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)

(Stock Code: 2880)

(1) ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016
(2) EARLY REPAYMENT OF LEASEBACK TRANSACTION RESULTING IN LEASEBACK COMPONENT OF CONTINUING CONNECTED TRANSACTIONS EXCEEDING 2016 ANNUAL CAP

The Board of Directors (the "Board") of Dalian Port (PDA) Company Limited ("the Company") is pleased to announce the audited financial results of the Company and its subsidiaries (the Company and its subsidiary, collectively referred to as "the Group") prepared pursuant to China Accounting Standards for Business Enterprises for the year ended 31 December 2016. The Group's financial results for the year have been audited by PricewaterhouseCoopers ZhongTian LLP.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	*Notes*	**31 December 2016 Consolidated**	31 December 2015 Consolidated
Current Assets:			
Cash and bank balances		**6,741,279,123.84**	2,933,297,517.35
Financial assets at fair value through profit or loss		**7,304,407.50**	16,179,169.50
Notes receivable		**158,645,593.12**	81,250,783.25
Accounts receivable	*4*	**658,558,980.91**	821,726,759.91
Advances to suppliers		**256,592,966.84**	310,199,461.71
Interest receivable		**26,268,705.14**	10,165,145.48
Dividends receivable		**38,245,401.40**	22,956,917.66
Other receivables	*5*	**315,286,763.19**	968,861,537.41
Inventories	*6*	**451,326,094.61**	936,271,014.10
Assets classified as held for sale			
Current portion of non-current assets		**–**	65,820,000.00
Other current assets		**508,815,328.87**	91,954,813.36
Total current assets		**9,162,323,365.42**	6,258,683,119.73

ASSETS	*Notes*	**31 December 2016 Consolidated**	31 December 2015 Consolidated
Non-current Assets:			
Available-for-sale financial assets		**155,844,671.60**	154,014,686.92
Long-term receivables		**11,500,000.00**	18,018,915.80
Long-term equity investments		**4,902,156,720.70**	4,731,659,905.46
Investment property		**645,455,657.62**	663,610,456.30
Fixed assets		**13,974,066,537.95**	14,333,551,893.37
Construction in progress		**1,616,008,035.15**	1,837,213,589.39
Disposal of fixed assets		**2,682,824.71**	3,100,470.31
Intangible assets		**1,090,143,242.15**	881,523,132.83
Goodwill		**16,035,288.74**	16,035,288.74
Long-term prepayments		**53,726,901.82**	52,028,185.59
Deferred tax assets		**74,929,025.62**	61,839,973.50
Other non-current assets		**197,192,688.51**	118,610,000.00
Total non-current assets		**22,739,741,594.57**	22,871,206,498.21
TOTAL ASSETS		**31,902,064,959.99**	29,129,889,617.94

LIABILITIES AND EQUITY	*Notes*	**31 December 2016 Consolidated**	31 December 2015 Consolidated
Current Liabilities:			
Short-term borrowings		**499,427,798.80**	601,694,492.83
Notes payable		**1,250,000.00**	12,940,000.00
Accounts payable	*7*	**235,701,773.17**	233,398,574.75
Advances from customers		**224,121,958.94**	448,542,346.12
Employee benefits payable		**228,430,661.29**	214,209,719.42
Tax payable		**114,922,450.93**	61,070,098.34
Interest payable		**164,961,241.06**	143,719,858.67
Dividends payable		**76,661,039.64**	67,388,950.20
Other payables		**516,421,553.09**	585,807,063.52
Non-current liabilities due within one year		**1,047,523,521.42**	527,771,479.16
Other current liabilities		**3,038,041,251.61**	2,014,689,463.02
Total current liabilities		**6,147,463,249.95**	4,911,232,046.03

LIABILITIES AND EQUITY	*Notes*	**31 December 2016 Consolidated**	31 December 2015 Consolidated
Non-current liabilities:			
Long-term borrowings		**147,010,023.77**	2,351,010,023.77
Bond payable		**5,779,081,112.06**	5,763,754,605.64
Long-term payables		**43,138,081.48**	55,021,113.62
Deferred income		**565,971,998.11**	565,081,808.69
Deferred tax liabilities		**13,843,600.37**	11,731,632.17
Other non-current liabilities		**99,241,941.00**	102,772,498.43
Total non-current liabilities		**6,648,286,756.79**	8,849,371,682.32
TOTAL LIABILITIES		**12,795,750,006.74**	13,760,603,728.35
Equity:			
Issued capital		**12,894,535,999.00**	4,426,000,000.00
Capital reserve		**2,930,944,685.96**	6,117,565,754.62
Other consolidated income		**47,375,566.99**	27,023,577.28
Special reserve		**29,604,575.28**	23,729,633.11
Surplus reserve		**676,643,140.78**	623,925,889.68
Unappropriated profit		**1,194,212,957.96**	2,820,227,405.53
Equity attributable to equity holders of the Company		**17,773,316,925.97**	14,038,472,260.22
Minority interests		**1,332,998,027.28**	1,330,813,629.37
TOTAL EQUITY		**19,106,314,953.25**	15,369,285,889.59
TOTAL LIABILITIES AND EQUITY		**31,902,064,959.99**	29,129,889,617.94

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016
(All amounts in RMB Yuan unless otherwise stated)

Items	*Notes*	**2016 Consolidated**	2015 Consolidated
I. Total Operating income	*8*	**12,814,483,861.14**	8,886,167,093.15
Including: Operating income	*8*	**12,814,483,861.14**	8,886,167,093.15
II. Total operating costs	*8*	**12,398,372,120.52**	8,617,327,997.49
Including: Operating costs	*8*	**11,427,061,819.61**	7,431,655,456.89
Business taxes and levies	*9*	**44,221,171.59**	41,221,065.09
Sales expenses		**895,738.53**	1,457,374.14
Administrative expenses		**663,365,001.90**	622,366,106.34
Financial expenses		**256,884,038.08**	520,637,995.03
Impairment losses		**5,944,350.81**	(10,000.00)
Add: Gains on changes in fair values		**769,834.97**	2,950,982.93
Investment income		**181,161,310.22**	189,328,170.46
Including: investment income from joint ventures and associates		**162,831,714.95**	120,705,350.12
III. Operating profit		**598,042,885.81**	461,118,249.05
Add: Non-operating income	*10*	**183,589,513.59**	274,916,120.86
Including: Gains on disposal of non-current assets		**14,111,708.14**	358,780.48
Less: Non-operating expenses		**3,619,448.44**	6,289,477.91
Including: Loss from disposal of non-current assets		**2,951,100.33**	2,223,447.08

Items	Notes	**2016 Consolidated**	2015 Consolidated
IV. Total profit		**778,012,950.96**	729,744,892.00
Less: Income tax expenses	*11*	**165,330,007.50**	160,606,843.64
V. Net profit		**612,682,943.46**	569,138,048.36
Including: Net profit of the enterprise being merged in relation to business combination involving enterprises under common control		**–**	(303,767.46)
Net profit attributable to equity holders of company		**531,012,717.43**	484,333,281.47
Minority interests		**81,670,226.03**	84,804,766.89
VI. Other comprehensive income, net of tax		**20,351,989.71**	19,900,196.56
Other comprehensive income attributable to equity holders of the Company, net of tax		**20,351,989.71**	19,900,196.56
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**–**	–
1. Share of investee's other comprehensive income that will be reclassified subsequently to profit or loss under equity method		**–**	1,079,120.55
2. Fair value changes in available for sale financial assets		**(1,005,613.48)**	(2,612,183.95)
3. Exchange differences on foreign currency translations		**21,357,603.19**	21,433,259.96
Other comprehensive income attributable to minority interests, net of tax		**–**	–
VII. Total comprehensive income		**633,034,933.17**	589,038,244.92
Total comprehensive income attributable to equity holders of the Company		**551,364,707.14**	504,233,478.03
Total comprehensive income attributable to minority shareholders		**81,670,226.03**	84,804,766.89
VIII. Earnings per share	*12*		
(1) Basic earnings per share (RMB/share)	*12(a)*	**0.04**	0.05
(2) Diluted earnings per share (RMB/share)	*12(b)*	**0.04**	0.05

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
(All amounts in RMB Yuan unless otherwise stated)

1. GENERAL INFORMATION

Dalian Port (PDA) Co., Ltd. (“the Company”) is a limited liability company jointly established by Port of Dalian 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 PDA Group. The Company was listed on the Shanghai Stock Exchange on 6 December 2010. On 21 March 2006, the Company issued shares to overseas investors of 966,000,000 shares (H share), and the Company was listed on the Stock Exchange of Hong Kong Limited on 28 April 2006. As at 31 December 2016, the Company’s share capital totaled RMB12,894,535,999.00, with a par value of RMB1 per share.

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 be conducted with the grant of license).

The subsidiaries newly included in the scope of consolidation in the current year are Dalian Jifa South Coast International Logistics Limited, Dalian Hongyang International Logistics Limited and Dalian Port Lianheng Supply Chain Management Co., Ltd.. The subsidiaries no longer included in the scope of consolidation in the current year are Dalian GangHang Tendering & Bidding Agency Co., Ltd. and Dalian Gangyue Car-carrying Vessel Management Co., Ltd..

The financial statements were approved and authorised for issue by the Company’s Board of Directors on 23 March 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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 in subsequent periods (hereinafter collectively referred to as "the Accounting Standard for Business Enterprises" or "CAS") and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting issued by China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

Certain disclosures in these financial statements have been adjusted according to the requirements under the new Hong Kong Companies Ordinance effective in 2015.

3. CHANGES OF CONSOLIDATION SCOPE

Other consolidation scope changes

On 18 March 2016, the Group contributed RMB15,000,000.00 in cash to set up a wholly-owned subsidiary, Dalian Jifa South Coast International Logistics Limited.

On 6 May 2016, the Company contributed RMB10,000,000.00 in cash to set up a subsidiary, Dalian Hongyang International Logistics Limited, with Yingkou Shuntong Transportation Co., Ltd.

On 9 May 2016, the Group contributed RMB10,200,000.00 in cash to set up a subsidiary, Dalian Port Lianheng Supply Chain Management Co., Ltd., with Liaoning Hengjiu Development Group Co., Ltd.

Due to optimisation of internal resource allocation of the Group, the subsidiary Dalian Shunda Logistic Services Co., Ltd., was merged into the Group with the approval of the Board of Directors on 30 November 2016. As at 31 December 2016, the procedures for de-registration of the company had not been completed.

Due to optimisation of internal resource allocation of the Group, Dalian Ganghang Tendering & Bidding Agency Co., Ltd, a wholly-owned subsidiary of the Group, was de-registered with the approval of the Board of Directors. As at 31 December 2016, all de-registration procedures were completed.

Due to optimisation of internal resource allocation of the Group, Dalian Gangyue Car-carrying Vessel Management Co., Ltd., a wholly-owned subsidiary of the Group, was de-registered with the approval of the Board of Directors. As at 31 December 2016, all de-registration procedures were completed.

4. ACCOUNTS RECEIVABLE

	31 December 2016	31 December 2015
Accounts receivable	**658,706,980.91**	823,602,282.24
Less: Provision for bad debts	**(148,000.00)**	(1,875,522.33)
	658,558,980.91	821,726,759.91

The majority of the Group's sales are dealt in cash, advances from customers and bank acceptance. The remaining are given a credit term of 90 days.

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

	31 December 2016	31 December 2015
Within 1 year	**573,541,242.90**	683,272,280.43
1 to 2 years	**12,436,875.66**	74,971,816.13
2 to 3 years	**13,832,071.12**	20,154,482.34
Over 3 years	**58,896,791.23**	45,203,703.34
	658,706,980.91	823,602,282.24

As at 31 December 2016, accounts receivable overdue are RMB91,414,149.82 (31 December 2015: RMB147,554,652.13). The Group considered this receivable recoverable with no impairment based on the financial position of the customer and analysis on its credit record, and therefore no impairment provision was made on individual bases. The ageing of the receivable is analysed as follows:

	31 December 2016	31 December 2015
Within 1 year	**9,645,714.17**	61,339,057.68
1 to 2 years	**9,657,604.38**	22,737,798.10
2 to 3 years	**13,398,704.86**	20,149,615.34
Over 3 years	**58,712,126.41**	43,328,181.01
	91,414,149.82	147,554,652.13

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

	31 December 2016				31 December 2015			
	Ending balance		**Provision for bad debts**		Ending balance		Provision for bad debts	
	Amount	**% of total balance**	**Amount**	**%**	Amount	% of total balance	Amount	%
Amounts that are individually significant with provision for bad debts made on an individual basis	–	–	–	–	5,319,057.65	0.65%	1,491,504.33	28.04%
Amounts with provision for bad debts provided on the group basis	**658,558,980.91**	**99.98%**	–	–	817,899,206.59	99.30%	–	–
Of which Group 1:	–	–	–	–	–	–	–	–
Group 2:	**658,558,980.91**	**99.98%**	–	–	817,899,206.59	99.30%	–	–
Amounts that are individually insignificant but with provision for bad debts made on an individual basis	**148,000.00**	**0.02%**	**148,000.00**	**100.00%**	384,018.00	0.05%	384,018.00	100.00%
	658,706,980.91	**100.00%**	**148,000.00**	**0.02%**	823,602,282.24	100.00%	1,875,522.33	0.23%

(c) During the year, provision made for bad debts amounted to RMB178,104.00. No recovery or reversal was made for bad debts provision.

(d) Accounts receivable written off in the current year amounting RMB1,905,626.33 are analysed below:

	Nature	**Amount of write-off**	**Reason for write-off**	**Procedure for write-off**	**Arising From related party transactions or not**
Dalian Ansteel International Freight Forwarding Co., Ltd. (大連鞍鋼國貿貨運代理有限公司)	Pre-paid port construction fee	1,491,504.33	unable to collect	Resolution of the Board	No
Fengtong International Freight Forwarding Co., Ltd. (豐通國際貨運代理有限公司)	Transportation fee	236,018.00	unable to collect	Resolution of the Board	No
Dalian Taidou Construction Material Co.Ltd (大連泰斗建材有限公司)	Agency fee	178,104.00	unable to collect	Resolution of the Board	No
		1,905,626.33			

(e) As at 31 December 2016, the top five accounts receivable categorized by debtors are summarised for analyses below:

	Amount	Provision for bad debts	% of total balance
Total balance of top five accounts receivable	281,433,455.64	–	42.73%

5. OTHER RECEIVABLES

	31 December 2016	31 December 2015
Bills of exchange	**129,697,598.73**	27,771,142.03
Receivables from project payment and guarantee deposit	**62,922,321.14**	41,857,174.02
Entrusted loans (i)	**53,600,000.00**	162,032,800.00
Receivables from freight charges, deposit and security deposit	**23,084,303.32**	39,867,642.11
Port construction and miscellaneous expenses	**5,186,696.39**	9,882,131.44
Government subsidies receivable	**1,507,692.00**	132,479,357.00
Berth and housing rentals receivable	**1,355,644.85**	13,375,000.00
Public infrastructure maintenance expenses	**1,246,024.98**	411,410.70
Refund of land-transferring fees receivable	**–**	491,032,200.00
Others	**37,747,674.75**	51,213,873.08
	316,347,956.16	969,922,730.38
Less: Provision for bad debts	**(1,061,192.97)**	(1,061,192.97)
	315,286,763.19	968,861,537.41

(i) Entrusted loans

– Loans to joint ventures

As at 31 December 2016, loans to joint ventures include:

The Group entrusted Dalian Port Group Financial Co., Ltd. (31 December 2015: CMB Dalian Zhongshan Sub-branch) to provide unsecured loans of RMB33,000,000.00 to its joint venture, Dalian Yidu Cold Chain Co., Ltd., at the rate of 4.785% annually and due on 22 March 2017 (31 December 2015: secured loans of RMB110,000,000.00, at the rate of 5.0025% and due on 28 March 2016).

The Group entrusted Dalian Port Group Financial Co., Ltd. to provide unsecured loans of RMB4,600,000.00 to its joint venture, Liaoning Con-Rail International Logistics Co., Ltd., at the rate of 4.35% annually and due on 11 February 2017 (31 December 2015: RMB4,600,000.00, at the rate of 5.60% and due on 11 February 2016).

– Loans to associates

As at 31 December 2016, loans to associates include:

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 4.35% annually and due on 28 January 2017 (31 December 2015: RMB16,000,000.00, at the rate of 6.16% annually and due on 28 January 2016).

The Group entrusted Dalian Port Group Financial Co., Ltd. to provide unsecured loans of RMB0.00 to its associate, China Harbor United Shipping Co., Ltd. (31 December 2015: RMB7,432,800.00, at the rate of 4.85% annually and due on 28 June 2016).

The Group entrusted Dalian Port Group Financial Co., Ltd. to provide unsecured loans of RMB0.00 to its associate, Dalian Puji Storage Facility Co., Ltd. (31 December 2015: RMB24,000,000.00, at the rate of 6.00% annually and due on 1 July 2016).

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

	31 December 2016	31 December 2015
Within 1 year	**275,702,811.45**	936,531,985.48
1 to 2 years	**26,000,345.60**	17,963,945.74
2 to 3 years	**5,711,684.99**	5,418,371.15
Over 3 years	**8,933,114.12**	10,008,428.01
	316,347,956.16	969,922,730.38

As at 31 December 2016, an amount of RMB34,053,657.84 (31 December 2015: RMB30,478,770.44) of other receivables was overdue but unimpaired and no provision for impairment was made separately as this amount 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 2016	31 December 2015
Within 1 year	**9,318,172.40**	13,147,172.83
1 to 2 years	**16,380,435.68**	10,619,780.23
2 to 3 years	**4,244,159.42**	3,653,340.17
Over 3 years	**4,110,890.34**	3,058,477.21
	34,053,657.84	30,478,770.44

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

	31 December 2016				31 December 2015			
	Ending balance		**Provision for bad debts**		Ending balance		Provision for bad debts	
	Amount	**% of total balance**	**Amount**	**%**	Amount	% of total balance	Amount	%
Amounts that are individually significant with provision for bad debts made on an individual basis	**–**	**–**	**–**	**–**	–	–	–	–
Amounts with provision for bad debts made on group basis	**313,622,359.39**	**99.14%**	**–**	**–**	963,884,103.01	99.38%	–	–
Of which: Group 1	**–**	**–**	**–**	**–**	–	–	–	–
Group 2	**313,622,359.39**	**99.14%**	**–**	**–**	963,884,103.01	99.38%	–	–
Amounts that are individually insignificant but with provision for bad debts made on an individual basis	**2,725,596.77**	**0.86%**	**1,061,192.97**	**38.93%**	6,038,627.37	0.62%	1,061,192.97	17.57%
	316,347,956.16	**100.00%**	**1,061,192.97**	**0.34%**	969,922,730.38	100.00%	1,061,192.97	0.11%

(c) During 2016, 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 2016, 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 Unibright International Trade Co., Ltd.	Bills of exchange	41,149,897.81	Within 1 year	13.01%	–
Dalian Port Yidu Cold Chain Co., Ltd.	Entrusted loans	33,000,000.00	Within 1 year	10.43%	–
	Port construction and miscellaneous expenses	124,766.00	Within 1 year	0.04%	–
廣東本順中成汽車供應鏈管理有限公司	Bills of exchange	24,032,173.11	Within 1 year	7.60%	–
Dalian Puji Storage Facility Co., Ltd.	Entrusted loans	16,000,000.00	Within 1 year	5.06%	–
大連市土地儲備中心	Supervision fees	15,357,689.00	Within 1 year	4.85%	–
		129,664,525.92		40.99%	–

(e) As at 31 December 2016, the Group's government grants recognised at amounts receivable are analysed as follows:

	Government grants	**Balance**	**Ageing**	**Basis of estimated collection**
Heilongjiang Suimu Logistics Co., Ltd.	Refund of tax	1,507,692.00	Within 1 year	Cooperation agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone

6. INVENTORIES

(a) Inventories are summarised by category follows:

	31 December 2016			31 December 2015		
	Ending balance	**Provision for decline in value of inventories**	**Carrying amount**	Ending balance	Provision for decline in value of inventories	Carrying amount
Raw materials	**70,653,011.68**	**(7,803,889.80)**	**62,849,121.88**	75,159,083.83	(2,037,642.99)	73,121,440.84
Finished goods	**382,785,952.13**		**382,785,952.13**	856,982,556.21		856,982,556.21
Turnover materials	**5,691,020.60**		**5,691,020.60**	6,167,017.05		6,167,017.05
	459,129,984.41	**(7,803,889.80)**	**451,326,094.61**	938,308,657.09	(2,037,642.99)	936,271,014.10

As at 31 December 2016, inventories with carrying amount of RMB317,241,729.72 (31 December 2015: 772,498,330.38) and relevant documents of import business were pledged as collateral for the bank borrowings of RMB226,487,016.66 (31 December 2015: RMB566,694,492.83).

(b) An analysis of the provision for decline in the value of inventories is follows:

		Increase in the current year		**Decrease in the current year**		
	31 December 2015	**Provision**	**Others**	**Reversal/ write-off**	**Others**	**31 December 2016**
Raw materials	2,037,642.99	5,854,814.99		(88,568.18)		7,803,889.80

(c) The status of the provision for decline in the value of inventories is as follows:

	Specific basis to determine net realisable value	**Reasons for reversal or write-off of provision for decline in the value of inventories in the current year**
Raw materials	Obsolete raw materials	Factors for write-down of the value of inventories no longer existed

7. ACCOUNTS PAYABLE

	31 December 2016	31 December 2015
Purchase of auxiliary materials and quality guarantee deposit	**178,738,447.65**	144,802,114.91
Vessel leasing and ocean freight	**52,453,087.11**	86,648,885.25
Purchase of goods	**4,510,238.41**	1,947,574.59
	235,701,773.17	233,398,574.75

(a) As at 31 December 2016, accounts aged over 1 year amounted to RMB15,755,861.28 (31 December 2015: RMB15,406,894.42), mainly comprising payables for subcontracting, materials and quality guarantee deposit which are pending final settlement as the final accounts of completion are not available yet.

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

	31 December 2016	31 December 2015
Within 1 year	**219,945,911.89**	217,991,680.33
1 to 2 years	**11,994,623.06**	11,688,206.75
2 to 3 years	**2,768,046.73**	2,224,709.90
Over 3 years	**993,191.49**	1,493,977.77
	235,701,773.17	233,398,574.75

8. REVENUE AND COST OF SALES

	2016	2015
Revenue from main operations	**12,499,813,840.14**	8,534,675,280.00
Revenue from other operations	**314,670,021.00**	351,491,813.15
	12,814,483,861.14	8,886,167,093.15
Cost of sales from main operations	**11,160,474,912.91**	7,168,530,971.26
Cost of sales from other operations	**266,586,906.70**	263,124,485.63
	11,427,061,819.61	7,431,655,456.89

(a) Analysis by industry is as follows:

	2016		2015	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Oil and liquefied chemicals terminal and related logistics services	**6,151,513,314.80**	**5,422,277,469.82**	2,078,019,028.41	1,268,868,455.08
Container terminal and related logistics services	**1,548,058,061.14**	**1,234,368,793.86**	1,692,339,086.99	1,351,143,844.87
General cargo terminal and related logistics and trading services	**469,721,885.04**	**506,723,225.05**	374,123,523.09	380,637,271.11
Ore terminal and related logistics services	**314,027,495.35**	**281,266,698.49**	349,865,498.15	397,543,019.89
Bulk grains terminal and related logistics and trading services	**681,657,589.01**	**706,392,865.74**	1,361,492,366.50	1,400,773,149.28
Passenger and roll-on, roll-off terminal and related logistics roll-on, roll-off services	**138,607,950.47**	**103,806,463.56**	128,759,441.77	97,787,334.66
Port value-added and ancillary services	**937,338,809.20**	**669,425,613.68**	940,030,013.54	646,188,855.12
Automobile terminal and related logistics and trading services	**2,490,667,323.32**	**2,426,317,672.29**	1,866,027,173.77	1,821,482,937.75
Others	**82,891,432.81**	**76,483,017.12**	95,510,960.93	67,230,589.13
	12,814,483,861.14	**11,427,061,819.61**	8,886,167,093.15	7,431,655,456.89

(b) The revenue is categorised as follows:

	2016	2015
Commodity trading	**7,861,426,905.58**	3,896,346,612.23
Loading services	**1,775,105,873.33**	1,729,177,804.60
Storage services	**839,822,024.71**	890,855,483.67
Agency services	**754,258,103.15**	679,581,659.48
Logistics services	**463,520,474.70**	536,079,584.90
Leasing services	**222,996,028.23**	239,553,835.17
Port management services	**234,748,363.71**	222,126,080.62
Project construction and supervision services	**170,447,389.25**	160,953,611.87
Electricity supply services	**90,736,174.73**	99,606,764.37
Sales of goods	**31,233,405.71**	45,671,247.33
Information services	**83,421,409.76**	81,513,731.88
Tallying services	**66,378,611.19**	63,570,811.74
Others	**220,389,097.09**	241,129,865.29
	12,814,483,861.14	8,886,167,093.15

9. TAXES AND SURCHARGES

	2016	2015	**Tax base**
Urban maintenance and construction tax	**9,094,953.92**	9,906,542.60	7% of business tax and VAT for urban maintenance and construction tax
Real estate tax	**8,087,389.63**	–	1.2% of the residual value of the real estate or 12% of the rental income of the real estate for real estate tax
Business tax	**8,050,951.69**	24,253,871.73	5% of taxable income for business tax
Educational surcharges	**6,518,325.44**	7,060,650.76	3% of business tax and VAT for educational surcharges, 2% of business tax and VAT for regional educational surcharges
Land use tax	**6,270,616.50**	–	To be paid according to the unit tax amount stipulated by tax law based on the actual area of the land used
Stamp duty	**5,599,136.47**	–	To be calculated based on the stipulated tax rate or fixed amount per document respectively according to the nature of the taxable certificate
Vehicle and Vessel Tax	**599,797.94**	–	To be paid according to the specific tax amount applicable stipulated by tax law based on the type of vehicle and vessel used
	44,221,171.59	41,221,065.09	

10. NON-OPERATING INCOME

	2016	2015	**Amount recognised in non-recurring profit or loss for the year 2016**
Gains on disposal of non-current assets	**14,111,708.14**	358,780.48	14,111,708.14
Including: Gains on disposal of fixed assets	**5,001,208.14**	353,300.98	5,001,208.14
Gains on disposal of intangible assets	**9,110,500.00**	5,479.50	9,110,500.00
Government grants (a)	**161,059,020.47**	240,525,846.29	1,608,300.00
Others	**8,418,784.98**	34,031,494.09	8,418,784.98
	183,589,513.59	274,916,120.86	24,138,793.12

Details of government grants

	2016	2015	Related to assets/ income
Relocation compensation	**33,621,113.74**	34,439,916.54	Related to assets
Vessel acquisition subsidies	**791,217.56**	791,217.56	Related to assets
Equipment reconstruction subsidies	**264,423.68**	264,423.68	Related to assets
Special fund for energy conservation and emission reduction	**646,659.70**	717,756.71	Related to assets
Safe production	**952,500.00**	–	Related to assets
Others	**394,815.40**	136,471.90	Related to assets
Container subsidies	**108,258,234.20**	189,141,000.00	Related to income
Operation subsidies	**10,510,000.00**	11,296,000.00	Related to income
Relocation compensation	**–**	1,185,143.11	Related to income
Refund of turnover taxes	**454,078.33**	442,762.30	Related to income
Special fund for energy conservation and emission reduction	**–**	91,100.00	Related to income
Others	**5,165,977.86**	2,020,054.49	Related to income
	161,059,020.47	240,525,846.29	

11. INCOME TAX EXPENSES

	2016	2015
Current income tax calculated based on tax law and related regulations	**176,307,091.42**	158,232,027.87
Deferred income tax	**(10,977,083.92)**	2,374,815.77
	165,330,007.50	160,606,843.64

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 as follows:

	2016	2015
Total profit	**778,012,950.96**	729,744,892.00
Income tax expenses calculated at applicable tax rates	**194,503,237.74**	182,436,223.00
Effect of different tax rates applicable to subsidiaries in Mainland China	**(1,397,506.41)**	(2,012,663.30)
Effect of different tax rates applicable to subsidiaries outside Mainland China	**5,041,639.73**	3,522,210.66
Adjustments for current income tax of prior periods	**(3,279,136.24)**	(2,093,012.45)
Income not subject to tax	**(49,998,502.25)**	(44,388,180.00)
Costs, expenses and losses not deductible for tax purposes	**11,369,224.79**	15,283,285.63
Utilisation of deductible tax losses and temporary differences of previously unrecognised deferred income tax assets	**(6,668,300.41)**	(12,013,777.29)
Deductible tax losses for which no deferred income tax assets were recognised	**15,759,350.55**	19,872,757.39
Income tax expenses	**165,330,007.50**	160,606,843.64

12. EARNINGS PER SHARE

(a) Basic earnings per share

The amount of basic earnings per share is calculated by dividing consolidated net profit attributable to holders of ordinary shares of the Company by the weighted average number of ordinary shares outstanding:

	2016	2015
Consolidated net profit attributable to shareholders of ordinary shares of the Company	**531,012,717. 43**	484,333,281.47
Weighted average number of ordinary shares of the Company outstanding	**12,664,599,344.26**	10,179,800,000.00
Basic earnings per share	**0.04**	0.05
Including:		
– Basic earnings per share from continuing operations	**0.04**	0.05

(b) Diluted earnings per share

The amount of diluted earnings per share is calculated by dividing net profit attributable to shareholders of ordinary shares of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares of the Company outstanding. In 2016, there were no dilutive potential ordinary shares (2015: nil), hence the amount of diluted earnings per share is equal to that of basic earnings per share.

13. EVENTS AFTER THE BALANCE SHEET DATE

(1) Significant non-adjusting events

Established in March 2015, Dalian Port Xinshengshi Trading Co., Ltd., a limited liability company, was co-founded by Dalian Port (PDA) Co., Ltd. and Shandong Yaochang Group Co., Ltd., with a registered capital of RMB10,000,000. Pursuant to the articles of association, the contribution from Dalian Port (PDA) Co., Ltd. amounted to RMB7,000,000, representing 70% of the company's registered capital; while the contribution from Shandong Yaochang amounted to RMB3,000,000, representing 30% of the company's registered capital. As Shandong Yaochang Group Co., Ltd., the joint venture partner, failed to perform its obligation regarding the capital contribution due to difficulties in operation, upon amicable negotiations between the parties, the joint venture would be de-registered. The matter was considered and approved by the fourth session of the Board of Dalian Port (PDA) Co., Ltd. at its first (extraordinary) meeting for the year 2017 held on 18 January 2017.

(2) Description of profit distribution after the balance sheet date

	Amount
Proposed cash dividends (a)	RMB193,418,039.99
Proposed scrip dividends (a)	Nil
Dividends declared after consideration and approval	RMB193,418,039.99

As resolved at the Board meeting of the Company held on 23 March 2017, the proposed distribution under the profit distribution plan for 2016 is to pay a cash dividend of RMB0.15 (tax included) per 10 shares to all shareholders on the basis of 12,894,535,999 shares. The proposed distribution is subject to approval at the general meeting.

14. SEGMENT INFORMATION

The reportable segments of the Group are the business units that provide different products or services, 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 and liquefied chemicals terminal and related logistics and trading services, responsible for loading and discharging, storage and transhipment of oil products and liquefied chemicals and port management

- 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

- Automobile terminal and related logistics and trading services, responsible for loading and discharging of automobile and related logistics services and automobile trading operation

- General cargo terminal and related logistics and trading services, responsible for loading and unloading of general cargo and provision of related logistics services, steel trading operation

- Bulk grains terminal and related logistics and trading services, responsible for loading and unloading of grains and provision of related logistics services, bulk grains trading operation

- Ore terminal and related logistics services, responsible for loading and unloading of ore and provision of related logistics services

- Passenger and roll-on, roll-off terminal and related logistics services, responsible for passenger transportation and general cargo roll-on and roll-off and provision of related logistics services

- Port value-added and ancillary services, responsible for tallying, tugging, transportation, power supply, information technology and construction services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profit. The adjusted total profit is measured consistently with the Group's total profit except for certain revenue and expenses attributable to the headquarters. Segment assets and liabilities exclude certain assets and liabilities attributable to the 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.

(a) Segment information for 2016 and as at 31 December 2016 is as follows (unit: RMB'000):

	Oil/liquefied chemicals terminal and related logistics and trading 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 services	Automobile terminal and related logistics and trading services	Others	Elimination	Total
Revenue from external customers	6,151,513	1,548,058	469,722	314,028	681,658	138,608	937,339	2,490,667	82,891	–	12,814,484
Inter-segment revenue	1,101	3,959	241	233	691	914	104,901	–	47,255	(159,295)	–
Operating cost	5,405,841	1,181,209	484,968	281,267	683,657	98,281	569,093	2,426,318	29,841	–	11,160,475
Interest income	18,717	4,458	1,145	257	3,125	258	2,244	2,765	42,870	–	75,839
Investment income/(loss) from associates and joint ventures	72,825	33,103	(34,191)	5,027	–	(990)	75,757	11,301	–	–	162,832
Asset impairment losses	–	5,944	–	–	–	–	–	–	–	–	5,944
Depreciation and amortisation expenses	219,694	193,530	85,684	106,097	67,941	31,324	69,190	148	27,487	–	801,095
Total profit/(loss)	737,493	271,287	(109,044)	5,949	(56,330)	4,613	189,310	25,884	(291,149)	–	778,013
Income tax expenses	185,103	62,901	(20,636)	114	(15,453)	1,136	25,949	2,830	(76,614)	–	165,330
Net profit/(loss)	552,390	208,386	(88,408)	5,835	(40,877)	3,477	163,361	23,054	(214,535)	–	612,683
Total assets	7,611,956	7,545,201	2,363,230	1,941,560	1,358,248	1,325,679	2,845,978	1,558,615	7,053,211	(1,701,613)	31,902,065
Total liabilities	1,660,690	2,215,015	74,596	68,432	148,145	54,661	248,854	683,933	9,343,037	(1,701,613)	12,795,750
Non-cash expenses other than depreciation and amortisation	1,105	11,899	22	25	–	36	473	–	33,621	–	47,181
Long-term equity investments in associates and joint ventures	1,488,877	1,590,379	118,902	9,554	–	335,055	1,031,396	327,994	–	–	4,902,157
Additions of non-current assets (i)	66,272	88,747	27,205	31,114	24,011	27,301	96,513	45,838	27,480	–	434,481

(i) Non-current assets exclude financial assets, long-term equity investments and deferred tax assets.

(b) Segment information for 2015 and as at 31 December 2015 is as follows (unit: RMB'000):

	Oil/liquefied chemicals terminal and related logistics and trading 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 services	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)	–
Operating cost	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/(loss) from associates and joint ventures	52,075	19,156	(26,773)	363	–	(294)	61,592	14,586	–	–	120,705
Interest income	–	–	(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/(loss)	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/(loss)	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 (i)	210,588	68,015	11,487	14,894	1,631	10,552	11,030	225	507,502	–	835,924

(i) Non-current assets exclude financial assets, long-term equity investments and deferred tax assets.

Other information

Geographical information

The entire Group's operations are located in Mainland China. Therefore, all revenue of segments is generated from Mainland China and the major non-current assets are also located in Mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

In 2016, the global economy stayed in the recovery trajectory amid challenging and complex international situation. China experienced a slight slowdown in economic growth from last year due to such factors as insufficient market demand and de-capacity campaign. Total import and export of China for the year amounted to RMB24.33 trillion, representing a decrease of 0.9% as compared with 2015. The gross domestic product (GDP) for the year reached RMB74.41 trillion, up 6.7% from last year, suggesting a milder macroeconomic growth. Regionally, the economy of Northeast China remained undiversified as it relied heavily on the energy and raw material industries with underdeveloped modern manufacturing and service sectors. Against such backdrop, the Group deepened customer cooperation, strengthened system construction, extended service functions, and built up its comprehensive logistics service system and integrated industrial, commerce and trading platform at a fast pace, thereby achieving steady growth for production and operation of the port.

The Group is principally engaged in the following business segments: the provision of oil/liquefied chemical terminal and related logistics and trading services ("Oil Segment"); container terminal and related logistics services ("Container Segment"); automobile terminal and related logistics services ("Automobile Segment"); ore terminal and related logistics services ("Ore Segment"); general cargo terminal and related logistics services ("General Cargo Segment"); bulk grain terminal and related logistics services ("Bulk Grain Segment"); passenger and roll-on, roll-off terminal and related logistics services ("Passenger and Ro-Ro Segment") and value-added and ancillary port operations ("Value-added Services Segment").

In 2016, the macro economy and industries relevant to the Group's principal business performed as follows:

THE MACRO ECONOMY AND DEVELOPMENT OF THE INDUSTRY

In 2016, the recovery of the world's economy was slow, and the manner of growth of developed economies became differentiated, with emerging markets and developing economies remaining stable in general. The BDI index, which reflects shipping freight costs, rebounded year-on-year, but the growth of the port and shipping industries across the globe continued to slacken. Regarding the domestic environment, China proactively aligned its economy with the new normal backdrop, adhered to the overall direction of making progress while maintaining stability, placed emphasis on pushing forward supply side structural reforms, and promoted and furthered the continual transformation and upgrading of the port industry. Regarding the economy of the hinterland, the rates of growth of imports and exports of the three provinces Liaoning, Jilin and Heilongjiang in 2016 were -4.8%, 1.8% and -9.2% respectively, lagging behind other provinces in this regard. As rates of economic growth of the hinterland as well as foreign trade imports and exports continued to slacken, the Group continued to face challenges. For the port industry, cargo throughput handled by China's large-scale coastal ports amounted to 8,081 million tonnes, a year-on-year increase of 3% and 2 percentage points higher than that of the same period last year. The growth in throughput of major ports was slowing down, with some ports experiencing a year-on-year decrease in throughput. Meanwhile, China's major ports accelerated their transformation and upgrading, actively expanded traditional business such as port loading and unloading and storage, and strongly developed emerging business with a focus on logistics chains and industrial chains and an emphasis on transformed development mode and innovative products, so as to achieve further consolidation of port resources and boost overall competitiveness.

At present, the Group's development is at a leading position in the industry. In 2016, the Group ranked seventh in terms of coastal port cargo throughput nationwide.

OVERALL ANALYSIS OF RESULTS

In 2016, the Group's net profit attributable to owners of the parent amounted to RMB531,012,717.43, representing an increase of RMB46,679,435.96 or 9.6% from RMB484,333,281.47 in 2015. In 2016, the operating profits of the Automobile Segment, the Ore Segment, the Bulk Grain Segment and the Passenger and Ro-Ro Segment increased, and the optimized management of foreign currency assets also spurred performance growth. Meanwhile, due to changes in the economic situation and relevant policies, the operating profits of the Container Segment, the Oil Segment, the General Cargo Segment and the Value-added Services Segment decreased slightly, coupled with a decline in government subsidies for container business. As such, the net profit attributable to owners of the parent grew by 9.6% year-on-year.

In 2016, the Group's basic earnings per share were RMB4.2 cents, representing a decrease of RMB0.6 cents or 12.5% as compared with RMB4.8 cents in 2015.

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

Items	**2016** *(RMB)*	2015 *(RMB)*	**Changes (%)**
Net profit attributable to owners of the parent	**531,012,717.43**	484,333,281.47	9.6
Including:			
Revenue	**12,814,483,861.14**	8,886,167,093.15	44.2
Cost of sales	**11,427,061,819.61**	7,431,655,456.89	53.8
Gross profit *(note 1)*	**1,387,422,041.53**	1,454,511,636.26	(4.6)
Gross profit margin *(note 2)*	**10.8%**	16.4%	Down by 5.6 percentage points
Administrative expenses	**663,365,001.90**	622,366,106.34	6.6
Financial expenses	**256,884,038.08**	520,637,955.03	(50.7)
Investment income	**181,161,310.22**	189,328,170.46	(4.3)
Income tax expenses	**165,330,007.50**	160,606,843.64	2.9

Note 1: Gross profit = Revenue – Cost of sales

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

In 2016, the Group's revenue increased by 44.2%, which was mainly driven by a year-on-year growth of 101.8% in the trading business. Excluding the trading income, revenue decreased by 0.7% on a year-on-year basis, mainly due to the decline in business volume of Bohai Rim branch and policy-driven reductions in certain storage rates and tugging rates, which were partially offset by the growth in container train business, the increase in throughput of bulk grain and the development of ore mixing business that enhanced the ability to boost revenue.

In 2016, the Group's cost of sales increased by 53.8%, mainly due to a year-on-year growth of 102.3% in trading business costs. Excluding the trading costs, cost of sales increased by 1.7%, mainly due to the increase in labor costs which was partially offset by the implementation of certain management measures such as optimization of shipping capacity allocation and reduction of energy consumption.

In 2016, the Group's gross profit decreased by 4.6% and gross profit margin dropped by 5.6 percentage points. Excluding the trading business, gross profit would have declined by 6.9% and gross profit margin would have dropped by 1.8 percentage points. Such drop was mainly due to the reductions in certain rates that cut down the gross profit margins of oil, general cargo, value-added and other business, which were partially offset by the expansion of the container train business and ore mixing business and the growth in the gross profit margin of the passenger business.

In 2016, the Group's administrative expenses increased by 6.6%, mainly due to the increase in labor costs.

In 2016, the Group's financial expenses decreased by 50.7%, mainly due to the increase in its capital stock after the new issue of H shares in the year, and proactive and effective operations such as optimized management of existing capital, early repayment of high-interest debts and synergy of funds at home and abroad that increased returns on existing capital, reduced comprehensive cost of capital and realized appreciation of foreign currency assets.

In 2016, the Group's investment income fell 4.3%, mainly due to the recognition of significant income from transfer of stocks and equities last year and the increase of 34.9% in investment returns from investees.

In 2016, the Group's income tax expenses increased by 2.9%, mainly due to the combined effect of the increase in revenue and the decrease in financial expenses.

ASSET AND LIABILITIES

As at 31 December 2016, the Group's total assets and net assets were RMB31,902,064,959.99 and RMB19,106,314,953.25, respectively. Net asset value per share was RMB1.38, representing a substantial decrease from RMB3.17 per share as at 31 December 2015, which was due to the Group's private placement, dividend distribution, transfer of capital reserve into share capital and dividend distribution through high-proportion bonus issue that also increased the size of share capital.

As at 31 December 2016, the Group's total liabilities amounted to RMB12,795,750,006.74, of which RMB10,549,201,789.14 was total outstanding borrowings. The gearing ratio, calculated as total liabilities divided by total assets, was 40.11%, representing a slight decrease as compared with the corresponding period last year.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2016, the Group had a balance of cash and cash equivalents of RMB6,376,088,087.66, representing an increase of RMB3,647,159,904.15 as compared to 31 December 2015.

In 2016, the Group's net cash inflow generated from operating activities amounted to RMB2,066,383,960.31; net cash inflow from financing activities amounted to RMB1,764,879,533.10; and net cash outflow from investing activities amounted to RMB406,713,504.02. The Group maintained a strong financial position and a sound capital structure thanks to the strong cash flows from operating activities, the proceeds from bond issuance and private placement, redemption of entrusted investments, and the prudent approach to fixed asset and equity investments.

As at 31 December 2016, the Group's outstanding borrowings amounted to RMB10,549,201,789.14, comprising RMB5,969,229,217.31 repayable after one year, and RMB4,579,972,571.83 repayable within one year. The Group had appropriate size of debts and rational debt maturity structure with strong liquidity and stable sources of funds for debt repayment, thus guaranteeing its sustainable development in the financial sense.

As at 31 December 2016, net debt-to-equity ratio was 20% (31 December 2015: 54.0%).

As at 31 December 2016, the Group's unutilized bank line of credit amounted to RMB19,830 million.

Being listed on both the A-share and H-Share markets, the Company enjoys valuable access to both domestic and overseas capital markets for financing.

The Group's fixed rate borrowings amounted to RMB10,532,191,765.37. The Group has already evaluated its interest rate risk, and considered that changes in interest rates did not have any material impact on the Group. In 2016, the Group did not have any interest rate swap arrangements in place.

The Group continued to closely monitor its exchange rate risk. In 2016, the Group did not enter into any foreign exchange hedging contracts in respect of its exchange rate risk.

Contingent Liabilities

Guarantees

1. The Group's associate, Dalian North Petroleum Logistics Co., Ltd., launched lease financing business with China North Industries Group Lease Financing Co., Ltd. (中兵融資租賃有限公司) (the "Lessor"), with a financing amount of RMB116 million and a lease term of 5 years, and the lease commenced on 25 July 2016. China Zhenhua Oil Co., Ltd., which is the shareholder of Dalian North Petroleum Logistics Co., Ltd. with the highest shareholding (29% equity interests), provided joint and several liability guarantee in respect of the full amount of the rental payment.

   Pursuant to the relevant resolution of the fifth meeting of the fourth session of the Board held in 2016, the Company provided unconditional, irrevocable, joint and several counter guarantee suretyship, in the capacity as a surety of the counter guarantee, in respect of 20% of the suretyship liability actually assumed by China Zhenhua Oil Co., Ltd. towards the Lessor for Dalian North Petroleum Logistics Co., Ltd., as well as other necessary expenses and loss. The relevant contract for the counter guarantee suretyship was signed on 11 November 2016. The term of the suretyship is two years from the date when China Zhenhua Oil Co., Ltd. assumed its guarantee liability towards the Lessor according to the guarantee contract. If China Zhenhua Oil Co., Ltd. undertakes guarantee liability towards the Lessor according to the guarantee contract for more than once, the term of the suretyship of the Company under the counter guarantee suretyship would have to be calculated separately. As at 31 December 2016, Dalian North Petroleum Logistics Co., Ltd. had repaid RMB10 million of the principal of the lease financing.

2. The Group's associate, Dalian North Petroleum Logistics Co., Ltd., applied to the North Industries Group Finance Company Ltd. of China North Industries Group Corporation (the "Lender") for a loan of RMB30 million for a period of one year from 1 December 2016. China Zhenhua Oil Co., Ltd., which is the shareholder of Dalian North Petroleum Logistics Co., Ltd. with the highest shareholding (29% equity interests), provided joint and several guarantee in respect of the full amount of the loan applied.

Pursuant to the relevant resolution of the fifth meeting of the fourth session of the Board held in 2016, the Company provided unconditional, irrevocable, joint and several counter guarantee suretyship, in the capacity as a surety of the counter guarantee, in respect of 20% of the suretyship liability actually assumed by China Zhenhua Oil Co., Ltd. towards the Lender for Dalian North Petroleum Logistics Co., Ltd., as well as other necessary expenses and loss. The relevant contract for the counter guarantee suretyship was signed on 1 December 2016. The term of the suretyship is two years from the date when China Zhenhua Oil Co., Ltd. assumed its guarantee liability towards the Lender according to the guarantee contract. If China Zhenhua Oil Co., Ltd. undertakes guarantee liability towards the Lessor according to the guarantee contract for more than once, the term of the suretyship of the Company under the counter guarantee suretyship would have to be calculated separately.

3. China Development Fund Co., Ltd. ("China Development Fund") plans to make capital contribution of RMB35 million to Dalian Port Yidu Cold Chain Co., Ltd. ("Dalian Port Yidu"), a joint venture of the Group. The investment is mainly for the second phase of the cold storage project of Dalian Port Yidu. After the completion of the capital increase, China Development Fund would account for 6.7% of the shareholding. When the investment term expires, China Development Fund would require Dalian Port Jifa Logistics Co., Ltd. ("Jifa Logistics"), a wholly-owned subsidiary of the Group, to repurchase the equity interest in respect of the capital increase, and require Dalian Port Container Development Co., Ltd. ("Dalian Port Container"), the parent company of Jifa Logistics, to provide joint and several liability guarantee in respect of the repurchase. Dalian Port Container is a wholly-owned subsidiary of the Company.

   Pursuant to the relevant resolution of the first meeting of the fourth session of the Board held in 2016, the Company agreed that Dalian Port Container could provide joint and several liability guarantee in respect of the repurchase between Jifa Logistics and China Development Fund, with the amount guaranteed not exceeding RMB42.14 million, including repurchase fund, investment income of China Development Fund, other fund shortfall obligations and compensation, liquidated damages, damages and realised debts. The term of the suretyship is two years from the expiration date of debt performance under the master contract. The guarantee contract was signed on 25 February 2016.

USE OF PROCEEDS

The Company's net proceeds from the public offering of 762 million A Shares in 2010 ("A Share IPO") amounted to RMB2,772,091,519.47. As at 31 December 2016, the Company had utilized RMB2,382,160,100.00 of the proceeds and the balance of the net proceeds was RMB389,931,400.00. In March 2016, the Company used idle cash of RMB400,000,000.00 (including interest income of RMB73,000,000.00 on the A Share IPO proceeds) out of the proceeds to replenish its working capital, and then the balance of the A Share IPO bank account was RMB73,508,300.00 (including interest income of RMB10,576,900.00).

Unit: RMB

Projects	Total proceeds	Accumulated use of proceeds as at 31 December 2016	Balance
Construction of oil storage tanks with a total capacity of 1,000,000 m^3 in Xingang	760,000,000.00	520,223,200.00	239,776,800.00
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	387,844,400.00	132,155,600.00
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	212,001,000.00	17,999,000.00
Construction of new 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	2,382,160,100.00	389,931,400.00

Note: In order to use the idle cash effectively and reduce financing cost, the second meeting of the fourth session of the Company's Board in 2016 passed the Resolution Regarding the Use of Certain Temporarily Idle Cash from the A Share IPO Proceeds to Replenish Working Capital, pursuant to which the Company was authorized to use idle cash of RMB400,000,000.00 (including interest income of RMB73,000,000.00 on the A Share IPO proceeds) out of the proceeds to supplement its working capital within a period of twelve months commencing from the date on which the Board passed the resolution. The Company's independent directors, supervisors, and sponsors expressed their respective opinions on the resolution, and the Company issued an announcement in relation thereto on 24 March 2016.

CAPITAL EXPENDITURE

In 2016, the Group's capital expenditure amounted to RMB434.48 million which was mainly funded by the surplus cash generated from operating activities, the proceeds from public offering of A Shares and issuance of corporate bonds.

The performance analysis of each business segment in 2016 is as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2016 and its comparative results in 2015:

	2016 *(’0,000 tonnes)*	2015 *(’0,000 tonnes)*	**+/- (%)**
Crude oil	**4,463.3**	4,080.2	9.4%
– Foreign trade imported crude oil	**2,984.0**	3,004.0	(0.7%)
Refined oil	**932.5**	774.8	20.4%
Liquefied chemicals	**110.4**	116.0	(4.8%)
Others (including LNG)	**325.9**	273.8	19.0%
Total	**5,832.1**	5,244.8	11.2%

In 2016, the Group handled a total of 58.321 million tonnes of oil/liquefied chemicals throughput, representing an increase of 11.2% on a year-on-year basis.

In 2016, the Group’s crude oil throughput was 44.633 million tonnes, representing an increase of 9.4% on a year-on-year basis, of which imported crude oil throughput was 29.84 million tonnes, representing a decrease of 0.7% on a year-on-year basis. In recent years, as the state gradually lifted the restriction on the right to import crude oil and the right to use imported crude oil (“Dual Rights”), the demands for imported crude oil from regional refineries increased significantly. As such, the Group took advantage of its port and storage capacities to deepen cooperation with oil chemical enterprises and vigorously solicit regional refinery customers for crude oil transshipment through its port, thereby steadily increasing the Group’s crude oil throughput.

In 2016, the Group’s refined oil throughput amounted to 9.325 million tonnes, representing an increase of 20.4% 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 2016, the Group’s liquefied chemicals throughput amounted to 1.104 million tonnes, representing a decrease of 4.8% on a year-on-year basis. The decline in the Group’s liquefied chemicals throughput was due to such causes as insufficient market demand and reduced production of enterprises.

In 2016, liquefied natural gas (LNG) throughput handled by the Group amounted to 3.259 million tonnes, representing an increase of 19.0% on a year-on-year basis. This year, as the natural gas pipeline network of Northeast China was connected to that of North China and the demand for natural gas from North China grew in winter, the amount of natural gas distributed via our port to North China increased and thus the Group’s LNG throughput witnessed a considerable increase.

In 2016, the total imported crude oil volume handled by the Group’s port accounted for 100% (2015: 100%) of the total amount of crude oil imported into Dalian and 64.2% (2015: 73.6%) of the total amount of crude oil imported into the three provinces of Northeast China. The decrease in the market share of imported crude oil was due to the lifting of restriction on the “Dual Rights”, the increased demand for imported crude oil, and diversion of some cargos by other inland ports with geographical advantages, which resulted in a declined weight of the imported crude oil handled by the Group’s Liaoning port.

The performance of the Oil Segment is as follows:

Items	**2016** ***(RMB)***	2015 *(RMB)*	**Change (%)**
Revenue	**6,151,513,314.80**	2,078,019,028.41	196.0
Share in the Group's revenue	**48.0%**	23.4%	Up by 24.6 percentage points
Gross profit	**729,235,844.98**	809,150,573.33	(9.9)
Share in the Group's gross profit	**52.6%**	55.6%	Down by 3.0 percentage points
Gross profit margin	**11.9%**	38.9%	Down by 27.0 percentage points

In 2016, revenue from the Oil Segment increased by 196.0% year-on-year, mainly due to the in-depth development of trading business. Excluding the effect of the trading business, revenue would have decreased by 2.6%. The gross profit margin decreased by 27 percentage points as compared to last year. Excluding the impact of the trading business, gross profit margin would have decreased by 4.4 percentage points year-on-year to 47.3%, mainly attributable to the combined effect of certain reduced storage rates, increased labor costs and additional asset depreciation.

In 2016, the major measures taken by the Group and the progress of major projects related to the Group's Oil Segment are as follows:

We seized the opportunities from the state's lifting of restriction on the "Dual Rights" to deepen cooperation with oil chemicals, logistics and port companies in an effort to line up the advantageous resources of partners to build up the Bohai Rim business network; enhanced operation efficiency, improved utilization of storage tanks and reduced oil loss to solicit business of transshipment of imported crude oil in our port.

We successfully obtained the qualification to accommodate 450,000-tonne tankers, making the Group's port the first one in North China capable of accommodating 450,000-tonne supertankers and laying a solid foundation for the Group's construction of an oil/liquefied chemical distribution center in Northeast Asia.

Container Segment

The following table sets out the container throughput handled by the Group in 2016 and its comparative results in 2015:

		2016 **(’0,000 TEUs)**	2015 *(’0,000 TEUs)*	**+/- (%)**
Foreign trade	Dalian	**520.2**	510.3	1.9%
	Other ports *(note 1)*	**27.4**	22.7	20.7%
	Sub-total	**547.7**	533.0	2.8%
Domestic trade	Dalian	**424.0**	419.7	1.0%
	Other ports	**69.0**	62.5	10.4%
	Sub-total	**493.0**	482.2	2.2%
Aggregate	Dalian	**944.1**	930.0	1.5%
	Other ports *(note 1)*	**96.5**	85.2	13.3%
	Total	**1,040.6**	1,015.2	2.5%

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

In 2016, in terms of container throughput, the Group handled a total of 10.406 million TEUs, representing an increase of 2.5% on a year-on-year basis. In Dalian port, container throughput was 9.441 million TEUs, representing an increase of 1.5% on a year-on-year basis.

In 2016, faced with the declining momentum of import and export trade in Northeast China, the Group followed through market-oriented and innovation-driven approaches and actively aligned itself with relevant national strategies to improve its shipping route network and Bohai Rim transshipment system, build up an international sea-to-rail intermodal corridor, and implement its specialized logistics development strategy, thus increasing its container throughput year-on-year.

The performance of the Container Segment was as follows:

Items	**2016** ***(RMB)***	2015 *(RMB)*	**Change (%)**
Revenue	**1,548,058,061.14**	1,692,339,086.99	(8.5)
Share in the Group's revenue	**12.1%**	19.0%	Down by 6.9 percentage points
Gross profit	**313,689,267.28**	341,195,242.12	(8.1)
Share in the Group's gross profit	**22.6%**	23.5%	Down by 0.9 percentage point
Gross profit margin	**20.3%**	20.2%	Up by 0.1 percentage point

In 2016, revenue from the Container Segment decreased by 8.5% and, if excluding the effect of trading business, decreased by 3.8% as compared to last year, mainly attributable to the decline in business volume of Jifa Bohai Rim branch that led to the decrease in berth rentals. Gross profit margin for the segment increased by 0.1 percentage point and, if excluding the effect of trading business, decreased by 0.8 percentage point, mainly due to the combined effect of decreased gross profits and increased labor costs of sea-to-rail intermodal transportation and cross-border train business.

In 2016, the major measures taken by the Group and the progress of major projects related to the Group's Container Segment are as follows:

We actively promoted the construction of the Maritime Silk Road, improved ship route network, enhanced the level and standards of opening up, added four new ship routes in the year, secured stable operations of international transshipment and empty container allocation, and comprehensively consolidated the connection of the "Liaoning-Bering Strait-Europe" shipping channel to Japan, South Korea, ASEAN and major domestic ports.

We fully implemented the Bohai Rim strategy and built a transshipment system centering on Bohai Rim and opening to Northeast Asia. Deepened the strategic expansion in the Bohai Rim region and strengthened partnership with regional ports to jointly develop transshipment business in their hinterlands.

Sped up the construction of the northeast economic belt along the New Silk Road, built up a sea-to-rail intermodal network connecting hinterlands to the Dalian Port, and added 7 railway lines and 15 train stations to the sea-to-rail intermodal network, hitting a record high in the number of containers transported by such network; Proactively followed the "One Belt, One Road" initiative, built up an international sea-to-rail intermodal corridor, started the operation of the Dalian-Russia refrigerated train line, and added 5 cross-border train lines during the year; Strengthened product innovation, put into operation domestic refrigerated train lines, and had the Dalian Port multimodal transport demonstration project included into the first batch of national multimodal transport demonstration projects.

We accelerated the development of specialized logistics and expanded port service functions in an effort to achieve transformation and upgrading of the port. In particular, China's first certificate of origin and sanitary certificate for aquatic products transshipped via Southeast Asia to the European Union were issued at the Dalian Port, and the construction of an imported timber trading center was approved.

Automobile Segment

The following table sets out the throughput handled by the Group's Automobile Segment in 2016 and its comparative results in 2015:

		2016	2015	+/- (%)
Vehicles (units)	Foreign trade	**12,900**	16,593	(22.3%)
	Domestic trade	**557,042**	463,495	20.2%
	Total	**569,942**	480,088	18.7%
Equipment (tonnes)		**18,394**	5,737	220.6%

In 2016, the Group handled a total of 569,942 vehicles, representing an increase of 18.7% on a year-on-year basis, mainly due to the fact that domestic trade customers increased their transshipment volume at the Group's port driven by an increase in domestic automobile trade volume.

In 2016, the Group's vehicle throughput continued to account for 100% of the total market share in the ports of Northeast China.

The performance of the Automobile Segment is as follows:

Items	**2016 *(RMB)***	2015 *(RMB)*	**Change (%)**
Revenue	**2,490,667,323.32**	1,866,027,173.77	33.5
Share in the Group's revenue	**19.4%**	21.0%	Down by 1.6 percentage points
Gross profit	**64,349,651.03**	44,544,236.02	44.5
Share in the Group's gross profit	**4.6%**	3.1%	Up by 1.5 percentage points
Gross profit margin	**2.6%**	2.4%	Up by 0.2 percentage point

In 2016, revenue from the Automobile Segment increased by 33.5% as compared with last year, mainly due to the increase in automobile trading income. Excluding the effect of the trading business, revenue would have increased by 5.5% year-on-year. Gross profit increased by 44.5% and gross profit margin increased by 0.2 percentage point on a year-on-year basis, mainly driven by growth in automobile trading business, which was partially offset by the depreciation of newly added assets and the increase in labor costs.

In 2016, the major measures taken by the Group and the progress of major projects related to the Group's Automobile Segment are as follows:

We introduced FAW Group as a shareholder through a capital increase, and served as the basic port of the water transport system for FAW Group's commercial vehicles; actively conducted in-depth cooperation with automobile manufacturers, logistics companies and shipping companies to expand rolling transport routes, improve service functions, enhance customer loyalty, and further enhance the comprehensive competitiveness of the port.

Ore Segment

The following table sets out the throughput handled by the Group's Ore Segment in 2016 and its comparative results in 2015:

	2016 **('0,000 tonnes)**	2015 *('0,000 tonnes)*	**+/- (%)**
Ore	**1,834.9**	1,429.8	28.3%
Others	**126.1**	117.6	7.2%
Total	**1,961.0**	1,547.4	26.7%

In 2016, the Group's Ore Segment handled 19.610 million tonnes of ore, representing an increase of 26.7% on a year-on-year basis.

In 2016, the Group leveraged its advantages in "supertankers & ore mixing" to deepen cooperation with customers and jointly build up a regional iron ore mixing center, leading to a substantial year-on-year increase in ore throughput.

The performance of the Ore Segment is as follows:

Items	**2016** ***(RMB)***	2015 *(RMB)*	**Change (%)**
Revenue	**314,027,495.35**	349,865,498.15	(10.2)
Share in the Group's revenue	**2.5%**	3.9%	Down by 1.4 percentage points
Gross profit	**32,760,796.86**	(47,677,521.74)	168.7
Share in the Group's gross profit	**2.4%**	(3.3%)	Up by 5.7 percentage points
Gross profit margin	**10.4%**	(13.6%)	Up by 24.0 percentage points

In 2016, revenue from the Ore Segment dropped by 10.2% as compared with last year, mainly due to the decrease in trading income. Excluding the effect of trading business, the revenue would have increased by 55.0% year-on-year, mainly driven by the increase in iron ore and coal throughput and the development of the ore mixing business. Gross profit increased by 168.7% and gross profit margin increased by 24.0 percentage points on a year-on-year basis, mainly due to the increase in throughput and active exploration of new business.

In 2016, the major measures taken by the Group and the progress of major projects related to the Group's Ore Segment are as follows:

In 2016, the Group capitalized on its deep-water berths and regional advantages to solicit supply of cargo from the Bohai Rim region for transshipment. In addition, the Group actively built up an integrated "logistics + financial" service system and an iron ore distribution hub in the Bohai Rim region.

In 2016, the Group vigorously promoted its ore mixing business, extended the scope of cooperation with customers in ore mixing and processing, and further built up an iron ore processing industry base in proximity to its port in the Bohai Rim.

General Cargo Segment

The following table sets out the throughput handled by the Group's General Cargo Segment in 2016 and its comparative results in 2015:

	2016	2015	**+/- (%)**
	('0,000 tonnes)	*('0,000 tonnes)*	
Steel	**603.1**	658.9	(8.5%)
Coal	**1,097.4**	907.6	20.9%
Equipment	**380.7**	409.9	(7.1%)
Others	**1,095.2**	976.3	12.2%
Total	**3,176.4**	2,952.7	7.6%

In 2016, the throughput handled by the Group's General Cargo Segment amounted to 31.764 million tonnes, representing an increase of 7.6% on a year-on-year basis.

In 2016, the Group's steel throughput was 6.031 million tonnes, representing a decrease of 8.5% on a year-on-year basis, which was mainly due to foreign anti-dumping policies, insufficient domestic market demand for steel and increased railway freight.

In 2016, the Group's coal throughput was 10.974 million tonnes, representing an increase of 20.9% on a year-on-year basis. As the coal market was in short supply after the national policy for coal production restriction was introduced, the Group capitalized on the demands for imported coal to innovate in logistics model and attract urban coal-consuming enterprises to unload coal at its port, thereby greatly increasing its coal transshipment volume.

In 2016, the Group's equipment throughput was 3.807 million tonnes, representing a decrease of 7.1% on a year-on-year basis. Due to the shrinking profitability and declining foreign orders of equipment manufacturing enterprises, the Group's transshipment volume of large equipment witnessed a year-on-year decrease.

In 2016, the steel throughput and coal throughput handled by the Group's General Cargo Segment accounted for 15.3% (2015: 20.1%) and 21.6% (2015: 17.9%) of the total market share in the ports of Northeast China, respectively.

The performance of the General Cargo Segment is as follows:

Items	**2016** *(RMB)*	2015 *(RMB)*	**Change (%)**
Revenue	**469,721,885.04**	374,123,523.09	25.6
Share in the Group's revenue	**3.7%**	4.2%	Down by 0.5 percentage point
Gross profit	**(37,001,340.01)**	(6,513,748.02)	(468.0)
Share in the Group's gross profit	**(2.7%)**	(0.4%)	Down by 2.3 percentage points
Gross profit margin	**(7.9%)**	(1.7%)	Down by 6.2 percentage points

In 2016, revenue from the General Cargo Segment increased by 25.6%, mainly driven by the increase in trading income. Excluding the effect of trading business, the revenue would have decreased by 7.5% year-on-year, mainly due to the decrease in the Group's transshipment volume of steel caused by sluggish domestic steel market demand and geographical factors. Gross profit margin decreased by 6.2 percentage points and, if excluding the effect of trading business, decreased by 11.6 percentage points on a year-on-year basis, mainly due to the combined effect of decreased steel transshipment volume and increased labor costs.

In 2016, the major measures taken by the Group and the progress of major projects related to the Group's General Cargo Segment are as follows:

We strengthened the construction of the comprehensive logistics system, intensified cooperation between ports and railways, reduced integrated logistics costs and enhanced the Group's core competitiveness.

We centered on the Group's port to build up an urban coal supply network, so as to further increase coal transshipment volume.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's Bulk Grain Segment in 2016 and its comparative results in 2015:

	2016 *('0,000 tonnes)*	2015 *('0,000 tonnes)*	**+/- (%)**
Corn	**61.5**	62.6	(1.8%)
Soybean	**190.2**	195.9	(2.9%)
Barley	**31.3**	31.0	1.0%
Wheat	**3.2**	1.9	68.4%
Others	**179.7**	129.6	38.7%
Total	**465.9**	421.0	10.7%

In 2016, the throughput handled by the Group's Bulk Grain Segment was 4.659 million tonnes, representing a year-on-year increase of 10.7%.

In 2016, the Group's corn throughput was 615,000 tonnes, representing a decrease of 1.8% on a year-on-year basis. Despite that the cancellation of the state's temporary corn storage policy in 2016 promoted the distribution of corn in the domestic market, market demand for corn remained insipid throughout the year with unbalanced corn prices between South and North China, and hence the Group's corn transshipment saw a decline.

In 2016, the Group's soybean throughput was 1.902 million tonnes, representing a decrease of 2.9% on a year-on-year basis. In recent years, as the competition in the soybean market and the logistics systems of nearby ports gradually improved, the Group's port suffered a loss of soybean supply and thus the soybean throughput of the Group saw a year-on-year decline.

In 2016, the Group's barley throughput was 313,000 tonnes, representing an increase of 1.0% on a year-on-year basis. The Group provided customers with efficient and convenient services and reduced customers' full-trip logistics costs, leading to an increase in barley transshipment volume for the year.

In 2016, the Group's wheat throughput was 32,000 tonnes, representing an increase of 68.4% on a year-on-year basis. The Group provided full-trip logistics agency services to transport wheat for customers with bulk grain vehicles as the major means of transport, thereby further increasing its wheat transshipment volume.

In 2016, the throughput of other cargo handled by the Group's Bulk Grain Segment was 1.797 million tonnes, representing a year-on-year increase of 38.7%. The Group leveraged its regional advantages to provide customers with efficient and convenient one-stop services, thus boosting the transshipment volume of the Bulk Grain Segment.

The performance of the Bulk Grain Segment is as follows:

Items	**2016** ***(RMB)***	2015 *(RMB)*	**Change (%)**
Revenue	**681,657,589.01**	1,361,492,366.50	(49.9)
Share in the Group's revenue	**5.3%**	15.3%	Down by 10.0 percentage points
Gross profit	**(24,735,276.73)**	(39,280,782.78)	37.0
Share in the Group's gross profit	**(1.8%)**	(2.7%)	Up by 0.9 percentage point
Gross profit margin	**(3.6%)**	(2.9%)	Down by 0.7 percentage point

In 2016, revenue from the Bulk Grain Segment decreased by 49.9% as compared with last year, mainly due to the decrease in trading income. Excluding the effect of the trading business, the revenue would have increased by 24.6% on a year-on-year basis, mainly attributable to the increase in grain throughput and the revenue from the business related to bulk grain vehicles. Gross profit increased by 37.0% and gross profit margin decreased by 0.7 percentage point as compared with last year. Excluding the effect of the trading business, gross profit increased by 40.6% and gross profit margin increased by 25.4 percentage points on a year-on-year basis, mainly driven by the increase in wheat throughput and the growth in revenue from the business related to bulk grain vehicles.

In 2016, the major measures taken by the Group and the progress of major projects related to the Group's Bulk Grain Segment are as follows:

The Group actively built up a management model featuring "Internet + full-process supervision over imported food", had its port become China's first "imported grain demonstration port", improved the efficiency of port quarantine, made the customs clearance more convenient, and further lowered customers' full-trip logistics costs.

The Group carried out integrated market development, built up a supply chain logistics network in western Liaoning and eastern Inner Mongolia, and achieved coordination with other ports in complementary advantages and uniform price strategy, thereby further enhancing its overall competitiveness.

Passenger and Ro-Ro Segment

	2016	2015	**+/- (%)**
Passengers ('0,000 persons)	**338.4**	348.5	(2.9%)
Vehicles ('0,000 units) *(note 2)*	**103.5**	107.4	(3.6%)

Note 2: The number of vehicles refers to the vehicle throughput at the passenger and roll-on, roll-off terminals of the Group and its investees.

In 2016, the Group transported 3.384 million passengers, representing a decrease of 2.9% on a year-on-year basis, and transported 1.035 million vehicles, representing a decrease of 3.6% on a year-on-year basis.

In 2016, with ongoing diversion of passengers to high-speed rails and civil aviation flights, the number of passengers departing from and arriving at the Dalian Port decreased as compared to the same period last year. Affected by domestic route deviations, business volume for roll-on, roll-off service decreased as compared to the same period last year.

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

Items	**2016** ***(RMB)***	2015 *(RMB)*	**Change (%)**
Revenue	**138,607,950.47**	128,759,441.77	7.6
Share in the Group's revenue	**1.1%**	1.4%	Down by 0.3 percentage point
Gross profit	**34,801,486.91**	30,972,107.11	12.4
Share in the Group's gross profit	**2.5%**	2.1%	Up by 0.4 percentage point
Gross profit margin	**25.1%**	24.1%	Up by 1.0 percentage point

In 2016, revenue from the Passenger and Ro-Ro Segment increased by 7.6% on a year-on-year basis, mainly due to the increased throughput driven by growth of the cruise business. Gross profit grew by 12.4% and gross profit margin increased by 1.0 percentage point year-on-year, mainly due to the active development of the cruise business.

In 2016, the major measures taken by the Group and the progress of major projects related to the Group's Passenger and Ro-Ro Segment are as follows:

We expanded the cruise business and successfully completed the departures of such international cruise ships as "Ocean Myth", "Lyric" and "Chinese Taishan".

We built an e-commerce platform to explore a new ticket sales channel; and used the WeChat public platform to promote the latest tourism products and special offers.

Value-added Services Segment

Tugging

In 2016, the Group's tugging throughput decreased by 1.4% on a year-on-year basis, due to the combined effect of decline in business of nearby shipyards, national policy-driven reduction in tugging rates and other factors.

Tallying

In 2016, the Group's total tallying throughput was 42,248,100 tonnes, representing a year-on-year decrease of 6.1%.

Railway

In terms of the operation of railway transportation, the Group handled a total of 571,000 carriages, representing a year-on-year increase of 11.3%.

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

Items	**2016** ***(RMB)***	2015 *(RMB)*	**Change (%)**
Revenue	**937,338,809.20**	940,030,013.54	(0.3)
Share in the Group's revenue	**7.3%**	10.6%	Down by 3.3 percentage points
Gross profit	**267,913,195.52**	293,841,158.42	(8.8)
Share in the Group's gross profit	**19.3%**	20.2%	Down by 0.9 percentage point
Gross profit margin	**28.6%**	31.3%	Down by 2.7 percentage points

In 2016, revenue from the Value-add Services Segment decreased by 0.3% on a year-on-year basis, mainly due to the reduced general tugging rates and the decreased amount of project supervision services. Gross profit dropped by 8.8% and gross profit margin decreased by 2.7 percentage points, mainly due to the stagnant tugging market, policy-driven reduction in tugging rates and the sluggish construction market.

ANALYSIS OF CORE COMPETITIVENESS

In 2016, the Group's priorities were to transform the business, improve the quality, place emphasis on innovation and seek collaboration for extending the scope of service and expanding service functionality, having enabled the Group to achieve stable growth in production and business operations as well as to maintain strong competitiveness in the port industry.

1. Advantages in terms of logistics system

In 2016, the Group established the full logistics system further by making use of the advantages in terms of strategic locations and ports. In particular, the scale of the transshipment of crude oil in Bohai Rim continued to expand, the number of foreign and domestic trading routes for containers continued to increase, transit trains and the construction of the Bohai Rim feeder showed improvement and the ore mixing business kept expanding.

2. Advantages in terms of value-added services

The Group placed emphasis on growing the value-added services for the port and shipping industries such as supply chain finance, commodity trade, port information services, bonded warehousing, distribution processing as well as inspection and testing. It took the initiative to move into the high value-added segments such as key agency-related business and peripheral support-related business to push the logistics industry chain forward to the high value-added areas.

3. Advantages in terms of logistics and trade

The Group placed emphasis on the development of commodity trade by providing trading customers with a supply chain solution consisting of the integration of capital flow, information flow and technology flow as well as various high value-added service projects to facilitate the joint development of logistics and trade.

4. Advantages in terms of e-commerce

The Group established a logistics e-commerce service platform with "Internet +" and other information technology to expand "one-stop" service functionality such as goods transactions, information transmission, logistics services and port services to draw on the supply of goods and customers. By making use of the advantages in terms of data exchange with customs, inspection and quarantine systems, the Group integrated its comprehensive advantages in terms of logistics, resources and information in import and export trade activities to facilitate the establishment of a cross-border e-commerce service platform and to deliver online services such as cross-border transaction payment, customs clearance, logistics, tax rebates, exchange conversion, insurance and financing for integrating resources and businesses as well as increasing trade and logistics efficiency.

DISCUSSION AND ANALYSIS BY THE BOARD OF DIRECTORS ON THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Competitive landscape and development trend in the industry

Global economic growth is expected to remain generally weak in 2017. According to the forecast in IMF's "World Economic Outlook (October 2016)", the global economy is expected to grow by 3.4% in 2017. In particular, the growth rate of developed economies remains slow, while the economies in emerging markets and developing countries will grow moderately.

In 2017, market demand in the PRC will continue to remain generally weak while macroeconomic trends will move towards the dual objectives of focusing on the supply-side structural reform and maintaining the smooth operation of the economy. Under the impact of a number of factors such as capacity reduction, prevention of economic bubbles and elimination of debt, economic growth continues to be subject to downside pressure.

The Group has vital business presence in the three provinces of Northeast China, eastern Inner Mongolia and the Bohai Rim region. Cargo supply is mainly related to oil products, containers, wheeled commercial vehicles, iron ore, coal, steel, grain, bulk and general cargo as well as rolling transportation of passengers. With a comprehensive range of cargo types in its operations, the Group has a stronger risk-resistance capability. It is anticipated that the Group will continue to maintain steady growth in its total throughput.

(II) Possible risk exposures

In 2017, the world's economic growth will decelerate, while the international market demand will remain weak. Given the fact that the China will continue to "transform its economy, adjust the structure as well as improve quality and efficiency" as the market mainstream, and that low growth in economic development will continue, the port industry will continue to be subject to greater pressure because: firstly, it is difficult for the world's economic recovery to improve and there are still potential risks in the market; secondly, the Chinese economy has entered a low-growth stage, creating an impact on the production and operation of domestic ports; thirdly, economic growth is weak in the Northeast region characterized by imbalanced development and the lack of a diversified industrial structure; fourthly, the port enterprises carry out their business by mainly focusing on the conventional port logistics, so that the value-added logistics business such as third-party logistics and finance logistics continue to be affiliated with or dependent upon the port logistics to a large extent. Revenue from terminal loading and unloading operations continues to account for a larger proportion of logistics revenue. Given there is an urgent need to quicken the development of the professional integrated logistics service functionality on the supply chain, it is also necessary to proceed with financial, commerce, trade and other logistics value-added services at a faster speed; and fifthly, the growing capacity of the neighbouring ports, rising rail freight, dominant trend in M&A and restructuring, alliance and upsizing of operations in the international shipping market and normal practice to cut and merge container routes have presented challenges to the production and operation of ports.

(III) Company's development strategy

Moving towards the direction of integrating its services into China's "One Belt, One Road" initiative, the Group will reinforce the coordination, integration and sharing with neighbouring ports, shippers and third-party logistics enterprises to further optimize the allocation of key resources. By improving service functionality and reducing overall costs, the Group will be able to have logistics integrated with all the elements along the trade, finance and information supply chains. By continuously introducing innovative logistics products, expanding business models and deepening cooperation areas, the Group will build a supply chain integrated service platform for carrying out transformation and upgrade in the areas ranging from the port side and the full logistics system to the supply chain system.

In 2017, the Group's major initiatives for market development in its business segments are as follows:

Oil Segment

We will proceed with the project for the "supply chain of local refineries for importing crude oil" steadily, and to strengthen collaboration with traders, shipping companies and local refineries for maintaining steady growth in transshipped crude oil throughput.

We will proceed with the construction of support facilities for crude oil storage tanks on Changxing Island for accelerating the formalities for the terminal and warehouse operation procedures; and encourage domestic and foreign customers to carry out crude oil transshipment, warehousing and other business in the port area on Changxing Island.

Container Segment

We will continue strengthening the construction of the feeder network within the Bohai Rim for building a transshipment hub in Bohai Rim; to step up market development for securing more foreign trade sources; to expand collaboration with major domestic shipping companies for further facilitating the build-up of a transshipment centre for domestic trade.

We will accelerate hinterland strategic planning with a focus on China's "One Belt, One Road" initiative'; to step up the development and maintenance of key customers for keeping the source of goods stabilized in the interior part of China; to keep improving the layout of the southern network to facilitate the development of source of goods in the northern part; and strengthen collaboration with railway and shipping companies as well as shippers located along "One Belt, One Road" for fighting for starting point-to-point cross-border train services in Central Europe.

We will closely monitor the global shipping market situation and the update on the restructuring of the alliance, and to secure more ocean-going and near-ocean shipping lines as well as direct shipping lines for domestic trade to be affiliated to the Group for improving the network layout and enhancing port competitiveness.

Automobile Segment

We will up the commitment of warehousing resources to meet customer demand for warehouse distribution for further diversifying port services.

We will promote the development of the vehicle modification and sales business, and to accelerate the construction of recreation vehicle campgrounds.

We will strengthen the automotive trade, logistics, finance and other business through joint venture and collaboration for carrying out the development of the cross-regional automotive trade business.

We will deepen the collaboration with customers, expand the scale of transportation by sea for transporting goods by sea between the southern and northern parts; and unleash the full advantages in terms of the policy for the Dalian Free Trade Zone for increasing the scale of the parallel import vehicle business at Dalian port.

Ore Segment

We will improve regional iron ore distribution service system by starting with the berthing of ore carriers with a capacity of 400,000 tons at ports on a regular basis as well as the "Dalian Standard Mines" for further enhancing the core competitiveness of the Group.

We will further increase the scale of the ore mixing business for expanding the sales network, optimizing the market strategy, increasing the share of the ore mixing market in Northeast China and expanding the scope of ore mixing in Hebei, Shandong, Japan and South Korea.

General Cargo Segment

We will keep strengthening the establishment of the full logistics system; and collaborate with the railway authorities trying to secure a targeted rail freight reduction policy for encouraging the transshipment of goods in the hinterland through the Group.

We will build coal-mixing supermarkets as backed up by ports, trying to achieve a new breakthrough in coal transshipment volume.

Bulk Grain Segment

We will secure corn supply in domestic trade with the three-in-one service (vehicle-warehouse-ship) by taking advantage of the opportunity arising from the recovery of the food market; and secure food supply in foreign trade by making use of the regional advantages of the pilot scheme for "food port" for further increasing Dalian port's share of the foreign market.

We will collaborate with customers deeply as the domestic corn market has improved for achieving complementary advantages and accelerating the establishment of an integrated supply chain system in the production and marketing areas.

Rolling Passenger Transportation Segment

We will build a port of departure at full speed for international cruise liners, improve the port hardware and software services, help the port joint inspection units enhance port efficiency and explore deeply the potential of the market for international cruise liners; and open up the "Dalian – Longkou" and "Dalian – Weifang" sea routes for the rolling transportation of cargo.

Value-added Service Segment

We will broaden operating income stream and increase operating income by increasing the voyage charter business and the coastal towing business in China.

To step up port business development in Yangtze River Basin, Shandong Peninsula and Fujian, and to look for new opportunities for business cooperation.

To modify the distribution of towboats at ports and to reduce the cost of dispatching towboats by allocating a reasonable number of towboats at various bases.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

According to Corporate Governance Code E.1.1, persons proposed to be appointed as directors at a general meeting should be nominated by means of separate resolutions. At the annual general meeting ("AGM") held on 28 June 2016, Mr. BAI Jingtao and Mr. ZHENG Shaoping were appointed as non-executive Directors by a single resolution, as the Company's controlling shareholder Dalian Port Corporation Limited ("PDA") and China Merchants Holdings (International) Company Limited (the "First Tranche Investor") held more than 50% of the voting rights at the Company's general meeting in aggregate and PDA has undertaken to appoint two directors nominated by the First Tranche Investor. As there would be sufficient votes for approving the two proposed appointments, a single resolution was proposed to enable the AGM to be conducted in an efficient manner. Nevertheless, going forward, directors shall be elected by means of separate resolutions to strictly comply with Code Provision E.1.1.

Other than the above, the Company complied with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2016, and so far as known to the Directors of the Company, there was no material deviation from the code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct governing director's dealing in the Company's securities transactions (the "Code of Securities Dealings") on terms no less exacting than the standards required under the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules. Upon specific enquiries, all directors and supervisors confirmed that they had complied with the provision of the Code of Securities Dealings during the year ended 31 December 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2016, save for the following transactions in relation to the Company's securities, or securities of its subsidiaries, the Company did not redeem any of its listed shares, and neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares.

1. Placing of new H Shares under specific mandate

The placing agreement dated 31 December 2015 was entered into among the Company, GF Securities (Hong Kong) Brokerage Limited and GF Capital (Hong Kong) Limited (the "Placing Agreement") in relation to the placing of up to 1,475,400,000 new H Shares, representing, if fully issued, approximately 33.33% of the then total issued share capital of the Company at the date of the Placing Agreement.

On 12 January 2016, the Company entered into a subscription agreement with GF Securities (Hong Kong) Brokerage Limited (the "Subscription Agreement") with respect to the first tranche of the placing for an aggregate of 1,180,320,000 placing shares ("First Tranche Placing Shares") at the price of HK$3.67 per First Tranche Placing Share.

The conditions of the Subscription Agreement were fulfilled and completion of the first tranche placing took place on 1 February 2016 in accordance with the terms of the Subscription Agreement.

2. Issuance of short-term commercial paper

On 8 July 2016, the Company issued the first tranche of short-term commercial paper for 2016 at a total amount of RMB3 billion for a term of 270 days at a coupon rate of 2.78%, with China Everbright Bank Co., Ltd and China Minsheng Banking Corp. Ltd. acting as the joint lead underwriters.

3. Redemption of bonds expired in 2016

The Company has redeemed the bonds which expired in 2016, details of the bonds are as follows:

1) On 10 August 2015, the Company issued 1-year corporate bonds in an aggregate principal amount of RMB1,000,000,000.00, with a fixed coupon of 3.15% payable together with the principal on expiry. Related costs of issuance amounted to RMB3,212,389.43.

2) On 19 October 2015, the Company issued 1-year corporate bonds in an aggregate principal amount of RMB1,000,000,000.00, with a fixed coupon of 3.20% payable together with the principal on expiry. Related costs of issuance amounted to RMB3,250,709.43.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company's audit committee has reviewed the accounting standards and practices adopted by the Group and the annual results for the year ended 31 December 2016.

FINAL DIVIDEND

The Board proposed to distribute a final dividend of RMB1.5 cents per share for the year ended 31 December 2016 (PRC withholding tax included), aggregating to a total dividend of RMB193,418,039.99. The proposal is subject to approval at the forthcoming annual general meeting of the Company and the dividend is expected to be distributed before 1 September 2017. The record date and closure of books for determining entitlement to the final dividend and attending the forthcoming annual general meeting will be announced in due course.

EARLY REPAYMENT OF LEASEBACK TRANSACTION RESULTING IN LEASEBACK COMPONENT OF CONTINUING CONNECTED TRANSACTIONS EXCEEDING 2016 ANNUAL CAP

As disclosed in the Company's circular dated 8 April 2014 (the "**2014 Circular**"), the Company entered into the Finance Lease Agreement dated 17 March 2014 with PDA regarding (i) finance lease with 大連裝備融資租賃有限公司 (Dalian Equipment Finance Lease Company Limited) ("**DLEFL**", a subsidiary of PDA), (ii) leaseback transactions with DLEFL, and (iii) finance lease with another subsidiary of PDA. The annual caps (each an "**Annual Cap**") for all transactions under the Finance Lease Agreement for each of the years ending 31 December 2016 and 2017 are RMB231,800,000 and RMB2,157,970,000 respectively. The expected transaction amounts for the leaseback transactions with DLEFL for each of the years ending 31 December 2016 and 2017 are RMB137,000,000 and RMB2,058,170,000 (including RMB2 billion principal repayment) respectively. On 23 May 2014, the Finance Lease Agreement (including the leaseback transactions with DLEFL) and the Annual Caps were approved by the Company's independent shareholders.

Pursuant to and in accordance with the Finance Lease Agreement, for transaction type (ii) mentioned above, the Company subsequently entered into various individual leaseback agreements with DLEFL, including one leaseback agreement dated 23 May 2014 (the "**May 2014 Agreement**"). The principal amount under the May 2014 Agreement was RMB1 billion, repayable in 2017 and with interest rate at 6.2% per annum. In July 2016, the Company successfully raised RMB3 billion through short-term notes with interest rate at 2.78% per annum. Accordingly, with a view to reducing interest expenses, the Company considered an early repayment under the May 2014 Agreement in the interest of the Company and its shareholders as a whole. In July 2016, pursuant to and in accordance with the terms of the May 2014 Agreement, the Company requested and made early repayment of the entire RMB1 billion principal and related interests thereunder calculated up to the date of early repayment, and the May 2014 Agreement was completed and discharged accordingly.

The Board, including the independent non-executive Directors, is of the view that the early repayment which was done pursuant to the terms of the May 2014 Agreement was in the ordinary and usual course of business of the Company and on normal commercial terms or better, and on terms which were fair and reasonable and in the interests of the Company and its shareholders as a whole.

The above RMB1 billion principal under the May 2014 Agreement was initially expected to be repaid in 2017 and forming part of the 2017 Annual Cap, and the early repayment in 2016 due to availability of funds at substantially lower interest rate was not contemplated at time of the 2014 Circular. The early repayment in 2016 resulted in the Company's total transaction amount of RMB1,061,758,000 under the Finance Lease Agreement in 2016, thus exceeding the 2016 Annual Cap of RMB231,800,000. Had the repayment of RMB1 billion principal in 2016 been excluded, the 2016 transaction amount under the Finance Lease Agreement would be within the 2016 Annual Cap. The Company's transaction amounts for transaction types (i) and (iii) above in 2016 also fell within the respective estimated amounts as set out in the 2014 Circular.

Since the early repayment actually reduced the total transaction amount under the May 2014 Agreement through reduction of interest payment, the Company's total transaction amount under the Finance Lease Agreement in 2017 will also be correspondingly reduced, and is expected to be within the 2017 Annual Cap. The actual total transaction amount for leaseback with DLEFL from 2014 to 2018 is expected to be less than the amount of RMB2,411,000,000 as disclosed in the 2014 Circular.

Upon becoming aware of the above, the Company sought advice from its legal advisers for the public disclosure of the relevant details. To further enhance the Company's internal control and prevent similar inadvertent incidents in the future:

(i) the Company will continue to strengthen the internal control and compliance standard of its management and staff, including without limitation the staff handling and monitoring connected transactions and continuing connected transactions, with particular focus on their better understanding of the relevant requirements under the Listing Rules and the regulatory implications of each corporate action (for example early repayment). There will be an enhanced internal reporting system and a designated team to oversee and monitor the conduct of continuing connected transactions on ongoing basis and to report to senior management upon any potential issue. The team will be led by Wang Ping, who is a member of the Company's senior management;

(ii) the Company's management and staff will be reminded to enhance communication with professional advisers (including auditors and legal advisers) on ongoing basis and discuss any actual or potential regulatory compliance issues, and avoid any inadvertent incidents due to inadequate understanding of the relevant requirements; and

(iii) the Company will provide more frequent training to its management and staff, especially business units and staff handling connected transactions and continuing connected transactions, on Listing Rule compliance through participation in external seminars or internal training sessions to be provided by professional advisers.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

In accordance with the requirements under the Listing Rules, the 2016 annual report containing all information including this financial results for the year ended 31 December 2016 will be published on the Company's website at www.dlport.cn and the website of the Stock Exchange at www.hkex.com.hk in due course.

By Order of the Board of Directors
WANG Jilu, LEE, Kin Yu Arthur
Joint Company Secretaries

Dalian City, Liaoning Province, the PRC
23 March 2017

As at the date of this announcement, the Directors of the Company are:

Executive Directors: ZHANG Yiming, WEI Minghui

Non-executive Directors: BAI Jingtao, XU Song, ZHENG Shaoping and YIN Shihui

Independent non-executive Directors: WAN Kam To, Peter, WANG Zhifeng and SUN Xiyun

The Company is registered as a non-Hong Kong company under Part XI of the previous Companies Ordinance (equivalent to Part 16 of the Companies Ordinance with effect from 3 March 2014) under the English name "Dalian Port (PDA) Company Limited".