大連港股份有限公司

Dalian Port (PDA) Company Limited*

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

(Stock Code: 2880)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

SUMMARY

The Board of the Company is pleased to announce the audited financial results of the Group for the year ended 31 December 2009.

- Revenue for the year ended 31 December 2009 was RMB1,678,037,000, representing an increase of 5.8% over 2008.
- Profit attributable to equity holders of the Company for the year ended 31 December 2009 was RMB609,268,000, representing a decrease of 21.9% over 2008. If the net gains on disposal of assets and the effects of asset impairment were excluded in 2008, the profit attributable to equity holders of the Company in 2009 would have increased by 10.4% as compared with that in 2008.
- Basic earnings per share for the year ended 31 December 2009 was RMB20.82 cents.
- The Board of Directors proposed a final dividend of RMB25 cents per share (including tax) in cash out of the Company's retained distributable profit as at 31 December 2009.

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 subsidiaries, collectively, the "Group") for the year ended 31 December 2009. The Group's financial results have been audited by Ernst & Young.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
Revenue	4	**1,678,037**	**1,586,512**
Cost of sales and services		(925,663)	(887,911)

Gross profit		**752,374**	**698,601**
Other income	5	37,585	452,224
Selling and administrative expenses		(172,426)	(160,306)
Other expenses		(11,373)	-
Changes in fair value of derivative financial liability		9,005	(6,123)
Impairment loss on available-for-sale investments		-	(53,001)
Share of results of jointly-controlled entities		125,680	190,974
Share of results of associates		(28)	(2,583)
Finance costs		(74,221)	(87,761)
Profit before tax	6	**666,596**	**1,032,025**
Income tax expense	7	(61,840)	(209,321)
Profit for the year		**604,756**	**822,704**
Attributable to:			
Equity holders of the Company		609,268	779,614
Minority interests		(4,512)	43,090
		604,756	**822,704**
Earnings per share attributable to ordinary equity holders of the Company - Basic (RMB)	9	0.21	0.27

Details of the dividends payable and proposed for the year are disclosed in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009 RMB'000	2008 RMB'000
Profit for the year	**604,756**	**822,704**
Exchange differences on translation of foreign operations	241	(3,699)
Net gain on available-for-sale investments	13,685	14,555
Other comprehensive income for the year, net of tax	**13,926**	**10,856**
Total comprehensive income for the year, net of tax	**618,682**	**833,560**

Attributable to:			
Equity holders of the Company		623,194	790,470
Minority interests		(4,512)	43,090
		618,682	**833,560**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		5,927,127	5,444,571
Prepaid lease payments		284,178	290,700
Investment properties		841,670	877,498
Intangible assets		121,786	133,415
Goodwill		16,035	16,035
Interests in jointly-controlled entities		1,629,893	1,572,218
Interests in associates		471,493	272,744
Available-for-sale investments		143,068	118,642
Deferred tax assets		73,088	55,158
Amounts due from jointly-controlled entities and associates		86,465	67,588
Total non-current assets		9,594,803	8,848,569
CURRENT ASSETS			
Properties held for sale		11,535	9,655
Inventories		13,883	7,699
Trade and other receivables and prepayments	10	439,294	487,398
Prepaid lease payments		6,501	6,480
Amounts due from jointly-controlled entities and associates		23,931	152,409
Amounts due from related companies		24	351
Advance to Dalian Port Corporation Limited ("PDA")		-	5,175
Cash and bank balances		1,021,116	670,011
Total current assets		1,516,284	1,339,178
CURRENT LIABILITIES			
Trade and other payables	11	457,042	446,871
Amounts due to jointly-controlled entities and associates		30,719	6,181
Amounts due to related companies		57,093	91,681
Advance from PDA		1,469	31,634
Tax payable		12,413	82,086
Bank borrowings – due within one year		60,000	196,733
Government grants		35,446	38,380
Total current liabilities		654,182	893,566

NET CURRENT ASSETS	862,102	445,612
TOTAL ASSETS LESS CURRENT LIABILITIES	10,456,905	9,294,181
NON-CURRENT LIABILITIES		
Bank and other borrowings		
– due after one year	3,001,046	1,235,000
Amount due to a jointly-controlled entity	16,291	-
Government grants	670,483	711,178
Derivative financial liability	29	9,034
Loan from PDA	-	788,377
Other payables	11,846	-
Total non-current liabilities	3,699,695	2,743,589
NET ASSETS	6,757,210	6,550,592
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	2,926,000	2,926,000
Reserves	3,784,890	3,434,846
	6,710,890	6,360,846
Minority interests	46,320	189,746
Total equity	6,757,210	6,550,592

NOTES

1. General

The Company was incorporated in the PRC as a joint stock limited company on 16 November 2005 and it has been registered in Hong Kong as an overseas company under Part XI of the Hong Kong Companies Ordinance. The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”) with effect from 28 April 2006.

The Company’s parent and ultimate holding company is PDA, which is a state-owned enterprise established on 30 April 2003, under the laws of the PRC.

The addresses of the registered office and principal place of business of the Company are located at Xingang Commercial Building, Dayao Bay, Dalian Free Trade Zone, PRC and No.1 Gangwan Street, Zhongshan district, Dalian, PRC, respectively.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

The Group is engaged in oil/liquefied chemicals terminal and logistic services, container terminal and logistic services, automobile terminal and logistic services and port value-added services.

2. Application of new and revised International Financial Reporting Standards

The Group has adopted the following amendments and interpretations ("new IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB which are or have become effective.

IFRS 1 and IAS 27 (Amendments)	First-time Adoption of IFRSs and Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate
IFRS 2 (Amendments)	Share-based Payment - Vesting Conditions and Cancellations
IFRS 7 (Amendments)	Financial Instruments: Disclosures – Improvement Disclosures about Financial Instruments
IAS 1 (Revised)	Presentation of Financial Statements
IAS 18 (Amendment)	Revenue – Determining whether an entity is acting as a principal or as an agent (Appendix)
IAS 23 (Revised)	Borrowing Costs
IAS 32 and IAS 1 (Amendments)	Financial Instruments: Presentation and Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
IFRIC – 9 and IAS 39 (Amendments)	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement – Embedded Derivatives
IFRIC – 13	Customer Loyalty Programmes
IFRIC – 15	Agreements for the Construciton of Real Estate
IFRIC – 16	Hedges of a Net Investment in a Foreign Operation
IFRIC – 18	Transfers of Assets from Customers
Annual Improvements Projects	Improvements to IFRSs (issued in October 2008)

The adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented except for the adoption of the revised IAS 1 "Presentation of Financial Statements" (IAS 1). The revised standard aims to improve users' ability to analyse and compare information given in financial statements. The adoption of the revised standard has no effect on the results reported in the Group's consolidated financial statements. It does, however, result in certain presentational changes in the Group's primary financial statements, including:

- the adoption of revised title "Statement of financial position" for the "Balance sheet"; and

- the presentation of all items of income and expenditure in two statements, the "Income statement" and "Statement of comprehensive income".

The Group has early applied IAS 24 (Revised) "Related Party Disclosures" for the current year's financial statements in advance of its effective date which is 1 January 2011. The revised standard simplifies the disclosure requirements for entities that are controlled, jointly-controlled or significantly influenced by a government and clarifies the definition of a related party. Amounts reported for the prior year have been restated on the new basis.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but not yet effective.

IFRS 1 (Revised)	First-time Adoption of IFRSs[1]
IFRS 1 (Amendments)	First-time Adoption of IFRSs – Additional Exemption for First-time Adopters[2]
IFRS 2 (Amendments)	Share-based Payment – Group Cash-settled Share-based Payment Transactions[2]
IFRS 3 (Revised)	Business Combinations[1]
IFRS 9	Financial Instruments[6]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Rights Issues[3]
IAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items[1]
IFRIC – 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
IFRIC – 17	Distributions of Non-cash Assets to Owners[1]
IFRIC – 19	Extinguishing Financial Liabilities with Equity Instruments[4]
Annual Improvements Project	Improvements to IFRSs 2009

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group except for the adoption of IFRS 3 (Revised) Business Combinations and IAS 27 (Revised) Consolidation and Separate Financial Statements. IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment on changes in a parent's ownership interest in a subsidiary.

3. Significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance.

4. Segment information

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment.

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

Oil/liquefied chemical terminal and logistic services	Loading and discharging, storage and transhipment of oil products and liquefied chemicals and port management services
Container terminal and logistic services	Loading and discharging, storage and transhipment of containers, leasing of terminals and related facilities, various container logistic services and sale of properties
Automobile terminal and logistic services	Loading and discharging of automobile and related logistics services
Port value-added services	Tallying, tugging and information technology services

The items of income and expense and the assets attributable to the headquarter of the Company have not been allocated.

The Group's reportable segments adopt accounting policies that are the same as those described in note 3 to these consolidated financial statements.

These reporting segments are the basis on which the Group reports its segment information and no operating segments have been aggregated to form the above reportable segments.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transactions are conducted in accordance with the terms mutually agreed between the parties.

The following tables present the financial information for the Group’s operating segments for the years ended 31 December 2009 and 2008.

Income statement
For the year ended 31 December 2009

	Oil/liquefied chemicals terminal and logistic services RMB’000	Container terminal and logistic services RMB’000	Automobile terminal and logistic services RMB’000	Port value-added services RMB’000	Unallocated RMB’000	Total RMB’000
Revenue	905,522	384,212	-	384,976	3,327	1,678,037
Cost of sales and services	(427,962)	(292,399)	-	(198,056)	(7,246)	(925,663)

Gross profit/(loss)	477,560	91,813	-	186,920	(3,919)	752,374
Other income	12	15,706	-	4,525	2,165	22,408
Interest income	567	4,844	67	315	9,384	15,177
Selling and administrative expenses	(39,029)	(71,958)	(195)	(37,056)	(24,188)	(172,426)
Other expenses	(11,952)	622	-	(2)	(41)	(11,373)
Changes in fair value of derivative financial liabilities	-	-	-	-	9,005	9,005
Share of results of jointly-controlled entities	14,294	108,040	(3,816)	7,162	-	125,680
Share of results of associates	2,401	(524)	(3,491)	1,586	-	(28)
Finance costs	(6,947)	(27,935)	-	(196)	(39,143)	(74,221)
Profit/(loss) before tax	436,906	120,608	(7,435)	163,254	(46,737)	666,596
Income tax	(75,592)	41,190	-	(37,569)	10,131	(61,840)
Net profit/(loss)	361,314	161,798	(7,435)	125,685	(36,606)	604,756

Segment profit/loss after tax represents the profit/loss of each segment. This is the measure reported to Chief Executive Officer for the purposes of resources allocation and assessment of segment performance.

Statement of financial position

As at 31 December 2009

	Oil/liquefied chemicals terminal and logistic services RMB'000	Container terminal and logistic services RMB'000	Automobile terminal and logistic services RMB'000	Port value-added services RMB'000	Unallocated RMB'000	Total RMB'000
Assets						
Segment assets	4,287,023	2,670,362	292,592	850,126	909,598	9,009,701
Interests in jointly-controlled entities	263,321	1,270,656	77,134	18,782	-	1,629,893
Interests in associates	220,461	246,576	-	4,456	-	471,493
Total assets	4,770,805	4,187,594	369,726	873,364	909,598	11,111,087
Liabilities						
Segment liabilities	1,286,280	392,143	96,460	22,715	2,556,279	4,353,877

Other information

For the year ended 31 December 2009

	Oil/liquefied chemicals terminal and logistic services RMB'000	Container terminal and logistic services RMB'000	Automobile terminal and logistic services RMB'000	Port value-added services RMB'000	Unallocated RMB'000	Total RMB'000
Capital expenditures	227,760	121,233	100,593	211,106	11,108	671,800
Depreciation and amortisation	170,996	41,856	18	44,957	1,387	259,214
Government grants related to depreciable assets	(33,669)	(791)	-	-	-	(34,460)
Release of prepaid lease payments to the consolidated income statement	3,138	3,363	-	-	-	6,501
(Gain)/loss on disposal of property, plant and equipment, net	11,206	65	-	(724)	-	10,547
Inter segment sales	-	-	-	(5,523)	-	(5,523)

Income statement
For the year ended 31 December 2008

	Oil/liquefied chemicals terminal and logistic services RMB'000	Container terminal and logistic services RMB'000	Automobile terminal and logistic services RMB'000	Port value-added services RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	670,025	572,798	-	338,573	5,116	1,586,512
Cost of sales and services	(292,185)	(410,110)	-	(185,012)	(604)	(887,911)
Gross profit	377,840	162,688	-	153,561	4,512	698,601
Other income	211,386	222,166	-	1,820	2,471	437,843
Interest income	661	9,062	-	499	4,159	14,381
Selling and administrative expenses	(35,573)	(78,843)	(47)	(22,620)	(23,223)	(160,306)
Changes in fair value of derivative financial liabilities	-	-	-	-	(6,123)	(6,123)
Impairment loss on available-for-sale investments	-	-	-	-	(53,001)	(53,001)
Share of results of jointly-controlled entities	20,031	168,756	(9,085)	11,272	-	190,974
Share of results of associates	1,875	(5,239)	(1,204)	1,985	-	(2,583)
Finance costs	-	(57,240)	-	(307)	(30,214)	(87,761)
Profit/(loss) before tax	576,220	421,350	(10,336)	146,210	(101,419)	1,032,025
Income tax	(125,787)	(63,044)	-	(32,595)	12,105	(209,321)
Net profit/(loss)	450,433	358,306	(10,336)	113,615	(89,314)	822,704

Segment profit/loss after tax represents the profit/loss of each segment. This is the measure reported to Chief Executive Officer for the purposes of resources allocation and assessment of segment performance.

Statement of financial position
As at 31 December 2008

	Oil/liquefied chemicals terminal and logistic services RMB'000	Container terminal and logistic services RMB'000	Automobile terminal and logistic services RMB'000	Port value-added services RMB'000	Unallocated RMB'000	Total RMB'000
Assets						
Segment assets	4,363,778	2,519,434	173,560	830,522	455,491	8,342,785
Interests in jointly-controlled entities	220,440	1,248,051	80,949	22,778	-	1,572,218
Interests in associates	18,060	247,200	3,494	3,990	-	272,744
Total assets	4,602,278	4,014,685	258,003	857,290	455,491	10,187,747
Liabilities						
Segment liabilities	920,982	1,251,239	-	25,396	1,439,538	3,637,155

Other information
For the year ended 31 December 2008

	Oil/liquefied chemicals terminal and logistic services RMB'000	Container terminal and logistic services RMB'000	Automobile terminal and logistic services RMB'000	Port value-added services RMB'000	Unallocated RMB'000	Total RMB'000

Capital expenditures	672,244	357,884	173,559	49,195	1,064	1,253,946
Depreciation and amortisation	137,089	44,924	-	34,675	1,210	217,898
Government grants related to depreciable assets	(37,603)	(777)	-	-	-	(38,380)
Release of prepaid lease payments to the consolidated income statement	3,488	3,419	-	-	-	6,907
Loss on disposal of intangible assets	-	155	-	-	-	155
Gain on disposal of non-current assets held for sale	-	(120,515)	-	-	-	(120,515)
Gain on disposal of prepaid lease payments	(136,595)	-	-	-	-	(136,595)
Gain on disposal of property, plant and equipment, net	(74,649)	(65,246)	-	(711)	-	(140,606)
Gain on disposal of properties held for sale	-	(17,213)	-	-	-	(17,213)
Gain on disposal of investment properties	-	(13,543)	-	-	-	(13,543)
Inter segment sales	(116)	(654)	-	(4,542)	-	(5,312)

Revenues from major products and services

For the years ended 31 December 2009 and 2008

The Group’s revenue from major products and services was as follows:

	2009	2008
	RMB’000	RMB’000
Loading services	443,541	404,997
Logistic services	429,111	395,446
Storage services	322,374	190,923
Leasing services	170,794	209,201
Port management services	91,955	82,919
Information technology services	69,699	69,886
Sale of oil products	48,698	-
Sale of properties held for sale	-	47,287
Others	101,865	185,853
	1,678,037	1,586,512

The Group’s sales to customers which accounted for 10% or more of its total sales are as follows:

	2009	2008
	RMB’000	RMB’000
Customer A	254,787	255,120
Customer B	193,926	195,312
Customer C	233,187	96,223
	681,900	546,655

The sales to the above customers are included in the segment of oil/liquefied chemical terminal and logistic services.

Geographical information

The entire group's operations, and all its customers, are located in the PRC. Accordingly, no geographical information analysis of segment results, assets and costs incurred to acquire segment assets is presented.

5. Other income

An analysis of other income is as follows:

	2009	2008
	RMB'000	RMB'000
Gain on disposal of property, plant and equipment		
- oil storage tanks	-	74,731
- vessels	-	63,437
- others	-	2,438
	-	140,606
Gain on disposal of prepaid lease payments	-	136,595
Gain on disposal of non-current assets held for sale	-	120,515
Gain on disposal of properties held for sale	-	17,213
Government grants	19,302	16,060
Bank interest income	7,871	14,381
Interest income from jointly-controlled entities and associates	4,989	994
Net interest income from derivative financial liabilities	2,317	2,342
Dividend income from available-for-sale investments	1,544	-
Others	1,562	3,518
	37,585	452,224

6. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	2009	2008
	RMB'000	RMB'000
Staff costs, including directors' remuneration:		
- Salaries, wages and other benefits	225,968	178,410
- Retirement benefit scheme contributions	25,456	41,358
Total staff costs	251,424	219,768
Depreciation for property, plant and equipment	222,472	184,278
Depreciation for investment properties	20,340	21,950
Amortisation of intangible assets	16,402	11,670

	259,214	217,898
Less: Government grants related to depreciable assets released to consolidated income statement	(34,460)	(38,380)
	224,754	179,518
Minimum lease payments under operating leases	67,624	78,767
Rental income	(170,794)	(209,201)
Storage income in respect of leasing oil tanks	(267,486)	(163,362)
Recovery of allowance for bad and doubtful debts, net	(366)	(160)
Release of prepaid lease payments to the consolidated income statement	6,501	6,907
Auditors' remuneration	1,862	3,042
Foreign exchange loss, net	501	4,331
Loss/(gain) on disposal of property, plant and equipment, net	10,547	(140,606)
Loss on disposal of intangible assets	-	155
Gain on disposal of investment properties	-	(13,543)
Interest income from jointly-controlled entities and associates	4,989	994
Gain on disposal of non-current assets held for sale	-	(120,515)
Gain on disposal of prepaid lease payments	-	(136,595)
Gain on disposal of properties held for sale	-	(17,213)
Gain from acquisition of interests of associates	-	(1,570)
Government grants recognised in the consolidated income statement	(19,302)	(16,060)
Impairment of available-for-sale investments	-	53,001
Net interest income from derivative financial liabilities	(2,317)	(2,342)
Dividend income from available-for-sale investments	(1,544)	-
Bank interest income	(7,871)	(14,380)

7. Income tax expense

	2009 RMB'000	2008 RMB'000
The charges comprise:		
Current - PRC enterprise income tax	79,595	210,312
Adjustments in respect of current income tax of previous year	175	289
	79,770	210,601
Deferred tax:		
Relating to origination and reversal of temporary differences	(17,930)	(1,280)
Total tax charge for the year	61,840	209,321

A reconciliation of the income tax expense applicable to profit before tax using the respective applicable rate for the Company and its subsidiaries to the income tax expense at the effective tax rate is as follows:

	2009	2008
	RMB'000	RMB'000
Profit before tax	666,596	1,032,025
Tax at PRC income tax rate of 25% (2008: 25%)	166,649	258,006
Expenses not deductible for tax	2,402	7,374
Income not subject to tax	(37,921)	(6,517)
Tax refunds	(46,942)	-
Profits and losses of jointly-controlled entities	(31,421)	(47,744)
Profits and losses of associates	7	646
Tax concessions/exemptions granted	(1,650)	(857)
Effect of different tax rates of entities operating in jurisdictions other than PRC	1,790	(1,876)
Tax losses not recognised	8,751	-
Adjustments in respect to current income tax of previous years	175	289
	61,840	209,321

The share of tax attributable to the jointly-controlled entities amounting to RMB34,549,000 (2008: RMB36,747,000) is included in "Share of profits and losses of jointly-controlled entities" on the face of the consolidated income statement.

The share of tax attributable to associates amounting to RMB1,551,000 (2008: RMB2,069,000) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

The PRC enterprise income tax for the Company and its subsidiaries was calculated at the prevailing tax rate of 25% on their estimated assessable profit (2008: 25%) except for the subsidiaries listed as follows:

(1) Dalian Port Logistic Technology Co., Ltd. ("PLT") is a software enterprise located in Dalian high-tech industrial development park. Pursuant to Cai Shui [2008] No. 1 "Circular of the Ministry of Finance and the State Administration of Taxation Concerning Several Preferential Policies Relevant to Enterprise Income Tax", after approved by Tax Bureau, software enterprise can be entitled to income tax exemption for two years commencing from its first profit making year of operation and entitled to a 50% relief from income tax for the following next three years. 2009 was the last year for PLT entitling to enjoy the 50% relief from the income tax, hence the applicable income tax rate was 12.5% (2008: 12.5%).

(2) Dalian Portnet Co., Ltd. ("DPN") is a high-tech enterprise located in Dalian high-tech industrial development park, which is an entity qualified for preferential income tax rate. Pursuant to Guo Fa [2007] No. 39, the income tax rate of the company is gradually transmitted to legal tax rate in five years from 1 January 2008. The applicable income tax rate during 2009 was 20% (2008: 18%). Furthermore, according to "Bao Shui Guo Exemption [2006] No. 65" issued by the Dalian Branch State Administration of Taxation, Dalian Portnet Co., Ltd. is entitled to exemption from income tax for two years commencing from its first profit making year of operation and entitled to a 50% relief from income tax for the next three years. 2009 was the last year for DPN entitling to enjoy the 50% relief from the income tax, hence the applicable income tax rate was 10% (2008: 9%).

(3) Dalian Tech Port Service Co., Ltd. ("TPS") is a high-tech enterprise engaged in software development which is located in Dalian high-tech industrial development park. Pursuant to the regulation of Income Tax Law, the income tax is 15%. Meanwhile, pursuant to Cai Shui [2008] No.

1 “Circular of the Ministry of Finance and the State Administration of Taxation Concerning Several Preferential Policies Relevant to Enterprise Income Tax”, after approved by Tax Bureau, software enterprise can be entitled to income tax exemption for two years commencing from its first profit making year of operation and entitled to a 50% relief from income tax for the following next three years. In 2009, TPS was entitled to enjoy the 50% relief from the income tax rate of 25% (2008: 15%), hence the applicable income tax rate was 12.5% (2008: 7.5%).

8. Dividend

On 19 June 2009, a dividend of RMB9 cents per share amounting to RMB263,340,000 in aggregate was declared as the final dividend for 2008 (for the year ended 31 December 2008: RMB8 cents per share amounting to RMB234,080,000 in aggregate for the 2007 final dividend).

A final dividend of RMB25 cents (2008: RMB9 cents) per share has been proposed by the directors and is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

9. Earnings per share attributable to equity holders of the Company

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company and the number of 2,926,000,000 shares in issue for the year (2008: 2,926,000,000 shares).

No diluted earnings per share have been disclosed as no diluting events existed during the years ended 31 December 2009 and 2008.

10. Trade and other receivables and prepayments

	2009	2008
	RMB’000	RMB’000
Trade receivables	83,117	85,571
Less: Impairment provision	(3,056)	(3,088)
	80,061	82,483
Other receivables and prepayments:		
Receivable in respect of disposal of oil tanks and prepaid lease payments	47,783	74,873
Receivable in respect of compensation for terminal relocation	72,596	172,596
Dividend receivables from jointly-controlled entities	109,466	132,999
Dividend receivables from associates	2,919	2,687
Entrusted loans receivable	47,800	-
Rental prepayments	16,000	-
Prepayments for purchases of ships	16,920	-
Others	45,749	21,760
	359,233	404,915
	439,294	487,398

The Group allows an average credit period of 90 days to its trade customers. Trade receivables that were neither past due nor impaired are related to a number of independent customers that have a good track record with the Group. The following is an aged analysis of trade receivables before the allowance for doubtful debts at the reporting date:

	2009	2008
	RMB'000	RMB'000
Trade receivables:		
0 to 90 days	72,292	75,114
91 to 180 days	2,908	5,234
181 to 365 days	910	4,458
Over 365 days	7,007	765
	83,117	85,571

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits for the customer. Limits attributed to customers are reviewed once a year.

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately RMB7,769,000 (2008: RMB7,369,000) which are past due at the reporting date and for which the Group has not provided for impairment loss as the management considered that there has not been a significant change in credit quality and that they are recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 253 days (2008: 217 days).

Aging of trade receivables which are past due but not impaired:

	2009	2008
	RMB'000	RMB'000
91to 180 days	2,868	4,194
181 to 365 days	898	2,896
Over 365 days	4,003	279
	7,769	7,369

The Group provided in full for all receivables that are past due and considered to be irrecoverable after assessing their recoverability on an ongoing basis.

Movements in the allowance for trade receivables are as follows:

	2009	2008
	RMB'000	RMB'000
Balance as at 1 January	3,088	2,648
Acquisition of subsidiaries	-	687
Impairment loss reversed	(32)	(247)
Balance as at 31 December	3,056	3,088

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB3,056,000 (2008: RMB3,088,000). The Group does not held any collateral over these balances.

11. Trade and other payables

The credit period taken for trade purchases and ongoing costs is 0 to 90 days. The following is an aged analysis of trade payables at the reporting dates:

	2009	2008
	RMB'000	RMB'000
Trade payables:		
0 to 90 days	60,027	36,974
91 to 180 days	8,560	47,738
181 to 365 days	657	185
Over 365 days	1,258	237
	70,502	85,134
Other payables:		
Construction payables	148,244	204,313
Interests payable	63,253	2,587
Dividends payable	6,524	17,391
Others	168,519	137,446
	386,540	361,737
	457,042	446,871

MANAGEMENT DISCUSSION AND ANALYSIS

Summary

In 2009, the global economy encountered serious challenges due to the global financial crisis. The Chinese economy also faced many difficulties. Benefited from the unprecedented economic stimulus policies implemented by major economies, the global economy showed signs of recovery in the second half of 2009. Chinese government has implemented and continued to improve the comprehensive stimulus package plan aiming to tackle the global financial crisis, which has reversed a sliding economy, and the Chinese economy recovered in 2009 and moved toward a favorable direction. In 2009, China's GDP increased by 8.7%, but its foreign trade value decreased by 13.9% as compared with that for 2008.

The Group is principally engaged in four business segments, namely: the provision of oil/liquefied chemicals terminal and related logistics services ("Oil Segment"), the provision of container terminal and related logistics services ("Container Segment"), the provision of automobile terminal and related logistics services ("Automobile Terminal Segment"), and the provision of port value-added services ("Value-added Services Segment").

In 2009, the macro economy and industries which were relevant to the Group's principal business were as the following:

Oil Segment: International crude oil price gradually rebounded. In 2009, China imported a total of approximately 204 million tonnes of crude oil, an increase of 13.9% over 2008. Such growth rate was higher than the growth rate of 9.6% for 2008.

Container Segment: The GDP of Heilongjiang Province, Jilin Province and Liaoning Province (the "Three Northeastern Provinces") increased by 11.1%, 13.5% and 13.1% over 2008, respectively, while the foreign trade value in the Three Northeastern Provinces decreased by 29.9%, 11.9% and 13.1%, respectively.

The above data indicated that the overall macro economy in the Group's hinterland in the Three Northeastern Provinces had achieved sound growth in 2009 and the growth in GDP of each of the Three Northeastern Provinces was above the average level in China. However, their respective foreign trade value declined to a certain extent due to the adverse impacts of the global financial crisis. In 2009, benefited from the recovery of the overall macro economy, the Group's principal business achieved steady growth, among which the throughput in the Oil Segment and Automobile Terminal Segment had recorded significant growth. In 2009, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 39.8 million tonnes, an increase of 14.1% over 2008, of which 22.5 million tonnes was imported crude oil, an increase of 11.9%. In terms of container throughput, the Group handled approximately 5.5 million TEUs, an increase of 0.6% over 2008, of which approximately 4.4 million TEUs was handled by the Group at Dalian port, a slight increase of 0.4%. In addition, the Group handled a total of 50,248 vehicles, an increase of 211% over 2008.

The profit attribute to equity holders of the Company in 2009 was RMB609,268,000, a decrease of 21.9% over 2008. If the net gains on disposal of assets and the effects of asset impairment were excluded in 2008, the profit attributable to equity holders of the Company in 2009 would have increased by 10.4% as compared with that in 2008.

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

Overall analysis of results

In 2009, the profit attributable to equity holders of the Company amounted to RMB609,268,000, representing a decrease of 21.9% as compared with RMB779,614,000 in 2008. Such decrease was mainly due to the substantial decrease of gains on disposal of assets. If the net gains on disposal of assets (including property, plant and equipment, non-current assets held for sale, as well as prepaid lease payments) and the effects of asset impairment were excluded in 2008, the profit attributable to equity holders of the Company in 2009 would have increased by 10.4% as compared with that in 2008. Such increase was mainly attributed to the significant growth of the Oil Segment. However, the Group's overall performance was dragged down by the weak performance of the Group's associates and jointly controlled entities in its Container Segment amid the global economic downturn in 2009.

In 2009, the Company's basic earnings per share were RMB20.82 cents, representing a decrease of 21.9% from RMB26.64 cents in 2008.

In 2009, the Group's revenue amounted to RMB1,678,037,000, representing an increase of 5.8% from RMB1,586,512,000 in 2008. The revenue increase was mainly driven by the growth of income from the

Oil Segment and the tugging business of the Value-added Services Segment.

In 2009, the Group's cost of sales and services amounted to RMB925,663,000 which increased by 4.3% as compared with RMB887,911,000 in 2008. The increase in cost of sales and services in the current year was mainly due to the increase of depreciation of new assets, as well as the increase in fuel, utilities and staff costs caused by the growth of business.

In 2009, the Group's gross profit was RMB752,374,000 which increased by 7.7% from RMB698,601,000 in 2008. The gross margin reached 44.8% which was 0.8% higher than that in 2008. Such improvement was mainly due to the high-margin Oil Segment which accounted for a large portion of the revenue mix in the current year.

In 2009, the Group's other income was RMB37,585,000, and in 2008 it was RMB452,224,000. The decrease was mainly due to the significant decrease of income from disposal of assets.

In 2009, the Group's finance costs amounted to RMB74,221,000, representing a decrease of 15.4% from RMB87,761,000 in 2008. The decrease was mainly caused by a decrease of the monthly average balance of short-term bank loans resulted from the Company's issuance of medium-term notes and an interest rate decrease for long-term bank loans during the current year.

In 2009, the Group's income tax expense amounted to RMB61,840,000 which decreased by 70.4% from RMB209,321,000 in 2008. The decrease was mainly due to the decrease in income from disposal of assets and the deductible net loss arising from the relocation of certain oil terminal assets in 2009.

Assets and liabilities

As of 31 December 2009, the Group's total assets and net assets reached RMB11,111,087,000 and RMB6,757,210,000, respectively, and its net asset value per share was RMB2.31, representing an increase of 3.1% over that as at 31 December 2008.

As of 31 December 2009, the Group's total liabilities amounted to RMB4,353,877,000, of which total outstanding bank and other borrowings accounted for RMB3,061,046,000.

Financial resources and liquidity

In 2009, the Group's net cash flows generated from operating and financing activities amounted to RMB672,419,000 and RMB608,187,000, respectively. With the stable cash inflows from its operating activities and the proceeds from the issuance of medium-term notes during the year, the Group has maintained a sound financial position and a reasonable capital structure throughout the year. The Group will apply these cash inflows to fund the Group's capital expenditure and other investments.

As at 31 December 2009, the Group had a balance of cash and cash equivalents of RMB1,021,116,000 which represented an increase of RMB351,105,000 as compared with that as at 31 December 2008. Such increase was mainly due to the surplus of cash inflows from operating and financing activities.

As at 31 December 2008, the Group's bank and other borrowings amounted to RMB2,220,110,000. During 2009, the Group issued an aggregate of RMB2,500,000,000 five-year medium-term notes with an annual interest rate of 4.28%, obtained new bank loans of RMB744,317,000, and repaid an aggregate of RMB2,380,111,000 bank and other loans. As at 31 December 2009, the Group's bank and other borrowings amounted to RMB3,061,046,000 of which RMB3,001,046,000 was due after one year and RMB60,000,000 was due within one year. The Group's gearing was 30.2% as at 31 December 2009 (23.7% as at 31 December 2008).

As at 31 December 2009, the Group's unutilized banking facilities amounted to RMB4,530,000,000.

As at 31 December 2009, the Group had net current assets of RMB862,102,000, representing an increase of RMB416,490,000 as compared with that as at 31 December 2008. The Group's current ratio was 2.3 as at 31 December 2009 (1.5 as at 31 December 2008).

During 2007, the Group entered into an interest rate swap contract with a financial institution with a principal amount of approximately USD 52.9 million. Such contract was classified as a derivative financial instrument and recognized in the balance sheet at its fair value as at 31 December 2009.

During 2009, the Group was not considered to have significant exposure to fluctuations in exchange rates and did not enter into any foreign exchange hedging contracts.

Use of proceeds

Net proceeds of the global offering of 966 million H shares (the "IPO") by the Group in 2006 amounted to approximately RMB2,385,343,000. As at 31 December 2009, the Group had utilized approximately RMB2,319,743,000 of the net proceeds and the balance of the net proceeds was RMB65,600,000.

There has been no material change in the proposed use of proceeds from the IPO as stated in the Company's prospectus dated 18 April 2006. As at 31 December 2009, the details of the use of proceeds were as follows:

Projects	Proceeds from IPO	Use of proceeds as of 31 December 2009	Balance
Construction of four new container berths at Dayaowan	400,000,000	400,000,000	0
Construction of twelve crude oil storage tanks at Xingang, Dalian	680,000,000	614,400,000	65,600,000
Purchase of eight tugboats	270,000,000	257,000,000	0
Repayment of a long-term bank loan	850,000,000	850,000,000	0
General working capital	185,343,000	198,343,000	0
Total	2,385,343,000	2,319,743,000	65,600,000

RMB13,000,000 previously designated to fund the purchase of 8 tugboats was re-allocated as working capital and the remaining RMB65,600,000 designated for the construction of 12 crude oil storage tanks will be used for future payment of construction.

Capital expenditure

In 2009, the Group's capital expenditure amounted to RMB671,800,000 which was mainly funded by the surplus cash generated from operating activities and the proceeds from the issuance of medium-term notes.

Business Review

The performance analysis of each business segment in 2009 is as follows.

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2009 and its comparative results in 2008:

	2009 ('000 tonnes)	2008 ('000 tonnes)	Increase/ (Decrease)
Crude oil	28,302	23,426	20.8%
Refined oil	10,628	10,294	3.2%
Liquefied chemicals	863	1,143	(24.5%)
Total	39,793	34,863	14.1%

In 2009, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 39.8 million tonnes, an increase of 14.1% over 2008.

In 2009, the Group's crude oil throughput increased by 20.8% over 2008, to approximately 28.3 million tonnes, of which the Group's imported crude oil throughput increased by 11.9%, to approximately 22.5 million tonnes. The Group's crude oil business achieved sound growth due to the functional advantages of its storage tank facilities. On one hand, the Group actively promoted closer cooperation with its domestic and foreign petroleum customers to expand crude oil trans-shipment business, which resulted in significant growth in the trans-shipment business. On the other hand, the increase in crude oil demand in China driven by the recovery of Chinese economy also contributed to the growth in Oil Segment. In addition, the increase in the Group's imported crude oil throughput is also due to the fill-up of the national strategic oil reserve base located in Dalian.

In 2009, the Group's refined oil throughput amounted to approximately 10.6 million tonnes, an increase of 3.2% over 2008. The steady recovery of Chinese economy led to the increase in refined oil consumption. At the same time, the Group worked closely with petroleum trading companies, railway companies and shipping lines so as to manage the transportation of refined oil via the Group's oil terminal more effectively which led to an increase in the Group's refined oil throughput.

In 2009, the Group's liquefied chemicals throughput amounted to approximately 863,000 tonnes, a decrease of 24.5% over 2008. Such decrease was due to a decrease in demand for chemical products resulted from a significant slowdown in certain export-oriented manufacturing industries using chemicals as raw materials. In addition, one of the Group's major customers switched to purchasing some of its raw materials on domestic market instead of overseas market which also caused the decrease in the Group's liquefied chemicals throughput.

In 2009, the volume of crude oil imported through the Group's terminal accounted for 99.8% (99.5% in

2008) of the total amount of crude oil imported in Dalian and 89% (96% in 2008) of the total amount of crude oil imported in the Three Northeastern Provinces. The total oil/liquefied chemicals throughput amounted for 71% (71% in 2008) of the total oil/liquefied chemicals throughput of Dalian and 52% (52% in 2008) of the total oil/liquefied chemicals throughput of the Three Northeastern Provinces. The decrease in our market share of imported crude oil throughput in the Three Northeastern Provinces was mainly due to the commencement of operation of Yingkou port's new crude oil berth in 2009.

In 2009, the revenue from oil/liquefied chemicals terminal and logistics services amounted to RMB905,522,000, representing an increase of RMB235,497,000 or 35.1% as compared with that in 2008. Such increase was mainly due to the growth of oil storage revenue resulted from the increase of the Group's oil storage capacity with the addition of new oil storage tanks during the year as well as the Group's strengthening cooperation with domestic and foreign oil trading companies. In 2009, the Group's oil storage revenue was RMB313,000,000, representing an increase of RMB134,790,000 as compared with that in 2008 and accounting for 34.6% (26.6% in 2008) of the total revenue of the Oil Segment. In 2009 the increased throughput of imported crude oil also led to a year-on-year increase in the Group's oil handling income.

In 2009, the revenue from oil/liquefied chemicals terminal and logistics services accounted for 54.0% (42.2% in 2008) of the Group's total revenue.

In 2009, the gross profit from the oil/liquefied chemicals terminal and logistics services amounted to RMB477,560,000, representing an increase of 26.4% as compared with RMB377,840,000 in 2008, and accounted for 63.5% (54.1% in 2008) of the Group's total gross profit. The gross profit margin of the Oil Segment is 52.7% (56.4% in 2008). A decrease in the gross margin was to a large extent due to a significant increase in the revenue of oil storage and the low-margin oil sales in 2009.

In 2009, the Group's major measures taken and the progress of major projects related to the Group's Oil Segment were as follows:

- The Group's crude oil trans-shipment business achieved sound growth in 2009. The Group actively expanded crude oil trans-shipment business through attracting foreign petroleum customers while enhancing cooperation with domestic petroleum customers. Taking its scale advantages in its crude oil storage business, the Group successfully attracted its petroleum customers to gradually increase their oil trans-shipment via the Group's oil terminals. In 2009, the Group's volume of international trans-shipment crude oil amounted to approximately 1.2 million tonnes, an increase of 274% over 2008. As a result, the Group has further promoted its position as an international oil distribution centre.

- The Group's oil business was constrained to a certain extent by the shortage of storage tanks. In 2009, the Group proceeded with the construction of oil storage tanks as scheduled to enhance its scale advantages and to meet the demand of business development. The second phase of the storage tanks project of Dalian PetroChina International Storage Co., Ltd., a joint venture of the Group and PetroChina International Dalian Co., Ltd. ("PetroChina International"), was completed and 14 storage tanks (with a total capacity of 1.25 million cubic meters) were put into operation at the end of 2009, which helped the Group to improve its services and to further expand its trans-shipment business. In addition, in 2009 the Group commenced the construction of four crude oil storage tanks (with a total capacity of 600,000 cubic meters), and such storage tanks are expected to be put into operation in July 2010.

- The new 300,000 dwt crude oil terminal, jointly constructed by the Group and PetroChina International, was ready for trial operation at the end of 2009 and will be put into trial operation in the first half of 2010. The commencement of operation of such terminal will help the Group meet the rapidly growing demand of VLCC operation and provide its customers with more convenient and better services. It will also help the Group to build closer cooperation with its strategic partners so as to promote the sustainable development of its business.

- No. 17 berth, a refined oil berth was put into trial operation at the end of 2009. Its designed annual handling capacity is 710,000 tonnes per annum. This new berth will mainly serve China Shipping & Sinopec Supplies Co., Ltd. for its operation of oil depot located in Xingang, Dalian. The Group will also provide services to other customers in refined oil transportation industry via No. 17 berth.

- The Company, PetroChina Company Limited ("PetroChina") and Dalian Construction Investment Company jointly established a joint venture enterprise to invest in, construct, manage and operate a LNG terminal and a receiving station in Xingang, Dalian. The first phase of the project is expected to be completed and put into trial operation in 2011 or 2012. The designed annual handling capacity of the first phase of the project is 3 million tonnes of LNG.

- In 2009, PetroChina commenced construction of 12 commercial refined oil storage tanks (with a total capacity of 240,000 cubic meters) and 14 commercial crude oil storage tanks (with a total capacity of 1.4 million cubic meters) within the Group's oil terminal facilities. At the end of 2009, 12 refined oil tanks and five crude oil tanks were put into trial operation. The remaining nine crude oil tanks are scheduled to be put into operation in March 2010. The commencement of operation of the above-mentioned storage tanks will help increase the handling volume of the Group's oil business in the future.

Container Segment

The following table sets out the container throughput handled by the Group in 2009 and its comparative results in 2008:

		2009 ('000TEUs)	**2008 ('000TEUs)**	**Increase/ (Decrease)**
Foreign Trade	Dalian	3,593	3,767	(4.6%)
	Other Ports (*note 1*)	99	109	(9.2%)
	Sub-total	3,692	3,876	(4.7%)
Domestic Trade	Dalian	823	632	30.2%
	Other Ports (*note 1*)	970	944	2.8%
	Sub-total	1,793	1,576	13.8%

Total	Dalian	4,416	4,399	0.4%
	Other Ports (*note 1*)	1,069	1,053	1.5%
	Total	5,485	5,452	0.6%

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

In 2009, in terms of container throughput, the Group handled a total of approximately 5.5 million TEUs, a slight increase of 0.6% over 2008. In Dalian, the Group handled approximately 4.4 million TEUs, a slight increase of 0.4%, of which the container throughput for foreign trade decreased by 4.6% and the container throughput for domestic trade increased by 30.2%. The decrease in the container throughput for foreign trade was mainly due to a significant slowdown of foreign trade in the Group's hinterland in northeastern China caused by the global financial crisis. However, the decline of the container throughput for foreign trade moderated in the second half of 2009. The significant increase in the Group's container throughput for domestic trade attributed mainly to the rapid development of domestic trade in China and the Group's enhancement in domestic cargo solicitation and its improvement in its containerization project for domestic cargoes in its hinterland.

The container volume of sea-to-rail intermodal transportation handled by the Group reached 253,000TEUs, an increase of 7.7%. The volume of trans-shipment containers handled by the Group was 487,000 TEUs, an increase of 44.9% as compared with that in 2008.

In 2009, the Group's container terminal business represented 96% (97% in 2008) of the total market share in Dalian and 65% (68% in 2008) of that in the Three Northeastern Provinces. The Group's container throughput for foreign trade accounted for 100% (100% in 2008) of Dalian's total volume for foreign trade and 97% (96% in 2008) of that of the Three Northeastern Provinces.

In 2009, the revenue from container terminal and logistics services amounted to RMB384,212,000 which represented a decrease of RMB188,586,000 or 32.9% as compared with that in 2008. Such decrease was mainly caused by the decrease of rental income from container berths as certain container berths were disposed of in 2008, the decrease of container logistics services revenue caused by the worsening global economy and the decrease of the sale of properties held for sale in 2009.

In 2009, the revenue from container terminal and logistics services accounted for 22.9% (36.1% in 2008) of the Group's total revenue.

In 2009, the gross profit from container terminal and logistics services amounted to RMB91,813,000 which decreased by 43.6% as compared with RMB162,688,000 in 2008, accounted for 12.2% (23.3% in 2008) of the Groups' total gross profit, and represented a gross margin of 23.9% (28.4% in 2008). Such decrease in gross margin was mainly caused by the decrease of the high-margin rental income from container berths leasing business. The Group implemented effective cost saving measures in 2009 to cope with the global economic downturn which slowed down the decrease in the Group's gross margin in the Container Segment.

In 2009, the major measures taken and the progress of major projects related to the Group's Container Segment were as follows:

- Facing export slowdown and decline in container throughput for foreign trade caused by the global financial crisis, the Group appropriately adjusted its business development strategies and enhanced its container cargo solicitation for domestic trade. As a result, the Group's container throughout for domestic trade achieved sound growth. By extending its reach of container shipping lanes for domestic trade and continuously improving the intermodal transportation network in its hinterland in northeastern China, the Group has built up a cost-efficient logistics network for domestic trade customers. At the same time, the Group promoted its dry bulk cargo containerization projects to increase its container handling volume for domestic trade.

- In terms of container business for foreign trade, the Group made more efforts to attract trunk routes to further promote its position as a container hub**.** At the same time, taking advantages of its geographical location and terminal operational efficiency, the Group enhanced cargo solicitation and cooperation with shipping lines to attract shipping lines to distribute and store empty containers, trans-ship containers and change vessels via the Group's container terminal. Under the unfavourable market conditions, the Group successfully entered into a new market which is not part of the Group's existing hinterland and attracted new customers for its container business so that it successively avoided significant decline of container volume for foreign trade.

- The Group continued to promote the construction of the inland container logistics network in northeastern China. The Dalian Railway Container Logistics Centre and the Muling Logistics Centre are under construction. The Group started the preparation work for the Harbin Railway Container Logistics Centre and the Daqing Logistics Centre in 2009. With commencement of construction or operation of more railway container logistics centres, inland dry ports and specialized depots as scheduled in northeastern China and the operation of the Multi-modal Transportation System at the major conjunctions, the Group improved the efficiency of its container intermodal transportation network so as to be able to provide more convenient services for its hinterland customers and maintain its customers and its cargo volume.

- The Group consolidated its certain internal business resources, including its three container logistics enterprises (which primarily engaged in domestic trade cargo agent services, foreign trade cargo agent services and railway transportation services, respectively) to simplify its handling process, improve the overall efficiency and service quality, and maximize the utilization of inland logistics resources within the Group's hinterlands.

Automobile Terminal Segment

The following table sets out the throughput handled by the Group's automobile terminal in 2009 and its comparative results in 2008:

		2009	**2008**	**Increase/ (Decrease)**
Vehicles (units)	Foreign Trade	13,446	9,815	37.0%
	Domestic Trade	36,802	6,328	481.6%
	Total	50,248	16,143	211.3%

Equipments (tonnes)	26,822	55,743	(52.0%)

In 2009, the Group handled a total of 50,248 vehicles, a significant increase of 211.3% over 2008.

In terms of automobiles for foreign trade, due to the adverse impact of the global financial crisis, the volume of imported vehicles via the Group's terminal declined sharply. Facing unfavorable economic situations, the Group redeployed its surplus shipping capacity for foreign trade and enhanced communication with automobile manufacturing enterprises in its hinterland and successfully secured a large number of automobiles being exported via the Group's terminal. In 2009, the Group's automobile export business achieved sound growth.

In terms of domestic trade business, two automobile shipping routes for domestic trade with the Group's automobile terminal as a port of call commenced operation in the first half of 2009. The steady operation of these shipping routes established an automobile logistics channel between southern China and northern China. At the same time, followed by a series of favorable stimulus policies for automobile consumption launched by the Chinese government, the sales of automobile achieved significant growth in China. The Group closely monitored the market demands and automobile logistics trends and enhanced cargo solicitation. In 2009, the automobile terminal business for domestic trade achieved strong growth.

The number of equipments handled by the Group in 2009 decreased over that in 2008 due to a significant decrease in 2009 in demand for import of construction equipments via the Group's terminal resulted from commencement of several construction projects around the Group's terminals in 2008.

In 2009, the Group's vehicle throughput accounted for 92% (67% in 2008) of the total volume handled by all ports in the Three Northeastern Provinces.

During 2009, the Group's share of loss in relation to its automobile terminal and logistics services amounted to RMB7,435,000, representing an decrease of RMB2,901,000 as compared with RMB10,336,000 in 2008. The increase of transshipment volume contributed to the decrease of the loss of the Automobile Terminal Segment. However, this business improvement was partly offset by the weak demand of auto Ro-Ro services in an unfavorable economic environment in 2009.

In 2009, the Group took the following major measures:

- At the end of March, Guangzhou Honda's automobile Ro-Ro shipping project for domestic trade commenced operation with regular weekly services and the Group's automobile terminal became the only base port of Guangzhou Honda in the northeastern China. In March, Shanghai Ansheng Automotive Shipping Co., Ltd. also commenced the operation of an automobile shipping route for domestic trade to ship vehicles manufactured by Shanghai Automobile Industry Corporation (Group) to northern China via the Group's terminal. The operation of these two shipping routes opened an automobile logistics channel between southern China and northern China with Dalian as a base port. It also made it more convenient for automobile manufacturing enterprises in the northeastern China to transport their products to southern China and promoted the automobile trading between southern China and northern China.

- In March, Hafei Automobile Group commenced a monthly service to the Mediterranean Sea via the

Group's automobile terminal for exporting automobiles. In October, it added one shipping route to Brazil. In addition, other automobile manufacturing enterprises and trading companies in northeastern China also expanded their export business via the Group's automobile terminal. The Group's position as a base port for automobile export in northeastern China has been strengthened and promoted.

- The automobile inspection booths for imported vehicles built within the Group's automobile terminal area were put into operation in April. The Group's automobile terminal became the first Ro-Ro terminal integrated with automobile inspection booths in China. Such operation added a new function to the Group's terminal and created a new source of revenue.

- At the end of 2009, the construction of the railway sidings in the Group's automobile terminal was completed. Such facilities are expected to be put into operation together with the Dalian Railway Container Logistics Centre in the first half of 2010, which will help the Group improve its automobile terminal's intermodal transportation network.

- The Group proceeded with the construction of two 2,300-car Ro-Ro vessels as planned. These two vessels are expected to be put into operation at the end of 2010 and in the first half of 2011, respectively.

<u>Value-added Services Segment</u>

In 2009, since the overall port business in Dalian had sound performance，the Group achieved satisfactory growth in terms of tugging business. However, the Group's tallying business declined due to the negative impact of the macro economy. With the recovery of the macro economy in the second half of 2009, the Group's tallying business improved during the same period. The Group's IT services provided supports to the development of its terminal and related logistics businesses, at the same time, its competitiveness has been improved.

Tugging

- In 2009, port services, ocean engineering and shipbuilding industries achieved steady development in Dalian. The Group enhanced communication with its customers and provided high-quality tugging services, which lead to sound growth in the Group's tugging business in Dalian.

- For markets outside Dalian port, the Group closely monitored market trend and duly adjusted its strategies so that it optimized market structure, stabilized long-term customer relationship and developed potential new customers. Currently, the Group has leased 12 tugboats under long-term lease to other ports outside Dalian and remained its leading position amongst all port operators in China.

- The Group proceeded with the construction of the newly ordered eight tugboats as planned. Four of them were delivered and put into operation in 2009.

Tallying

- The total tallying throughput handled by the Group was approximately 31.5 million tonnes, a decrease of 6.0% as compared with 2008.

IT

- With the implementation of certain major projects including TOP+ (container terminal operation system) and the logistics information system in northeastern China developed by the Group's IT enterprises, the overall competitiveness of the Group's IT services has been improved.

- Currently, the Group's IT services has expanded to Rizhao port in Shandong Province and Qinhuangdao port in Hebei Province of China, which helped enhance the Group's brand image.

In 2009, the revenue from port value-added services amounted to RMB384,976,000, which represented an increase of RMB46,403,000 or 13.7% over 2008. This revenue increase was mainly attributable to the increasing demands for tugboat services as a result of the throughput growth in Dalian port and the development of shipyards located in the proximity of Dalian.

In 2009, the revenue from port value-added services accounted for 22.9% (21.3% in 2008) of the Group's total revenue.

In 2009, the gross profit from port value-added services amounted to RMB186,920,000 which increased by 21.7% from RMB153,561,000 in 2008, accounted for 24.8% (22.0% in 2008) of the Groups' total gross profit, and represented a gross margin of 48.6% (45.4% in 2008). Such increase in gross margin was mainly due to the decrease of low-margin IT business in the overall revenue mix of this segment during the current year.

Others

A Shares Issue and Assets Acquisition

On 30 September 2009, the board of the Company resolved to propose, subject to the approval by the shareholders of the Company and the relevant Chinese authorities, to conduct an initial public offering and issue of not more than 1,200 million ordinary shares (the "A Shares IPO") in China in order to expand its funding channel, optimize capital structure and establish a platform for the Company to participate in the expected consolidation of port operations in the PRC. On the same date, the board also resolved to acquire (the "Acquisition") from PDA, the assets and liabilities in respect of all of PDA's (i) ore terminal and related logistics services; (ii) general cargo terminal and related logistics services; (iii) bulk grain terminal and related logistics services; (iv) passenger and roll-on, roll-off terminal and related logistics services; and (v) ancillary port operations (the "Target Assets"). The consideration of the Acquisition equals to the appraised net asset value of the Target Assets as at 30 June 2009 as adjusted with reference to the audited net asset value of the Target Assets as at the proposed completion audit date. The Company will issue not more than 1,200 million to settle the consideration in whole or in part.

The proposal of A Shares IPO and the Acquisition have been approved by the shareholders, respectively, at the extraordinary general meeting of the Company (the "EGM"), the H shareholders class meeting and the domestic shareholders class meeting held on 30 November 2009.

Human Resources

In view of the external operational environment in 2009, the Group maintained its management philosophy of "expanding markets externally and enhancing management internally" and attached great importance to enhancing its employees' team work, incentive and building up its management fundamental and management flow. The Group has devised a human resource management system to meet the needs of the Group's strategic development and provided intellectual supports and safeguards for business restructuring. At the same time, the Group actively took measures to continue the enhancement of its employees' marketing awareness, competitive awareness and service awareness. The Group has enriched its marketing team, established business development reward fund, and encouraged its employees' motivation of market expansion in order to improve the Company's market share and competitiveness. In 2009, the Group also implemented measures to reduce expenditure. By consolidating the organizational structure of its terminal businesses, building a platform for labor resources sharing, and other various measures including labor services outsourcing, linking employees' salary with the Company's business performance, suspension of annual remuneration adjustment and employees' leave rotation, the Group effectively achieved a balanced allocation of human resources, significantly reduced the total labor cost of the Group and its invested businesses, and achieved the Group's expected targets in terms of cost management.

As at 31 December 2009, the Group had a total of 2,422 full-time employees. The Group and its invested businesses together had a total of 3,967 employees. The Group undertakes review of its employee remuneration policy annually by taking into account the Group's financial performance, staff annual appraisal results, and the labor market in Dalian.

Investor Relations

The Company pays particular attention on communicating with its shareholders and the capital market in a timely manner. The Company adheres to the principles of regularity, fairness and transparency to allow its shareholders and the capital market to have a good understanding of the Company's operations and strategies for future development, which will enhance their understanding and recognition of the Company.

The Company provides its shareholders and investors with information and business performance data mainly in the following manners:

- The Company delivers interim and annual reports to its shareholders;

- In accordance with the continuing disclosure requirements under the the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company publishes announcements and circulars on both the Stock Exchange's website and the Company's website; and

- The Company arranges annual general meetings and extraordinary general meetings.

In 2009, the Company maintained effective and regular communications with its shareholders and the capital market through the following channels:

- Following the annual result announcement for financial year 2008 and the interim result announcement for the first half of 2009, our management conducted roadshows, respectively. The management introduced the Company’s business results to over 200 investors and answered investors’ questions by organizing analyst presentations, press release and 37 one-on-one meetings;

- In November, after the dispatch of the circular regarding the A Shares IPO and Acquisition on 15 October, 2009, our management conducted roadshows in the United States, Hong Kong and Singapore, respectively, to introduce the details of the A Shares IPO and the Acquisition to 24 shareholders of the Company and the potential investors through 20 one-on-one meetings to enable the investor and the Company’s shareholders to better understand the benefits of such proposals to the Company and the shareholders. As a result, such proposals were approved by the shareholders at the EGM; and

- During the year, the Company’s management met with more than 50 investors in Dalian and arranged various site visits. Meanwhile, the management also communicated with more than 80 investors via conference calls. Such communications allowed the Company’s management to maintain regular communication with investors.

Corporate Social Responsibility

The Group is committed to supporting environmental protection and sustainable development of ocean ecology and safety initiatives in its daily operations and abides by the relevant PRC laws and regulations to fulfill its corporate social responsibilities.

The Group takes energy saving management as an important part of its daily management. During its daily operation, the Group made efforts to research on and promote the most economic and energy-efficient operational techniques. Based on its operational needs of each business segment, the Group implemented energy saving measures at each step of operation and has effectively reduced energy consumption. In 2009, within the Oil Segment, the Group implemented measures to reduce the consumption of steam and electricity. In the Container Segment, the Group promoted the use of electricity instead of fuel in connection with its operating yard cranes and saving energy in connection with its operating engines. In operating its tugging business, the Group has carried out measures such as economic speed, economic shipping lanes and energy-saving sailing. In addition, the Group also promoted use of electricity during its procurement of equipments and design of terminal facilities.

At the beginning of 2009, based on ISO14001 standard and OHSAS18001 standard, the Group established an environmental and occupational health safety management system and put it into operation in connection with the Group’s operation of liquefied chemicals terminal. In late August of 2009, such system passed the verification by Det Norske Veritas (“DNV”).

Facing the challenges of the economic crisis, the Group strictly abides by the relevant policies and regulations launched by the relevant government authorities. In 2009, with the harmonic labor relation, the Group performed well in terms of economic value and social value, and undertook its social responsibilities as a large-scaled corporation. Therefore, the Group was granted the titles of “Dalian Top Ten High Profit-making Sino-Foreign Joint Corporation” and “Integrity Corporation in Compliance with the Labor Security Laws and Regulations - AA Level” by Dalian municipal government and the title of “Harmonic Labor Relation Corporation” by the government of Dalian Free Trade Zone.

Under the most difficult economic situations, the Group and its invested businesses still actively participated in the activities of helping the poor and donating love to the society. In 2009, the Group continued to participate in the activities of helping poor areas with their public infrastructure constructions in order to drive economic and social development in those areas. Dalian Container Terminal Co., Ltd. ("DCT"), one of the Group's invested businesses, donated RMB200,000 to establish the second Hope primary school—Mopan Village Centre Hope Primary School. DCT also provided financial assistance to five poor university students of Dalian Marine University with the total annual grant of RMB15,000. The other invested enterprises also dedicated their loves to the society in various ways and performed their social responsibilities.

Prospects for 2010

At the turn of the year, many international organizations, including the United Nations, IMF, and OECD, published their 2010 global economic forecast. Their views on the trend of the global economy were almost the same. They all believed that, driven by the major Asia-Pacific economies, the global economy would slowly recover in 2010. Chinese economy, leading the recovery, would achieve steady and fast growth in 2010.

In 2010, the port and shipping industry are facing challenges and opportunities at the same time. It is a critical year for the world economy to cope with the financial crisis. Some uncertainties remain in the macro economic environment. However, the world economy is gradually recovering, which will drive the overall port and shipping industry to continue to recover and return to a steady growth track. In addition, the relevant Chinese authorities may launch the terms of the "Restructuring and Rejuvenation Program of the Logistics Industry" in the near future and the policy for the development of the logistics industry will become more favorable, which will help promote the rejuvenation and the development of the logistics industry.

2010 will also be a critical year for the Group. The Group will closely monitor market changes so as to capture opportunities to promote the steady development of its core businesses. In terms of market development, while enhancing cooperation with existing domestic and foreign strategic partners, the Group will try to build relationships with new customers so as to enlarge market share. The Group will continuously improve its efficiency of terminal services and port logistics services so as to increase its revenue sources. In terms of financial control, the Group will continuously reduce operational costs and implement various measures to avoid unreasonable expenses. In terms of investment in and development of new port and logistics facilities, the Group will strive to make appropriate plans and improve the efficiency of implementation with an aim to improve port service functions and provide more value-added services for its customers. Meanwhile, the Group will proceed with the construction of new port facilities to meet the needs of future business development.

In terms of the oil/liquefied chemicals terminal and related logistics services, the Group will well arrange the operational schedule of new crude oil terminal and storage tanks to improve its terminal services capability and enhance its scale advantage. While strengthening its business development efforts and expanding its trans-shipment business, the Group will explore cooperation with well-known foreign suppliers for oil products in various fields so as to provide its customers with better value-added services and increase the Company's profitability. In terms of the container terminal and related logistics services, the Group will continue to improve intermodal transportation network, explore cargo solicitation in its hinterland, provide individualized port logistics services to stabilize and even enlarge its market share. The Group will focus on "increasing volume by lanes" to expand its foreign trade business. For the development of domestic trade business, the Group will focus on "increasing lanes by volume". With regard to its automobile terminal and related logistics services, the Group will focus its efforts on increasing the number of shipping routes. The Group will enhance cargo solicitation in its hinterland so as to improve the utilization rate of its terminal facilities and achieve steady business growth while stabilizing its existing market share. In terms of value-added services, the Group will focus on expanding market share outside Dalian while continuing to provide high-efficient and quality services to its customers in Dalian.

In addition, the Group will try to expand its operation scale and scope and to become an integrated terminal operator in Dalian to further improve its operational efficiency and enhance its profitability and resilience to risks.

Oil Segment

- The new 300,000 dwt crude oil terminal will be put into operation in the first half of 2010, which will help the Group better meet the needs of large-scaled vessels so as to provide more efficient and convenient services to its customers.

- The Group will proceed with the construction of new crude oil storage tanks. Four crude oil storage tanks (with a total capacity of 600,000 cubic meters) will be put into operation in July 2010. The expected commencement of such operation will provide better support to the Group's crude oil trans-shipment business.

- The Group will continue to take advantages of its bonded crude oil storage capacity to explore new customers while maintaining its business relationship with existing customers to increase crude oil trans-shipment volume.

- PetroChina's commercial refined oil storage tanks and commercial crude oil storage tanks constructed within the Group's oil terminal will be gradually put into operation in the near future. The Group will closely monitor the operation of such storage tanks in order to provide high-efficient and convenient services to its customers and increase the Group's oil throughput.

- While continuously expanding the scale of its oil storage tanks area, the Group will take more auto-controlled measures to enhance safety management in its storage tanks area. In addition, the Group will upgrade the existing sewage treatment system to enhance environmental protection.

- The Company is planning to further expand strategic cooperation with its business partner in the liquefied chemicals terminal and enhance cooperation in certain projects, including studying and exploring the investment opportunities in other ports in China in relation to the development of its liquefied chemical terminal business, and probing into the joint construction of a specialized training centre to utilize its partner's experiences and training resources to provide trainings to its employees in the Oil Segment in respect of advanced techniques, safety and environmental protection skills and help them obtain professional qualification.

Container Segment

- The Group will improve the marketing system so as to further enhance its market development.

- In terms of container transportation for foreign trade, the Group will ensure steady operation of the existing trunk routes and seek to introduce new trunk routes.

- In terms of container transportation for domestic trade, the Group will improve the inland container intermodal transportation system and enhance the shipping channels for domestic trade between southern China and northern China so as to provide better services to its customers. At the same time, the Group will continue to promote the large-scaled dry bulk cargo containerization projects so as to increase its container throughput for domestic trade.

- The Group will continue to proceed with construction of its hinterland container intermodal transportation system. The Dalian Railway Container Logistics Centre and the Muling Logistics Centre will be put into trial operation in the first half of 2010 and by the end of 2010, respectively. The Group is also proceeding with the project of the Harbin Railway Container Centre, which is expected to commence construction in the first half of 2010.

- The third phase of the Group's container terminal in Dayao Bay will be put into official operation in 2010. The Group will fully utilize its advanced energy-saving facilities, the improved container logistics network and the advanced information system with proprietary technology for the implementation of its dry bulk containerization projects, provide its customers with more convenient and better services, and expand cooperation with its strategic partners.

- The Group will proceed with the business synergy and resource consolidation among its three container terminals in Dayao Bay so as to optimize resource utilization, reduce cost, improve operational efficiency, enlarge scale advantages, and enhance its service and brand name.

Automobile Terminal Segment

- The Group will continue to enhance cargo solicitation for the transportation between southern China and northern China so as to stabilize and promote the development of automobile shipping routes between southern China and northern China.

- The Group will enhance communication and cooperation with its customers so as to strengthen its automobile Ro-Ro export business for foreign trade in its hinterland in northeastern China and to promote its terminal as a base port.

- The Group will enhance cooperation with some automobile manufacturing enterprises including Chery Automobile Co., Ltd. and Ro-Ro transportation service providers in order to achieve constructive cooperation in terms of terminal operation, logistics network and transportation fleet.

- The Group will take the advantages of its automobile terminal and intermodal transportation system to promote cargo solicitation and expand value-added services.

- The Group will continue to enhance coordination with the government and port authorities to acquire more support in terms of policy and fund so as to improve its competitiveness.

- The Group will enhance communication with Japanese and Korean automobile enterprises and international shipping lines to explore cross-boarder and trans-shipment business so as to strengthen its position as an international transportation hub.

Value-added Services Segment

- The Group will make great efforts to expand into new markets and lease more tugboats to other ports outside Dalian while maintaining its existing tugging business market share.

- Four tugboats and two pilot transportation boats are under construction and will be delivered in 2010. The Group will be well prepared for the delivery of such tugboats and make appropriate adjustment in the deployment of resources of the tugboat fleet.

- The Group will consolidate its internal IT resources in order to enhance the overall competitiveness and brand recognition.

- Leveraging on its Multi-modal Transportation Service platform and Call Centre, the Group will further deploy IT technology to support the development of its port business and improve its customer services.

- The Group's Automobile Terminal Information System ("ATIS") will be implemented. The ATIS was independently developed by the Group's IT enterprise, which is able to meet the requirements of business models and operational techniques of an international specialized automobile Ro-Ro terminal. The ATIS has achieved links with wireless systems and information exchange with external monitor systems.

COMPLICANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all code provisions contained in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the year ended 31 December 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct governing directors' dealings in the Company's securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed issuers (the "Model Code"). Having made specific enquiry on all directors, all directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct governing directors' dealing in the Company's securities transactions during the year ended 31 December 2009.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company's audit committee has reviewed the accounting principles and practices adopted by the Company and the annual results for the year ended 31 December 2009.

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

During the year ended 31 December 2009, the Company has not redeemed any of its listed shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares in the aforesaid period.

FINAL DIVIDEND

The Board has proposed to pay a final dividend of RMB25 cents per share (including tax) in cash out of the Company's retained distributable profit as at 31 December 2009. Such proposal is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 18 June 2010. The final dividends will be paid to shareholders whose names appear on the register of members of the Company on Wednesday, 19 May 2010.

The register of the members of the Company will be closed from Wednesday, 19 May 2010 to Friday, 18 June 2010 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for the final dividends and be entitled to attend the forthcoming annual general meeting of the Company, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. on Tuesday, 18 May 2010.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

In accordance with the requirements under the Listing Rules applicable to the reporting period, the 2009 annual report containing all information about the Company set out in this announcement including the financial results for the year ended 31 December 2009 will be posted on the Company's website at www.dlport.cn and the website of the SEHK (www.hkex.com.hk) in due course.

By Order of the Board of Directors
MA Jinru LEE, Kin Yu Arthur
Joint Company Secretaries

Dalian City, Liaoning Province, the PRC
26 February 2010

As at the date of this announcement, the Directors are:
Executive Directors: SUN Hong, ZHANG Fengge, JIANG Luning and SU Chunhua
Non-executive Directors: LU Jianmin and XU Jian
Independent non-executive Directors: WANG Zuwen, ZHANG Xianzhi and NG Ming Wah, Charles

** The Company is registered as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under the English name "Dalian Port (PDA) Company Limited".*