initial operating period in order to attract outside investors. The amount received by the Group in respect of the subsidy will be recognised in the consolidated income statement by periods based on the operating performance.
- (iv) The amount received by the Company in respect of the subsidy for the sea-railway co-transportation system will be recognised in the consolidated income statement by periods over the useful lives of the relevant assets. This project has not been completed and transferred to fixed assets.
- (v) The amount received by the Group in respect of the subsidy for the acquisition of vessels will be recognised in the consolidated income statement by periods over the useful lives of the relevant assets.
- (vi) The amount received by the Group in respect of the subsidy for the equipment acquisition and reconstruction regarding energy conservation and emission reduction will be recognised in the consolidated income statement by periods over the useful lives of the relevant assets.
- (vii) The amount received by the Group in respect of the subsidy for the equipment reconstruction will be recognised in the consolidated income statement by periods over the useful lives of the relevant assets.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(40) OTHER NON-CURRENT LIABILITIES

	31 December 2015	31 December 2014
All-in charges for cargo handling	102,772,498.43	97,036,185.00

In 2013, The Company entered into an all-in charges contract with Chinatex Grains and Oils (Heilongjiang) Co., Ltd. Chinatex Grains and Oils (Heilongjiang) Co., Ltd. paid in advance the all-in charges for full logistics including distribution services and port operations with the amount of RMB112 million. The first seven years were the deduction period, during which the interest was calculated in terms of the loan interest rate stipulated by the People's Bank of China for the corresponding period. And the last three years represent the preferential period.

(41) SHARE CAPITAL

	31 December 2014	Movements in the current year					31 December 2015
		Newly issued	Bonus share	Transferred from reserves	Others	Subtotal	
RMB-denominated ordinary shares	3,363,400,000.00	-	-	-	-	-	3,363,400,000.00
Foreign shares listed overseas	1,062,600,000.00	-	-	-	-	-	1,062,600,000.00
	4,426,000,000.00	-	-	-	-	-	4,426,000,000.00

	31 December 2013	Movements in the current year					31 December 2014
		Newly issued	Bonus share	Transferred from reserves	Others	Subtotal	
RMB-denominated ordinary shares	3,363,400,000.00	-	-	-	-	-	3,363,400,000.00
Foreign shares listed overseas	1,062,600,000.00	-	-	-	-	-	1,062,600,000.00
	4,426,000,000.00	-	-	-	-	-	4,426,000,000.00

As at 31 December 2015, 149,458,000 shares of foreign shares listed overseas were held by PDA through HKSCC Nominees Limited (31 December 2014: 53,000,000 shares). The overweight H-shares in 2015 was acquired from the secondary market through Hong Kong stock exchange.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(42) CAPITAL SURPLUS

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015
Share premium	6,103,613,277.83	–	–	6,103,613,277.83
Other capital surplus				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method (a)	8,126,932.54	318,818.44	–	8,445,750.98
Others	10,536,809.50	(5,030,083.69)	–	5,506,725.81
	6,122,277,019.87	(4,711,265.25)	–	6,117,565,754.62

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Share premium	6,103,613,277.83	–	–	6,103,613,277.83
Other capital surplus				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method (a)	5,555,248.10	2,571,684.44	–	8,126,932.54
Others	5,097,730.59	5,439,078.91	–	10,536,809.50
	6,114,266,256.52	8,010,763.35	–	6,122,277,019.87

- (a) Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method mainly comprises special reserves appropriated by joint ventures and associates of the Group in the current period.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(43) OTHER COMPREHENSIVE INCOME

	Other comprehensive income in balance sheet		Other comprehensive income in income statement for the year ended 31 December 2015					
	31 December 2014	Attributable to equity owners of the company – net of tax	31 December 2015	Amount incurred before tax for the current year	Less: Previously recognised in OCI but transferred to P&L for the current year	Less: Income tax expenses	Attributable to equity owners of the company – net of tax	Attributable to minority shareholders, net of tax
Share of investee's other comprehensive income that will be reclassified subsequently to profit or loss	(1,834,787.33)	1,079,120.55	(755,666.78)	1,079,120.55	-	-	1,079,120.55	-
Gains or losses on changes in fair value of available-for-sale financial assets	(902,412.06)	(2,612,183.95)	(3,514,596.01)	(2,612,183.95)	-	-	(2,612,183.95)	-
Difference on translation of foreign currency financial statements	9,860,580.11	21,433,259.96	31,293,840.07	21,433,259.96	-	-	21,433,259.96	-
	7,123,380.72	19,900,196.56	27,023,577.28	19,900,196.56	-	-	19,900,196.56	-

	Other comprehensive income in balance sheet		Other comprehensive income in income statement for the year ended 31 December 2014					
	31 December 2013	Attributable to equity owners of the company – net of tax	31 December 2014	Amount incurred before tax for the current year	Less: Previously recognised in OCI but transferred to P&L for the current year	Less: Income tax expenses	Attributable to equity owners of the company – net of tax	Attributable to minority shareholders, net of tax
Share of investee's other comprehensive income that will be reclassified subsequently to profit or loss	-	(1,834,787.33)	(1,834,787.33)	(1,834,787.33)	-	-	(1,834,787.33)	-
Gains or losses on changes in fair value of available-for-sale financial assets	6,931,124.61	(7,833,536.67)	(902,412.06)	(7,833,536.67)	-	-	(7,833,536.67)	-
Difference on translation of foreign currency financial statements	7,472,254.84	2,388,325.27	9,860,580.11	2,388,325.27	-	-	2,388,325.27	-
	14,403,379.45	(7,279,998.73)	7,123,380.72	(7,279,998.73)	-	-	(7,279,998.73)	-

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(44) SURPLUS RESERVE

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015
Statutory surplus reserve	578,709,289.48	44,243,065.83	–	622,952,355.31
Reserve fund	353,065.88	–	–	353,065.88
Discretionary surplus reserve	620,468.49	–	–	620,468.49
	579,682,823.85	44,243,065.83	–	623,925,889.68

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Statutory surplus reserve	532,442,880.91	46,266,408.57	–	578,709,289.48
Reserve fund	353,065.88	–	–	353,065.88
Discretionary surplus reserve	620,468.49	–	–	620,468.49
	533,416,415.28	46,266,408.57	–	579,682,823.85

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. According to board resolution, the Company extracts for statutory surplus reserve which is 44,243,065.83, on the basis of 10% of net profit earned on 2015. (2014: It is 46,266,408.57 which is on the basis of 10% of net profit).

The Company appropriates for the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities.

(45) UNDISTRIBUTED PROFITS

	2015	2014
Undistributed profits at beginning of year (before adjustments)	2,559,058,167.36	2,352,129,307.90
Adjustments (a)	–	24,786.48
Undistributed profits at beginning of year (after adjustments)	2,559,058,167.36	2,352,154,094.38
Add: net profit attributable to equity owners of the Company for the current year	484,333,281.47	520,774,580.07
Less: appropriation to statutory surplus reserve	(44,243,065.83)	(46,266,408.57)
Ordinary share dividends payable (b)	(177,040,000.00)	(265,560,000.00)
Appropriation to employees' bonus and welfare fund in subsidiaries	(1,880,977.47)	(2,044,098.52)
Undistributed profits at end of year	2,820,227,405.53	2,559,058,167.36

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(45) UNDISTRIBUTED PROFITS (Continued)

- (a) The adjustment of undistributed profits at beginning of 2014 amounts to RMB24,786.48 due to business combination involving enterprises under common control (Note 5(1)).
- (b) In accordance with the resolution at the Board of Shareholders' meeting, dated on 29 June 2015, the Company proposed a cash dividend to the shareholders at RMB0.40 per 10 shares (including tax), amounting to RMB177,040,000.00 calculated by 4,426,000,000 issued shares.

In accordance with the resolution at the Board of Shareholders' meeting, dated on 25 June 2014, the Company proposed a cash dividend to the shareholders at RMB0.60 per 10 shares (including tax), amounting to RMB265,560,000.00 calculated by 4,426,000,000 issued shares.

(46) MINORITY INTERESTS

	31 December 2015	31 December 2014
Dalian Container Terminal Co., Ltd.	684,062,425.63	683,779,682.48
Dalian Haijia Automobile Terminal Co., Ltd.	212,583,098.13	200,000,000.00
Dalian Port Lvshun Harbour Service Co., Ltd.	132,779,456.62	132,278,798.42
Dalian Golden Bay Grain Logistics Co., Ltd.	126,128,184.79	128,971,740.20
Dalian Dilangsirui Caravan Co., Ltd.	49,981,042.06	36,551,102.16
Dalian Port Group Zhuanghe Terminal Co., Ltd.	22,376,508.29	–
Dalian Port Construction Supervision & Consultation Co., Ltd.	14,857,247.00	15,516,566.02
Dalian Portnet Co., Ltd.	14,419,558.98	15,696,807.16
Dalian Portsoft Technology Co., Ltd.	12,848,674.85	12,204,790.02
Dalian FTZ Jinxin Petro-chemical Co., Ltd.	12,212,533.46	11,380,195.60
Port of Dalian SLD Timber Trading Center Co., Ltd.	11,872,527.76	–
Dalian Ganghong International Trade Co., Ltd.	9,581,666.36	9,800,765.54
Dalian International Container Services Co., Ltd.	7,343,738.75	7,169,274.35
Dalian Port Telecommunications Engineering Co., Ltd.	6,620,926.32	6,234,545.90
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.,	4,901,187.78	–
Dalian United King Port Auto Trade Co., Ltd.	4,793,303.52	8,713,303.52
Dalian Gangrun Gas Co., Ltd.	4,073,057.91	4,069,399.90
Heilongjiang Suimu Logistics Co., Ltd.	3,777,570.77	3,773,089.99
Dalian Ocean Shipping Tally Co., Ltd.	2,889,051.93	2,692,689.65
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	2,547,432.62	1,511,177.56
Dalian Port Trans-Eurasia International Logistics Co., Ltd.	1,207,439.18	–
Tangshan Caofeidian Port Jifa Shipping Agency Co., Ltd.	251,722.42	250,555.96
Dalian Port Xinshengshi Trading Co., Ltd.	34,411.57	–
Dalian Jifa Technology Co., Ltd.	(1,408,429.70)	(1,192,977.86)
Dalian International Logistics Park Development Co., Ltd.	(9,920,707.63)	(5,890,753.74)
	1,330,813,629.37	1,273,510,752.83

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(47) REVENUE AND COST OF SALES

	2015	2014
Revenue from main operations	8,534,675,280.00	7,580,271,984.21
Revenue from other operations	351,491,813.15	362,186,613.53
	8,886,167,093.15	7,942,458,597.74

	2015	2014
Cost of sales from main operations	7,168,530,971.26	6,308,995,108.78
Cost of sales from other operations	263,124,485.63	258,566,812.37
	7,431,655,456.89	6,567,561,921.15

(a) Analysis by industries is as follows:

	2015		2014	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil and liquefied chemicals terminal and related logistics services	2,078,019,028.41	1,268,868,455.08	1,909,118,078.18	1,219,074,689.03
Container terminal and related logistics services	1,692,339,086.99	1,351,143,844.87	1,568,307,307.03	1,330,590,087.50
General cargo terminal and related logistics and trading services	374,123,523.09	380,637,271.11	418,361,343.64	430,045,736.21
Ore terminal and related logistics services	349,865,498.15	397,543,019.89	255,881,586.33	201,482,834.26
Grains terminal and related logistics and trading services	1,361,492,366.50	1,400,773,149.28	1,000,851,533.24	973,501,656.14
Passenger, roll-on, roll-off terminal and related logistics services	128,759,441.77	97,787,334.66	130,682,437.91	96,094,263.45
Port value-added and ancillary services	940,030,013.54	646,188,855.12	914,100,031.32	633,104,178.92
Automobile terminal and related logistics and trading services	1,866,027,173.77	1,821,482,937.75	1,639,882,258.40	1,610,436,545.75
Others	95,510,960.93	67,230,589.13	105,274,021.69	73,231,929.89
	8,886,167,093.15	7,431,655,456.89	7,942,458,597.74	6,567,561,921.15

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(47) REVENUE AND COST OF SALES (Continued)

(b) The revenue is categorised as follows:

	2015	2014
Commodity trading	3,896,346,612.23	2,891,625,996.82
Handling services	1,729,177,804.60	1,829,322,733.28
Storage services	890,855,483.67	918,343,288.22
Agency services	679,581,659.48	655,740,755.57
Transportation services	536,079,584.90	485,876,005.46
Leasing services	239,553,835.17	273,340,017.81
Port management services	222,126,080.62	208,288,314.08
Project construction and supervision services	160,953,611.87	142,175,000.20
Electric supply services	99,606,764.37	115,430,518.14
Sales of goods	45,671,247.33	54,746,435.98
Information services	81,513,731.88	62,558,428.08
Tallying services	63,570,811.74	61,539,650.15
Others	241,129,865.29	243,471,453.95
	8,886,167,093.15	7,942,458,597.74

(48) TAXES AND SURCHARGES

	2015	2014	Tax base
Business tax	24,253,871.73	23,874,731.36	5% of taxable income for business tax
City maintenance and construction tax	9,906,542.60	10,488,321.08	7% of business tax and VAT for city maintenance and construction tax
Educational surcharges	7,060,650.76	7,513,422.53	3% of business tax and VAT for educational surcharges and 2% for local educational surcharges
	41,221,065.09	41,876,474.97	

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(49) SELLING EXPENSES

	2015	2014
Technical service fees	744,000.00	–
Warehousing expenses	251,866.77	–
Fuel expenses	51,098.57	40,000.00
Repair charges	25,641.03	12,000.00
Handling charges	–	3,460,289.74
Insurance expenses	–	7,980.00
Others	384,767.77	221,265.46
	1,457,374.14	3,741,535.20

(50) GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
Employee benefits	402,694,537.99	381,128,505.97
Depreciation and amortisation	43,939,733.72	46,389,025.97
Taxation expenses	24,405,768.05	17,712,461.14
Rental expenses	20,585,619.32	15,861,564.89
Entertainment expenses	18,631,490.12	17,457,098.11
Property insurance fee	7,585,014.20	7,257,807.69
General office expenses	7,139,499.04	6,404,870.48
Audit fees	3,870,144.10	4,046,021.37
Others	93,514,299.80	86,306,972.42
	622,366,106.34	582,564,328.04

(51) FINANCIAL EXPENSES

	2015	2014
Interest expenses	580,095,074.54	536,179,585.19
Less: Interest income	(43,108,886.91)	(21,793,411.41)
Less: Amount of interest capitalisation (i)	(66,448,268.90)	(57,130,300.57)
Exchange gains or losses	36,395,474.79	(607,346.86)
Others	13,704,601.51	5,362,557.81
	520,637,995.03	462,011,084.16

(i) Borrowing costs capitalised have been included into construction in progress, carried forward to fixed assets upon the completion of construction in progress.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(52) EXPENSES BY NATURE

The cost of sales, selling expenses, and general and administrative expenses in the income statements are listed by nature as follows:

	2015	2014
Cost of goods sales	3,889,555,293.51	2,927,746,434.51
Labour costs	1,449,722,384.07	1,402,424,936.82
Depreciation and amortisation	780,441,215.07	755,537,279.78
Rental expenses	376,806,330.76	379,981,921.15
Fuel expenses	184,355,294.89	283,511,233.63
Electric charges	130,399,081.85	130,111,148.01
Materials expenses	72,229,861.71	100,054,062.57
Repair charges	93,221,402.78	98,170,594.47
Auditor Fees	3,870,144.10	4,046,021.37
– Audit Service	3,148,515.39	3,324,392.67
– Non-audit Service	721,628.71	721,628.70
Other expenses	1,074,877,928.63	1,072,284,152.08
	8,055,478,937.37	7,153,867,784.39

(53) GAINS ON CHANGES IN FAIR VALUE

	2015	2014
Financial assets at fair value through profit or loss		
– Investments in equity instrument held for trading	2,950,982.93	1,238,604.61

(54) INVESTMENT INCOME

	2015	2014
Income from long-term equity investment under equity method	120,705,350.12	128,045,475.98
Income from disposal of long-term equity investment	–	11,431,834.66
Income earned during the holding period of financial assets at fair value through profit or loss	732,372.53	88,292.50
Income earned during the holding period of available-for-sale financial assets	22,342,185.82	1,476,465.36
Income from disposal of financial assets at fair value through profit or loss	4,373,519.69	663,247.70
Income from disposal of available-for-sale financial assets	21,014,976.72	–
Income from entrusted investments	20,159,765.58	33,750,295.13
Income from a business combination achieved by stages	–	24,533.89
	189,328,170.46	175,480,145.22

There is no restriction on recovery of investment income.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(55) ASSET IMPAIRMENT LOSSES

	2015	2014
Impairment loss on bad debts	(10,000.00)	1,629,504.33

(56) NON-OPERATING INCOME

	2015	2014	Amount recognised in non-recurring profit or loss for the year 2015
Gains on disposal of non-current assets	358,780.48	21,824,679.61	358,780.48
Including: Gains on disposal of fixed assets	353,300.98	4,998,965.20	353,300.98
Gains on disposal of intangible assets	5,479.50	16,825,714.41	5,479.50
Government grants (a)	240,525,846.29	306,569,097.79	3,296,297.60
Negative goodwill from equity acquisition	–	24,533.89	–
Others	34,031,494.09	26,734,699.94	34,031,494.09
	274,916,120.86	355,153,011.23	37,686,572.17

(a) Details of government grants

	2015	2014	Related to assets/income
Relocation compensation	34,439,916.54	34,505,184.05	Related to assets
Vessel construction subsidies	791,217.56	791,217.60	Related to assets
Equipment reconstruction subsidies	264,423.68	264,423.68	Related to assets
Energy conservation and emission reduction special fund	717,756.71	2,017,533.61	Related to assets
Others	136,471.90	86,108.90	Related to assets
Container subsidies (i)	189,141,000.00	249,566,600.00	Related to income
Operation subsidies	11,296,000.00	11,095,000.00	Related to income
Relocation compensation	1,185,143.11	–	Related to income
Refund of turnover taxes	442,762.30	4,066,556.76	Related to income
Energy conservation and emission reduction special fund	91,100.00	–	Related to income
Others	2,020,054.49	4,176,473.19	Related to income
	240,525,846.29	306,569,097.79	

- (i) In accordance with *Circular on Publication for Container Subsidies Scheme and Detailed Rules for the Implementation 2014-2015* (Da Gang Kou Fa [2014] No. 215) issued by Dalian Bureau of Port and Dalian Municipal Bureau of Finance in 2014, government grants recognised by the Group for the year ended 31 December 2015 amounted to RMB189,141,000.00 (for the year ended 31 December 2014: RMB249,566,600.00).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(57) NON-OPERATING EXPENSES

	2015	2014	Amount recognised in non-recurring profit or loss for the year 2015
Losses on disposal of non-current assets	2,223,447.08	13,741,880.27	2,223,447.08
Including: losses on disposal of fixed assets	2,223,447.08	13,741,880.27	2,223,447.08
Donations	6,000.00	–	6,000.00
Others	4,060,030.83	5,189,166.03	4,060,030.83
	6,289,477.91	18,931,046.30	6,289,477.91

(58) INCOME TAX EXPENSES

	2015	2014
Current income tax calculated based on tax law and related regulations	158,232,027.87	194,688,536.05
Deferred income tax	2,374,815.77	(4,450,826.43)
	160,606,843.64	190,237,709.62

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	2015	2014
Total profit	729,744,892.00	796,014,464.65
Income tax expenses calculated at applicable tax rates	182,436,223.00	199,003,616.16
Effect of different tax rates applicable to subsidiaries in Mainland China	(2,012,663.30)	(3,212,984.84)
Effect of different tax rates applicable to subsidiaries outside Mainland China	3,522,210.66	2,105,354.12
Adjustments for current income tax of prior period	(2,093,012.45)	757,102.43
Income not subject to tax	(44,388,180.00)	(41,567,303.34)
Costs, expenses and losses not deductible for tax purposes	15,283,285.63	11,800,631.97
Utilisation of previously unrecognised tax losses	(12,013,777.29)	(960,789.46)
Deductible losses and temporary differences for which no deferred income tax asset was recognised	19,872,757.39	22,312,082.58
Income tax expenses	160,606,843.64	190,237,709.62

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(59) EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	2015	2014
Consolidated net profit attributable to ordinary shareholders of the Company	484,333,281.47	520,774,580.07
Weighted average number of ordinary shares outstanding	4,426,000,000.00	4,426,000,000.00
Basic earnings per share	0.11	0.12
Including:		
– Basic earnings per share from continuing operations	0.11	0.12

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. In 2015, there were no dilutive potential ordinary shares (2014: nil), hence diluted earnings per share is equal to basic earnings per share.

(60) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash received relating to other operating activities

	2015	2014
Government grants received	388,580,230.61	323,080,513.39
Bank interest income received	43,108,886.91	21,634,963.19
Down payment	45,225,588.15	61,272,444.55
Others	39,281,635.28	60,436,965.95
	516,196,340.95	466,424,887.08

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(60) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Cash paid relating to other operating activities

	2015	2014
Subsidies paid for other companies	97,185,662.00	36,970,000.00
Rental expenses	20,585,619.32	15,861,564.89
Technology research and development	15,075,983.22	12,993,713.55
Intermediary fees	10,825,928.49	8,638,750.82
Insurance expenses	7,585,014.20	7,265,787.69
Business travel expenses	3,666,029.94	6,873,740.80
General office expenses	7,139,499.04	6,404,870.48
Bank commission charges	16,851,269.81	5,160,032.28
Fuel expenses	3,632,061.56	4,912,736.60
Repair charges	5,295,195.40	4,683,199.48
Commuting expenses	3,666,029.94	4,014,399.44
Utility fees	2,821,343.37	3,426,653.93
Communication expenses	498,223.61	1,367,818.29
Materials expenses	1,117,467.07	1,109,159.49
Others	47,289,634.83	91,038,055.64
Other payments on behalf of others	56,252,873.29	82,901,770.45
	299,487,835.09	293,622,253.83

(c) Cash received relating to other investing activities

	2015	2014
Cash received from restricted balances with financial institutions	29,940,587.21	35,473,146.89
Fixed deposit of more than half year received	169,000,000.00	130,000,000.00
	198,940,587.21	165,473,146.89

(d) Cash paid relating to other investing activities

	2015	2014
Land-transferring fees to be refunded	491,538,182.90	–
Fixed deposit with banks	171,950,000.00	169,000,000.00
Restricted balances with financial institutions	32,419,333.84	29,940,587.22
	695,907,516.74	198,940,587.22

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(60) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(e) Cash received relating to other financing activities

	2015	2014
Asset-related government grants received	40,071,900.00	11,346,926.61

(f) Cash paid relating to other financing activities

	2015	2014
Bonds issuance expense paid	14,550,444.46	3,332,378.68
Finance lease Paid	16,191,554.86	–
Legal service fee relating to additional H share public offerings Paid	1,287,413.75	–
Others	5,032,200.00	–
	37,061,613.07	3,332,378.68

(61) SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Supplementary information to the consolidated cash flow statement

Reconciliation from net profit to cash flows from operating activities

	2015	2014
Net profit	569,138,048.36	605,776,755.03
Add: Provision for asset impairment	(10,000.00)	1,629,504.33
Depreciation of fixed assets	717,192,463.58	686,475,733.85
Depreciation of investment properties	18,196,292.78	18,119,198.95
Amortisation of intangible assets	43,551,936.32	40,281,693.19
Amortisation of long-term prepaid expenses	3,430,710.75	10,660,653.79
Net losses/(gains) on disposal of fixed assets	1,864,666.60	(8,082,799.34)
Financial expenses	521,642,083.52	479,509,591.68
Investment income	(189,328,170.46)	(175,480,145.22)
Gains or losses on changes in fair value	(2,950,982.93)	(1,238,604.61)
Decrease/(increase) in deferred tax assets	730,121.33	(2,086,328.16)
Increase/(decrease) in deferred tax liabilities	1,644,694.44	(2,364,498.27)
Transfer from deferred income	(41,787,504.39)	(42,123,467.64)
Decrease/(increase) in inventories	28,897,843.36	(450,084,293.28)
Increase in special reserve	7,676,784.98	7,340,262.90
Negative goodwill from equity acquisition	–	(24,533.89)
Decrease/(increase) in operating receivables	162,649,538.98	(609,864,680.52)
Increase in operating payables	88,159,827.57	270,799,720.03
Net cash flows from operating activities	1,930,698,354.79	829,243,762.82

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(61) SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(a) Supplementary information to the consolidated cash flow statement (Continued)

Significant investing and financing activities that do not involve cash receipts and payments

	2015	2014
Fixed assets held under finance leases	63,850,075.16	71,327,354.21

Net increase/(decrease) in cash and cash equivalents

	2015	2014
Cash and cash equivalents at end of year	2,728,928,183.51	2,247,075,590.78
Less: Cash and cash equivalents at beginning of year	(2,247,075,590.78)	(2,178,918,600.97)
Net increase in cash and cash equivalents	481,852,592.73	68,156,989.81

(b) Acquisition of subsidiaries

	2015	2014
Cash and cash equivalents paid for business combination incurred in the current year	-	9,000,000.00
Less: Cash and cash equivalents held by subsidiaries at acquisition date	-	(7,107,219.40)
Net cash outflow on acquisition of subsidiaries	-	1,892,780.60

Net assets of the subsidiaries acquired

	2015	2014
Current assets	-	30,586,095.85
Non-current assets	-	2,907,398.55
Current liabilities	-	(1,670,297.87)
	-	31,823,196.53

(c) Cash and cash equivalents

	31 December 2015	31 December 2014
Cash	88,856.07	123,972.84
Including: cash on hand	88,856.07	123,972.84
Cash at bank that can be readily drawn on demand	2,728,061,535.80	2,245,288,579.57
Other monetary fund that can be readily drawn on demand	777,791.64	1,663,038.37
Cash and cash equivalents at end of year	2,728,928,183.51	2,247,075,590.78

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

4 Notes to the consolidated financial statements (Continued)

(62) MONETARY ITEMS DOMINATED IN FOREIGN CURRENCY

	31 December 2015		
	Amount in foreign currency	Translation rate	Amount in RMB
Cash at bank and on hand			
USD	8,065,762.34	6.4936	52,375,834.33
JPY	12,169,087.20	0.0539	655,913.80
HKD	10,270,967.22	0.8378	8,605,016.34
CAD	9.90	4.6814	46.35
EUR	21.51	7.0952	152.62
Accounts receivable			
USD	2,533,914.57	6.4936	16,454,227.65
JPY	390,057.70	0.0539	21,024.11
Other receivables			
USD	514,365.27	6.4936	3,340,082.32
HKD	1.00	0.8378	0.84
Accounts payable			
USD	2,649,446.08	6.4936	17,204,443.07
Other payables			
USD	1,900,500.37	6.4936	12,341,089.20
HKD	76,914.32	0.8378	64,438.82
Short-term borrowings			
USD	34,837,555.61	6.4936	226,221,151.11
JPY	1,865,140,505.58	0.0539	100,531,073.25
CAD	8,383,241.07	4.6814	39,245,304.75
EUR	6,517,358.74	7.0952	46,241,963.73
Current portion of long-term payables			
USD	884,718.17	6.4936	5,745,005.91
Long-term receivables			
JPY	241,538,326.53	0.0539	13,018,915.80
Long-term payables			
USD	6,777,755.55	6.4936	44,012,033.44
Available-for-sale financial assets			
HKD	14,588,201.74	0.8378	12,221,995.42

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

5 Changes of consolidation scope

(1) BUSINESS COMBINATION INVOLVING ENTERPRISES UNDER COMMON CONTROL

(a) Business combination involving enterprises under common control in the current year

Acquiree	Equity interests acquired	Basis for business combinations involving enterprises under common control	Acquisition date	Determination basis for acquisition date	Income of acquiree from 1 January 2015 to acquisition date	Net profit of acquiree from 1 January 2015 to acquisition date	Income of acquiree for the year 2014	Net profit of acquiree for the year 2014	Cash flows from operating activities of acquiree from 1 January 2015 to the acquisition date	Net cash flows of acquiree from 1 January 2015 to the acquisition date
Dalian Northeast Asia International Shipping Center Shipping Talent Market Co., Ltd.	100%	The combining enterprise is ultimately controlled by the same party both before and after the acquisition and where the control is not transitory.	28 December 2015	The Group owned 100% of the shareholding and voting rights in Northeast Asia International Shipping Center.	801,774.01	(303,767.46)	2,368.93	104,607.52	(234,210.89)	(234,210.89)

- (b) The consideration of the business combination and carrying amount of net assets acquired are as follows:

	Dalian Northeast Asia International Shipping Center Shipping Talent Market Co., Ltd.
Cost of combination – cash paid	5,032,200.00

- (c) The carrying amounts of assets and liabilities of the acquiree at acquisition date are as follows:

	Acquisition date Carrying amount	31 December 2014 Carrying amount
Cash at bank and on hand	4,868,561.89	5,102,772.78
Interests receivable	18,500.00	54,428.48
Less: Other Liabilities	(61,435.35)	(27,807.26)
Net assets	4,825,626.54	5,129,394.00
Less: Minority interests	–	–
Net assets obtained	4,825,626.54	5,129,394.00

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

5 Changes of consolidation scope (Continued)

(2) OTHER CONSOLIDATION SCOPE CHANGES

On 19 March 2015, the Company contributed RMB7,000,000.00 in cash to set up a subsidiary, Dalian Port Xinchengshi Trading Co., Ltd., with Shandong Yaochang Group Co., Ltd.

On 2 June 2015, the Group contributed RMB3,000,000.00 in cash to set up a subsidiary, Dalian Port Trans-Eurasia International Logistics Co., Ltd., with Oulu (Tianjin) International Freight Forwarding Co., Ltd.

On 17 July 2015, the Group contributed RMB5,100,000.00 in cash to set up a subsidiary, Inner Mongolia Lugang Bonded Logistics Park Co., Ltd., with Tongliao Tongke Transportation Construction Management Co., Ltd.

On 20 July 2015, the Group contributed RMB12,750,000.00 in cash to set up a subsidiary, Port of Dalian SLD Timber Trading Center Co., Ltd. with Dalian Tongda Freight Co., Ltd. and Dalian Hegang International Trading Co., Ltd. jointly.

On 15 August 2015, the Company contributed RMB80,000,000.00 in cash to set up a wholly-owned subsidiary, Dalian Zhuanghe Gangxing Investment Co., Ltd.

On 17 September 2015, the Group contributed RMB10,000,000.00 in cash to set up a wholly-owned subsidiary, Huanan Dalian Port Zhengliang Cereals and Oil Trading Co., Ltd..

6 Interests in other entities

(1) INTERESTS IN SUBSIDIARIES

(a) The composition of the Group

Name of subsidiaries	Category of Legal Person	Principal place of operation	Place of registration	Nature of business	Information of Equity and Debt Issued	Shareholding (%)		Voting rights (%)	Method of acquisition
						Direct (%)	Indirect (%)		
Dalian FTZ Jinxin Petro-chemical Co., Ltd.	LLC (Sino-foreign joint)	Dalian, Liaoning	Dalian, Liaoning	Wholesale and agency	None	60.00	-	60.00	Contributed by investor
Dalian Port Jifa Logistics Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Logistics	None	-	100.00	100.00	Contributed by investor
Dalian Port Container Development Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Container services	None	100.00	-	100.00	Contributed by investor
Dalian International Container Services Co., Ltd. (iv)	LLC	Dalian, Liaoning	Dalian, Liaoning	Transportation agency	None	-	55.00	60.00	Contributed by investor
Dalian International Logistics Park Development Co., Ltd.	Other LLC	Dalian, Liaoning	Dalian, Liaoning	Real estate development	None	-	90.00	90.00	Contributed by investor
Dalian Jifa Shipping Agency Co., Ltd.	LLC (Sole Proprietorship of Legal Person)	Dalian, Liaoning	Dalian, Liaoning	Shipping agency	None	-	100.00	100.00	Contributed by investor
Dalian Jifa Ship Management Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Ship management service	None	90.77	9.23	100.00	Contributed by investor

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities (Continued)

(1) INTERESTS IN SUBSIDIARIES (Continued)

(a) The composition of the Group (Continued)

Name of subsidiaries	Category of Legal Person	Principal place of operation	Place of registration	Nature of business	Information of Equity and Debt Issued	Shareholding (%)		Voting rights (%)	Method of acquisition
						Direct (%)	Indirect (%)		
Dalian Jifa Port Technical Service Co., Ltd.	LLC (Sole Proprietorship of Legal Person)	Dalian, Liaoning	Dalian, Liaoning	Port technical services	None	-	100.00	100.00	Contributed by investor
Dalian Jifa International Freight Co., Ltd.	LLC (Sole Proprietorship of Legal Person)	Dalian, Liaoning	Dalian, Liaoning	Logistics	None	-	100.00	100.00	Contributed by investor
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Transportation	None	-	97.36	97.36	Contributed by investor
Dalian Jifa Technology Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Computer system service	None	-	60.00	60.00	Contributed by investor
Dalian Port Logistics Technology Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Computer software	None	-	100.00	100.00	Contributed by investor
Dalian Dilangsirui Caravan Co., Ltd.	LLC (Sino-foreign joint)	Dalian, Liaoning	Dalian, Liaoning	Manufacturing	None	51.00	-	51.00	Set up by investment
Dalian Ganghang Tendering & Bidding Agency Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Tendering & Bidding Agency	None	-	100.00	100.00	Set up by investment
Dalian Ganghong International Trade Co., Ltd. (iv)	Other LLC	Dalian, Liaoning	Dalian, Liaoning	Trading	None	-	51.00	60.00	Set up by investment
Dalian Port Grain and Oil trading Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Trading	None	100.00	-	100.00	Set up by investment
Dalian Gangrun Gas Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Sale of fuel gas	None	51.00	-	51.00	Set up by investment
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Shipping industry	None	51.00	49.00	100.00	Set up by investment
Dalian Haijia Automobile Terminal Co., Ltd. (i)	LLC	Dalian, Liaoning	Dalian, Liaoning	Construction and operation of auto terminal	None	50.00	-	100.00	Set up by investment
Dalian Container Terminal Co., Ltd. (iv)	LLC (Sino-foreign joint)	Dalian, Liaoning	Dalian, Liaoning	Port industry	None	-	51.00	57.14	Set up by investment
Dalian United King Port Auto Trade Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Trading	None	60.00	-	60.00	Set up by investment

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities (Continued)

(1) INTERESTS IN SUBSIDIARIES (Continued)

(a) The composition of the Group (Continued)

Name of subsidiaries	Category of Legal Person	Principal place of operation	Place of registration	Nature of business	Information of Equity and Debt Issued	Shareholding (%)		Voting rights (%)	Method of acquisition
						Direct (%)	Indirect (%)		
Dalian Steel Logistics Park Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Trading	None	100.00	-	100.00	Set up by investment
Harbour Full Group Limited	LLC	BVI	BVI	Logistics	None	-	100.00	100.00	Set up by investment
Heilongjiang Suimu Logistics Co., Ltd.	Other LLC	Muling, Heilongjiang	Muling, Heilongjiang	Logistics	None	-	91.67	91.67	Set up by investment
Qinhuangdao Jigang Shipping Agency Co., Ltd.	LLC (Sole Proprietorship of Legal Person)	Qinhuangdao, Hebei	Qinhuangdao, Hebei	Shipping agency	None	-	100.00	100.00	Set up by investment
Tangshan Caofeidian Port Jifa Shipping Agency Co., Ltd.	LLC	Tangshan, Hebei	Tangshan, Hebei	Shipping agency	None	-	51.00	51.00	Set up by investment
Asia Pacific Ports (Dalian) Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Logistics	None	-	100.00	100.00	Set up by investment
Asia Pacific Ports Development Co., Ltd.	LLC	BVI	BVI	Logistics	(v)	-	100.00	100.00	Set up by investment
Asia Pacific Ports Investment Co., Ltd.	LLC	Hong Kong	Hong Kong	Logistics	None	-	100.00	100.00	Set up by investment
Asia Pacific Ports Company Limited	LLC	Hong Kong	Hong Kong	Logistics	None	100.00	-	100.00	Set up by investment
Dalian Port Xinshengshi Trading Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Trading	None	70.00	-	70.00	Set up by investment
Dalian Port Trans-Eurasia International Logistics Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Freight services	None	-	60.00	60.00	Set up by investment
Huanan Dalian Port Zhengliang Cereals and Oil Trading Co., Ltd.	LLC	Jiamusi, Heilongjiang	Jiamusi, Heilongjiang	Trading	None	-	100.00	100.00	Set up by investment
Dalian Zhuanghe Gangxing Investment Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Real estate development	None	100.00	-	100.00	Set up by investment

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities (Continued)

(1) INTERESTS IN SUBSIDIARIES (Continued)

(a) The composition of the Group (Continued)

Name of subsidiaries	Category of Legal Person	Principal place of operation	Place of registration	Nature of business	Information of Equity and Debt Issued	Shareholding (%)		Voting rights (%)	Method of acquisition
						Direct (%)	Indirect (%)		
Port of Dalian SLD Timber Trading Center Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Service industry	None	-	51.00	51.00	Set up by investment
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Other LLC	Tongliao, Inner Mongolia	Tongliao, Inner Mongolia	Freight services	None	-	51.00	51.00	Set up by investment
Dalian Port Power Supply Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Construction industry	None	100.00	-	100.00	Business combination involving enterprises under common control
Dalian Port Group Zhuanghe Terminal Co., Ltd.	Other LLC	Dalian, Liaoning	Dalian, Liaoning	Port industry	None	60.00	-	60.00	Business combination involving enterprises under common control
Dalian Port Construction Supervision & Consultation Co., Ltd.	LLC (Sino-foreign joint)	Dalian, Liaoning	Dalian, Liaoning	Supervision service	None	75.00	-	75.00	Business combination involving enterprises under common control
Dalian Portsoft Technology Co., Ltd. (i)	LLC	Dalian, Liaoning	Dalian, Liaoning	Computer system service	None	49.00	-	60.00	Business combination involving enterprises under common control
Dalian Portsoft Network Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Computer system service	None	-	100.00	100.00	Business combination involving enterprises under common control
Dalian Port Telecommunications Engineering Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Telecommunication service	None	45.00	20.00	65.00	Business combination involving enterprises under common control
Dalian Golden Bay Grain Logistics Co., Ltd. (ii)	LLC	Dalian, Liaoning	Dalian, Liaoning	Logistics	None	37.50	-	75.00	Business combination involving enterprises under common control
Dalian Ocean Shipping Tally Co., Ltd.	Other LLC	Dalian, Liaoning	Dalian, Liaoning	Tallying	None	84.00	-	84.00	Business combination involving enterprises under common control

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities (Continued)

(1) INTERESTS IN SUBSIDIARIES (Continued)

(a) The composition of the Group (Continued)

Name of subsidiaries	Category of Legal Person	Principal place of operation	Place of registration	Nature of business	Information of Equity and Debt Issued	Shareholding (%)		Voting rights (%)	Method of acquisition
						Direct (%)	Indirect (%)		
Dalian Changxing Island Lingang Industrial Zone Wanpeng Harbour Construction Supervisory and Consultancy Co., Ltd.	LLC (Sole Proprietorship of Legal Person)	Dalian, Liaoning	Dalian, Liaoning	Supervision service	None	-	100.00	100.00	Business combination involving enterprises under common control
Dalian Northeast Asia International Shipping Center Shipping Talent Market Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Service industry	None	100.00	-	100.00	Business combination involving enterprises under common control
Dalian Port Lvshun Harbour Service Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Port industry	None	60.00	-	60.00	Business combinations involving enterprises not under common control
Dalian Jiye Logistics Co., Ltd.	LLC (Sole Proprietorship of Legal Person)	Dalian, Liaoning	Dalian, Liaoning	Freight services	None	-	100.00	100.00	Business combinations involving enterprises not under common control
DCT Logistics Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Logistics	None	-	100.00	100.00	Business combinations involving enterprises not under common control
Dalian Portnet Co., Ltd.	LLC	Dalian, Liaoning	Dalian, Liaoning	Computer system service	None	-	71.43	71.43	Business combinations involving enterprises not under common control
Dalian Shunda Logistic Services Co., Ltd.	LLC (Sole Proprietorship of Legal Person)	Dalian, Liaoning	Dalian, Liaoning	Logistics	None	-	100.00	100.00	Business combinations involving enterprises not under common control

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities *(Continued)*

(1) INTERESTS IN SUBSIDIARIES *(Continued)*

(a) The composition of the Group *(Continued)*

- (i) Pursuant to Joint Venture Contract signed with the other shareholders, other shareholders keep a consistent policy with the Company regarding material operation matters of the joint ventures, and the Company exerts actual control over the joint venture.
- (ii) With the majority of the voting rights owned in the board, the Company actually takes the control rights.
- (iii) Pursuant to the consent agreement entered between some other shareholders and the Company, these shareholders keep a consistent policy with the Company, and the Company actually takes the control rights.
- (iv) The proportion of shareholdings is determined by the amount of contributions in the investment agreement, while the voting rights is determined by the voting methods of the highest decision-making institution in the articles of association of the invested company, which leads to inconsistency between the above two.
- (v) Asia Pacific Ports Development Co., Ltd. issued three-year corporation bonds which amount for 800,000,000.00 on 27 February 2015. Please refer to Note 4(37) for related information.

(b) Subsidiaries with material minority interests

Name of subsidiaries	Shareholding of minority shareholders (%)	Profit or loss attributable to minority shareholders for the year 2015	Dividends paid to minority shareholders for the year 2015	Minority interests as at 31 December 2015
Dalian Container Terminal Co., Ltd.	49.00	62,666,379.41	(61,287,719.06)	684,062,425.63
Dalian Haijia Automobile Terminal Co., Ltd.	50.00	12,583,098.13	–	212,583,098.13
Dalian Port Lvshun Harbour Service Co., Ltd	40.00	570,686.44	–	132,779,456.62
Dalian Golden Bay Grain Logistics Co., Ltd.	62.50	(2,843,555.41)	–	126,128,184.79

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities (Continued)

(1) INTERESTS IN SUBSIDIARIES (Continued)

(b) Subsidiaries with material minority interests (Continued)

The major financial information of the significant non-fully-owned subsidiaries of the Group is listed below:

	31 December 2015					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dalian Container Terminal Co., Ltd.	150,163,932.11	1,442,163,105.92	1,592,327,038.03	194,398,355.82	1,882,915.62	196,281,271.44
Dalian Haijia Automobile Terminal Co., Ltd.	132,986,452.24	298,144,837.44	431,131,289.68	5,965,093.43	-	5,965,093.43
Dalian Port Lvshun Harbour Service Co., Ltd	15,536,670.16	361,477,162.50	377,013,832.66	45,065,191.10	-	45,065,191.10
Dalian Golden Bay Grain Logistics Co., Ltd.	144,254,591.05	57,990,680.39	202,245,271.44	440,175.78	-	440,175.78

	31 December 2014					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dalian Container Terminal Co., Ltd.	128,659,333.67	1,508,599,274.72	1,637,258,608.39	239,850,188.09	1,939,680.54	241,789,868.63
Dalian Haijia Automobile Terminal Co., Ltd.	218,806,949.54	181,683,287.77	400,490,237.31	490,237.31	-	490,237.31
Dalian Port Lvshun Harbour Service Co., Ltd	11,255,392.44	372,813,914.14	384,069,306.58	53,372,310.52	-	53,372,310.52
Dalian Golden Bay Grain Logistics Co., Ltd.	145,078,251.98	61,989,841.75	207,068,093.73	713,309.41	-	713,309.41

	2015				2014			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Dalian Container Terminal Co., Ltd.	487,081,023.05	127,890,570.23	127,890,570.23	203,801,154.54	489,191,007.31	140,509,369.50	140,509,369.50	219,903,009.55
Dalian Haijia Automobile Terminal Co., Ltd.	-	25,166,196.26	25,166,196.26	(47,096.37)	-	-	-	2,641.07
Dalian Port Lvshun Harbour Service Co., Ltd	41,797,212.82	1,426,716.09	1,426,716.09	21,370,681.93	45,545,246.19	(501,030.90)	(501,030.90)	15,106,159.58
Dalian Golden Bay Grain Logistics Co., Ltd.	469,543.71	(4,549,688.66)	(4,549,688.66)	(376,924.88)	5,564,999.01	1,106,856.35	1,106,856.35	3,898,792.85

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities (Continued)

(2) INTERESTS IN JOINT VENTURES AND ASSOCIATES

(a) Basic information of important joint ventures and associates

	Principal place of operation	Place of registration	Nature of business	Strategic or not for the Group's activities	Shareholding (%)	Voting rights (%)
Joint ventures						
Dalian International Container Terminal Co., Ltd.(iii)	Dalian, Liaoning	Dalian, Liaoning	International container terminal service	Yes	40.00	40.00
Dalian Changxing Island Port Investment & Development Co., Ltd. (ii)	Dalian, Liaoning	Dalian, Liaoning	Terminal facility development construction	Yes	46.58	50.00
Dalian Port Container Terminal Co., Ltd.(ii)(iii)	Dalian, Liaoning	Dalian, Liaoning	Container service	Yes	35.00	36.36
China United International Rail Containers (Dalian) Co., Ltd. (iii)	Dalian, Liaoning	Dalian, Liaoning	International container service	Yes	40.00	40.00
Dalian Port Yidu Cold Chain Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	Trading	Yes	50.00	50.00
Dalian Automobile Terminal Co., Ltd.(ii)(iii)	Dalian, Liaoning	Dalian, Liaoning	Import and export, assembly handling, storage	Yes	40.00	42.86
Dalian Port PetroChina International Terminal Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	Oil terminal, assembly handling, consultancy	Yes	50.00	50.00
Odfjell Terminals (Dalian) Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	Construction and operation of tank terminal	Yes	50.00	50.00
Associates						
PetroChina Dalian LNG Co., Ltd	Dalian, Liaoning	Dalian, Liaoning	Liquefied natural gas business	Yes	20.00	20.00
Dalian Port Group Financial Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	Financial industry	Yes	40.00	40.00
Sino Rail Bohai Train Ferry Co., Ltd. (i)	Yantai, Shandong	Yantai, Shandong	Ferry transportation	Yes	17.50	17.50
Dalian Puji Storage Facility Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	Other storage	Yes	40.00	40.00

The above equity investments are all measured using equity method by the Group.

- (i) Although the voting rights the Company owns in Sino Rail Bohai Train Ferry Co., Ltd. are less than 20%, the Company can still have a say in the financial and operating policy of the investees for the Company's representatives appointed in the Board of Directors or similar authority institutions have substantive power in decision-making. Therefore, it is accounted for as an associate.
- (ii) The proportion of shareholdings is determined by the amount of contributions in the investment agreement, while the voting rights is determined by the voting methods of the highest decision-making institution in the Articles of Association of the invested company, which leads to inconsistency between the above two.
- (iii) In accordance with the Company's Articles of Association, all significant events are jointly decided by investors, thus it is an associate under common control of investors.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities (Continued)

(2) INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Main financial information of important joint ventures:

	31 December 2015							
	Dalian International Container Terminal Co., Ltd.	Dalian Changxing Island Port Investment & Development Co., Ltd.	Dalian Port Container Terminal Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.
Current assets	111,099,005.17	905,495,547.37	162,742,647.70	46,612,791.07	375,082,347.07	44,660,276.31	13,523,087.91	62,114,111.76
Including: Cash and cash equivalents	39,234,263.41	671,314,070.68	66,935,320.97	9,177,047.81	18,168,247.98	31,284,977.11	13,430,572.41	39,061,198.56
Non-current assets	2,832,957,282.04	3,650,418,820.72	1,757,013,194.51	428,461,013.05	335,688,007.32	541,671,210.02	525,003,379.60	305,173,014.52
Total assets	2,944,056,287.21	4,555,914,368.09	1,919,755,842.21	475,073,804.12	710,770,354.39	586,331,486.33	538,526,467.51	367,287,126.28
Current liabilities	122,889,266.29	1,188,890,200.44	149,430,171.94	13,403,056.85	172,712,954.61	77,695,201.02	2,698,516.39	43,275,175.80
Non-current liabilities	1,483,869,933.73	2,370,298,250.81	1,001,635,720.00	-	2,000,000.00	104,335,531.93	190,000,000.00	-
Total liabilities	1,606,759,200.02	3,559,188,451.25	1,151,065,891.94	13,403,056.85	174,712,954.61	182,030,732.95	192,698,516.39	43,275,175.80
Attributable to equity holders of the Company	1,337,297,087.19	996,725,916.84	768,689,950.27	461,670,747.27	536,057,399.78	404,300,753.38	345,827,951.12	324,011,950.48
Shares of net assets calculated in proportion to shareholding (i)	534,918,834.88	464,274,932.06	269,041,482.59	184,668,298.91	268,028,699.89	161,720,301.35	172,913,975.56	162,005,975.24
Adjustments								
- Goodwill	-	-	-	-	-	2,453,618.25	-	-
- Unearned profit from internal transaction	(177,315.64)	-	(43,218,550.33)	-	-	-	-	-
Carrying amount of investment in joint ventures	534,828,400.65	464,264,932.07	225,822,932.26	184,668,298.91	268,028,699.89	164,173,919.60	172,913,975.56	162,005,975.24

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities (Continued)

(2) INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Main financial information of important joint ventures: (Continued)

	31 December 2014								
	Dalian International Container Terminal Co., Ltd.	Dalian Changxing Island Port Investment & Development Co., Ltd.	Dalian Port Container Terminal Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.	
Current assets	170,828,026.35	263,173,895.95	200,043,725.38	37,982,241.83	128,319,766.08	58,270,208.33	12,704,522.97	67,253,889.96	
Including: Cash and cash equivalents	77,685,844.15	54,838,291.75	136,911,336.42	7,372,774.92	5,948,990.43	46,773,233.54	12,612,877.47	45,301,264.32	
Non-current assets	2,939,470,505.94	3,522,498,523.59	1,807,056,096.81	442,170,999.07	259,887,241.49	506,662,521.87	543,145,412.83	309,093,372.25	
Total assets	3,110,298,532.29	3,785,672,419.54	2,007,099,822.19	480,153,240.90	388,207,007.57	564,932,730.20	555,849,935.80	376,347,262.21	
Current liabilities	172,562,545.63	739,532,412.28	371,673,298.95	13,678,224.68	223,550,175.55	45,465,539.20	2,903,228.90	54,984,580.89	
Non-current liabilities	1,610,539,690.30	2,052,557,057.74	877,186,508.90	-	2,000,000.00	91,906,163.00	230,000,000.00	19,000,000.00	
Total liabilities	1,783,102,235.93	2,792,089,470.02	1,248,859,807.85	13,678,224.68	225,550,175.55	137,371,702.20	232,903,228.90	73,984,580.89	
Minority interests	-	-	-	-	-	-	-	-	
Attributable to equity holders of the Company	1,327,196,296.36	993,582,949.52	758,240,014.34	466,475,016.22	162,656,832.02	427,561,028.00	322,946,706.90	302,362,681.32	
Shares of net assets calculated in proportion to shareholding (i)	530,878,518.54	462,810,937.89	265,384,005.02	186,590,006.49	73,195,574.41	171,024,411.20	161,473,353.45	151,181,340.66	
Adjustments									
- Goodwill	-	-	-	-	-	2,453,618.25	-	-	
- Unearned profit from internal transaction	(221,644.55)	-	(44,349,214.32)	-	-	-	-	-	
Carrying amount of investment in joint ventures	530,656,873.99	462,810,937.89	221,034,790.70	186,590,006.49	74,846,159.26	173,478,029.45	161,473,353.45	151,181,340.66	

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities (Continued)

(2) INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Main financial information of important joint ventures: (Continued)

	31 December 2015							
	Dalian International Container Terminal Co., Ltd.	Dalian Changxing Island Port Investment & Development Co., Ltd.	Dalian Port Container Terminal Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.
Revenue	308,286,178.49	-	453,511,118.08	44,026,798.47	154,666,148.34	87,895,023.20	91,250,000.00	92,448,137.50
Financial expenses	(81,448,043.70)	-	(77,973,143.19)	(125,494.53)	(2,815,124.47)	(3,902,191.25)	(11,640,733.71)	(143,059.52)
Income tax expenses	2,348,098.15	-	(613,366.00)	-	(11,634,241.69)	(2,605,835.92)	(6,182,913.55)	(11,140,120.19)
Net profit	10,135,130.49	2,904,829.81	13,680,552.81	(4,804,268.94)	22,744,793.65	19,533,085.01	43,087,544.23	36,834,081.40
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	10,135,130.49	2,904,829.81	13,680,552.81	(4,804,268.94)	22,744,793.65	19,533,085.01	43,087,544.23	36,834,081.40
Dividends received from joint ventures by the Group for the current year	-	-	-	-	-	17,112,185.95	10,103,150.00	7,500,000.00

	31 December 2014							
	Dalian International Container Terminal Co., Ltd.	Dalian Changxing Island Port Investment & Development Co., Ltd.	Dalian Port Container Terminal Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.
Revenue	323,038,223.91	-	472,648,388.74	32,500,903.28	162,793,504.15	92,659,088.35	91,250,000.00	73,450,370.33
Financial expenses	(84,942,277.62)	-	(51,851,530.90)	67,308.60	(1,065,200.58)	(4,815,566.52)	(14,640,858.14)	(2,342,246.29)
Income tax expenses	-	-	(5,539,754.90)	-	(13,639,722.28)	(4,281,745.90)	(5,843,426.34)	(3,474,761.79)
Net profit	979,746.39	(138,521.39)	31,817,251.51	(2,313,174.82)	39,431,121.85	26,159,167.05	40,412,554.38	22,439,156.04
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	979,746.39	(138,521.39)	31,817,251.51	(2,313,174.82)	39,431,121.85	26,159,167.05	40,412,554.38	22,439,156.04
Dividends received from joint ventures by the Group for the current year	-	-	9,922,500.00	-	-	4,000,000.00	9,761,210.00	-

- (i) Share of asset is calculated according to shareholding based on the amount attributable to the parent company in the consolidated financial statements of joint ventures. The amount in the consolidated financial statements of joint ventures considers the impacts of fair value of identifiable assets and liabilities of joint ventures at the time of acquisition and the unification of accounting policies.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities (Continued)

(2) INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(c) Main financial information of important associates

	31 December 2015				31 December 2014			
	PetroChina Dalian LNG Co., Ltd	Dalian Port Group Financial Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	PetroChina Dalian LNG Co., Ltd	Dalian Port Group Financial Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.
Current assets	23,950,442.10	8,545,349,484.84	292,412,579.88	11,470,805.75	63,295,367.76	4,907,573,951.02	347,439,008.56	5,478,306.58
Non-current assets	3,513,515,798.32	1,263,244,406.14	2,162,897,507.02	650,722,062.26	3,558,509,585.29	3,267,537.14	2,285,146,302.71	676,904,775.71
Total assets	3,537,466,240.42	9,808,593,890.98	2,455,310,086.90	662,192,868.01	3,621,804,953.05	4,910,841,488.16	2,632,585,311.27	682,383,082.29
Current liabilities	767,451,579.99	7,451,938,244.77	738,900,190.31	56,272,224.89	806,859,891.91	4,196,532,691.79	462,252,848.69	39,824,385.21
Non-current liabilities	-	-	205,468,000.00	172,500,000.00	-	-	618,547,000.00	179,910,400.00
Total liabilities	767,451,579.99	7,451,938,244.77	944,368,190.31	228,772,224.89	806,859,891.91	4,196,532,691.79	1,080,799,848.69	219,734,785.21
Minority interests	-	-	23,803,443.93	-	-	-	34,648,222.18	-
Attributable to equity holders of the Company	2,770,014,660.43	2,356,655,646.21	1,487,138,452.66	433,420,643.12	2,814,945,061.14	714,308,796.37	1,517,137,240.40	462,648,297.08
Shares of net assets calculated in proportion to shareholding (ii)	554,002,932.09	942,662,258.48	260,249,229.22	173,368,257.25	562,989,012.23	285,723,518.55	265,499,017.07	185,059,318.83
Adjustments								
- Goodwill	-	-	-	-	-	-	-	-
- Unearned profit from internal transaction	-	-	-	(27,275,644.16)	-	-	-	(28,017,164.72)
Carrying amount of investment in associates	554,002,932.09	942,662,258.48	259,668,101.51	146,092,613.09	562,989,012.23	285,723,518.55	265,499,017.07	157,042,154.11

	2015				2014			
	PetroChina Dalian LNG Co., Ltd	Dalian Port Group Financial Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	PetroChina Dalian LNG Co., Ltd	Dalian Port Group Financial Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.
Revenue	526,688,424.66	224,873,067.74	387,047,299.66	30,055,876.65	635,751,523.40	158,478,706.54	1,422,299,079.26	32,266,823.79
Net profit	107,849,022.18	142,346,849.83	(14,515,990.35)	(27,373,852.56)	169,677,143.09	87,785,559.49	(2,065,715.60)	(30,263,133.61)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	107,849,022.18	142,346,849.83	(14,515,990.35)	(27,373,852.56)	169,677,143.09	87,785,559.49	(2,065,715.60)	(30,263,133.61)
Dividends received from associates by the Group for the current year	30,555,884.58	-	3,499,007.71	-	41,010,966.60	-	8,626,360.14	-

- (ii) Share of asset is calculated according to shareholding based on the amount attributable to the parent company in the consolidated financial statements of associates. The amount in the consolidated financial statements of associates considers the impacts of fair value of identifiable assets and liabilities of associates at the time of acquisition and the unification of accounting policies.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

6 Interests in other entities *(Continued)*

(2) INTERESTS IN JOINT VENTURES AND ASSOCIATES *(Continued)*

(d) Summarised information of unimportant joint ventures and associates

	2015	2014
Joint ventures:		
Total carrying amount of the investments	379,034,013.33	392,228,574.75
Total amount calculated in proportion to the shareholdings		
Net profit (i)	(30,367,030.88)	(7,490,322.86)
Other comprehensive income (i)	-	-
Total comprehensive income	(30,367,030.88)	(7,490,322.86)
Associates:		
Total carrying amount of the investments	273,492,852.78	247,653,289.71
Total amount calculated in proportion to the shareholdings		
Net profit (i)	22,470,522.39	7,302,834.96
Other comprehensive income (i)	1,079,120.55	(1,834,787.33)
Total comprehensive income	23,549,642.94	5,468,047.63

(i) The net profit and other comprehensive income consider the impacts of both the fair value of the identifiable assets and liabilities at the time of acquisition and the unification of accounting policies.

(e) Excess deficit incurred in joint ventures and associates

	Accumulated unrecognised losses at beginning of year	Accumulated unrecognised losses in the current year	Excess deficit made up for with long-term receivables (Note 4(12)(a))	Accumulated unrecognised losses at end of year
SINOECL Auto Liners, Limited	9,650,579.20	2,223,161.58	10,936,457.31	937,283.47
Jadeway Limited	-	6,480,117.77	-	6,480,117.77

(f) Unrecognised commitments relating to investment of joint ventures are listed in Note 9(7).
Contingent liabilities arising from investment of associates are detailed in Note 10.

7 Interests in structured entities not included in the consolidation scope

Refer to Note 4(12)(a).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

8 Segment information

The reportable segments of the Group are the business units that provide different products or service, or operate in the different areas. Different businesses or areas require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified 8 reportable segments as follows:

- Oil/liquefied chemicals terminal and related logistics services, responsible for loading and discharging, storage and transshipment of oil products and liquefied chemicals and port management services;
- Container terminal and related logistics services, responsible for loading and discharging, storage and transshipment of containers, leasing of terminals and related facilities and various container logistics services and sale of properties;
- General cargo terminal and related logistics and trading services, responsible for loading and discharging of general cargo and provision of related logistics services and steel trading operation;
- Ore terminal and related logistics services, responsible for loading and discharging of ore and provision of related logistics services;
- Bulk grains terminal and related logistics and trading services, responsible for loading and discharging of grains and provision of related logistics services and unprocessed grains trading operation;
- Passenger and roll-on, roll-off terminal and related logistics services, responsible for passenger transportation and general cargo roll-on and roll-off provision of related logistics services;
- Port value-added services and related ancillary port operations, responsible for tallying, tugging, transportation, power supply, information technology and construction services;
- Automobile terminal and related logistics and trading services, responsible for loading and discharging of automobile and provision of related logistics and trading services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profit. The adjusted total profit is measured consistently with the Group's total profit except for certain revenue and expenses attributable to headquarters. Segment assets and liabilities exclude certain assets and liabilities attributable to headquarters as these assets and liabilities are managed by the Group.

The above reporting segments are the basis on which the Group reports its segment information and no operating segments have been aggregated to form the above reportable segments.

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

Inter-segment transfer prices are measured by reference to selling prices to third parties.

The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment. Expenses indirectly attributable to each segment are allocated to the segments based on the proportion of each segment's revenue.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

8 Segment information (Continued)

(a) Segment information as at and for the year ended 31 December 2015 is as follows (unit: RMB'000):

	Oil/liquefied chemicals terminal and related logistics services	Container terminal and related logistics services	General cargo terminal and related logistics and trading services	Ore terminal and related logistics services	Bulk grains terminal and related logistics and trading services	Passenger and roll-on, roll- off terminal and related logistics services	Port value- added and ancillary port operations	Automobile terminal and related logistics and trading services	Others	Elimination	Total
Revenue from external customers	2,078,019	1,692,339	374,124	349,865	1,361,492	128,759	940,030	1,866,027	95,512	-	8,886,167
Inter-segment revenue	4,876	604	343	233	-	1,390	84,825	1,398	61,843	(155,512)	-
Cost of sales from main operations	1,255,792	1,300,128	360,474	397,543	1,378,448	93,626	540,116	1,819,296	23,108	-	7,168,531
Interest income	4,319	5,378	1,279	415	4,005	348	2,494	16,589	8,282	-	43,109
Investment income from associates and joint ventures	52,075	19,156	(26,773)	363	-	(294)	61,592	14,586	-	-	120,705
Asset impairment losses	-	-	(10)	-	-	-	-	-	-	-	(10)
Depreciation and amortisation expenses	211,427	166,630	98,351	104,858	68,596	30,475	66,488	10,629	24,917	-	782,371
Total profit	784,215	374,234	(72,459)	(80,916)	(63,019)	5,159	204,577	31,758	(453,804)	-	729,745
Income tax expenses	191,702	80,447	(8,448)	(20,335)	(17,028)	1,089	24,742	4,422	(95,984)	-	160,607
Net profit	592,513	293,787	(64,011)	(60,581)	(45,991)	4,070	179,835	27,336	(357,820)	-	569,138
Total assets	7,358,420	6,691,722	2,342,704	2,390,155	1,544,854	1,157,476	2,451,904	2,744,255	3,083,958	(635,558)	29,129,890
Total liabilities	1,581,845	701,441	84,388	46,213	263,925	62,530	171,349	855,841	10,628,630	(635,558)	13,760,604
Non-cash expenses other than depreciation and amortisation	152	12,572	22	96	-	36	328	-	34,440	-	47,646
Long-term equity investments in associates and joint ventures	1,442,979	1,531,455	153,051	2,393	-	336,045	960,178	305,559	-	-	4,731,660
Additions of non-current assets other than long-term equity investments	210,588	68,015	11,487	14,894	1,631	10,552	11,030	225	507,502	-	835,924

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

8 Segment information (Continued)

(a) Segment information as at and for the year ended 31 December 2014 is as follows (unit: RMB'000):

	Oil/liquefied chemicals terminal and related logistics services	Container terminal and related logistics services	General cargo terminal and related logistics and trading services	Ore terminal and related logistics services	Bulk grains terminal and related logistics and trading services	Passenger and roll-on, roll- off terminal and related logistics services	Port value- added and ancillary port operations	Automobile terminal and related logistics and trading services	Others	Elimination	Total
Revenue from external customers	1,909,118	1,568,307	418,361	255,882	1,000,852	130,682	914,103	1,639,882	105,272	-	7,942,459
Inter-segment revenue	8,127	-	351	233	406	1,154	101,472	7,590	49,287	(168,620)	-
Cost of sales from main operations	1,218,042	1,284,475	410,852	201,483	950,421	92,690	509,408	1,607,153	34,471	-	6,308,995
Interest income	616	5,514	533	158	4,310	112	1,571	601	8,378	-	21,793
Investment income from associates and joint ventures	65,405	27,504	(19,522)	93	-	(4,514)	40,098	18,981	-	-	128,045
Asset impairment loss	-	-	1,482	-	-	-	148	-	-	-	1,630
Depreciation and amortisation expenses	196,113	169,264	82,617	89,027	69,752	34,342	69,230	4,322	40,870	-	755,537
Total profit	690,773	367,603	(72,045)	20,299	9,836	2,029	167,605	20,547	(410,633)	-	796,014
Income tax expenses	163,686	80,936	(9,276)	5,051	2,167	971	24,797	4,024	(82,118)	-	190,238
Net profit	527,087	286,667	(62,769)	15,248	7,669	1,058	142,808	16,523	(328,515)	-	605,776
Total assets	6,712,430	6,654,452	2,306,054	2,508,947	2,075,496	1,170,063	2,360,271	1,652,926	3,195,573	(787,004)	27,849,208
Total liabilities	1,430,583	1,562,231	178,175	87,181	692,309	71,147	159,071	540,645	8,930,863	(787,004)	12,865,201
Non-cash expenses other than depreciation and amortisation	34,665	12,573	-	-	-	36	1,485	-	-	-	48,759
Long-term equity investments in associates and joint ventures	1,428,470	1,317,345	179,647	2,121	-	339,861	303,161	302,602	-	-	3,873,207
Additions of non-current assets other than long-term equity investments	214,912	187,613	19,947	573	2,476	12,588	38,544	176,493	71,865	-	725,011

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

8 Segment information *(Continued)*

Geographical information:

The entire Group's operations are located in Mainland China. Therefore, all revenue of segments is generated from the customers in Mainland China and the major non-current assets are also located in Mainland China.

Information about major customers:

The revenue from oil/liquefied chemicals and related logistics segment of RMB459,587,787.83 is derived from a single customer, accounting for 5.17% of the Group's total revenue.

Notes to the Financial Statements

For the year ended 31 December 2015
 (All amounts in RMB Yuan unless otherwise stated)
 (English translation for reference only)

9 Related parties and related party transactions

(1) PARENT

(a) General information of the parent company:

	Type	Place of registration	Nature of business
Dalian Port Group Co., Ltd	Solely state-owned	Dalian, Liaoning	Port business

The Company's ultimate controlling party is Dalian Port Group Co., Ltd.

(b) Registered capital and its changes of the parent company

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015
Dalian Port Group Co., Ltd	4,000,000,000.00	-	-	4,000,000,000.00

(c) The percentages of shareholding and voting rights in the Company held by the parent company:

	31 December 2015		31 December 2014	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
Dalian Port Group Co., Ltd	52.16%	52.16%	54.42%	54.42%

(2) SUBSIDIARIES

The general information and other related information of the subsidiaries is set out in Note 6(1)(a).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(3) JOINT VENTURES AND ASSOCIATES

Except for those material joint ventures and associates as disclosed in Note 6(2)(a), other joint ventures and associates that have related party transactions with the Group are as follows:

	Relationship with the Group
Dalian Port Tongli Shipping Agency Co., Ltd.	Joint ventures
Dalian Harbour ECL Logistics Co., Ltd.	Joint ventures
Dalian United International Shipping Agency Co., Ltd.	Joint ventures
Dalian Vanguard International Logistics Co., Ltd.	Joint ventures
China United Tally (Dalian) Co., Ltd.	Joint ventures
China Oil Dock Management (Dalian) Co., Ltd. (i)	Joint ventures
Liaoning Electronic Port Co., Ltd.	Joint ventures
Liaoning Con-Rail International Logistics Co., Ltd.	Joint ventures
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Joint ventures
Dalian Jilong Logistics Co., Ltd. (i)	Joint ventures
Dalian Singamas International Container Co., Ltd. (i)	Joint ventures
Dalian Port Bulk Cargo Logistics Center Co., Ltd. (i)	Joint ventures
Odfjell Dalian Port Consulting Co., Ltd.	Joint ventures
Dalian Shunde Jifa Supply Chain Management Co., Ltd. (i)	Joint ventures
Dalian Changxing Island Port Co., Ltd. (i)	Joint ventures
China Harbour United Shipping Co., Ltd.	Associates
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Associates
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Associates
Taicang Xinggang Tug Co., Ltd.	Associates
SINOECL Auto Liners, Limited	Associates
Jadeway Limited	Associates
Dalian North Oil Petroleum Logistics Co., Ltd.	Associates
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	Associates

- (i) In accordance with the company's Articles of Association, all significant events are jointly decided by investors, thus it is an associate under common control of investors.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(4) OTHER RELATED PARTIES

	Relationship with the Group
Dalian FTZ Yongdexin Real Estate Development Co., Ltd.	Subsidiary of the parent company
Dalian Port Land Co., Ltd.	Subsidiary of the parent company
Dalian Wanfeng Properties Co., Ltd.	Subsidiary of the parent company
Dalian Creative Industry Project Development Co., Ltd.	Subsidiary of the parent company
Dalian Hongyu Building Co., Ltd.	Subsidiary of the parent company
Dalian Dagang Hongyu Housekeeping Services Co., Ltd	Subsidiary of the parent company
Dalian Harbour Building	Subsidiary of the parent company
Jinzhou Liaoxi PDA Properties Co., Ltd.	Subsidiary of the parent company
PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd.	Subsidiary of the parent company
Dalian Taiping Bay Port Company Limited (i)	Subsidiary of the parent company
Dalian Taiping Bay Investment & Development Co., Ltd.	Subsidiary of the parent company
Dalian Taiping Bay Construction Engineering Co., Ltd.	Subsidiary of the parent company
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Subsidiary of the parent company
Dalian Port Wantong Logistics Co., Ltd.	Subsidiary of the parent company
Dalian ETDZ Harbour Freight Co., Ltd.	Subsidiary of the parent company
Dalian Port Machinery Co., Ltd.	Subsidiary of the parent company
Dalian Dongwang Auto Repair Factory	Subsidiary of the parent company
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd	Subsidiary of the parent company
Dalian International Crew Training Centre	Subsidiary of the parent company
Dalian Port Security Services Co., Ltd.	Subsidiary of the parent company
Dalian Port North Shore Automobile Terminal Co., Ltd.	Subsidiary of the parent company
Dalian Port Engineering Co., Ltd.	Subsidiary of the parent company
Dalian Equipment Finance Leasing Co., Ltd.	Subsidiary of the parent company
Ocean Harvest Container Co. Limited	Subsidiary of the parent company
Dalian Port North Shore Investment & Development Co., Ltd.	Subsidiary of the parent company
Dalian Port Petroleum & Chemical Co., Ltd.	Subsidiary of the parent company
Changhai County Guanglu Terminal Construction Management Co., Ltd.	Subsidiary of the parent company
Dalian Port Petty Loan Co., Ltd	Subsidiary of the parent company
Dalian Port North Shore Real Estate Development Co., Ltd	Subsidiary of the parent company
Dalian Wantong Ronghai Shipping Co., Ltd.	Subsidiary of the parent company
Shenyang Mingshuo Industrial Development Co., Ltd	Subsidiary of the parent company
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the parent company
Dalian Life Raft Inspection Co., Ltd.	Associates of the parent company
Dalian Port Real Estate Group Co., Ltd.	Associates of the parent company
Dalian Port Machinery and Electric Co., Ltd.	Associates of the parent company
Dalian Port Industrial Co., Ltd.	Associates of the parent company
Dalian Port Property Management Co., Ltd.	Associates of the parent company
Dalian Port Landscape Engineering Co., Ltd.	Associates of the parent company
Dalian Port Rixing Boiler Installation Co., Ltd.	Associates of the parent company
Dalian Port Xingang Construction & Engineering Co., Ltd.	Associates of the parent company
Dalian Port Industrial Co., Ltd. (Xingang Gas Station)	Associates of the parent company
Dalian Port Design & Research Institute Co., Ltd.	Associates of the parent company
Dalian CITIC Harbour Investment Co., Ltd.	Associates of the parent company
Datong Securities Co., Ltd.	Associates of the parent company
Jinzhou Port Co., Ltd.	Associates of the parent company

- (i) Wafangdian Taiping Bay Co., Ltd., a subsidiary of the parent company, is renamed as Dalian Taiping Bay Port Company Limited in the period.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(5) RELATED PARTY TRANSACTIONS

(a) Purchase and sales of goods, and rendering and receiving of service

(i) Purchase of goods and receiving of service

Transactions with the parent company

	Nature of related party transactions	Pricing policy for related transactions	Amount for the year 2015	Amount for the year 2014
Dalian Port Group Co., Ltd	Comprehensive service	Terms of agreement	19,411,073.43	17,286,454.74

Transactions with joint ventures and associates

	Nature of related party transactions	Pricing policy for related transactions	Amount for the year 2015	Amount for the year 2014
Dalian Changxing Island Port Investment & Development Co., Ltd.	Comprehensive service	Terms of agreement	30,133,081.35	5,872,500.00
China Oil Dock Management (Dalian) Co., Ltd.	Port service	Terms of agreement	12,095,246.34	17,428,812.47
Dalian International Container Terminal Co., Ltd.	Handling service	Terms of agreement	6,077,978.23	2,130,391.50
Dalian Port Container Terminal Co., Ltd.	Handling service	Terms of agreement	3,296,136.80	855,948.13
Liaoning Con-Rail International Logistics Co., Ltd.	Transportation	Terms of agreement	2,793,241.10	–
China United International Rail Containers (Dalian) Co., Ltd.	Transportation	Terms of agreement	1,420,207.10	–
Dalian Port Group Financial Co., Ltd.	Financial service	Terms of agreement	503,130.00	321,297.79
Odfjell Dalian Port Consulting Co., Ltd.	Training service	Terms of agreement	283,140.00	430,810.00
Dalian Changxing Island Port Co., Ltd.	Electric power service	Terms of agreement	138,426.80	350,572.86
Dalian Automobile Terminal Co., Ltd.	Supervision service	Terms of agreement	100,000.00	400,000.00
Liaoning Electronic Port Co., Ltd.	Telecommunication Services	Terms of agreement	94,339.62	37,735.85
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Warehousing service	Terms of agreement	–	54,818,868.08
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	Agent service	Terms of agreement	–	63,210.00
			56,934,927.34	82,710,146.68

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(5) RELATED PARTY TRANSACTIONS *(Continued)*

(a) Purchase and sales of goods, and rendering and receiving of service *(Continued)*

(i) Purchase of goods and receiving of service *(Continued)*

Transactions with other related parties

	Nature of related party transactions	Pricing policy for related transactions	Amount for the year 2015	Amount for the year 2014
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Purchase of fuel	Terms of agreement	69,248,018.11	100,058,357.65
Dalian Port Industrial Co., Ltd.	Comprehensive service	Terms of agreement	24,727,439.07	24,906,164.44
Dalian Port Machinery Co., Ltd.	Maintenance service	Terms of agreement	10,046,343.89	11,616,527.28
Dalian Port Rixing Boiler Installation Co., Ltd.	Maintenance service	Terms of agreement	4,876,986.72	2,825,002.10
Dalian Port Xingang Construction & Engineering Co., Ltd.	Maintenance service	Terms of agreement	4,498,234.07	7,300,531.79
Dalian Equipment Finance Leasing Co., Ltd.	Comprehensive service	Terms of agreement	4,297,178.85	1,775,794.65
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Comprehensive service	Terms of agreement	3,263,873.51	602,372.74
Dalian Port Security Services Co., Ltd.	Security service	Terms of agreement	2,143,810.00	1,857,320.00
Dalian Port Landscape Engineering Co., Ltd.	Comprehensive service	Terms of agreement	1,265,394.26	1,270,795.00
Dalian Harbour Building	Comprehensive service	Terms of agreement	1,217,104.00	992,751.00
Dalian Port Engineering Co., Ltd.	Comprehensive service	Terms of agreement	1,078,044.49	1,450,727.52
Dalian Hongyu Building Co., Ltd.	Comprehensive service	Terms of agreement	1,024,844.37	3,259,395.99
Dalian Life Raft Inspection Co., Ltd.	Maintenance service	Terms of agreement	153,458.52	73,841.17
Dalian Dongwang Auto Repair Factory	Maintenance service	Terms of agreement	66,804.09	90,618.78
Dalian Port Design & Research Institute Co., Ltd.	Comprehensive service	Terms of agreement	28,113.20	–
Dalian Port Land Co., Ltd.	Comprehensive service	Terms of agreement	240.00	–
Dalian Port Petroleum & Chemical Co., Ltd.	Port service	Terms of agreement	–	383,815.22
Dalian Port Machinery and Electric Co., Ltd.	Maintenance service	Terms of agreement	–	213,384.63
Dalian Port Property Management Co., Ltd.	Property services	Terms of agreement	–	173,224.00
Dalian International Crew Training Centre	Training service	Terms of agreement	–	150,250.00
Dalian Taiping Bay Investment & Development Co., Ltd.	Comprehensive service	Terms of agreement	–	64,845.00
			127,935,887.15	159,065,718.96

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions (Continued)

(5) RELATED PARTY TRANSACTIONS (Continued)

(a) Purchase and sales of goods, and rendering and receiving of service (Continued)

(ii) Sales of goods and rendering of service

Transactions with the parent company

	Nature of related party transactions	Pricing policy for related transactions	Amount for the year 2015	Amount for the year 2014
Dalian Port Group Co., Ltd	Comprehensive service	Terms of agreement	21,421,987.32	27,743,751.28

Transactions with joint ventures and associates

	Nature of related party transactions	Pricing policy for related transactions	Amount for the year 2015	Amount for the year 2014
Dalian Port Container Terminal Co., Ltd.	Comprehensive service	Terms of agreement	48,958,449.79	43,619,862.77
Dalian International Container Terminal Co., Ltd.	Comprehensive service	Terms of agreement	43,421,282.43	42,858,562.25
China Oil Dock Management (Dalian) Co., Ltd.	Comprehensive service	Terms of agreement	42,934,032.41	52,351,138.82
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	Comprehensive service	Terms of agreement	38,874,892.55	8,615.97
Dalian Port Yidu Cold Chain Co., Ltd.	Comprehensive service	Terms of agreement	21,607,961.88	18,602,070.27
Taicang Xinggang Tug Co., Ltd.	Transportation service	Terms of agreement	13,235,157.54	13,275,855.67
Liaoning Con-Rail International Logistics Co., Ltd.	Comprehensive service	Terms of agreement	13,201,331.44	1,013,153.14
Dalian United International Shipping Agency Co., Ltd.	Comprehensive service	Terms of agreement	9,173,417.92	1,023,375.09
Dalian Changxing Island Port Co., Ltd.	Engineering construction	Terms of agreement	4,250,061.36	7,233,909.92
Odfjell Terminals (Dalian) Co., Ltd.	Comprehensive service	Terms of agreement	4,157,551.52	5,156,752.67
Dalian Changxing Island Port Investment & Development Co., Ltd.	Comprehensive service	Terms of agreement	4,145,235.78	5,693,262.52
Dalian Automobile Terminal Co., Ltd.	Comprehensive service	Terms of agreement	2,261,331.78	2,793,397.58
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Comprehensive service	Terms of agreement	1,835,712.76	2,089,096.02
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Heating services	Terms of agreement	1,726,538.05	2,025,518.58

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(5) RELATED PARTY TRANSACTIONS *(Continued)*

(a) Purchase and sales of goods, and rendering and receiving of service *(Continued)*

(ii) Sales of goods and rendering of service *(Continued)*

Transactions with the parent *(Continued)*

	Nature of related party transactions	Pricing policy for related transactions	Amount for the year 2015	Amount for the year 2014
China United International Rail Containers (Dalian) Co., Ltd.	Comprehensive service	Terms of agreement	1,479,838.10	613,790.24
Dalian Vanguard International Logistics Co., Ltd.	Comprehensive service	Terms of agreement	898,809.85	1,207,382.29
Dalian Port PetroChina International Terminal Co., Ltd.	Comprehensive service	Terms of agreement	740,066.86	717,113.18
China United Tally (Dalian) Co., Ltd.	Telecommunication Services	Terms of agreement	735,707.84	213,701.80
Dalian Singamas International Container Co., Ltd.	Comprehensive service	Terms of agreement	702,656.69	824,613.90
Dalian Harbour ECL Logistics Co., Ltd.	Comprehensive service	Terms of agreement	334,827.26	5,354.28
Dalian Jilong Logistics Co., Ltd.	Sale of goods	Terms of agreement	284,140.09	89,568.48
Liaoning Electronic Port Co., Ltd.	Telecommunication Service	Terms of agreement	283,018.86	283,018.86
Dalian Port Group Financial Co., Ltd.	Telecommunication service	Terms of agreement	196,275.65	39,355.52
PetroChina Dalian LNG Co., Ltd	Comprehensive service	Terms of agreement	185,394.76	821,751.94
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Comprehensive service	Terms of agreement	3,307.20	–
Dalian Puji Storage Facility Co., Ltd.	Comprehensive service	Terms of agreement	1,500.90	733,597.74
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	Supervision service	Terms of agreement	–	1,036,893.21
Dalian North Oil Petroleum Logistics Co., Ltd.	Maintenance service	Terms of agreement	–	192,191.51
			255,628,501.27	204,522,904.22

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(5) RELATED PARTY TRANSACTIONS *(Continued)*

(a) Purchase and sales of goods, and rendering and receiving of service *(Continued)*

(ii) Sales of goods and rendering of service *(Continued)*

Transactions with other related parties

	Nature of related party transactions	Pricing policy for related transactions	Amount for the year 2015	Amount for the year 2014
Dalian Taiping Bay Port Company Limited	Engineering supervision	Terms of agreement	22,688,069.16	24,889,854.10
Dalian Port Engineering Co., Ltd.	Engineering construction	Terms of agreement	9,485,114.26	23,681,207.12
Dalian Port Wantong Logistics Co., Ltd.	Comprehensive service	Terms of agreement	8,914,842.85	1,028,409.15
Dalian Port North Shore Automobile Terminal Co., Ltd.	Engineering supervision	Terms of agreement	8,042,933.99	–
Dalian CITIC Harbour Investment Co., Ltd.	Engineering construction	Terms of agreement	5,725,650.08	–
Dalian Wanfeng Properties Co., Ltd.	Comprehensive service	Terms of agreement	2,512,371.23	281,138.71
Datong Securities Co., Ltd.	Telecommunication Service	Terms of agreement	1,699,743.61	–
Dalian Taiping Bay Investment & Development Co., Ltd.	Comprehensive service	Terms of agreement	1,596,721.48	833,622.98
Dalian Port Machinery and Electric Co., Ltd.	Engineering construction	Terms of agreement	1,355,797.12	3,286,419.34
Dalian FTZ Yongdexin Real Estate Development Co., Ltd.	Telecommunication Service	Terms of agreement	1,165,431.26	1,089,958.88
Dalian Port Industrial Co., Ltd.	Telecommunication Service	Terms of agreement	1,052,047.06	1,936,189.31
Dalian Port Machinery Co., Ltd.	Comprehensive service	Terms of agreement	1,047,425.02	976,802.58
Dalian Hongyu Building Co., Ltd.	Telecommunication Services	Terms of agreement	949,947.96	1,158,844.96
Dalian Harbour Building	Comprehensive service	Terms of agreement	908,255.66	1,018,910.45
Dalian Creative Industry Project Development Co., Ltd.	Comprehensive service	Terms of agreement	879,819.91	2,890,942.17
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Comprehensive service	Terms of agreement	800,074.41	840,379.19
Dalian Port Petroleum & Chemical Co., Ltd.	Comprehensive service	Terms of agreement	786,301.17	880,886.87
Changhai County Guanglu Terminal Construction Management Co., Ltd.	Engineering supervision	Terms of agreement	514,150.94	240,566.04
Dalian Port Land Co., Ltd.	Comprehensive service	Terms of agreement	191,439.09	322,063.50

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(5) RELATED PARTY TRANSACTIONS *(Continued)*

(a) Purchase and sales of goods, and rendering and receiving of service *(Continued)*

(ii) Sales of goods and rendering of service *(Continued)*

Transactions with other related parties *(Continued)*

	Nature of related party transactions	Pricing policy for related transactions	Amount for the year 2015	Amount for the year 2014
Jinzhou Liaoxi PDA Properties Co., Ltd	Engineering supervision	Terms of agreement	189,811.33	1,036,792.46
Dalian Port North Shore Investment & Development Co., Ltd.	Engineering supervision	Terms of agreement	133,295.36	10,923,345.12
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Telecommunication Service	Terms of agreement	86,630.56	1,489.18
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd.	Telecommunication Services	Terms of agreement	43,859.98	23,623.50
Dalian Port Design & Research Institute Co., Ltd.	Telecommunication Service	Terms of agreement	24,091.59	18,867.92
Dalian Port Petty Loan Co., Ltd	Telecommunication Service	Terms of agreement	18,679.25	16,024.07
Dalian Port Real Estate Group Co., Ltd.	Engineering construction	Terms of agreement	17,105.25	54,618.94
Dalian Port Landscape Engineering Co., Ltd.	Telecommunication Services	Terms of agreement	15,998.19	16,388.81
PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd.	Telecommunication Service	Terms of agreement	8,525.59	7,201.77
Dalian Port Rixing Boiler Installation Co., Ltd.	Telecommunication Service	Terms of agreement	8,476.04	5,874.82
Dalian Port Property Management Co., Ltd.	Telecommunication Service	Terms of agreement	7,124.33	7,595.57
Dalian Port Xingang Construction & Engineering Co., Ltd.	Telecommunication Service	Terms of agreement	4,818.21	3,528.97
Dalian Life Raft Inspection Co., Ltd.	Telecommunication Service	Terms of agreement	4,796.39	4,861.18
Dalian Port Security Services Co., Ltd.	Telecommunication Service	Terms of agreement	3,581.20	–
Dalian Equipment Finance Leasing Co., Ltd.	Telecommunication Service	Terms of agreement	2,264.15	–
Dalian Dagang Hongyu Housekeeping Services Co., Ltd.	Telecommunication Service	Terms of agreement	2,166.65	2,237.01
Dalian Port North Shore Real Estate Development Co., Ltd.	Telecommunication Service	Terms of agreement	1,132.08	1,132.08
Dalian Port Industrial Co., Ltd. (Xingang Gas Station)	Telecommunication Service	Terms of agreement	834.23	829.92
Dalian Taiping Bay Construction Engineering Co., Ltd.	Telecommunication Service	Terms of agreement	724.16	566.04
			70,890,050.80	77,481,172.71

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions (Continued)

(5) RELATED PARTY TRANSACTIONS (Continued)

(b) Leases

The Group as the lessor

Transactions with joint ventures and associates:

Name of the lessee	Type of the leased property	Leasing income recognised for the year 2015	Leasing income recognised for the year 2014
Dalian Port Container Terminal Co., Ltd.	Buildings/berth and stock yard	136,386,446.80	135,890,000.00
China Oil Dock Management (Dalian) Co., Ltd.	Berth and stock yard	20,204,615.38	18,860,000.00
Dalian Jilong Logistics Co., Ltd.	Site place	5,155,597.01	4,648,610.31
Liaoning Con-Rail International Logistics Co., Ltd.	Handling equipment	1,481,211.40	1,571,180.56
Dalian Port Yidu Cold Chain Co., Ltd.	Handling equipment	1,071,873.28	1,052,455.80
Dalian North Oil Petroleum Logistics Co., Ltd.	Oil pipe and tank	222,500.00	222,500.00
Dalian International Container Terminal Co., Ltd.	Site place	45,332.85	–
		164,567,576.72	162,244,746.67

Transactions with other related party transactions:

Name of the lessee	Type of the leased property	Leasing income recognised for the year 2015	Leasing income recognised for the year 2014
Dalian Port Industrial Co., Ltd.	Automobile/Buildings	1,731,115.12	1,744,593.36
Dalian Port Wantong Logistics Co., Ltd.	Buildings	112,860.00	102,645.90
Dalian Port Machinery Co., Ltd.	Buildings	–	49,112.00
Dalian Wantong Ronghai Shipping Co., Ltd.	Buildings	–	125,000.00
Dalian Port Engineering Co., Ltd.	Buildings	–	3,180.00
		1,843,975.12	2,024,531.26

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(5) RELATED PARTY TRANSACTIONS *(Continued)*

(b) Leases *(Continued)*

The Group as the Lessee

Transactions with the parent company:

Name of the lessor	Type of the leased property	Leasing cost recognised for the year 2015	Leasing cost recognised for the year 2014
Dalian Port Group Co., Ltd	Land use rights/island embankment/buildings	39,502,068.07	33,368,468.26

Transactions with joint ventures and associates:

Name of the lessor	Type of the leased property	Leasing cost recognised for the year 2015	Leasing cost recognised for the year 2014
Dalian Port PetroChina International Terminal Co., Ltd.	Terminal facilities	91,250,000.00	91,250,000.00
Dalian Changxing Island Port Investment & Development Co., Ltd.	Oil pipe and tank	64,575,000.00	68,775,000.00
Dalian North Oil Petroleum Logistics Co., Ltd.	Oil pipe and tank	9,367,500.00	3,930,000.00
Dalian International Container Terminal Co., Ltd.	Facilities/buildings	4,577,596.62	2,490,009.04
Dalian Port Container Terminal Co., Ltd.	Facilities	3,249,826.87	2,165,048.56
Dalian Automobile Terminal Co., Ltd.	Buildings	120,780.00	65,456.00
Liaoning Con-Rail International Logistics Co., Ltd.	Facilities	20,538.46	–
Dalian Changxing Island Port Co., Ltd.	Buildings	10,800.00	10,800.00
		173,172,041.95	168,686,313.60

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(5) RELATED PARTY TRANSACTIONS *(Continued)*

(b) Leases *(Continued)*

The Group as the Lessee (Continued)

Transactions with other related party transactions:

Name of the lessor	Type of the leased property	Leasing cost recognised for the year 2015	Leasing cost recognised for the year 2014
Dalian FTZ Yongdexin Real Estate Development Co., Ltd.	Buildings	3,139,952.37	6,145,404.76
Dalian Harbour Building Dalian Port Industrial Co., Ltd.	Buildings Automobile/handling equipment	2,348,692.20 597,226.50	2,165,905.00 –
Dalian Hongyu Building Co., Ltd.	Buildings	365,698.30	241,700.40
Dalian Port Machinery Co., Ltd. Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Buildings Vehicles	80,874.79 –	81,272.92 144,144.14
		6,532,444.16	8,778,427.22

Assets held under finance leases

Name of the lessor	Type of the leased property	Leasing cost paid for the year 2015	Leasing cost paid for the year 2014
Dalian Equipment Finance Leasing Co., Ltd.	ISO Dry Container	7,735,461.84	7,454,234.56
Ocean Harvest Container Co. Limited	Container	4,458,985.58	1,789,950.16
		12,194,447.42	9,244,184.72

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(5) RELATED PARTY TRANSACTIONS *(Continued)*

(c) Guarantee

The Group as the guaranteed party

Guarantor	Guaranteed Party	Guaranteed amount	Commencement date	Termination date	Fully performed or not
Dalian Port Group Co., Ltd	Dalian Port (PDA) Company Limited	2,350,000,000.00	23 May 2011	23 May 2021	No
Dalian Port Group Co., Ltd	Dalian Port (PDA) Company Limited	2,650,000,000.00	26 September 2011	25 March 2019	No
Dalian Port Group Financial Co., Ltd.	Dalian Ganghong International Trade Co., Ltd.	138,880,790.90	5 November 2014	19 March 2015	Yes

The above related parties provided guarantees for debenture payable and short-term borrowings without any charge (Note 4(25)(37)).

The Group as the guarantor

There are no guarantees provided to the related parties for the year 2015.

(d) Loans or borrowings

(i) borrowings

2015

	Amount	Starting date	Maturity date
Borrowing			
Dalian Port Group Financial Co., Ltd.	35,000,000.00	27 April 2015	26 April 2016
Dalian Port Group Financial Co., Ltd.	20,000,000.00	11 June 2015	10 June 2018
Dalian Port Group Financial Co., Ltd.	680,000.00	26 August 2015	25 February 2016
Dalian Port Group Financial Co., Ltd.	1,870,000.00	14 September 2015	13 March 2016
Dalian Port Group Financial Co., Ltd.	50,000,000.00	21 October 2015	20 October 2016
Dalian Port Group Financial Co., Ltd.	2,790,000.00	22 October 2015	22 April 2016
Shenyang Mingshuo Industrial Development Co., Ltd	20,000,000.00	26 October 2015	25 October 2016
Dalian Port Group Financial Co., Ltd.	50,000,000.00	3 November 2015	2 November 2016
Dalian Port Group Financial Co., Ltd.	6,660,000.00	2 December 2015	1 June 2016
Dalian Port Group Financial Co., Ltd.	4,580,000.00	3 December 2015	2 June 2016
Dalian Port Group Financial Co., Ltd.	6,000,000.00	8 December 2015	7 June 2016
Dalian Port Group Financial Co., Ltd.	4,650,000.00	10 December 2015	9 June 2016
Dalian Port Group Financial Co., Ltd.	2,660,000.00	16 December 2015	15 June 2016
Dalian Port Group Financial Co., Ltd.	23,560,000.00	29 December 2015	28 June 2016
Dalian Harbour ECL Logistics Co., Ltd.	14,000,000.00	13 May 2015	12 May 2017

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(5) RELATED PARTY TRANSACTIONS *(Continued)*

(d) Loans or borrowings *(Continued)*

(i) borrowings *(Continued)*

2014

	Amount	Starting date	Maturity date
Borrowing			
Dalian Equipment Finance Leasing Co., Ltd.	1,000,000,000.00	29 May 2014	29 May 2017
Dalian Equipment Finance Leasing Co., Ltd.	500,000,000.00	23 May 2014	23 May 2017
Dalian Equipment Finance Leasing Co., Ltd.	300,000,000.00	6 November 2014	6 November 2017
Dalian Equipment Finance Leasing Co., Ltd.	200,000,000.00	30 June 2014	30 June 2017
Dalian Port Group Financial Co., Ltd.	30,000,000.00	27 June 2014	26 June 2015
Dalian Port Group Financial Co., Ltd.	762,000,000.00	17 March 2014	16 March 2015
Dalian Port Group Financial Co., Ltd.	90,000,000.00	15 October 2014	14 April 2015
Dalian Port Group Financial Co., Ltd.	8,590,000.00	26 September 2014	2 March 2015
Dalian Harbour ECL Logistics Co., Ltd.	10,000,000.00	7 May 2014	6 May 2015

Interest expenses paid

	2015	2014
Dalian Equipment Finance Leasing Co., Ltd.	103,910,256.41	54,978,632.44
Dalian Port Group Financial Co., Ltd.	26,406,501.87	11,804,631.23
Dalian Harbour ECL Logistics Co., Ltd.	806,835.74	669,166.67
Shenyang Mingshuo Industrial Development Co., Ltd	245,917.81	–
	131,369,511.83	67,452,430.34

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.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions (Continued)

(5) RELATED PARTY TRANSACTIONS (Continued)

(d) Loans or borrowings (Continued)

(ii) Lending

2015

	Amount	Starting date	Maturity date
Lending			
Dalian Puji Storage Facility Co., Ltd.	16,000,000.00	29 January 2015	28 January 2016
Liaoning Con-Rail International Logistics Co., Ltd.	4,600,000.00	12 February 2015	11 February 2016
China Harbour United Shipping Co., Ltd.	7,432,800.00	29 June 2015	28 June 2016
Dalian Puji Storage Facility Co., Ltd.	24,000,000.00	2 July 2015	1 July 2016
Liaoning Con-Rail International Logistics Co., Ltd.	5,000,000.00	29 July 2015	28 July 2018
Dalian Port Yidu Cold Chain Co., Ltd.	110,000,000.00	28 September 2015	28 March 2016

2014

	Amount	Starting date	Maturity date
Lending			
Liaoning Con-Rail International Logistics Co., Ltd.	5,610,000.00	21 February 2014	20 February 2015
Dalian Puji Storage Facility Co., Ltd.	24,000,000.00	3 January 2014	2 July 2015
China Harbour United Shipping Co., Ltd.	13,432,800.00	28 June 2014	27 June 2015

Interest income received

	2015	2014
Dalian Puji Storage Facility Co., Ltd.	2,382,631.10	1,463,466.67
Dalian Port Yidu Cold Chain Co., Ltd.	1,532,055.57	–
China Harbour United Shipping Co., Ltd.	647,809.97	814,923.20
Liaoning Con-Rail International Logistics Co., Ltd.	367,900.28	353,719.18
Jadeway Limited	113,449.46	87,081.66
SINOECL Auto Liners, Limited	96,408.09	83,583.97
	5,140,254.47	2,802,774.68

The loans to above related parties bear interest at rates mutually agreed between the parties by reference to the upper limit of the interest rate for the same type of bank loans as stipulated by the People's Bank of China.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions (Continued)

(5) RELATED PARTY TRANSACTIONS (Continued)

(e) Transfer of assets

(i) Acquisition of assets

Related parties	Nature of Transactions	Type of transactions	Amount for the year 2015	Amount for the year 2014
Dalian Port Group Co., Ltd	Supporting assets off Dayao Bay south shore	Acquisition of assets	11,406,362.41	2,688.03
Dalian Port Engineering Co., Ltd.	Engineering Construction	Construction labour	7,041,243.81	70,621,189.25
Dalian Port Machinery and Electric Co., Ltd.	Engineering Construction	Construction labour	2,960,600.00	–
Dalian Port Landscape Engineering Co., Ltd.	Engineering Construction	Construction labour	2,458,660.00	2,889,723.00
Dalian Port Rixing Boiler Installation Co., Ltd.	Engineering Construction	Construction labour	1,258,075.00	5,389,219.94
Dalian Port Machinery Co., Ltd.	Engineering Construction	Construction labour	511,111.11	1,737,600.52
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Engineering Construction	Construction labour	315,393.40	–
Dalian Port Xingang Construction & Engineering Co., Ltd.	Engineering Construction	Construction labour	275,729.20	1,665,952.15
Dalian Port Security Services Co., Ltd.	Engineering Construction	Construction labour	45,800.00	45,800.00
Dalian Harbour ECL Logistics Co., Ltd.	Engineering Construction	Construction labour	–	669,166.67
Dalian Port Industrial Co., Ltd.	Engineering Construction	Construction labour	–	79,703.19
Dalian Port Group Financial Co., Ltd.	Engineering Construction	Construction labour	–	3,000.00
			26,272,974.93	83,104,042.75

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(5) RELATED PARTY TRANSACTIONS *(Continued)*

(e) Transfer of assets *(Continued)*

(ii) Disposal of assets

Related parties	Nature of Transactions	Type of transactions	Amount for the year 2015	Amount for the year 2014
Dalian Port Group Co., Ltd	Sea area use rights	Disposal of assets	-	272,704,200.00
Dalian North Oil Petroleum Logistics Co., Ltd.	Land use rights	Disposal of assets	-	12,336,456.00
			-	285,040,656.00

(f) Deposits with a related party

As at 31 December 2015, the Group's deposits in Dalian Port Group Financial Co., Ltd. are RMB1,775,896,477.91 (31 December 2014: RMB1,602,654,296.98) and the Group gains an interest income of RMB13,833,404.51 (2014: RMB13,397,636.49) in the current period.

(g) Remuneration of key managements

	2015	2014
Remuneration of key managements	3,677,293.99	4,578,088.84

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions (Continued)

(6) RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES

Receivables from related parties

Accounts receivable	31 December 2015		31 December 2014	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Amount due from the parent				
Dalian Port Group Co., Ltd	428,944.00	-	-	-
Amounts due from joint ventures and associates				
China Oil Dock Management (Dalian) Co., Ltd.	3,816,288.00	-	-	-
Liaoning Con-Rail International Logistics Co., Ltd.	3,364,393.60	-	225,000.00	-
Dalian Port Yidu Cold Chain Co., Ltd.	2,940,882.74	-	33,646.00	-
Taicang Xinggang Tug Co., Ltd.	2,400,000.00	-	-	-
Dalian Port Container Terminal Co., Ltd.	1,939,469.36	-	2,652,724.40	-
Dalian Changxing Island Port Co., Ltd.	1,622,921.46	-	1,089,878.84	-
Dalian Puji Storage Facility Co., Ltd.	1,417,771.39	-	1,417,771.39	-
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	1,092,872.00	-	202,140.00	-
Odfj Odjell Terminals (Dalian) Co., Ltd.	862,483.52	-	-	-
Dalian International Container Terminal Co., Ltd.	803,477.45	-	745,283.54	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	560,869.80	-	4,374,785.03	-
Dalian Vanguard International Logistics Co., Ltd.	540,080.00	-	821,607.08	-
Liaoning Electronic Port Co., Ltd.	305,000.00	-	-	-
Dalian Automobile Terminal Co., Ltd.	264,378.30	-	457,623.71	-
Dalian United International Shipping Agency Co., Ltd.	233,644.95	-	956,998.79	-
Dalian Changxing Island Port Investment & Development Co., Ltd.	230,000.00	-	81,500.00	-
Dalian Port Group Financial Co., Ltd.	149,402.78	-	-	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	31,094.81	-	30,376.41	-
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	18,000.00	-	300,000.00	-
China United International Rail Containers (Dalian) Co., Ltd.	9,293.00	-	237,000.00	-
Dalian Singamas International Container Co., Ltd.	3,049.50	-	1,950.00	-
Dalian Jilong Logistics Co., Ltd.	-	-	136,057.19	-
	22,605,372.66	-	13,764,342.38	-

Notes to the Financial Statements

For the year ended 31 December 2015
 (All amounts in RMB Yuan unless otherwise stated)
 (English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(6) RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES *(Continued)*

Receivables from related parties *(Continued)*

Accounts receivable	31 December 2015		31 December 2014	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Amounts due from other related parties				
Dalian Port Engineering Co., Ltd.	5,676,000.00	-	-	-
Dalian Port Machinery Co., Ltd.	3,183,401.77	-	3,092,958.30	-
Dalian Port Wantong Logistics Co., Ltd.	2,892,724.30	-	2,379,607.80	-
Dalian Taiping Bay Investment & Development Co., Ltd.	834,344.00	-	-	-
Dalian Port Machinery and Electric Co., Ltd.	561,215.56	-	-	-
Dalian CITIC Harbour Investment Co., Ltd.	58,445.51	-	-	-
Dalian Port Petroleum & Chemical Co., Ltd.	-	-	600.00	-
	13,206,131.14	-	5,473,166.10	-
Other receivables				
Amount due from the parent				
Dalian Port Group Co., Ltd	3,413,066.79	-	2,315,963.47	-

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(6) RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES *(Continued)*

Receivables from related parties *(Continued)*

	31 December 2015		31 December 2014	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Amounts due from joint ventures and associates				
Dalian Port Yidu Cold Chain Co., Ltd.	110,000,000.00	-	-	-
Dalian Puji Storage Facility Co., Ltd.	40,000,000.00	-	24,000,000.00	-
Dalian Port Container Terminal Co., Ltd.	15,026,281.43	-	1,665,782.78	-
China Harbour United Shipping Co., Ltd.	7,432,800.00	-	13,432,800.00	-
Dalian Changxing Island Port Co., Ltd.	6,482,920.35	-	3,644,724.53	-
Liaoning Con-Rail International Logistics Co., Ltd.	4,600,000.00	-	5,710,166.54	-
Dalian Changxing Island Port Investment & Development Co., Ltd.	2,612,295.70	-	3,829,459.75	-
Dalian Automobile Terminal Co., Ltd.	484,767.34	-	1,652,908.33	-
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	445,662.67	-	608,000.00	-
Dalian International Container Terminal Co., Ltd.	281,592.14	-	532,793.88	-
China United International Rail Containers (Dalian) Co., Ltd.	215,000.00	-	-	-
Dalian United International Shipping Agency Co., Ltd.	155,111.00	-	-	-
Odfjell Terminals (Dalian) Co., Ltd.	127,462.00	-	157,930.00	-
Dalian Port Group Financial Co., Ltd.	48,362.50	-	3,075.00	-
Dalian Jilong Logistics Co., Ltd.	20,000.00	-	-	-
PetroChina Dalian LNG Co., Ltd.	17,000.00	-	26,100.00	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	5,498.51	-	11,680.73	-
Dalian Port Tongli Shipping Agency Co., Ltd.	1,311.10	-	-	-
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	-	-	549,690.55	-
China Oil Dock Management (Dalian) Co., Ltd.	-	-	227,398.14	-
Dalian Vanguard International Logistics Co., Ltd.	-	-	120,439.00	-
Dalian Port PetroChina International Terminal Co., Ltd.	-	-	40,509.00	-
Dalian Harbour ECL Logistics Co., Ltd.	-	-	35,141.00	-
	187,956,064.74	-	56,248,599.23	-

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(6) RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES *(Continued)*

Receivables from related parties *(Continued)*

	31 December 2015		31 December 2014	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Amounts due from other related parties				
Dalian Port Engineering Co., Ltd.	16,649,863.94	-	17,171,602.42	-
Dalian Taiping Bay Port Company Limited	7,671,728.41	-	14,665,934.16	-
Dalian Port Machinery and Electric Co., Ltd.	610,724.50	-	564,567.50	-
Dalian Taiping Bay Investment & Development Co., Ltd.	384,350.45	-	710,139.06	-
Dalian Port Petroleum & Chemical Co., Ltd.	378,833.30	-	18,028.35	-
Dalian Port Design & Research Institute Co., Ltd.	265,395.00	-	-	-
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	236,000.00	-	96,000.00	-
Jinzhou Liaoxi PDA Properties Co., Ltd.	200,000.00	-	-	-
Dalian CITIC Harbour Investment Co., Ltd.	96,908.50	-	-	-
Dalian Hongyu Building Co., Ltd.	15,387.00	-	15,387.00	-
Dalian Harbour Building	7,426.40	-	-	-
Dalian Port Industrial Co., Ltd.	6,275.00	-	-	-
Dalian Port Land Co., Ltd.	5,724.00	-	7,108.00	-
Dalian Port Wantong Logistics Co., Ltd.	5,574.00	-	673.20	-
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	5,426.70	-	5,426.70	-
Dalian Port Xingang Construction & Engineering Co., Ltd.	-	-	40,577.00	-
Dalian Wanfeng Properties Co., Ltd.	-	-	17,293.51	-
	26,539,617.20	-	33,312,736.90	-

	31 December 2015		31 December 2014	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Advances to suppliers				
Advances to other related parties				
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	1,836,748.93	-	5,506.36	-
Dalian Port Industrial Co., Ltd.	13,789.02	-	-	-
	1,850,537.95	-	5,506.36	-

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(6) RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES *(Continued)*

Receivables from related parties *(Continued)*

Interest receivable	31 December 2015		31 December 2014	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Amounts due from joint ventures and associates				
Dalian Port Group Financial Co., Ltd.	3,154,590.34	-	3,927,463.13	-
Dalian Port Yidu Cold Chain Co., Ltd.	174,288.90	-	-	-
Dalian Puji Storage Facility Co., Ltd.	74,115.54	-	44,000.00	-
Liaoning Con-Rail International Logistics Co., Ltd.	16,694.17	-	10,285.14	-
China Harbour United Shipping Co., Ltd.	11,014.99	-	24,626.80	-
	3,430,703.94	-	4,006,375.07	-

Long-term receivables	31 December 2015		31 December 2014	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Amounts due from joint ventures and associates				
Jadeway Limited	13,018,915.80	-	12,341,481.20	-
Liaoning Con-Rail International Logistics Co., Ltd.	5,000,000.00	-	-	-
SINOECL Auto Liners, Limited	-	-	10,203,317.18	-
	18,018,915.80	-	22,544,798.38	-

Notes to the Financial Statements

For the year ended 31 December 2015
 (All amounts in RMB Yuan unless otherwise stated)
 (English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(6) RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES *(Continued)*

Receivables from related parties *(Continued)*

Payables to related parties:

Accounts payable	31 December 2015 Ending balance	31 December 2014 Ending balance
Amount due to joint ventures and associates		
Dalian Port Container Terminal Co., Ltd.	2,106,752.00	25,109.00
Liaoning Con-Rail International Logistics Co., Ltd.	1,732,610.80	–
China United International Rail Containers (Dalian) Co., Ltd.	664,419.30	–
Dalian Singamas International Container Co., Ltd.	89,342.83	84,513.34
Dalian International Container Terminal Co., Ltd.	22,808.00	13,871.00
Dalian United International Shipping Agency Co., Ltd.	7,482.24	–
Dalian Port Yidu Cold Chain Co., Ltd.	–	53,853,240.55
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	–	9,711,200.00
Dalian Changxing Island Port Investment & Development Co., Ltd.	–	6,224,850.00
Dalian Jilong Logistics Co., Ltd.	–	1,276.78
	4,623,415.17	69,914,060.67

	31 December 2015 Ending balance	31 December 2014 Ending balance
Amount due to other related parties		
Jinzhou Port Co., Ltd.	7,547,169.81	7,547,169.81
Dalian Port Machinery Co., Ltd.	319,629.00	2,500.00
Dalian Port Engineering Co., Ltd.	305,707.00	669,784.12
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	13,414.85	21,842.98
Dalian Taiping Bay Construction Engineering Co., Ltd.	–	217,060.00
	8,185,920.66	8,458,356.91

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(6) RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES *(Continued)*

Receivables from related parties *(Continued)*

Payables to related parties: *(Continued)*

Other payables	31 December 2015 Ending balance	31 December 2014 Ending balance
Amount due to the parent		
Dalian Port Group Co., Ltd	499,245.65	1,848,589.11
Amount due to joint ventures and associates		
Dalian Port Yidu Cold Chain Co., Ltd.	1,345,890.48	50,000.00
Liaoning Con-Rail International Logistics Co., Ltd.	1,193,780.41	–
Dalian United International Shipping Agency Co., Ltd.	300,500.00	300,800.00
Dalian Port Container Terminal Co., Ltd.	245,000.00	30,000.00
Dalian Automobile Terminal Co., Ltd.	100,000.00	–
Dalian International Container Terminal Co., Ltd.	30,000.00	30,000.00
Dalian Singamas International Container Co., Ltd.	20,700.00	20,700.00
Dalian Dagang China Shipping Container Terminal Co., Ltd.	20,000.00	20,000.00
Dalian Vanguard International Logistics Co., Ltd.	2,000.00	–
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	–	21,673.80
China United Tally (Dalian) Co., Ltd.	–	12,000.00
	3,257,870.89	485,173.80
	31 December 2015 Ending balance	31 December 2014 Ending balance
Amount due to other related parties		
Dalian Port Engineering Co., Ltd.	100,853,441.86	152,926,726.06
Dalian Port Machinery and Electric Co., Ltd.	22,580,801.47	49,390,508.57
Shenyang Mingshuo Industrial Development Co., Ltd.	20,000,000.00	–
Dalian Port Rixing Boiler Installation Co., Ltd.	7,389,426.08	3,889,968.24
Dalian Port Xingang Construction & Engineering Co., Ltd.	4,970,251.01	4,087,465.92
Dalian Port Machinery Co., Ltd.	3,416,921.21	194,354.63
Dalian Port Design & Research Institute Co., Ltd.	407,250.00	20,000.00
Dalian ETDZ Harbour Freight Co., Ltd.	315,616.79	314,499.30
Dalian Port Wantong Logistics Co., Ltd.	63,315.80	61,900.00
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	8,335.53	–
Dalian Port Industrial Co., Ltd.	–	458,475.60
Dalian Port Landscape Engineering Co., Ltd.	–	430,828.00
Dalian Creative Industry Project Development Co., Ltd.	–	18,100.00
	160,005,359.75	211,792,826.32

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(6) RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES *(Continued)*

Receivables from related parties *(Continued)*

Payables to related parties: *(Continued)*

	31 December 2015 Ending balance	31 December 2014 Ending balance
Advances from customers		
Advances from the parent		
Dalian Port Group Co., Ltd	213,057.81	–
Advance from joint ventures and associates		
Dalian Port Yidu Cold Chain Co., Ltd.	14,900,494.81	13,145,701.50
Dalian Port Container Terminal Co., Ltd.	3,920,914.08	5,982,594.55
PetroChina Dalian LNG Co., Ltd	321,027.31	940.00
Dalian Jilong Logistics Co., Ltd.	148,252.88	154,709.20
Dalian Singamas International Container Co., Ltd.	51,155.09	51,991.06
China Oil Dock Management (Dalian) Co., Ltd.	16,679.64	17,755.75
Dalian Wanpeng Port Engineering Testing Co., Ltd.	5,712.43	14,163.55
Dalian Puji Storage Facility Co., Ltd.	2,592.47	2,759.72
Liaoning Con-Rail International Logistics Co., Ltd.	1,979.00	–
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	845.00	350.00
China United Tally (Dalian) Co., Ltd.	666.67	666.67
Dalian Port Tongli Shipping Agency Co., Ltd.	250.00	150.00
Dalian North Oil Petroleum Logistics Co., Ltd.	–	300,000.00
	19,370,569.38	19,671,782.00
	31 December 2015 Ending balance	31 December 2014 Ending balance
Advance from other related parties		
Dalian Port Industrial Co., Ltd.	218,303.28	233,787.99
Dalian Port Engineering Co., Ltd.	66,939.24	–
Dalian Port Landscape Engineering Co., Ltd.	15,115.93	16,091.15
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	8,282.96	2,219.47
Dalian Port Wantong Logistics Co., Ltd.	6,030.00	685.50
Dalian Port Petroleum & Chemical Co., Ltd.	2,460.00	1,240.00
Jinzhou Port Co., Ltd.	800.00	–
	317,931.41	254,024.11

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(6) RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES *(Continued)*

Receivables from related parties *(Continued)*

Payables to related parties: *(Continued)*

Notes payable	31 December 2015 Ending balance	31 December 2014 Ending balance
Amount due to other related parties		
Dalian Port Engineering Co., Ltd.	3,340,000.00	3,000,000.00
Short-term borrowings	31 December 2015 Ending balance	31 December 2014 Ending balance
Amount due to joint ventures and associates		
Dalian Port Group Financial Co., Ltd.	188,450,000.00	546,110,000.00
Dalian Harbour ECL Logistics Co., Ltd.	–	10,000,000.00
	188,450,000.00	556,110,000.00
Interest payable	31 December 2015 Ending balance	31 December 2014 Ending balance
Amount due to joint ventures and associates		
Dalian Port Group Financial Co., Ltd.	159,305.56	885,900.01
Dalian Harbour ECL Logistics Co., Ltd.	27,056.94	20,167.00
	186,362.50	906,067.01
Amount due to other related parties	31 December 2015 Ending balance	31 December 2014 Ending balance
Dalian Equipment Finance Leasing Co., Ltd.	9,166,666.67	9,935,897.40
Shenyang Mingshuo Industrial Development Co., Ltd.	245,917.81	–
	9,412,584.48	9,935,897.40
Long-term borrowings	31 December 2015 Ending balance	31 December 2014 Ending balance
Amount due to joint ventures and associates		
Dalian Port Group Financial Co., Ltd.	20,000,000.00	–
Dalian Harbour ECL Logistics Co., Ltd.	14,000,000.00	–
	34,000,000.00	–

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(6) RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES *(Continued)*

Receivables from related parties *(Continued)*

Payables to related parties: *(Continued)*

	31 December 2015 Ending balance	31 December 2014 Ending balance
Amount due to other related parties		
Dalian Equipment Finance Leasing Co., Ltd.	2,000,000,000.00	2,000,000,000.00

	31 December 2015 Ending balance	31 December 2014 Ending balance
Long-term payables		
Amount due to other related parties		
Ocean Harvest Container Co. Limited	44,012,033.43	46,870,471.38
Dalian Equipment Finance Leasing Co., Ltd.	5,989,080.18	13,016,252.13
	50,001,113.61	59,886,723.51

	31 December 2015 Ending balance	31 December 2014 Ending balance
Current portion of non-current liabilities		
Amount due to other related parties		
Dalian Equipment Finance Leasing Co., Ltd.	7,006,473.25	6,594,253.55
Ocean Harvest Container Co. Limited	5,745,005.91	5,319,394.84
	12,751,479.16	11,913,648.39

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(7) COMMITMENTS IN RELATION TO RELATED PARTIES

The commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group as at the balance sheet date are as follows:

Leases

Leased in	31 December 2015	31 December 2014
Dalian Port Group Co., Ltd	66,007,118.90	69,804,977.99
Dalian Port Container Terminal Co., Ltd.	2,230,000.00	–
Dalian International Container Terminal Co., Ltd.	1,200,000.00	–
Dalian FTZ Yongdexin Real Estate Development Co., Ltd.	–	492,299.23
Dalian Hongyu Building Co., Ltd.	–	245,249.60
Dalian Port Industrial Co., Ltd.	–	234,490.00
Dalian Port Machinery Co., Ltd.	–	71,403.00
	69,437,118.90	70,848,419.82

Leased out	31 December 2015	31 December 2014
Dalian Port Container Terminal Co., Ltd.	329,560,000.00	411,950,000.00
China Oil Dock Management (Dalian) Co., Ltd.	28,290,000.00	47,150,000.00
Dalian Jilong Logistics Co., Ltd.	25,771,305.00	20,148,555.00
Dalian Port Industrial Co., Ltd.	1,741,353.42	1,782,735.24
Liaoning Con-Rail International Logistics Co., Ltd.	1,139,168.56	1,597,394.20
Dalian Port Yidu Cold Chain Co., Ltd.	1,084,029.36	1,052,455.80
Dalian North Oil Petroleum Logistics Co., Ltd.	222,500.00	–
Dalian Port Wantong Logistics Co., Ltd.	–	102,645.90
	387,808,356.34	483,783,786.14

Transfer of assets

Transferred in	31 December 2015	31 December 2014
Dalian Port Engineering Co., Ltd.	14,190,066.00	–

Guarantee

For the detail of guarantee provided as at 31 December 2015, Please see Note 9(5)(c).

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions (Continued)

(8) BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

Emoluments of directors, supervisors and chief executives for the year ended 31 December 2015 are set out below:

Position	Name	Emoluments paid or receivable in respect of a person's services as a director						Emoluments paid or receivable in respect of director's other services in connection with the management of the Company or subsidiaries	Total
		Salary and allowance	Pension Plan Contribution	Bonus	Signing bonus	Housing allowance	Other benefits		
Chairman of the board/ Executive director	Hui Kai	-	-	-	-	-	-	-	-
Vice Chairman of the Board/Non-executive director/General manager	Xu Song	-	-	-	-	-	-	1,021,486.48	1,021,486.48
General manager	Wei Minghui	-	-	-	-	-	-	-	-
Executive director	Sun Benye	-	-	-	-	-	-	562,481.48	562,481.48
Executive director	Su Chunhua	-	-	-	-	-	-	31,309.00	31,309.00
Non-executive director	Xu Jian	-	-	-	-	-	-	-	-
Non-executive director	Dong Yanhong	-	-	-	-	-	-	-	-
Non-executive director	Yin Shihui	-	-	-	-	-	-	-	-
Independent non- executive director	Yin Jintao	250,000.00	-	-	-	-	-	-	250,000.00
Independent non- executive director	Wang Zhifeng	200,000.00	-	-	-	-	-	-	200,000.00
Independent non- executive director	Guo Yu	50,500.00	-	-	-	-	-	-	50,500.00
Independent non- executive director	Sun Xiyun	150,000.00	-	-	-	-	-	-	150,000.00
Chairman of supervisory board	Zhang Zuogang	-	-	-	-	-	-	-	-
Chairman of supervisory board	Sun Junyou	-	-	-	-	-	-	-	-
Supervisor on behalf of the shareholders	Jia Wenjun	-	-	-	-	-	-	-	-
Independent supervisor	Kong Xianjing	100,000.00	-	-	-	-	-	-	100,000.00
Supervisor on behalf of employees	Jiao Yingguang	-	-	-	-	-	-	590,390.48	590,390.48
Supervisor on behalf of employees	Zhao Rong	-	-	-	-	-	-	480,256.48	480,256.48
Supervisor on behalf of employees	Xu Fangsheng	-	-	-	-	-	-	29,016.00	29,016.00

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions (Continued)

(8) BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

Emoluments of directors, supervisors and chief executives for the year ended 31 December 2014 are set out below:

Position	Name	Emoluments paid or receivable in respect of a person's services as a director						Emoluments paid or receivable in respect of director's other services in connection with the management of the Company or subsidiaries	Total
		Salary and allowance	Pension Plan Contribution	Bonus	Signing bonus	Housing allowance	Other benefits		
Chairman of the board/ Executive director	Hui Kai	250,000.00	-	-	-	-	-	-	250,000.00
Directors/General manager	Xu Song	-	-	-	-	-	-	931,084.38	931,084.38
Executive director	Zhu Shiliang	-	-	-	-	-	-	289,934.38	289,934.38
Executive director/Chief accountant	Su Chunhua	-	-	-	-	-	-	597,468.38	597,468.38
Non-executive director	Xu Jian	-	-	-	-	-	-	-	-
Non-executive director	Zhang Zuogang	-	-	-	-	-	-	-	-
Non-executive director	Dong Yanhong	-	-	-	-	-	-	-	-
Independent non- executive director	Liu Yongze	87,500.00	-	-	-	-	-	-	87,500.00
Independent non- executive director	Gui Liyi	87,500.00	-	-	-	-	-	-	87,500.00
Independent non- executive director	Yin Jintao	250,000.00	-	-	-	-	-	-	250,000.00
Independent non- executive director	Yu Long	116,666.67	-	-	-	-	-	-	116,666.67
Independent non- executive director	Guo Yu	62,500.00	-	-	-	-	-	-	62,500.00
Independent non- executive director	Wang Zhifeng	33,333.34	-	-	-	-	-	-	33,333.34
Chairman of supervisory board	Sun Junyou	-	-	-	-	-	-	-	-
Supervisor	Zhang Guofeng	-	-	-	-	-	-	-	-
Supervisor on behalf of the shareholders	Yin Shihui	-	-	-	-	-	-	-	-
Independent supervisor	Zhang Xianzhi	58,333.31	-	-	-	-	-	-	58,333.31
Independent supervisor	Lv Jing	58,333.31	-	-	-	-	-	-	58,333.31
Independent supervisor	Kong Xianjing	41,666.65	-	-	-	-	-	-	41,666.65
Supervisor on behalf of employees	Xu Fangsheng	-	-	-	-	-	-	507,448.38	507,448.38
Supervisor on behalf of employees	Jiang Weihong	-	-	-	-	-	-	322,926.71	322,926.71
Supervisor on behalf of employees	Jiao Yingguang	-	-	-	-	-	-	238,003.33	238,003.33

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

9 Related parties and related party transactions *(Continued)*

(8) BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

The directors Zhang Zuogang and Su Chunhua resigned on 31 January 2015; the director Guo Yu resigned on 27 March 2015; the directors Xu Jian and Dong Yanhong resigned on 29 December 2015; Xu Jian, Sun Benye, Yin Shihui and Sun Xiyun were appointed as directors on 27 March 2015.

The supervisor Yin Shihui resigned on 28 January 2015; the supervisors Sun Junyou and Xu Fangsheng resigned on 29 January 2015; the supervisor Zhao Rong was appointed on 29 January 2015; Zhang Zuogang and Jia Wenjun were appointed as supervisors on 27 March 2015.

The general manager, Xu Song resigned on 29 December 2015 and Wei Minghui was appointed as the general manager on 29 December 2015.

(b) Material interest of directors in transactions, arrangements and contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at any time during the year.

(c) Loans, quasi-loans and other transactions provided to the directors, the legal person controlled by the directors, and associated person of the directors

In the current year, the Company provided no loans, quasi-loans and other transactions to any director, legal person controlled by the directors, or associated person of the directors.

(d) The substantial interest of directors in transaction, arrangement or contract

In the current year, the Company has signed no important transaction, arrangement or contract related with the business of the Group within which the director of the Company directly or indirectly has substantial interests.

(9) THE FIVE INDIVIDUALS WHOSE EMOLUMENTS ARE THE HIGHEST

The five individuals whose emoluments were the highest in the Group for the year include one (2014: one) director whose emoluments is reflected in the analysis presented above. The emoluments payable to the remaining four (2014: four) individuals during the year are as follows:

	2015	2014
Salary and allowance	3,115,622.07	3,444,887.91
Social security contributions	289,819.44	271,878.06
	3,405,441.51	3,716,765.97

	Number of individuals	
	2015	2014
Emolument bands:		
RMB0 – RMB1,000,000	3	3
RMB1,000,000 – RMB1,500,000	1	1
RMB1,500,000 – RMB2,000,000	–	–

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

10 Contingencies

GUARANTEE

- (1) The Group's associate, Dalian North Oil 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 shall be two years since the date when China Zhenhua Oil Co., Ltd. has 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 according to the guarantee contract more than one time, the counter guarantee period provided by the Company would have to be calculated separately.

- (2) The Group's associate, Dalian North Oil Petroleum Logistics Co., Ltd. ("DNPL"), applied to the North Industries Group Finance Company Ltd. of China North Industries Group Corporation for a bank loan of RMB50 million for a period of one year. 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 sixth meeting in 2015 of the fourth 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 North Industries Group Finance Company Ltd. for DNPL. The counter guarantee was unconditional and non-cancellable and the relevant counter guarantee contract was signed on 24 November 2015. The counter guarantee period shall be two years since the date when China Zhenhua Oil Co., Ltd. has the guarantee responsibility to the North Industries Group Finance Company Ltd. according to the guarantee contract. If China Zhenhua Oil Co., Ltd. fulfilled its guarantee obligation to the North Industries Group Finance Company Ltd. according to the guarantee contract more than one time, the counter guarantee period provided by the Company would have to be calculated separately.

11 Commitments

(1) CAPITAL COMMITMENTS

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognised on the balance sheet are as follows:

	31 December 2015	31 December 2014
Buildings, machinery and equipment	141,397,986.69	130,400,309.22
Intangible assets	–	280,000.00
	141,397,986.69	130,680,309.22

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

11 Commitments (Continued)

(2) OPERATING LEASE COMMITMENTS

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2015	31 December 2014
Within 1 year	19,826,437.03	6,393,371.93
1 to 2 years	9,003,723.94	4,556,501.12
2 to 3 years	6,165,849.63	3,752,347.35
Over 3 years	53,323,995.96	57,085,944.43
	88,320,006.56	71,788,164.83

(3) INVESTMENT COMMITMENTS

Pursuant to the agreement signed with Dalian Xizhong Island Petrochemical Industrial Park Development Co., Ltd. and Odfjell (China) Tank Terminals Co., Ltd. on 1 September 2013, the Company was committed to invest RMB15 million for 30% equity interests of Odfjell Changxing Warehousing Terminals (Dalian) Co., Ltd. As at 31 December 2015, the Company has invested RMB7.95 million with no payment made in 2015. Therefore, there is still RMB7.05 million to be paid.

Pursuant to the agreement signed between the Group's subsidiaries, Dalian FTZ Jinxin Petro-chemical Co., Ltd. and Asia Pacific Ports (Dalian) Co., Ltd., and Northeast Asia Spot Commodity Exchange Limited and Dalian Port Petroleum & Chemical Co., Ltd. on 17 April 2014, Dalian FTZ Jinxin Petro-chemical Co., Ltd. and Asia Pacific Ports (Dalian) Co., Ltd. were committed to invest RMB12.5 million and RMB10 million for 25% and 20% equity interests of Northeast Asia Petrochemical Trading Centre Co., Ltd., respectively. As Northeast Asia Petrochemical Trading Center Co., Ltd. takes subscribed registration system, it suffices to pay the amount within operation period of 30 years. As at 31 December 2015, the registered capital has not been paid yet, and it would be paid according to the company needs and business development in the future.

In accordance with the directors' resolution at the sixth meeting in 2015 of the fourth board of directors, the Company and independent third parties are committed to separately invest RMB10 million to establish an automotive logistics company. As at 31 December 2015, the investment has not been paid.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

12 Events after the balance sheet date

(1) SIGNIFICANT NON-ADJUSTING EVENTS

- (a) On 1 February 2016, the Company proposed to allot 1,180,320,000 H shares (with a lock-up period of 12 months), accounting for 21.05% of the total shares and 52.62% of H shares of the Company upon completion, to China Merchants Holdings (International) Company Limited. These H shares have a nominal value of RMB1.00 per share and an issue price of HKD3.67 per share, with capital raised approximating HKD4,331.8 million. After the issue of H shares, total shares account to 5,606,320,000. The Company's controlling shareholder and actual controller did not change upon the issue of H shares.
- (b) Pursuant to the directors' resolution on 24 March 2016, the Company intends to transfer Capital surplus into Capital 5,606,320,000 shares with the proportion of 10 shares for every shares calculated on the issued 5,606,320,000 shares, to be approved by the general meeting of shareholders.
- (c) Dalian GangHang Tendering & Bidding Agency Co., Ltd., a wholly-owned subsidiary of the Group, is mainly engaged in tendering and bidding agency business. Due to optimisation of internal resource allocation of the Group, the company was approved for cancellation by the Board of Directors and all cancellation procedures were completed in March 2016.

Dalian Gangyue Car-carrying Vessel Management Co., Ltd., a wholly-owned subsidiary of the Group, is mainly engaged in shipping business. Due to optimisation of internal resource allocation of the Group, the company was approved for cancellation by the Board of Directors. As at the authorised date for issue of the financial statements, the Company has completed all cancellation procedures except for those for capital refund.

(2) DESCRIPTION OF PROFIT DISTRIBUTION AFTER THE BALANCE SHEET DATE

	Amount
Proposed cash dividends (i)	420,474,000.00
Proposed stock dividends (i)	1,681,896,000.00
Reviewed and approved dividends declared to be issued	To be approved by the general meeting of shareholders

- (i) In accordance with the resolution at the Board of Directors' meeting dated on 24 March 2016, the profit distribution scheme has been calculated based on the issued 5,606,320,000 shares. The Board of Directors proposed to distribute cash dividends of RMB0.75 (tax included) and stock dividends 3 shares per each 10 shares, and cash dividends with total amount of RMB420,474,000.00 and stock dividends with total amount of RMB1,681,896,000.00 will be distributed to the shareholders. The resolution is to be approved by the general meeting of shareholders.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

13 Leases

The future lease payments of fixed assets held under finance leases (Note 16(a)) are as follows:

	31 December 2015	31 December 2014
Within 1 year	15,707,500.66	15,449,222.57
1 to 2 years	11,857,185.74	15,288,159.80
2 to 3 years	42,359,663.67	11,404,332.05
Over 3 years	-	39,977,083.07
	69,924,350.07	82,118,797.49

As at 31 December 2015, the unrecognised financing charge amounts to RMB7,171,757.29 (31 December 2014: RMB10,318,425.59).

14 Business combinations

See Note 5(1) and 5(2).

15 Financial risk

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) MARKET RISK

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign exchange risk. Therefore, the Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. During 2015 and 2014, the Group did not enter into any forward exchange contracts or currency swap contracts.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

15 Financial risk (Continued)

(1) MARKET RISK (Continued)

(a) Foreign exchange risk (Continued)

As at 31 December 2015 and 2014, the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarised below:

	31 December 2015			
	USD	HKD	Others	Total
Financial assets denominated in foreign currency –				
Cash at bank and on hand	52,375,834.33	8,605,016.34	656,112.77	61,636,963.44
Receivables	19,794,309.97	0.84	21,024.11	19,815,334.92
Available-for-sale financial assets	–	12,221,995.42	–	12,221,995.42
Others	–	–	13,018,915.80	13,018,915.80
	72,170,144.30	20,827,012.60	13,696,052.68	106,693,209.58
Financial liabilities denominated in foreign currency				
Short-term borrowings	226,221,151.11	–	186,018,341.73	412,239,492.84
Payables	29,545,532.27	64,438.82	–	29,609,971.09
Long-term payables	44,012,033.44	–	–	44,012,033.44
Others	5,745,005.91	–	–	5,745,005.91
	305,523,722.73	64,438.82	186,018,341.73	491,606,503.28
	31 December 2014			
	USD	HKD	Others	Total
Financial assets denominated in foreign currency				
Cash at bank and on hand	70,875,706.60	2,163,829.70	527,713.37	73,567,249.67
Receivables	87,286,717.75	11,896.61	13,785.27	87,312,399.63
Available-for-sale financial assets	–	13,915,469.58	–	13,915,469.58
Others	–	10,203,317.18	12,341,481.20	22,544,798.38
	158,162,424.35	26,294,513.07	12,882,979.84	197,339,917.26
Financial liabilities denominated in foreign currency				
Short-term borrowings	312,901,697.20	–	37,047,937.77	349,949,634.97
Payables	175,862,509.01	–	–	175,862,509.01
	488,764,206.21	–	37,047,937.77	525,812,143.98

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

15 Financial risk (Continued)

(1) MARKET RISK (Continued)

(a) Foreign exchange risk (Continued)

As at 31 December 2015, if the currency has strengthened/weakened by 10% against the USD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB17,501,518.38 (31 December 2014: approximately RMB24,795,133.64) higher/lower for various financial assets and liabilities denominated in USD.

As at 31 December 2015, if the currency has strengthened/weakened by 10% against the HKD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB1,557,193.03 (31 December 2014: approximately RMB1,972,088.48) lower/higher for various financial assets and liabilities denominated in HKD.

(b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing borrowings including long-term borrowings and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2015, the Group's long-term interest bearing borrowings are mainly RMB-denominated with floating rates, amounting to RMB800,000,000.00 (including long-term borrowings due within one year of RMB500,000,000.00).

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During 2015 and 2014, the Group did not enter into any interest rate swap agreements.

As at 31 December 2015, if the float rate has strengthened/weakened by 50 bps, while all other variables had been held constant, the Group's net profit for the year would decrease/increase RMB3,000,000.00.

(2) CREDIT RISK

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank, accounts receivable, other receivables, notes receivable etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at Dalian Port Group Finance Co., Ltd., state-owned banks and other medium or large size banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on accounts receivable, other receivables and notes receivable. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

15 Financial risk (Continued)

(3) LIQUIDITY RISK

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2015				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	614,375,904.74	-	-	-	614,375,904.74
Notes payable	12,940,000.00	-	-	-	12,940,000.00
Accounts payable	233,398,574.75	-	-	-	233,398,574.75
Interests payable	143,719,858.67	-	-	-	143,719,858.67
Dividends payable	67,388,950.20	-	-	-	67,388,950.20
Other payables	585,807,063.52	-	-	-	585,807,063.52
Current portion of non-current liabilities	545,579,986.77	-	-	-	545,579,986.77
Other current liabilities	2,063,500,000.00	-	-	-	2,063,500,000.00
Long-term borrowings	131,317,046.55	2,389,586,539.01	38,702,512.68	-	2,559,606,098.24
Bonds payable	173,347,465.75	320,875,000.00	4,019,876,369.86	2,474,550,000.00	6,988,648,835.61
Long-term payables	-	16,877,185.74	42,359,663.67	-	59,236,849.41
	4,571,374,850.95	2,727,338,724.75	4,100,938,546.21	2,474,550,000.00	13,874,202,121.91

	31 December 2014				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	939,662,726.71	-	-	-	939,662,726.71
Notes payable	12,714,000.00	-	-	-	12,714,000.00
Accounts payable	374,676,495.88	-	-	-	374,676,495.88
Interests payable	132,295,618.54	-	-	-	132,295,618.54
Dividends payable	73,114,454.27	-	-	-	73,114,454.27
Other payables	669,983,218.09	-	-	-	669,983,218.09
Current portion of non-current liabilities	1,618,407,288.14	-	-	-	1,618,407,288.14
Long-term borrowings	172,929,156.56	694,994,469.06	2,472,385,808.58	-	3,340,309,434.20
Bonds payable	284,875,000.00	284,875,000.00	3,344,300,000.00	2,599,100,000.00	6,513,150,000.00
Long-term payables	-	15,288,159.80	51,381,415.11	-	66,669,574.91
	4,278,657,958.19	995,157,628.86	5,868,067,223.69	2,599,100,000.00	13,740,982,810.74

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

15 Financial risk (Continued)

(3) LIQUIDITY RISK (Continued)

Bank and other borrowings are analysed by repayment terms as follows:

	31 December 2015		31 December 2014	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	510,000,000.00	17,771,479.16	541,474,000.00	11,913,648.39
1 to 2 years	300,000,000.00	2,028,516,193.52	250,000,000.00	12,441,255.18
2 to 5 years	37,010,023.77	3,490,504,920.10	577,010,023.77	4,697,445,468.33
Over 5 days	-	2,350,000,000.00	-	2,350,000,000.00
	847,010,023.77	7,886,792,592.78	1,368,484,023.77	7,071,800,371.90

16 Fair value estimates

Based on the lowest level input that is significant to the fair value measurement in its entirety, the fair value hierarchy has the following levels:

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

(1) ASSETS AND LIABILITIES CONTINUOUSLY MEASURED AT FAIR VALUE

As at 31 December 2015, the assets continuously measured at fair value by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Investments in equity instrument held for trading	16,179,169.50	-	-	16,179,169.50
Available-for-sale financial assets				
Available-for-sale equity instruments	12,221,995.42	-	-	12,221,995.42
Entrusted investment	-	-	65,820,000.00	65,820,000.00
Total assets	28,401,164.92	-	65,820,000.00	94,221,164.92

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

16 Fair value estimates *(Continued)*

(1) ASSETS AND LIABILITIES CONTINUOUSLY MEASURED AT FAIR VALUE *(Continued)*

As at 31 December 2014, the assets continuously measured at fair value by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Investments in equity instrument held for trading	15,445,634.60	–	–	15,445,634.60
Available-for-sale financial assets				
Available-for-sale equity instruments	13,915,469.58	–	–	13,915,469.58
Entrusted investment	–	–	665,820,000.00	665,820,000.00
Total assets	29,361,104.18	–	665,820,000.00	695,181,104.18

The Group takes the date on which events causing the transfers between the levels take place as the timing for recognising the transfers. There is no transfer between Level 1 and Level 2 for the current year.

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation method. The mainly used valuation models are Discounted Cash flow Model and Comparable Companies Analysis. The input of valuation techniques includes the risk free interest rate, benchmark interest rate, exchange rate, credit spreads, liquidity premium, EBITDA multiplier, the lack of liquidity discount etc.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

16 Fair value estimates (Continued)

(1) ASSETS AND LIABILITIES CONTINUOUSLY MEASURED AT FAIR VALUE (Continued)

The changes in level 3 assets are analysed below:

	Available-for-sale financial assets – Entrusted investment
1 January 2015	665,820,000.00
Purchases	180,000,000.00
Sales	(780,000,000.00)
31 December 2015	65,820,000.00

	Available-for-sale financial assets – Entrusted investment
1 January 2014	1,000,000,000.00
Purchases	665,820,000.00
Sales	(1,000,000,000.00)
31 December 2014	665,820,000.00

Gains or losses recognised in profit or loss are separately recorded in income from changed in fair value, investment income, asset impairment losses, etc., in the income statement.

(2) ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE BUT DISCLOSED AT FAIR VALUE

The Group's financial assets and liabilities measured at amortised cost mainly represent receivables, held-to-maturity investments, short-term borrowings, payables, Long-term borrowings, and long-term payables.

Except for financial assets and liabilities listed below, the carrying amount of the other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

	31 December 2015		31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets – Shareholder loans	13,018,915.80	6,534,869.50	22,544,798.38	12,409,850.98
Financial liabilities				
Long-term borrowings	2,351,010,023.77	2,383,390,332.11	–	–
Bonds payable	5,763,754,605.64	5,990,650,657.24	–	–
	8,114,764,629.41	8,374,040,989.35	–	–

The fair value of held-to-maturity investments in an active market is determined at the quoted price in the active market, which is subject to Level 1. The fair value of long-term borrowings and long-term payables not quoted in an active market is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, which is subject to Level 3.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

17 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'shareholders' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of net debt-to-equity ratio. Net debt to equity ratio is the ratio of net debt and equity. The Company's policy is to keep the ratio between 40% and 60%.

As at 31 December 2015 and 31 December 2014, the Group's net debt-to-equity ratio is set out below:

	31 December 2015	31 December 2014
Net debt-to-equity ratio	54%	48%

18 Notes to the Company's financial statements

(1) ACCOUNTS RECEIVABLE

	31 December 2015	31 December 2014
Accounts receivable	605,673,208.46	611,383,231.01
Less: Provision for bad debts	(1,491,504.33)	(1,491,504.33)
	604,181,704.13	609,891,726.68

Parts of the Group's sales are dealt in cash, advances from customers and bank acceptance notes. The remaining is made with a credit term of 90 days.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

18 Notes to the Company's financial statements (Continued)

(1) ACCOUNTS RECEIVABLE (Continued)

(a) The ageing of accounts receivable based on their recording dates is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	493,882,950.58	548,554,699.87
1 to 2 years	52,104,070.66	19,904,757.17
2 to 3 years	16,762,413.25	38,443,176.33
Over 3 years	42,923,773.97	4,480,597.64
	605,673,208.46	611,383,231.01

As at 31 December 2015, accounts receivable overdue but unimpaired are RMB107,383,051.82 (31 December 2014: RMB128,797,681.97). This receivable is considered recoverable based on the financial position of the customer and analysis on its credit record. The ageing of the receivable is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	48,212,422.27	67,460,655.16
1 to 2 years	975,946.66	19,904,757.17
2 to 3 years	16,762,413.25	36,951,672.00
Over 3 years	41,432,269.64	4,480,597.64
	107,383,051.82	128,797,681.97

(b) Accounts receivable are analysed by categories as follows:

	31 December 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Percentage	Amount	% of total balance	Amount	Percentage
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	5,319,057.65	0.88%	1,491,504.33	28.04%	5,553,656.87	0.91%	1,491,504.33	26.86%
With amounts that the related provision for bad debts is provided on the grouping basis	600,354,150.81	99.12%	-	-	605,829,574.14	99.09%	-	-
Including: Group 1	-	-	-	-	-	-	-	-
Group 2	600,354,150.81	99.12%	-	-	605,829,574.14	99.09%	-	-
Amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	-	-	-	-	-	-	-	-
	605,673,208.46	100.00%	1,491,504.33	0.25%	611,383,231.01	100.00%	1,491,504.33	0.24%

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

18 Notes to the Company's financial statements (Continued)

(1) ACCOUNTS RECEIVABLE (Continued)

- (c) As at 31 December 2015, accounts receivable with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Percentage	Reason
Receivables from Ansteel Co., Ltd.	5,319,057.65	1,491,504.33	28.04%	(i)

- (i) As at 31 December 2015, receivables with carrying amount of RMB5,319,057.65 from Ansteel Co., Ltd. includes withholding port construction expenses of RMB1,491,504.33. Due to disagreement on the former terms of the business contract arising from the change of withholding agent for port construction expenses, it is believed that the Company is not able to collect such receivables and therefore full provisions for bad debts is made.

- (d) During 2015, the Company did not make a provision for bad debts of accounts receivable or write off such receivables.

- (e) As at 31 December 2015, the top five balances of accounts receivable categorised by debtors are summarised as follows:

	Balance	Provision for bad debts	% of total balance
Total balances of top five accounts receivable	452,958,673.86	–	74.79%

(2) OTHER RECEIVABLES

	31 December 2015	31 December 2014
Refund of land-transferring fees receivable	491,032,200.00	–
Government subsidies receivable	125,122,075.00	153,504,395.00
Entrusted loans	32,432,800.00	495,432,800.00
Berth rentals receivable	13,375,000.00	–
Port construction expenses	–	24,975,226.19
Others	37,652,262.77	31,603,077.78
	699,614,337.77	705,515,498.97
Less: Provision for bad debts	(16,098.47)	(41,734,302.42)
	699,598,239.30	663,781,196.55

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

18 Notes to the Company's financial statements (Continued)

(2) OTHER RECEIVABLES (Continued)

(a) The ageing of other receivables is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	682,525,841.57	648,844,877.36
1 to 2 years	11,387,657.11	53,408,783.25
2 to 3 years	2,516,974.96	740,209.97
Over 3 years	3,183,864.13	2,521,628.39
	699,614,337.77	705,515,498.97

As at 31 December 2015, other receivables overdue but unimpaired are RMB23,276,168.15 (31 December 2014: 9,924,139.77). This receivable is considered recoverable based on the financial position of the defaulter and analysis on its credit record. The ageing of other receivables is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	9,923,310.43	6,856,972.85
1 to 2 years	10,743,565.03	2,710,833.53
2 to 3 years	2,330,833.53	95,909.97
Over 3 years	278,459.16	260,423.42
	23,276,168.15	9,924,139.77

(b) Other receivables are analysed by categories as follows:

	31 December 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	percentage	Amount	% of total balance	Amount	percentage
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	-	-	-	-	49,000,000.00	6.95%	41,718,203.95	85.14%
With amounts that the related provision for bad debts is provided on the grouping basis	699,598,239.30	100.00%	-	-	656,499,400.50	93.05%	-	-
Including: Group 1	-	-	-	-	-	-	-	-
Group 2	699,598,239.30	100.00%	-	-	656,499,400.50	93.05%	-	-
Amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	16,098.47	0.00%	16,098.47	100.00%	16,098.47	0.00%	16,098.47	100.00%
	699,614,337.77	100.00%	16,098.47	0.00%	705,515,498.97	100.00%	41,734,302.42	5.92%

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

18 Notes to the Company's financial statements (Continued)

(2) OTHER RECEIVABLES (Continued)

(c) Other receivables written off in the current year of RMB41,718,203.95 are analysed as follows:

	Nature	Write-off amount	Write-off reason	Procedure for write-off	Arising from related party transactions or not
Dalian Port Group Zhuanghe Terminal Co., Ltd.	Entrusted loans	41,718,203.95	Debt exemption for restructuring	Resolution of the Board	Yes

(i) Dalian Port Group Zhuanghe Terminal Co., Ltd. was a Company's wholly-owned subsidiary. The Company has obtained the approval from resolution at the Board of Directors' meeting to make an additional contribution to Dalian Port Group Zhuanghe Terminal Co., Ltd. so as to make it a joint venture. Meanwhile, the Company exempted the entrusted loan principal of RMB41,718,203.95 provided to Dalian Port Group Zhuanghe Terminal Co., Ltd.

(d) During the year of 2015, the Group did not make a provision for bad debts.

(e) As at 31 December 2015, the top five balances of accounts receivable categorised by debtors are summarised as follows:

	Nature	Balance	Ageing	% of total balance of top five accounts receivable	Provision for bad debts
Dalian Municipal Bureau of Finance	Financial subsidies and refund of land-transferring fees	616,154,275.00	Within 1 year	88.07%	-
Dalian Steel Logistics Park Co., Ltd.	Entrusted loans	27,007,165.70	Within 1 year	3.86%	-
	Advances	1,786,877.20	1 to 2 years	0.26%	-
Dalian Port Container Terminal Co., Ltd.	Berth rentals	13,741,458.03	Within 1 year	1.96%	-
China Harbour United Shipping Co., Ltd.	Entrusted loans	7,432,800.00	Within 1 year	1.06%	-
Dalian Taiping Bay Port Company Limited	Advances	3,707,541.25	Within 1 year	0.53%	-
	Advances	1,950,890.16	1 to 2 years	0.28%	-
		671,781,007.34		96.02%	-

(f) As at 31 December 2015, the Company's government grants recognised at amounts receivable are analysed as follow:

	Project name of government grants	Balance	Ageing	Estimated time, amount and basis of collection
Dalian Port (PDA) Company Limited	Subsidy for container development	101,078,100.00	Within 1 year	Announcement of the implementation regulation of subsidy funds for promoting the quick development of Dalian port container
Dalian Port (PDA) Company Limited	Single premium of highway tolls	24,043,975.00	Within 1 year	Announcement of the implementation regulation of subsidy funds for promoting the quick development of Dalian port container
		125,122,075.00		

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

18 Notes to the Company's financial statements (Continued)

(3) LONG-TERM EQUITY INVESTMENTS

	31 December 2015	31 December 2014
Subsidiaries (a)	4,395,384,222.29	4,070,558,595.75
Joint ventures (b)	1,165,580,887.74	1,188,179,412.82
Associates (c)	2,021,438,214.97	1,357,825,013.24
	7,582,403,325.00	6,616,563,021.81
Less: Provision for impairment of long-term equity investments	-	-
	7,582,403,325.00	6,616,563,021.81

There is no significant restriction on sale of the long-term equity investments held by the Company.

(a) Subsidiaries

	Movements in the current year					31 December 2015	Balance of provision for impairment at end of year	Cash dividends declared in the current year
	31 December 2014	Additional investment	Decrease in investment	Provision for impairment	Others			
Dalian Port Container Development Co., Ltd.	3,009,297,222.38	36,000,000.00	-	-	-	3,045,297,222.38	-	111,587,144.75
Asia Pacific Ports Company Limited	76,155,000.00	-	-	-	-	76,155,000.00	-	-
Dalian FTZ Jinxin Petro-chemical Co., Ltd.	6,629,301.65	-	-	-	-	6,629,301.65	-	3,360,089.93
Dalian Jifa Ship Management Co., Ltd.	236,984,354.73	155,000,000.00	-	-	-	391,984,354.73	-	-
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	99,960,000.00	-	-	-	-	99,960,000.00	-	-
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	-	-	-	-	14,259,172.03	-	9,219,805.78
Dalian Portsoft Technology Co., Ltd.	11,126,271.39	-	-	-	-	11,126,271.39	-	2,450,000.00
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	-	-	-	-	18,278,125.97	-	22,500,000.00
Dalian Port Telecommunications Engineering Co., Ltd.	6,137,212.61	-	-	-	-	6,137,212.61	-	1,974,870.00
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	-	-	-	-	53,156,426.75	-	-
Dalian Port Power Supply Co., Ltd.	25,895,508.24	-	-	-	-	25,895,508.24	-	417,013.08
Dalian Port Lvshun Harbour Service Co., Ltd.	217,580,000.00	-	-	-	-	217,580,000.00	-	-
Dalian Port Group Zhuanghe Terminal Co., Ltd.	-	42,000,000.00	-	-	-	42,000,000.00	-	-
Dalian United King Port Auto Trade Co., Ltd.	6,000,000.00	-	-	-	-	6,000,000.00	-	5,972,322.62
Dalian Port Grain and Oil trading Co., Ltd.	25,000,000.00	-	-	-	-	25,000,000.00	-	-
Dalian Steel Logistics Park Co., Ltd.	8,000,000.00	-	-	-	-	8,000,000.00	-	-
Dalian Gangrun Gas Co., Ltd.	5,100,000.00	-	-	-	-	5,100,000.00	-	-
Dalian Hajjia Automobile Terminal Co., Ltd.	200,000,000.00	-	-	-	-	200,000,000.00	-	-
Dalian Dilangsirui Caravan Co., Ltd.	51,000,000.00	-	-	-	-	51,000,000.00	-	-
Dalian Zhuanghe Gangxing Investment Co., Ltd.	-	80,000,000.00	-	-	-	80,000,000.00	-	-
Dalian Port Xinshengshi Trading Co., Ltd.	-	7,000,000.00	-	-	-	7,000,000.00	-	-
Dalian Northeast Asia International Shipping Center Shipping Talent Market Co., Ltd.	-	4,825,626.54	-	-	-	4,825,626.54	-	-
	4,070,558,595.75	324,825,626.54	-	-	-	4,395,384,222.29	-	157,481,246.16

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

18 Notes to the Company's financial statements (Continued)

(3) LONG-TERM EQUITY INVESTMENTS (Continued)

(b) Joint ventures

	31 December 2014	Additional investment	Decrease in investment	Movements in the current year					31 December 2015	Balance of provision for impairment at end of year
				Share of net profit/(loss) using the equity method	Adjustment on other comprehensive income	Other changes in equity	Cash dividends/ profit declared	Provision for impairment		
Dalian Port Tongli Shipping Agency Co., Ltd.	1,435,452.09	-	-	320,227.01	-	-	-	-	1,755,679.10	-
Dalian Harbour ECL Logistics Co., Ltd.	30,896,947.73	-	-	257,759.56	-	21,025.03	(512,951.67)	-	30,662,780.65	-
Odfjell Terminals (Dalian) Co., Ltd.	151,181,340.66	-	-	18,661,355.13	-	(336,720.55)	(7,500,000.00)	-	162,005,975.24	-
Dalian Port PetroChina International Terminal Co., Ltd.	161,473,353.45	-	-	21,543,772.11	-	-	(10,103,150.00)	-	172,913,975.56	-
China United Tally (Dalian) Co., Ltd.	4,690,363.06	-	-	1,890,827.16	-	-	(1,965,400.08)	-	4,615,790.14	-
China Oil Dock Management (Dalian) Co., Ltd.	10,817,828.45	-	-	(9,546,472.87)	-	-	-	-	1,271,355.58	-
Dalian Automobile Terminal Co., Ltd.	173,478,029.45	-	-	7,812,678.00	-	(4,601.90)	(17,112,185.95)	-	164,173,919.60	-
Dalian Changxing Island Port Co., Ltd.	179,646,598.86	-	-	(26,773,391.80)	-	178,064.67	-	-	153,051,271.73	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	2,120,743.57	-	-	363,100.98	-	-	(91,419.78)	-	2,392,424.77	-
Odfjell Dalian Port Consulting Co., Ltd.	2,373,635.50	-	-	(463,753.35)	-	-	-	-	1,909,882.15	-
Dalian Changxing Island Port Investment & Development Co., Ltd.	462,810,937.89	-	-	1,460,203.73	-	(6,209.55)	-	-	464,264,932.07	-
Odfjell Changxing Warehousing Terminals (Dalian) Co., Ltd.	7,254,182.11	-	-	(691,280.96)	-	-	-	-	6,562,901.15	-
	1,188,179,412.82	-	-	14,835,024.70	-	(148,442.30)	(37,285,107.48)	-	1,165,580,887.74	-

(c) Associates

	31 December 2014	Additional investment	Decrease in investment	Movements in the current year					31 December 2015	Balance of provision for impairment at end of year
				Share of net profit/(loss) using the equity method	Adjustment on other comprehensive income	Other changes in equity	Cash dividends/ profit declared	Provision for impairment		
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	8,541,840.40	-	-	6,922,005.04	-	-	-	-	15,463,845.44	-
Taicang Xinggang Tug Co., Ltd.	3,459,798.32	835,713.00	-	3,270,425.97	-	-	(3,053,792.87)	-	4,512,144.42	-
PetroChina Dalian LNG Co., Ltd.	562,989,012.23	-	-	21,569,804.44	-	-	(30,555,894.58)	-	554,002,932.09	-
Dalian North Oil Petroleum Logistics Co., Ltd.	59,592,013.49	-	-	3,235,778.41	-	-	-	-	62,827,791.90	-
China Harbour United Shipping Co., Ltd.	74,362,135.45	-	-	2,014,653.78	-	-	-	-	76,376,789.23	-
Sino Rail Bohai Train Ferry Co., Ltd.	265,499,017.07	-	-	(2,308,149.30)	-	(23,758.55)	(3,499,007.71)	-	259,668,101.51	-
CDC International Logistics Co., Ltd.	97,657,677.73	-	-	8,266,674.17	-	-	-	-	105,924,351.90	-
Dalian Port Group Financial Co., Ltd.	285,723,518.55	600,000,000.00	-	56,938,739.93	-	-	-	-	942,662,258.48	-
	1,357,825,013.24	600,835,713.00	-	99,909,932.44	-	(23,758.55)	(37,108,685.16)	-	2,021,438,214.97	-

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

18 Notes to the Company's financial statements (Continued)

(4) REVENUE AND COST OF SALES

	2015	2014
Revenue from main operations	2,640,912,556.49	2,691,861,682.58
Revenue from other operations	385,377,575.86	390,180,557.98
	3,026,290,132.35	3,082,042,240.56

	2015	2014
Cost of sales from main operations	1,879,344,293.12	1,886,622,468.65
Cost of sales from other operations	216,948,571.02	217,658,554.43
	2,096,292,864.14	2,104,281,023.08

(a) Revenue and cost of sale from main operations

Analysis by industries is as follows:

	2015		2014	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil and liquefied chemicals terminal and related logistics services	1,505,924,582.29	792,343,145.12	1,379,496,713.40	779,873,482.64
Container terminal and related logistics services	53,500,000.00	15,689,446.68	53,500,000.00	14,263,133.35
General cargo terminal and related logistics and trading services	349,003,390.67	354,307,246.07	350,836,865.55	360,708,475.28
Ore terminal and related logistics services	170,443,908.82	218,897,421.94	256,179,359.82	201,876,539.50
Grains terminal and related logistics and trading services	107,627,975.21	149,916,763.43	195,042,364.27	166,782,629.54
Passenger and roll-on, roll-off terminal and related logistics services	88,352,529.28	67,701,661.30	86,073,679.49	59,524,721.72
Port value-added and ancillary services	594,242,827.29	425,451,778.65	605,965,317.98	454,161,005.58
Others	157,194,918.79	71,985,400.95	154,947,940.05	67,091,035.47
	3,026,290,132.35	2,096,292,864.14	3,082,042,240.56	2,104,281,023.08

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

18 Notes to the Company's financial statements (Continued)

(4) REVENUE AND COST OF SALES (Continued)

(b) The revenue is categorised as follows:

	2015	2014
Loading services	1,165,222,029.30	1,237,972,046.49
Stockpiling services	818,901,758.10	805,737,217.95
Transportation services	397,877,280.91	385,378,188.76
Port management services	219,936,817.34	206,691,486.33
Electric supply services	109,656,054.23	128,809,149.88
Leasing services	96,338,485.96	130,165,270.59
Agency services	18,547,555.46	12,363,188.41
Others	199,810,151.05	174,925,692.15
	3,026,290,132.35	3,082,042,240.56

(5) INVESTMENT INCOME

	2015	2014
Investment income from long-term equity investment under cost method	157,481,246.16	173,907,957.11
Income from long-term equity investment under equity method	114,744,957.14	96,682,471.26
Income earned during the holding period of financial assets at fair value through profit or loss	732,372.53	88,292.50
Income earned during the holding period of available-for-sale financial assets	21,586,985.42	372,503.53
Income from disposal of financial assets at fair value through profit or loss	4,373,519.69	663,247.70
Income from disposal of available-for-sale financial assets	10,918,200.00	–
Income from entrusted investments	20,159,765.58	33,750,295.13
	329,997,046.52	305,464,767.23

There is no restriction on recovery of investment income.

Notes to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

18 Notes to the Company's financial statements (Continued)

(6) SUPPLEMENTARY INFORMATION TO THE CASH FLOW STATEMENT

(a) Reconciliation from net profit to cash flows from operating activities

	2015	2014
Net profit	442,430,658.37	462,664,085.71
Add: Provisions for assets impairment	–	43,199,708.28
Depreciation of fixed assets	544,366,282.08	509,535,397.17
Amortisation of intangible assets	14,009,307.19	11,572,791.28
Amortisation of long-term prepaid expenses	250,312.78	7,073,370.98
Net gains on disposal of fixed assets	692,621.50	(17,918,525.13)
Financial expenses	455,157,115.24	428,530,619.43
Investment income	(329,997,046.52)	(305,464,767.23)
Gains or losses on changes in fair value	(2,950,982.93)	(1,322,804.61)
Increase in deferred tax assets	1,462,434.43	(118,633.95)
Transfer from deferred income	(36,970,000.59)	(36,122,566.04)
Decrease in inventories	3,265,170.78	5,214,916.10
Increase in special reserve	6,038,547.32	4,969,035.81
Increase in operating receivables	(55,364,974.69)	(374,818,916.10)
Increase in operating payables	16,968,422.16	41,234,307.66
Net cash flows from operating activities	1,059,357,867.12	778,228,019.36

(b) Net increase/(decrease) in cash and cash equivalents

	2015	2014
Cash and cash equivalents at end of period	761,304,650.74	966,868,460.45
Less: Cash and cash equivalents at beginning of period	(966,868,460.45)	(852,556,002.57)
Net increase/decrease in cash and cash equivalents	205,563,809.71	114,312,457.88

Supplementary Information to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

1 Statement of non-recurring profit or loss

	2015	2014
Profit or loss on disposal of non-current assets	(1,864,666.60)	8,082,799.34
Government grants recognised in profit or loss for the current period	3,296,297.60	4,176,473.19
Interest income from outward entrusted loans	5,140,884.45	2,805,013.48
Net profit or loss of the subsidiary acquired in business combination involving entities under common control for the period from the beginning of the period to the combination date	(303,767.46)	104,607.52
Except for the effective hedging activities related to the Group's ordinary activities, profit or loss arising from changes in fair value of financial assets and financial liabilities held for trading, and investment income from disposal of financial assets and financial liabilities held for trading and available-for-sale financial assets	29,071,851.87	1,901,852.31
Reversal of the provision on receivables assessed for impairment on an individual basis	10,000.00	10,000.00
Income from entrusting others with investment or management	20,159,765.58	33,750,295.13
Income from disposal of long-term equity investment	-	11,431,834.66
Income 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	-	24,533.89
Non-operating income and expenses other than aforesaid items	29,965,463.26	21,570,067.80
	85,475,828.70	83,857,477.32
Effect of income tax	(17,330,828.11)	(19,955,667.40)
Effect of minority interests (net of tax)	(2,432,259.15)	(2,863,088.81)
	65,712,741.44	61,038,721.11

BASIS FOR PREPARATION OF STATEMENT OF NON-RECURRING PROFIT OR LOSS

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or those are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

Supplementary Information to the Financial Statements

For the year ended 31 December 2015
(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

1 Statement of non-recurring profit or loss (Continued)

Pursuant to national policies and regulations, the items which recognised in government grants charged to profit or loss for the current year can be continuously obtained on a fixed quota or quantity for their close relation to ordinary activities. Thus the following items are not regarded as non-recurring profit or loss.

	Amount for the year 2015	Reasons for regarding as recurring profit or loss
Container subsidies	189,141,000.00	Fixed quantity on a continuous basis
Relocation compensation	34,439,916.54	Fixed quota on a continuous basis
Operation subsidies	11,296,000.00	Fixed quota on a continuous basis
Vessel construction subsidies	791,217.56	Fixed quota on a continuous basis
Energy conservation and emission reduction special fund	717,756.71	Fixed quota on a continuous basis
Refund of turnover taxes	442,762.30	Fixed quota on a continuous basis
Equipment reconstruction subsidies	264,423.68	Fixed quota on a continuous basis
Others	136,471.90	Fixed quota on a continuous basis
	237,229,548.69	

2 Return on equity and earnings per share

	Weighted average ROE (%)		Earnings per share Basic earnings per share	
	2015	2014	2015	2014
Net profit attributable to ordinary shareholders of the Company	3.49%	3.84%	0.11	0.12
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	3.02%	3.39%	0.09	0.10

No dilutive potential ordinary shares have been issued by the Company.

Financial Highlights for the Past Five Financial Years

RMB'000	2015	2014	2013*	2012	2011*
Revenue and Profit					
Revenue	8,886,167	7,942,459	6,981,980	4,644,559	3,955,394
Gross profit	1,454,512	1,374,897	1,587,577	1,587,870	1,467,642
Operating profit	461,118	459,792	668,953	698,206	821,351
Total profit	729,745	796,014	1,025,922	906,482	995,053
Net profit	569,138	605,777	781,998	684,763	757,465
Net profit attributable to owners of the parent	484,333	52,077	682,608	600,090	666,338
Basic earnings per share (RMB)	0.11	0.12	0.15	0.14	0.15
Assets and Liabilities					
Cash and bank balances	2,933,298	2,446,016	2,344,392	2,507,327	2,254,079
Current assets	6,258,683	5,883,873	4,990,627	4,713,190	3,897,527
Non-current assets	22,871,206	21,965,335	2,224,051	23,115,591	23,276,327
Borrowings	11,303,901	10,316,436	9,973,296	11,535,906	11,059,432
Current liabilities	4,911,232	4,332,759	5,484,651	3,591,970	2,767,639
Non-current liabilities	8,849,372	8,532,443	7,080,181	10,261,819	10,766,551
Total assets	29,129,890	27,849,208	27,231,142	27,828,780	27,173,854
Net assets	15,369,286	14,984,007	14,666,310	13,974,992	13,639,665
Capital and Equity					
Share capital	4,426,000	4,426,000	4,426,000	4,426,000	4,426,000
Equity attributable to owners of the parent	14,038,472	13,710,496	13,449,769	12,964,562	12,628,799
Minority interests	1,330,814	1,273,511	1,216,541	1,010,430	1,010,866
Total equity	15,369,286	14,984,007	14,666,310	13,974,992	1,363,966
Net assets per share (RMB)	3.17	3.10	2.75	2.93	2.85



DALIAN PORT (PDA) COMPANY LIMITED

大連港股份有限公司

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

(於中華人民共和國註冊成立之外商投資股份有限公司)

(Stock Code 股份代號：2880)

Address: Xingang Commercial Building, Jingang Road, Dalian International Logistics Park Zone,
Liaoning Province, the PRC (P.C.: 116601)

地址：中國遼寧省大連國際物流園區金港路新港商務大廈 (郵遞區號：116601)

Tel 電話：86-0411-87599900

Fax 傳真：86-0411-87599897

Website 網址：www.dlport.cn