Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED ON 31 DECEMBER 2010

SUMMARY

The Board of the Company is pleased to announce the audited financial results of the Company for the year ended 31 December 2010.

- Revenue for the year ended 31 December 2010 was RMB3,316,675,000, representing an increase of 9.9% from RMB3,017,653,000 in 2009.
- For the year ended 31 December 2010, the Company's profit attributable to shareholders amounted to RMB 834,233,000, representing an increase of 10.7% over 2009.
- For the year ended 31 December 2010, the Company's basic earnings per share was RMB22.38 cents (based on the weighted average number of ordinary shares in issue during the year), representing an increase of 8.85% from RMB20.56 cents.
- The Board of Directors proposed a final dividend of RMB5 cents per share (including PRC withholding tax).

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 2010. The Group's financial results have been audited by Ernst & Young.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000 (Restated)
REVENUE		3,316,675	3,017,653
Cost of sales and services		(1,994,154)	(1,893,416)
Gross profit		1,322,521	1,124,237
Other income and gains	4	117,156	66,973

	Notes	2010	2009
Change in fair value of derivative financial liability		29	9,005
Selling and administrative expenses		(371,044)	(341,663)
Other expenses		(3,427)	(10,911)
Share of profits and losses of:			
Jointly-controlled entities		122,611	119,452
Associates		1,784	(3,379)
Finance costs		(85,292)	(74,221)
PROFIT BEFORE TAX	5	1,104,338	889,493
Income tax expense	6	(236,580)	(126,388)
PROFIT FOR THE YEAR		867,758	763,105
Attributable to:			
Owners of the parent		834,233	753,329
Non-controlling interests		33,525	9,776
		867,758	763,105
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
- Basic (RMB)	8	0.22	0.21

Details of the dividends payable and proposed for the year are disclosed in note 7 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2010

	2010 RMB'000	2009 RMB'000 (Restated)
PROFIT FOR THE YEAR	867,758	763,105
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	(6,250)	13,685
Income tax effect	-	-
	(6,250)	13,685
Exchange differences on translation of foreign operations	9,732	241
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	3,482	13,926
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	871,240	777,031
Attributable to:		
Owners of the parent	837,715	767,255
Non-controlling interests	33,525	9,776
	871,240	777,031

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Notes	31 December 2010 RMB'000	31 December 2009 RMB'000 (Restated)	1 January 2009 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		13,349,771	10,736,051	9,887,848
Prepaid land lease payments		280,993	284,178	290,700
Investment properties		816,372	841,670	877,498
Intangible assets		241,712	154,528	160,118
Goodwill		77,735	16,035	16,035
Investments in jointly-controlled entities		1,939,692	1,621,395	1,562,607
Investments in associates		1,070,445	719,769	505,136
Available-for-sale investments		155,982	157,318	132,892
Deferred tax assets		87,053	74,229	58,264
Amounts due from jointly-controlled entities and associates		25,591	86,465	67,588
Total non-current assets		18,045,346	14,691,638	13,558,686
CURRENT ASSETS				
Inventories		54,415	48,926	40,079
Trade and bills receivables	9	413,679	410,185	291,779
Prepayments, deposits and other receivables	10	424,990	376,809	454,208
Prepaid land lease payments		6,560	6,501	6,480
Amounts due from jointly-controlled entities and associates		101,239	33,675	152,409
Amounts due from related companies		5,096	8,182	8,034
Amounts due from the holding company		3,259	1,207	21,621
Cash and bank balances		3,257,585	1,260,270	912,051
		4,266,823	2,145,755	1,886,661
Non-current assets classified as held for sale		75,534	-	-
Total current assets		4,342,357	2,145,755	1,886,661
CURRENT LIABILITIES				
Trade and bills payables	11	105,121	116,046	118,489
Other payables and accruals		1,410,443	522,444	549,600
Amounts due to jointly-controlled entities and associates		95,825	25,133	6,181
Amounts due to related companies		134,409	133,890	102,830
Amounts due to the holding company		1,615,967	1,790	32,864
Tax payable		41,975	20,175	84,765
Interest-bearing bank borrowings		1,270,000	260,000	196,733
Government grants		36,934	35,446	38,380
Total current liabilities		4,710,674	1,114,924	1,129,842
NET CURRENT ASSETS/(LIABILITIES)		(368,317)	1,030,831	756,819
TOTAL ASSETS LESS CURRENT LIABILITIES		17,677,029	15,722,469	14,315,505

	31 December 2010 RMB'000	31 December 2009 RMB'000 (Restated)	1 January 2009 RMB'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES	17,677,029	15,722,469	14,315,505
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	2,392,963	2,244,317	1,455,000
Medium-term notes	2,481,671	2,476,730	-
Deferred tax liabilities	61,700	-	-
Amount due to a jointly-controlled entity	14,229	16,291	-
Government grants	651,545	670,483	711,178
Derivative financial liability	-	29	9,034
Amount due to the holding company	-	961,363	3,278,196
Other payables	7,941	11,846	-
Total non-current liabilities	5,610,049	6,381,059	5,453,408
Net assets	12,066,980	9,341,410	8,862,097
EQUITY			
Equity attributable to owners of the parent			
Issued capital	4,426,000	2,926,000	2,926,000
Reserves	7,254,214	5,542,245	5,376,620
Proposed final dividends	221,330	731,500	263,340
	11,901,514	9,199,745	8,565,960
Non-controlling interests	165,466	141,665	296,137
Total equity	12,066,980	9,341,410	8,862,097

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010

	Attributable to owners of the parent											
	Issued capital RMB'000 (note 45)	Share premium account RMB'000 (note 46)	Capital reserve RMB'000 (note 46)	Surplus reserve RMB'000 (note 46)	Other reserve RMB'000 (note a)	Available-for-sale investment revaluation reserve RMB'000	Translation reserve RMB'000	Proposed final dividend RMB'000 (note 46)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2010												
As previously reported	2,926,000	1,460,941	871,881	357,935	(418,863)	13,685	(10,212)	731,500	778,023	6,710,890	46,320	6,757,210
Business combination under common control	-	-	2,332,465	-	-	-	-	-	156,390	2,488,855	95,345	2,584,200
As restated	2,926,000	1,460,941	3,204,346	357,935	(418,863)	13,685	(10,212)	731,500	934,413	9,199,745	141,665	9,341,410
Profit for the year	-	-	-	-	-	-	-	-	834,233	834,233	33,525	867,758
Other comprehensive income	-	-	-	-	-	(6,250)	9,732	-	-	3,482	-	3,482
Total comprehensive income	-	-	-	-	-	(6,250)	9,732	-	834,233	837,715	33,525	871,240
Contribution by PDA	-	-	21,793	-	-	-	-	-	-	21,793	-	21,793
Issue of A shares to public investors	761,820	2,010,272	-	-	-	-	-	-	-	2,772,092	-	2,772,092
Consideration Shares issued for the acquisition of the Target Assets	738,180	2,065,680	(2,354,258)	-	-	-	-	-	(336,638)	112,964	-	112,964
Business combination under common control (note 47)	-	(316,888)	-	-	-	-	-	-	5,587	(311,301)	-	(311,301)
Final 2009 dividend declared	-	-	-	-	-	-	-	(731,500)	-	(731,500)	-	(731,500)
Appropriations	-	-	-	57,055	-	-	-	-	(57,055)	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(9,724)	(9,724)
Transfer	-	-	-	-	23,546	-	-	-	(23,546)	-	-	-
Proposed 2010 dividend	-	-	-	-	-	-	-	221,300	(221,300)	-	-	-
Share of reserve of an associate	-	-	6	-	-	-	-	-	-	6	-	6
At 31 December 2010	4,426,000	5,220,005*	871,887*	414,990 *	(395,317)*	7,435*	(480)*	221,300	1,135,694*	11,901,514	165,466	12,066,980

* These reserve accounts comprise the consolidated reserves of RMB7,254,214,000 as at 31 December 2010 in the consolidated statement of financial position.

continued/…

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2009 (Restated)

	Attributable to owners of the parent											
	Issued capital RMB'000 (note 45)	Share premium account RMB'000 (note 46)	Capital reserve RMB'000 (note 46)	Surplus reserve RMB'000 (note 46)	Other reserve RMB'000 (note a)	Available-for-sale investment revaluation reserve RMB'000	Translation reserve RMB'000	Proposed final dividend RMB'000 (note 46)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2009												
As previously reported	2,926,000	1,460,941	881,691	292,620	(480,245)	-	(10,453)	263,340	1,026,952	6,360,846	189,746	6,550,592
Business combination under common control	-	-	2,192,785	-	-	-	-	-	12,329	2,205,114	106,391	2,311,505
As restated	2,926,000	1,460,941	3,074,476	292,620	(480,245)	-	(10,453)	263,340	1,039,281	8,565,960	296,137	8,862,097
Profit for the year	-	-	-	-	-	-	-	-	753,329	753,329	9,776	763,105
Other comprehensive income	-	-	-	-	-	13,685	241	-	-	13,926	-	13,926
Total comprehensive income	-	-	-	-	-	13,685	241	-	753,329	767,255	9,776	777,031
Acquisition of non-controlling interest	-	-	(9,810)	-	-	-	-	-	-	(9,810)	(140,200)	(150,010)
Contribution by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	3,750	3,750
Contribution by PDA	-	-	139,680	-	-	-	-	-	-	139,680	-	139,680
Final 2008 dividend declared	-	-	-	-	-	-	-	(263,340)	-	(263,340)	-	(263,340)
Appropriations	-	-	-	65,315	-	-	-	-	(65,315)	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(27,798)	(27,798)
Transfer	-	-	-	-	61,382	-	-	-	(61,382)	-	-	-
Proposed 2009 dividend	-	-	-	-	-	-	-	731,500	(731,500)	-	-	-
At 31 December 2009	2,926,000	1,460,941*	3,204,346*	357,935*	(418,863)*	13,685*	(10,212)*	731,500	934,413*	9,199,745	141,665	9,341,410

* These reserve accounts comprise the consolidated reserves of RMB5,542,245,000 as at 31 December 2009 in the consolidated statement of financial position.

Note:

(a) Other reserve represents the reversal of the revaluation surplus arising from the capital contribution by Dalian Port Corporation Limited to Dalian Container Terminal Co., Ltd. and the group reorganisation in prior years and the difference between the fair values and the carrying values of the underlying assets and liabilities attributable to the acquisition of additional interests of subsidiaries. Other reserve would be released to retained profits upon the depreciation and the disposal of those assets.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2010

	2010 RMB'000	2009 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,104,338	889,493
Adjustments for:		
Bank interest income	(12,768)	(10,044)
Change in fair value of derivative financial liability	(29)	(9,005)
Depreciation and amortisation	525,499	489,816
Government grants released to the income statement to offset depreciation	(35,296)	(34,460)
Finance costs	85,292	74,221
(Gain)/loss on disposal of items of property, plant and equipment	(3,180)	9,877
Foreign exchange gains	(8,834)	-
Gain on disposal of investments held for trading	(17,170)	(10,624)
Gain on disposal of an available-for-sale investment	-	(395)
Gain on disposal of prepaid land lease payments	(31,676)	-
Gain on disposal of investment properties	(3,203)	-
Net interest income from derivative financial liability	-	(2,317)
Interest income from a third party	(3,376)	(217)
Interest income from jointly-controlled entities and associates	(3,221)	(4,989)
Dividend income from available-for-sale investments	(2,875)	(4,469)
Recognition of prepaid land lease payments	6,707	6,501
Share of results of jointly-controlled entities	(122,611)	(119,452)
Share of results of associates	(1,784)	3,379
	1,475,813	1,277,315
Increase in inventories	(9,210)	(8,847)
Increase in trade and bills receivables	(1,726)	(118,406)
(Increase)/decrease in prepayments, deposits and other receivables	(15,943)	9,412
Increase in amounts due from jointly-controlled entities and associates	(546)	(12,783)
(Increase)/decrease in amounts due from related companies	3,086	(228)
(Increase)/decrease in amounts due from PDA	(2,052)	15,544
Increase/(decrease) in government grants	17,846	(1,246)
Decrease in trade and bills payables	(51,787)	(2,443)
Increase/(decrease) in other payables and accruals	194,258	(24,791)
Increase in amounts due to jointly-controlled entities and associates	4,073	13,583
Increase in amounts due to related companies	750	65,829
Increase/(decrease) in amounts due to PDA	(1,790)	231
Cash generated from operations	1,612,772	1,213,170
Interest received	12,768	10,044
Income tax paid	(183,688)	(161,039)
Net cash flows from operating activities	1,441,852	1,062,175

continued/…

	2010 RMB'000	2009 RMB'000 (Restated)
Net cash flows from operating activities	1,441,852	1,062,175
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,276,677)	(1,044,295)
Acquisition of a subsidiary	(395,178)	-
Investments in associates	(349,600)	(218,751)
Investments in jointly-controlled entities	(295,158)	(66,184)
Acquisition of the Target Assets	(197,084)	-
Deposit paid for acquisition of equity investment	(137,470)	-
Loans to jointly-controlled entities and associates	(69,717)	(22,465)
Entrusted loans to a third party	(41,250)	(47,800)
Purchase of prepaid land lease payments	(17,603)	-
Purchase of intangible assets	(11,850)	(15,400)
Acquisition of available-for-sale investments	(3,135)	(12,000)
Acquisition of non-controlling interests of a subsidiary	-	(150,010)
Purchase of investment properties	-	(1,503)
Dividends received from jointly-controlled entities and associates	121,243	146,386
Advance received for disposal of non-current assets held for sale	71,217	-
Collection of loans to jointly-controlled entities	67,588	25,000
Proceeds from disposal of prepaid land lease payments	40,341	-
Proceeds from disposal of items of property, plant and equipment	18,236	41,862
Proceeds from disposal of investments held for trading, net	17,170	10,624
Proceeds from disposal of investment properties	8,665	-
Dividends received from available-for-sale investments	3,327	4,017
Interest received from jointly-controlled entities and associates	2,615	4,989
Proceeds from disposal of intangible assets	1,170	-
Collection of a loan to an associate	-	110,000
Reduction of capital of a jointly-controlled entity and an associate	-	4,500
Net interest received from derivative financial liability	-	2,317
Proceeds from disposal of an available-for-sale investment	-	1,627
Net cash flows used in investing activities	(2,443,150)	(1,227,086)
Net cash flows used in investing activities	(2,443,150)	(1,227,086)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loans	(939,600)	(1,591,733)
Dividend paid	(731,500)	(263,340)
Interest paid	(217,457)	(148,096)
Settlement of amount due to PDA	(102,916)	-
Expenses relating to the issuance of A shares to public investors	(10,009)	(17,015)
Dividends paid to non-controlling shareholders	(9,456)	(38,003)
Repayment of loans from an associate	(8,660)	-
Expenses relating to the issuance of medium-term notes	(3,905)	-
Repayment of a loan from PDA	-	(788,377)
Proceeds from issuance of A shares to public investors	2,799,116	-
New bank loans raised	1,691,888	744,317
Increase in deposits payable	530,266	-
Loan from a jointly-controlled entity and an associate	2,000	21,660
Proceeds from issuance of medium-term notes	-	2,489,697
Government grants received	-	100,000
Contribution from non-controlling shareholders	-	3,750

continued/…

Net cash flows from financing activities	2,999,767	512,860
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,998,469	347,949
Cash and cash equivalents at 1 January	1,260,270	912,051
Effect of foreign exchange rate changes, net	(1,154)	270
Cash and cash equivalents at 31 December	3,257,585	1,260,270
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,257,585	1,260,270

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

1. CORPORATE INFORMATION

Dalian Port (PDA) Company Limited (the "Company") was incorporated in the People's Republic of China (the "PRC") as a joint stock limited company on 16 November 2005. The Company's "H" shares and "A" shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK") and the Shanghai Stock Exchange (the "SSE") from 28 April 2006 and 6 December 2010 onwards, respectively. The registered office of the Company is located at No.1 Gangwan Street, Zhongshan District, Dalian City, Liaoning Province, the PRC.

On 30 September 2009, the Company and Dalian Port Corporation Limited ("PDA") entered into a conditional agreement (the "Acquisition Agreement") in relation to the acquisition (the "Acquisition") of the assets and liabilities (the "Target Assets") in respect of all of PDA's port business operating (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) certain ancillary port operations. The Company will settle the consideration for the Acquisition by (i) direct placement to PDA of a number of A shares (the "Consideration Shares"); or (ii) immediate payment to PDA, in cash and without any deduction, of the proceeds from the placement of the Consideration Shares, which is subject to the approval of the China Security and Regulatory Commission (the "CSRC").

The Acquisition Agreement became effective on 23 November 2010 after receiving the formal approval of the CSRC and the issue of public A shares. According to the Acquisition Agreement, all the rights and liabilities attached to the Target Assets are deemed to be transferred to the Company on the completion date (the "Completion Date") which is on the first day of the calendar month during which the Acquisition Agreement became effective. Upon completion of the issue of public A shares and the Acquisition pursuant to the Acquisition Agreement, an aggregate of 761,820,000 A shares and an aggregate of 738,180,000 Consideration Shares were issued to the public investors in the PRC and PDA, respectively.

Upon completion of the Acquisition, the Group's business has been expanded to the provision of: (i) oil/liquefied chemicals terminal and logistics services, (ii) container terminal and logistics services, (iii) automobile terminal and logistics services, (iv) ore terminal and related logistics services, (v) general cargo terminal and related logistics services; (vi) bulk grain terminal and related logistics services; (vii) passenger and roll-on, roll-off terminal and related logistics services; (viii) port value-added services and certain ancillary port operations.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is PDA, which is a state-owned enterprise established on 30 April 2003, under the laws of the PRC.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standard Board (the "IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets, which have been measured at fair value, as explained in the accounting policies set out below. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

<u>Basis of consolidation</u>

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The Acquisition of the Target Assets from PDA is considered to be a business combination under common control since the Group and the Target Assets were under the common control of PDA both before and after the completion of the acquisition.

Acquisition under common control is accounted for using merger accounting. Merger accounting involves incorporating the financial statement items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or business first come under the control of the controlling party. The net assets of the Group and the combining entities or business are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of the Group's interest in the net fair value of the acquired entities' or business' identifiable assets, liabilities and contingent liabilities over cost of acquisition at the time of the business combinations under common control. The consolidated income statements include the results of the Group and the acquired entities under common control from 1 January 2009, the earliest date presented, or since the date when the combining entities first came under common control, where this is a shorter period, regardless of the date of the business combinations under common control.

Save for the aforesaid, acquisition method is used to account for any acquisition of subsidiaries not under common control. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or losses. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.1 BASIS OF PREPARATION (continued)

<u>Basis of consolidation</u> (continued)
Basis of consolidation prior to 1 January 2010
Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the non-controlling interests until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statement.

IFRS 1 (Revised)	*First-time Adoption of IFRSs*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRSs – Additional Exemption for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
IFRIC – 17	*Distributions of Non-cash Assets to Owners*
Improvements to IFRSs (Issued 2009)	Amendments to a number of IFRSs

Other than as further explained below regarding the impact of IFRS 3 (Revised) and IAS 27 (Revised), the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combination achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the prior period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effect of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs that have been issued but not yet effective, in these financial statements.

IFRS 1 Amendments	Amendment to IFRS 1 *First-time Adoption of IFRSs – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*[2]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[4]
IFRS 9	*Financial Instruments*[5]
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[1]
IFRIC 14 Amendments	Amendment to IFRIC – Int 14 *Prepayments of a Minimum Funding Requirement*[3]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

Apart from the above, the IASB issued *Improvements to IFRSs 2010* which sets out amendments to a number of IFRSs. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011.

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

The Group is in the process of making assessment of the impact of these new and revised IFRSs upon initial application. So far, the directors of the Company anticipate that the application of these new and revised IFRSs will have no material impact on the results and the financial position of the Group except for the adoption of the *Improvement to IFRS 1 - First-time adoption of IFRSs*.

The amendment allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first IFRS financial statements are issued. When such remeasurement occurs after the date of transition to IFRS, but during the period covered by its first IFRS financial statements the adjustment is recognised directly in retained profits (or if appropriate, another category of equity). Entities that adopted IFRS in previous periods are permitted to apply the amendment retrospectively in the first annual period after the amendment is effective from 1 January 2011.

The directors of the Company anticipated that the adoption of the above amendment will eliminate major differences between the Group's consolidated financial statements under IFRS and the statutory financial statement which are prepared in accordance with the Chinese Accounting Standards for Business Enterprises ("CAS") issued by the Ministry of Finance of the PRC.

3. 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 eight reportable segments as follows:

Oil/liquefied chemical terminal and logistics services	Loading and discharging, storage and transhipment of oil products and liquefied chemicals and port management services
Container terminal and logistics services	Loading and discharging, storage and transhipment of containers, leasing of terminals and related facilities and various container logistics services and sale of properties
Automobile terminal and logistics services	Loading and discharging of automobile and related logistics services
Ore terminal and logistics services	Loading and unloading of ore and provision of related logistics services
General cargo terminal and logistics services	Loading and unloading of general cargo and provision of related logistics services
Bulk grains terminal and logistics services	Loading and unloading of grains and provision of related logistics services
Passenger and roll-on, roll-off terminal and logistics services	Passenger transportation and general cargo roll-on and roll-off and provision of related logistics services
Port value-added services and ancillary port operations	Tallying, tugging, transportation, power supply, information technology and construction services

The items of income and expense and the assets attributable to the headquarters 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.

3. SEGMENT INFORMATION (continued)

The following tables present the financial information for the Group's operating segments for the years ended 31 December 2010 and 2009.

<u>Income statement</u>
For the year ended 31 December 2010

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Ore terminal and logistics services RMB'000	General cargo terminal and logistics services RMB'000	Bulk grains terminal and logistics services RMB'000	Passenger and roll-on, roll-off terminal and logistics services RMB'000	Port value-added services and ancillary port operations RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	886,584	467,195	-	304,994	310,932	267,638	75,032	898,006	106,294	3,316,675
Cost of sales and services	(386,998)	(293,232)	-	(194,802)	(292,581)	(166,870)	(35,292)	(574,707)	(49,672)	(1,994,154)
Gross profit	499,586	173,963	-	110,192	18,351	100,768	39,740	323,299	56,622	1,322,521
Other income and gains	37,729	23,939	-	8	88	417	764	33,175	1,671	97,791
Interest income	828	3,421	32	1	5	106	25	2,735	12,212	19,365
Selling and administrative expenses	(43,233)	(64,669)	(218)	(24,154)	(35,000)	(18,652)	(12,364)	(110,597)	(62,157)	(371,044)
Other expenses	(3)	(4)	-	-	(64)	-	(3,343)	(13)	-	(3,427)
Change in fair value of derivative financial liability	-	-	-	-	-	-	-	-	29	29
Share of results of:										
Jointly-controlled entities	18,171	100,408	2,748	-	-	-	-	1,284	-	122,611
Associates	9,905	(6,647)	-	-	(3,581)	-	1,361	746	-	1,784
Finance costs	(11,639)	(9,988)	-	-	-	-	-	(448)	(63,217)	(85,292)
Profit/(loss) before tax	511,344	220,423	2,562	86,047	(20,201)	82,639	26,183	250,181	(54,840)	1,104,338
Income tax expense	(113,632)	(29,828)	-	(21,525)	2,323	(20,762)	(6,066)	(60,636)	13,546	(236,580)
Profit/(loss) after tax	397,712	190,595	2,562	64,522	(17,878)	61,877	20,117	189,545	(41,294)	867,758

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.

3. SEGMENT INFORMATION (continued)

Statement of financial position

As at 31 December 2010

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Ore terminal and logistics services RMB'000	General cargo terminal and logistics services RMB'000	Bulk grains terminal and logistics services RMB'000	Passenger and roll-on, roll-off terminal and logistics services RMB'000	Port value-added services and ancillary port operations RMB'000	Unallocated RMB'000	Total RMB'000
Assets										
Segment assets	6,239,287	2,936,773	478,189	1,957,634	2,159,700	1,327,179	60,758	1,930,129	2,287,917	19,377,566
Investments in jointly-controlled entities	276,922	1,502,107	150,710	-	-	-	-	9,953	-	1,939,692
Investments in associates	579,973	239,929	-	-	153,214	-	95,329	2,000	-	1,070,445
Total assets	7,096,182	4,678,809	628,899	1,957,634	2,312,914	1,327,179	156,087	1,942,082	2,287,917	22,387,703
Liabilities										
Segment liabilities	2,584,751	468,253	57,497	89,070	161,489	37,861	26,991	646,702	6,248,109	10,320,723

3. SEGMENT INFORMATION (continued)

Other information

For the year ended 31 December 2010

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Ore terminal and logistics services RMB'000	General cargo terminal and logistics services RMB'000	Bulk grains terminal and logistics services RMB'000	Passenger and roll-on, roll-off terminal and logistics services RMB'000	Port value-added services and ancillary port operations RMB'000	Unallocated RMB'000	Total RMB'000
Capital expenditure*	636,752	291,187	148,491	168,422	506,414	138,706	531	33,456	22,215	1,946,174
Depreciation and amortisation	182,712	51,596	37	77,652	46,054	64,374	2,755	67,729	32,590	525,499
Government grants related to depreciable assets released to income statement	(34,505)	(791)	-	-	-	-	-	-	-	(35,296)
Government grants	-	(21,100)	-	-	-	-	-	(6,812)	(965)	(28,877)
Recognition of prepaid land lease payments	3,010	3,697	-	-	-	-	-	-	-	6,707
Reversal of impairment of receivables	-	(264)	-	(8)	(15)	-	-	(37)	-	(324)
(Gain)/loss on disposal of items of property, plant and equipment, net	4,438	50	(342)	-	-	-	-	(7,388)	62	(3,180)
Gain on disposal of prepaid land lease payments	(31,676)	-	-	-	-	-	-	-	-	(31,676)
Gain on disposal of investment properties	-	(3,203)	-	-	-	-	-	-	-	(3,203)
Gains on disposal of quoted investments held for trading	-	-	-	-	-	-	-	(17,170)	-	(17,170)
Intersegment sales	(362)	(1,410)	-	-	(1,370)	(54)		(120,492)		(123,688)

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and intangible assets.

3. SEGMENT INFORMATION (continued)

Income statement
For the year ended 31 December 2009

	Oil/liquefied chemicals terminal and logistics services RMB'000 (Restated)	Container terminal and logistics services RMB'000 (Restated)	Automobile terminal and logistics services RMB'000 (Restated)	Ore terminal and logistics services RMB'000 (Restated)	General cargo terminal and logistics services RMB'000 (Restated)	Bulk grains terminal and logistics services RMB'000 (Restated)	Passenger and roll-on, roll-off terminal and logistics services RMB'000 (Restated)	Port value-added services and ancillary port operations RMB'000 (Restated)	Unallocated RMB'000 (Restated)	Total RMB'000 (Restated)
Revenue	894,077	384,103	-	303,649	293,924	195,627	73,925	781,392	90,956	3,017,653
Cost of sales and services	(419,863)	(292,241)	-	(185,800)	(289,717)	(152,264)	(36,860)	(485,348)	(31,323)	(1,893,416)
Gross profit	474,214	91,862	-	117,849	4,207	43,363	37,065	296,044	59,633	1,124,237
Other income and gains	12	15,707	-	4,959	3,491	1,518	1,687	20,083	1,949	49,406
Interest income	567	4,844	67	1	4	29	68	2,387	9,600	17,567
Selling and administrative expenses	(39,021)	(71,889)	(195)	(18,741)	(31,443)	(13,367)	(10,011)	(100,809)	(56,187)	(341,663)
Other expenses	(11,821)	550	-	(22)	935	(52)	(70)	(94)	(337)	(10,911)
Change in fair value of derivative financial liability	-	-	-	-	-	-	-	-	9,005	9,005
Share of results of:										
Jointly-controlled entities	14,294	108,040	(3,816)	-	-	-	-	934	-	119,452
Associates	2,401	(524)	(3,491)	-	(3,191)	-	475	951	-	(3,379)
Finance costs	(6,947)	(27,935)	-	-	-	-	-	(196)	(39,143)	(74,221)
Profit/(loss) before tax	433,699	120,655	(7,435)	104,046	(25,997)	31,491	29,214	219,300	(15,480)	889,493
Income tax expense	(74,790)	41,178	-	(26,012)	3,890	(7,873)	(6,923)	(57,017)	1,159	(126,388)
Profit/(loss) after tax	358,909	161,833	(7,435)	78,034	(22,107)	23,618	22,291	162,283	(14,321)	763,105

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.

3. SEGMENT INFORMATION (continued)

Statement of financial position
As at 31 December 2009

	Oil/liquefied chemicals terminal and logistics services RMB'000 (Restated)	Container terminal and logistics services RMB'000 (Restated)	Automobile terminal and logistics services RMB'000 (Restated)	Ore terminal and logistics services RMB'000 (Restated)	General cargo terminal and logistics services RMB'000 (Restated)	Bulk grains terminal and logistics services RMB'000 (Restated)	Passenger and roll-on, roll-off terminal and logistics services RMB'000 (Restated)	Port value-added services and ancillary port operations RMB'000 (Restated)	Unallocated RMB'000 (Restated)	Total RMB'000 (Restated)
Assets										
Segment assets	4,354,539	2,660,328	292,592	1,883,802	1,585,100	1,215,829	54,151	1,399,591	1,050,297	14,496,229
Investments in jointly-controlled entities	263,321	1,270,656	77,134	-	-	-	-	10,284	-	1,621,395
Investments in associates	220,461	246,576	-	-	156,795	-	93,968	1,969	-	719,769
Total assets	4,838,321	4,177,560	369,726	1,883,802	1,741,895	1,215,829	148,119	1,411,844	1,050,297	16,837,393
Liabilities										
Segment liabilities	1,381,721	350,636	865	244,346	7,515	7,143	20,351	115,172	5,368,234	7,495,983

3. SEGMENT INFORMATION (continued)

Other information

For the year ended 31 December 2009

	Oil/liquefied chemicals terminal and logistics services RMB'000 (Restated)	Container terminal and logistics services RMB'000 (Restated)	Automobile terminal and logistics services RMB'000 (Restated)	Ore terminal and logistics services RMB'000 (Restated)	General cargo terminal and logistics services RMB'000 (Restated)	Bulk grains terminal and logistics services RMB'000 (Restated)	Passenger and roll-on, roll-off terminal and logistics services RMB'000 (Restated)	Port value-added services and ancillary port operations RMB'000 (Restated)	Unallocated RMB'000 (Restated)	Total RMB'000 (Restated)
Capital expenditure*	231,311	153,702	100,643	93,712	333,644	170,506	448	284,407	45,943	1,414,316
Depreciation and amortisation	169,941	41,856	18	74,930	58,427	59,638	3,471	67,440	14,095	489,816
Government grants related to depreciable assets released to income statement	(33,669)	(791)	-	-	-	-	-	-	-	(34,460)
Government grants	-	(15,621)	-	(100)	(756)	-	(542)	(5,114)	-	(22,133)
Recognition of prepaid land lease payments	3,138	3,363	-	-	-	-	-	-	-	6,501
Reversal of impairment of receivables	-	(366)	-	(4,960)	(102)	(1,142)	(29)	(1,007)	-	(7,606)
(Gain)/loss on disposal of items of property, plant and equipment, net	11,206	65	-	4	(975)	20	(7)	(732)	296	9,877
Gains on disposal of quoted investments held for trading	-	-	-	-	-	-	-	(10,624)	-	(10,624)
Intersegment sales	(354)	(946)	-	-	(2,773)	-	-	(99,587)	-	(103,660)

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and intangible assets.

3. SEGMENT INFORMATION (continued)

Revenues from major products and services

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowance for returns and trade discounts; the value of services rendered; and gross rental income received and receivable from investment properties during the year.

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

	2010 RMB'000	2009 RMB'000 (Restated)
Loading services	1,240,887	1,169,959
Logistics services	660,822	557,147
Storage services	334,074	339,370
Port management services	208,603	195,291
Leasing services	186,805	177,077
Information technology services	130,141	112,565
Port facility maintenance services	66,107	47,114
Construction services	56,110	57,580
Tallying services	53,533	47,150
Construction management and supervision services	52,140	43,465
Agency services	48,387	42,751
Port security services	35,797	33,967
Sales of electricity	111,500	79,630
Sales of oil products	-	48,698
Sales of properties held for sale	41,991	-
Others	89,778	65,889
	3,316,675	3,017,653

Information about a major customer

Revenue from continuing operations of approximately RMB477,584,000 (2009: RMB457,902,000) was derived from sales to a single customer in the segment of oil/liquefied chemical terminal and logistics services, including sales to a group of entities which are known to be under common control with that customer.

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.

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2010 RMB'000	2009 RMB'000 (Restated)
<u>Other income:</u>		
Government grants (Note)	28,877	22,133
Bank interest income	12,768	10,044
Interest income from a third party	3,376	217
Interest income from jointly-controlled entities and associates	3,221	4,989
Net interest income from derivative financial liability	-	2,317
Dividend income from available-for-sale investments	2,875	4,469
Others	498	4,179
	51,615	48,348
<u>Gains:</u>		
Foreign exchange gains	9,988	-
Gain on disposal of items of property, plant and equipment	3,180	-
Gain on disposal of prepaid land lease payments	31,676	-
Gain on disposal of investment properties	3,203	-
Reversal of impairment of receivables	324	7,606
Gains on disposal of quoted investments held for trading	17,170	10,624
Gain on disposal of an unquoted available-for-sale investment stated at cost	-	395
	65,541	18,625
	117,156	66,973

Note: They represent various government grants received mainly for encouraging the Group's software development and container logistics activities.

5. PROFIT BEFORE TAX

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

	2010 RMB'000	2009 RMB'000 (Restated)
Cost of sales and services	1,994,154	1,893,416
Staff costs, including directors' remuneration		
- Salaries, wages and other benefits	600,836	534,413
- Defined contribution pension scheme	63,111	60,432
Total staff costs	663,947	594,845
Depreciation for property, plant and equipment	485,205	449,019
Depreciation for investment properties	19,836	20,340

	2010 RMB'000	2009 RMB'000 (Restated)
Amortisation of intangible assets	20,458	20,457
	525,499	489,816
Less: Government grants related to depreciable assets released to the income statement	(35,296)	(34,460)
	490,203	455,356
Minimum lease payments under operating leases	108,878	71,883
Recognition of prepaid land lease payments	6,707	6,501
Reversal of impairment of receivables	(324)	(7,606)
Auditors' remuneration	3,290	1,862
Gains on disposal of quoted investments held for trading	(17,170)	(10,624)
Gain on disposal of an unquoted available-for-sale investment stated at cost	-	395
Foreign exchange loss/(gain), net	(9,988)	501
Loss/(gain) on disposal of items of property, plant and equipment, net	(3,180)	9,877
Gain on disposal of investment properties	(3,203)	-
Gain on disposal of prepaid land lease payments	(31,676)	-
Government grants recognised in the consolidated income statement	(28,877)	(22,133)
Dividend income from available-for-sale investments	(2,875)	(4,469)
Interest income from jointly-controlled entities and associates	(3,221)	(4,989)
Interest income from a third party	(3,376)	(217)
Net interest income from derivative financial liability	-	(2,317)
Bank interest income	(12,768)	(10,044)

Note: The Group's full-time employees in Mainland China are covered by a government-sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan of a rate of 19% of employees' basic salaries. The related pension costs are expensed as incurred.

6. INCOME TAX

	2010 RMB'000	2009 RMB'000 (Restated)
Group		
Current – Mainland China		
Charged for the year	249,529	142,233
Over/under provision in prior years	(125)	120
Deferred	(12,824)	(15,965)
Total tax charge for the year	236,580	126,388

6. INCOME TAX (continued)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year ended 2010 (2009: Nil).

The Company and all its subsidiaries that operate in Mainland China are subject to the statutory corporate income tax rate of 25% (2009: 25%) for the year under the income tax rules and regulations of the PRC except that:

(1) Dalian Port Logistics Technology Co., Ltd. ("PLT"), Dalian Tech Port Service Co., Ltd. ("TPS") and Dalian Portsoft Technology Co., Ltd. ("DPT") are subject a preferential rate of 15% as they are assessed by relevant government authorities as High and New Technology Enterprises ("HNTE") for a period of three years commencing 1 January 2008. Meanwhile, as these companies are engaged in software development, 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"《财政部 国家税务总局关于企业所得税若干优惠政策的通知》, after approved by the Tax Bureau, software enterprises can be exempted from corporate income tax for their first two profitable years (after deducting losses incurred in previous years) and are entitled to a 50% tax reduction for the succeeding three years calculated based on their statutory income tax rate ("tax holidays"). However, pursuant to Guoshuihan [2010] No. 157 "The further clarification of certain issues related to the implementation of transitional arrangements of Corporate Income Tax preferential treatments"《关于进一步明确企业所得税过渡期优惠政策执行口径问题的通知》, such companies are required to choose to enjoy the preferential income tax rate of 15% or the tax holidays during the transition period. 2009 was the last year for PLT and DPT to enjoy the tax holiday, hence the applicable income tax rate of PLT and DPT for the year ended 31 December 2010 is 15% (2009: 12.5%). In 2010, TPS was in the last year of the tax holidays, hence the applicable income tax rate of TPS for the year ended 31 December 2010 is 12.5% (2009: 12.5%)

(2) Dalian Portnet Co., Ltd. ("DPN") is assessed as an HNTE located in the Dalian free trade zone, which is an entity qualified for preferential income tax rate of 15%. Meanwhile, pursuant to Guo Fa [2007] No. 39, the income tax rate of the company is gradually transmitted to the statutory tax rate in five years from 1 January 2008. The applicable income tax rate during 2010 was 22% (2009: 20%). Furthermore, according to "Bao Shui Guo Exemption [2006] No. 65" issued by the Dalian Branch State Administration of Taxation, DPN is also entitled to the tax holiday. As mentioned above, pursuant to Guoshuihan [2010] No. 157, DPN is required to choose to enjoy the preferential income tax rate of 15% or the tax holiday during the transition period. 2009 was the last year for DPN entitling to a 50% relief from the income tax of 20%, hence the applicable income tax rate of DPN for the year ended 31 December 2010 is 15% (2009: 10%).

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries/jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates and a reconciliation of the statutory tax rates to the effective tax rates is as follows:

6. INCOME TAX (continued)

	2010 RMB'000	2009 RMB'000 (Restated)
Profit before tax	1,104,338	889,493
Tax at statutory income tax rate of 25% (2009: 25%)	276,085	222,373
Preferential tax rate or consessions	(567)	(1,650)
Expenses not deductible for tax	2,279	8,096
Income not subject to tax	(9,206)	(14,461)
Deductible relocation expenses in previous year	-	(24,290)
Tax refunds	-	(46,942)
Profits and losses of jointly-controlled entities	(30,653)	(29,863)
Profits and losses of associates	(446)	845
Effect of different tax rates of entities operating in jurisdictions other than Mainland China	1,223	1,790
Tax losses not recognised	5,277	10,370
Tax losses utilised from previous periods	(7,287)	-
Adjustments in respect to current income tax of previous years	(125)	120
	236,580	126,388

The share of tax attributable to the jointly-controlled entities and associates amounting to RMB31,740,000 (2009: RMB32,264,000) and RMB3,796,000 (2009: RMB1,505,000) is included in "Share of profits and losses of jointly-controlled entities and associates" on the face of the consolidated income statement, respectively.

7. DIVIDEND

	2010 RMB'000	2009 RMB'000
Proposed final – RMB5 cents (2009: RMB25 cents) per ordinary share	221,300	731,500

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share for the years ended 31 December 2010 and 2009 is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the issue of the Consideration Shares during the year.

The Group had no potentially dilutive ordinary shares in issue during those years.

The calculations of basic earnings per share are based on:

	2010 RMB'000	2009 RMB'000 (Restated)
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	834,233	753,329
Weighted average number of ordinary shares (in thousand) in issue during the year used in the basic earnings per share calculation	3,727,665	3,664,180

9. TRADE AND BILLS RECEIVABLE

	Group		Company	
	2010 RMB'000	2009 RMB'000 (Restated)	2010 RMB'000	2009 RMB'000
Bills receivable	95,241	92,206	89,646	-
Trade receivables	321,378	321,220	228,313	25,746
Less: Impairment provision	(2,940)	(3,241)	(549)	(418)
	413,679	410,185	317,410	25,328

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

The Group allows an average credit period of 90 days to its trade customers. Trade and bills receivables that were neither past due nor impaired are related to a number of independent customers that have a good credit history. Trade receivables are unsecured and non-interest-bearing.

The following is an aged analysis of trade and bills receivables before provision for impairment, based on invoice date, at the reporting date:

	Group		Company	
	2010 RMB'000	2009 RMB'000 (Restated)	2010 RMB'000	2009 RMB'000
0 to 90 days	335,026	325,513	250,876	25,328
91 to 180 days	61,531	26,643	53,579	-
181 to 365 days	12,867	54,059	12,073	-
Over 365 days	7,195	7,211	1,431	418
	416,619	413,426	317,959	25,746

Included in the Group's trade and bills receivables balance are debtors with an aggregate carrying amount of approximately RMB37,974,000 (2009: RMB76,195,000) which are past due at the reporting date and for which the Group has not provided for impairment loss as management considered that there has not been a significant change in credit quality and that the amounts are still recoverable. The Group does not hold any collateral or other enhancements over these balances.

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

	Group		Company	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)		
91 to 180 days	20,852	18,113	15,619	-
181 to 365 days	12,867	54,059	12,073	-
Over 365 days	4,255	4,023	883	-
	37,974	76,195	28,575	-

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there were no recent history of default.

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 provision for impairment of trade receivables are as follows:

	Group		Company	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)		
Balance as at 1 January	3,241	10,637	418	418
Acquisition of the Target Assets	-	-	131	-
Impairment loss reversed	(301)	(7,396)	-	-
Balance as at 31 December	2,940	3,241	549	418

The above provision for impairment of trade receivables of the Group and the Company is provision for individually impaired for trade receivables with a carrying amount before impairment of RMB2,940,000 (2009: RMB3,241,000) and RMB549,000 (2009: RMB418,000), respectively. The Group and the Company did not hold any collateral over these balances.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)		
Other receivables:				
Deposits for acquisition of equity investment	137,470	-	137,470	-
Receivable in respect of disposal of prepaid land lease payments	47,783	47,783	47,783	47,783
Receivable in respect of compensation for terminal relocation	72,596	72,596	72,596	72,596
Dividends receivable	89,328	112,837	153,841	140,311
Entrusted loans receivable	-	47,800	-	47,800
Others	48,735	43,829	19,005	19,258
	395,912	324,845	430,695	327,748
Prepayments:				
Rental prepayments	-	16,000	-	-
Prepayments for purchases of ships	-	16,920	-	-
Others	29,078	19,044	14,889	228

	29,078	51,964	14,889	228
	424,990	376,809	445,584	327,976

11. TRADE AND BILLS PAYABLES

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

	Group		Company	
	2010 RMB'000	2009 RMB'000 (Restated)	2010 RMB'000	2009 RMB'000
0 to 90 days	91,398	102,800	16,042	13,340
91 to 180 days	9,778	910	-	7,650
181 to 365 days	3,222	10,573	539	-
Over 365 days	723	1,763	-	-
	105,121	116,046	16,581	20,990

Trade and bills payables are unsecured, non-interest-bearing and are normally settled on 90-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary

2010 was the most complicated year for the global economy since the global financial crisis of 2008. During the year, the major global economies gradually stepped into recovery mode; the Chinese economy maintained its sound growth trend and the transformation of Chinese economic development continued as well. In 2010, China's GDP increased by 10.3%, and its foreign trade value increased by 34.7% as compared with 2009.

Benefiting from the fast recovery of the macro economy, the cargo volume increased rapidly. Since the 2009 volume was relatively low and the throughput of China's ports continued to grow after the recovery in 2009, the cargo volume achieved double digit growth; the performance of ports in China was better than expected and the operating results improved accordingly.

Total cargo throughput at the major ports of China achieved 8.02 billion tonnes in 2010, an increase of 15.9% over 2009, versus an increase of 8.2% last year. Among that, the coastal ports' cargo volume amounted to 5.45 billion tonnes, an increase of 15.2% over 2009, and inland river ports' cargo volume amounted to 2.57 billion tonnes, an increase of 17.8% over the same period last year. During the same period, the container throughput amounted to 145 million TEUs, an increase of 18.8% over 2009. In 2010, both the container volume and the growth rate achieved better results than prior to the global financial crisis. The coastal ports handled a total of 130.65 million TEUs, an increase of 18.7% over 2009, and the inland river ports handled a total of 14.35 million TEUs, an increase of 19.5% over 2009

The Group's principal business is categorized into eight segments, namely: provision of oil/liquefied chemicals terminal and related logistics services ("Oil Segment"), provision of container terminal and related logistics services ("Container Segment"), provision of automobile terminal and related logistics services ("Automobile Terminal Segment"), provision of ore terminal and related logistics services ("Ore Segment"), provision of general cargo terminal and related logistics services ("General Cargo Segment"), provision of bulk grain terminal and related logistics services ("Bulk Grain Segment"), provision of passenger and roll-on, roll-off terminal and related logistics services ("Passenger and Ro-Ro Segment"), and provision of port value-added services and ancillary port operations ("Value-added Services Segment").

In 2010, the macro economy and industries relevant to the Group's principal business were as follows:

Oil Segment: Domestic demand for crude oil steadily increased. In 2010, China imported a total of 238 million tonnes, an increase of 16.7% over 2009, which was higher than the growth rate of 13.9% in 2009.

Container Segment: Driven by economic recovery, the foreign trade value in the Three Northeastern Provinces increased by 37.4% in 2010, being 2.7% higher than China's average growth rate. The foreign trade value in the Three Northeastern Provinces accounted for 4.4% of China's foreign trade, which was 0.1% higher than 2009. Such growth in the Group's hinterland provided strong support for the growth of the Group's container business.

Automobile Terminal Segment: According to the data of the China Association of Automobile Manufacturers, China manufactured and sold 18,264,700 vehicles and 18,061,900 vehicles, respectively in 2010, each an increase of 32.4% over last year, resulting from growth in domestic purchases of automobiles and recovery of automobile exports from China. The sales achieved by large-sized automobile manufacturers increased and the operational results of the automobile industry also improved strongly.

Ore Segment: Since the pricing system of iron ore changed to index pricing in 2010, the price for imported iron ore continued to increase. China imported 618.63 million tonnes of iron ore in 2010, a decrease of 1.4% over 2009. This was the first decrease in China's annual imports of iron ore for the past 12 years.

General Cargo Segment: China produced 630 million tonnes of crude steel in 2010, an increase of 9.3% over 2009, being 4.2% lower than 2009. Impacted by the macro economic policies, domestic demand for steel declined following an increase occurred earlier in the year. Due to the rapid recovery of China's economy, overall demand for electricity and other energy increased significantly. As a result, demand for coal in China continued to maintain an increased growth rate in 2010.

Bulk Grain Segment: Market demand for grains in China continued to grow during recovery in 2010. In terms of trans-shipment of grain for domestic trade, the volume of the grains transported from the north to the south of China continued to grow; however, the growth slowed down following rapid growth occurred earlier in the year. Due to the imbalance of grain varieties in China, local demand for imported soy bean and barley resulted in steady growth in imported grain volume, and this growth is expected to continue in the long-term.

Passenger and Ro-Ro Segment: due to the recovery of the economy, trade in goods and materials between northeastern China and north China became more frequent, especially that of small and medium-sized enterprises, and this accelerated the growth of our roll-on roll-off terminal business along the Bohai Rim.

The above data indicate that the overall macro economy of the Group's hinterland achieved sound growth in 2010 and foreign trade in its hinterland recovered significantly. The Group's principal business achieved steady growth, among which the throughput in the Automobile Terminal

Segment recorded significant growth, the throughput in the Container Segment made a recovery, and the throughput in the General Cargo Segment, Oil Segment and Passenger and Ro-Ro Segment recorded growth as well. In the Oil Segment, the Group handled a total of approximately 43.549 million tonnes, an increase of 9.4% over 2009, of which approximately 25.499 million tonnes was imported crude oil, an increase of 13.3% over 2009. In the Container Segment, the Group handled approximately 6.337 million TEUs, an increase of 15.5% over 2009, of which approximately 5.242 million TEUs were handled by the Group at Dalian port, an increase of 18.7% over 2009. In the Automobile Terminal Segment, the Group handled 121,011 vehicles, an increase of 141% over 2009. In t the Ore Segment, the Group handled approximately 28.239 million tonnes, an increase of 1.8% over 2009. In the General Cargo Segment, the Group handled approximately 27.54 million tonnes, an increase of 19.5% over 2009. In the Bulk Grain Segment, the Group handled approximately 6.42 million tonnes, a decrease of 9.5% over 2009. In the Passenger and Ro-Ro Segment, the Group transported approximately 3.037 million passengers, a decrease of 13.8% over 2009 and approximately 512,000 vehicles, an increase of 11.5% over 2009.

In 2010, The Company's profit attributable to shareholders amounted to RMB 834,233,000, representing an increase of 10.7% as compared with RMB 753,329,000 in 2009. This increase was mainly driven by the growth in operating profit, gains on disposal of assets and improved performance of the Company's associates and jointly controlled entities in the current period.

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

Part of the Group's current businesses, including the Ore Segment, the General Cargo Segment, the Bulk Grain Segment and the Passenger and Ro-Ro Segment, were acquired in November 2010 from the Company's controlling shareholder, Dalian Port Corporation Limited, by issuing A Shares as the consideration during the Company's initial public offering of A Shares in China. The transaction was completed on 30 November 2010. However, the performance of such businesses in 2010 reported here represents the full year data of 2010.

Overall analysis of results

In 2010, the Company's profit attributable to shareholders amounted to RMB834,233,000, representing an increase of 10.7% as compared with RMB753,329,000 in 2009. This increase was mainly driven by the growth in operating profit, gains on disposal of assets and improved performance of the Company's associates and jointly controlled entities in the current period.

In 2010, the Company's basic earnings per share were RMB22.38 cents, representing an increase of 8.85% from RMB20.56 cents in 2009. The calculation of the basic earnings per share is based on the weighted average number of ordinary shares in issue during the year. If the calculation of the basic earnings per share is based on 4.426 million issued shares at the end of 2010, the Company's basic earnings per share were RMB18.85 cents, representing an increase of 10.7% over 2009.

In 2010, the Company's revenue amounted to RMB3,316,675,000, representing an increase of 9.9% from RMB3,017,653,000 in 2009. The revenue increase was mainly driven by the growth of the tugging business and electricity sales caused by the economic recovery and our market development efforts, and increased income of our bulk grain business and general cargo business caused by throughput growth and increases in handling charges.

In 2010, the Company's cost of sales and services amounted to RMB1,994,154,000, an increase of 5.3% as compared with RMB1,893,416,000 in 2009. The increase in cost of sales and services in the current year was mainly due to an increase in depreciation of new assets, as well as increases in fuel, utilities and staff costs caused by the growth of our business.

In 2010, the Company's gross profit was RMB1,322,521,000, an increase of 17.6% from RMB1,124,237,000 in 2009. The gross margin reached 39.9% which was 2.6% higher than that in 2009. The improvement was mainly due to increases in the gross-margin of our bulk grain business and general cargo business, and the high-margin business of sales of land use rights, and a decrease in our low-margin oil sales business.

In 2010, the Company's other income was RMB117,156,000, and in 2009 it was RMB66,973,000. The increase was mainly due to an increase in income from disposal of assets.

In 2010, the Company's finance costs amounted to RMB85,292,000, representing a decrease of 14.9% from RMB74,221,000 in 2009. The increase was mainly due to an increase in finance costs caused by new bank loans.

In 2010, the Company's income tax expense amounted to RMB236,580,000, an increase of 87.2% from RMB126,388,000 in 2009. The increase was mainly due to increased operating profit. In addition, the increase in income tax in 2010 was due to the deduction of a net loss on relocation of oil terminal assets before tax, and an income tax refund of the Container Segment in 2009.

Assets and liabilities

As of 31 December 2010, the Company's total assets and net assets reached RMB22,387,703,000 and RMB12,066,980,000, respectively, and its net asset value per share was RMB2.69, representing an increase of 7.1% from 31 December 2009. The increase was mainly caused by the successful issue of A shares and growth of our business.

As of 31 December 2010, the Company's total liabilities amounted to RMB10,320,723,000, of which total outstanding bank and other borrowings accounted for RMB6,144,634,000.

Financial resources and liquidity

In 2010, the Company's net cash flows generated from operating and financing activities amounted to RMB1,441,852,000 and RMB2,999,767,000, respectively. With stable cash inflows from its operating activities and the proceeds from the public offering of A shares, the Company has maintained a sound financial position and capital structure and will apply these cash inflows to fund the Company's capital expenditure and other investments.

As of 31 December 2010, the Company had a balance of cash and cash equivalents of RMB3,257,585,000 which represented an increase of RMB1,997,315,000 as compared with 31 December 2009. Such increase was mainly due to the surplus of cash inflows from operating and financing activities.

In 2010, the Company obtained an aggregate of RMB1,691,888,000 new bank loans and repaid an aggregate of RMB939,600,000 bank loans. As of 31 December 2010, the Company's bank and other borrowings amounted to RMB6,144,634,000 of which RMB4,874,634,000 was due after one year and RMB1,270,000,000 was due within one year. The Company's net gearing ratio was 23.9% as at 31 December 2010 (39.8% as at 31 December 2009).

As of 31 December 2010, the Company's unutilized banking facilities amounted to RMB6,880,000,000.

As of 31 December 2010, the Company had net current liabilities of RMB368,317,000, representing an decrease of RMB1,399,148,000 as compared with the balance of net current assets as at 31 December 2009. The Company's current ratio was 0.9 as at 31 December 2010 (1.9 as at 31 December 2009).

During 2010, the Company 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

Use of proceeds (A shares)

Net proceeds of the public offering of 762 million A shares in 2010 ("IPO of A Shares") obtained by the Company amounted to approximately RMB2,772,092,000. As at 31 December 2010, the Company had utilized approximately RMB1,193,150,000 of the net proceeds and the balance of the net proceeds was RMB1,578,942,000.

There has been no material change in the proposed use of proceeds from the IPO of A Shares as stated in the Company's prospectus dated 3 December 2010 except for changes announced by the Company on 30 December 2010. As at 31 December 2010, the details of the use of proceeds were as follows:

Projects	**Proceeds from IPO of A Shares**	**Use of proceeds as of** 31 December **2010**	**Balance**
Construction of oil storage tanks with a total capacity of 1,000,000 m^3 in Xingang	760,000,000.00	217,128,000.00	542,872,000.00
Construction of oil storage tanks with a total capacity of 600,000 m^3 in the Xingang resort area	550,000,000.00	218,324,000.00	331,676,000.00
Construction of phase II of the Shatuozi oil storage tanks project in the Xingang Shatuozi area	29,600,000.00	29,600,000.00	-
LNG project	320,000,000.00	320,000,000.00	-
No. 4 stacking yard for ore terminal	520,000,000.00	71,500,000.00	448,500,000.00
Purchase of gantry for ore terminal	37,200,000.00	37,200,000.00	-
Purchase of 300 bulk grain carriages	150,000,000.00	128,750,000.00	21,250,000.00
Ro-ro ships for carrying cars	230,000,000.00	139,200,000.00	90,800,000.00
Construction of railway siding in Muling	41,250,000.00	-	41,250,000.00
Construction of information systems	50,000,000.00	1,403,000.00	48,597,000.00
Increase in the registered capital of Dalian International	84,041,500.00	30,041,500.00	54,000,000.00

Container Terminal Co., Ltd.			
Total	2,772,092,000.00	1,193,150,000.00	1,578,942,000.00

Use of proceeds（H shares）

Net proceeds of the public offering of 966 million H shares obtained by the Company in 2006 amounted to approximately RMB2,385,343,000. As at 31 December 2009, the Company had utilized approximately RMB2,324,853,000 of the net proceeds and the balance of the net proceeds was RMB60,490,000.

There has been no material change in the proposed use of proceeds from the IPO of H Shares as stated in the Company's prospectus dated 18 April 2006. As at 31 December 2010, the details of the use of proceeds were as follows:

Projects	**Proceeds from IPO of H Shares**	**Use of proceeds as of** 31 December **2010**	**Balance**
Construction of four new container berths at Dayaowan	400,000,000	400,000,000.00	0
Construction of twelve crude oil storage tanks in Xingang	680,000,000	619,510,000.00	60,490,000
Purchase of eight tugboats	270,000,000	257,000,000.00	0
Repayment of a long-term bank loan	850,000,000	850,000,000.00	0
General working capital	185,343,000	198,343,000.00	0
Total	2,385,343,000	2,324,853,000.00	60,490,000

RMB13,000,000 previously designated to fund the purchase of 8 tugboats was re-allocated as working capital and the remaining RMB60,490,000 designated for the construction of 12 crude oil storage tanks will be used for future construction projects.

Capital expenditure

In 2010, the Company's capital expenditure amounted to RMB1,946,174,000 which was mainly funded by the surplus cash generated from operating activities, the proceeds from the issuance of medium-term notes and the proceeds from the initial public offering of A shares.

The performance analysis of each business segment in 2010 is as follows.

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2010 and its comparative results in 2009:

	For the year ended 31 December 2010 ('000 tonnes)	For the year ended 31 December 2009 ('000 tonnes)	Increase/ (Decrease)
Crude oil	30,166	28,301	6.6%
— *Foreign trade imported crude oil*	25,499	22,508	13.3%
Refined oil	12,227	10,393	17.6%
Liquefied chemicals	938	887	5.7%
Others	218	219	(0.5%)
Total	43,549	39,800	9.4%

In 2010, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 43.549 million tonnes, an increase of 9.4%.

In 2010, the Group's crude oil throughput increased by 6.6% over 2009, to approximately 30.166 million tonnes, of which imported crude oil throughput increased by 13.3%, to approximately 25.499 million tonnes. The Group's crude oil business achieved sound growth due to the increase in production volume of refineries in the Group's hinterland which stimulated increase in imported crude oil, as a result, the crude oil volume handled at the Group's oil terminal increased. On the other hand, the Group had rationalized overall arrangement of the storage tanks by implementing various measures, such as re-renting storage tanks and relocating partially loaded vessels from berths with larger berthing capacity to berths with smaller berthing capacity to increase crude oil trans-shipment traffic and cargo volume.

In 2010, the Group's refined oil throughput amounted to approximately 12.227 million tonnes, an increase of 17.6% over 2009. The steady recovery of China's economy drove the consumption growth in refined oil. At the same time, the Group actively co-ordinate with relevant parties, such as oil trading companies, railway companies and shipping companies so as to increase trans-shipment traffic of refined oil at the Group's oil terminal. On the other hand, the newly-constructed refined oil commercial storage tanks base have the function of adjusting supply and demand and balancing market, which is suitable for the transportation of large vessels to lower transportation costs, that effectively stimulated the increase in the refined oil throughput of the Group.

In 2010, the Group's liquefied chemicals throughput amounted to approximately 938,000 tonnes, an increase of 5.7% over 2009.

In 2010, the total imported crude oil volume handled by the Group accounted for 100% (99.8% in 2009) of the total amount of crude oil imported in Dalian and 75.5% (89% in 2009) of the total amount of crude oil imported in the Three Northeastern Provinces. The total oil/liquefied chemicals throughput amounted for 69.7% (69.2% in 2009) of the total oil/liquefied chemicals throughput of Dalian and 46.4% (51.2% in 2009) 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 improvement in the crude oil handling and storage facilities and services in other ports in Liaoning province and commencement of operation of some refineries around those ports.

In 2010, the revenue from oil/liquefied chemicals terminal and logistics services amounted to RMB886,584,000, representing an decrease of RMB7,493,000 or 0.8% as compared with that in 2009. Such decrease was mainly due to the decrease of oil trading business. Despite such decrease, the revenue from handling services increased RMB37,600,000 or by 6.6% as compared with that in 2009. Such increase was mainly driven by the growth of oil throughout.

In 2010, the revenue from oil/liquefied chemicals terminal and logistics services accounted for 26.7% (29.6% in 2008) of the Company's total revenue.

In 2010, the gross profit from oil/liquefied chemicals terminal and logistics services amounted to RMB499,586,000, representing an increase of 5.4% as compared with RMB474,214,000 in 2009, accounted for 37.8% (42.2% in 2009) of the Company's total gross profit, representing a gross margin of 56.3% (53.0% in 2009). Such increase in gross margin was mainly caused by the decrease in the low-margin oil trading business.

In 2010, the Group's major measures taken and the progress of major projects related to the Group's Oil Segment were as follows:

- The Group utilized the storage tanks resources in a more balanced way and actively solicited trans-shipment cargos. The Group had rationalized overall arrangement of the storage tank resources by implementing various measures, such as re-renting storage tanks and relocating partially loaded vessels from berths with larger berthing capacity to berths with smaller berthing capacity to increase crude oil trans-shipment traffic and volume.

- The Group took advantage of the commercial storage tanks to increase its trans-shipment volume of refined oil. PetroChina Company Limited's refined oil storage tanks (with a total capacity of 240,000 cubic meters) were put into operation at the beginning of 2010. Since then, refined oil storage capacity was increased significantly, which reduced waiting time caused by the shortage of storage tanks. At the same time, the Group fully took advantage of the capacity of commercial storage tanks and enhanced the communication with its customers, explored services to vessels which called on the Group's terminal for unloading part of cargo and storage services for refined oil transported via pipelines. The Group's trans-shipment business was expanded and the services were improved.

- The commencement of operation of the Group's No. 7 storage tanks added more storage capacity for trans-shipment business. The No. 7 storage tanks (with a total capacity of 600,000 cubic meters) was ready for operation at the end of 2010 and has been gradually put into operation in January 2011, which added more storage capacity for trans-shipment business.

- Explosion and subsequent fire occurred at one of the crude oil pipelines of Dalian PetroChina International Warehousing and Transportation Co., Ltd. ("Dalian PetroChina Warehousing") at Xingang area on 16 July 2010 ("7.16 Explosion Accident"). 7.16 Explosion Accident temporarily affected the operation of the Group's oil terminal and transshipment business. While proactively assisting relevant parties in dealing with the emergency and participating in cleaning oil spill, the Group made extraordinary efforts on resuming its operations. Operations at the Group's terminals, which were requested to stop due to the accident, gradually resumed as usual from 20 July 2010 to 28 July 2010. In terms of operations on land, the transportation via pipeline from Taoyuan storage area to PatroChina Dalian Branch and from national storage tanks to PetroChina Dalian Branch and WEPEC resumed. In addition, the Group added temporary pipelines to resume operations of storage tanks in Nanhai Phase Ⅱarea (with a total capacity of 600,000 cubic meters). All the above measure ensured the Group's customers' needs in loading and unloading, storage and trans-shipment services were met.

Container Segment

The following table sets out the container throughput handled by the Group in 2010 and its comparative results in 2009:

		For the year ended 31 December 2010 ('000TEUs)	For the year ended 31 December 2009 ('000TEUs)	Increase/ (Decrease)
Foreign trade	Dalian	4,088	3,593	13.8%
	Other ports (*note 1*)	134	99	35.4%
	Sub-total	4,222	3,692	14.4%
Domestic trade	Dalian	1,154	823	40.2%
	Other ports (*note 1*)	961	970	(0.9%)
	Sub-total	2,115	1,793	18.0%
Total	Dalian	5,242	4,416	18.7%
	Other ports (*note 1*)	1,095	1,069	2.4%
	Total	6,337	5,485	15.5%

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 2010, in terms of container throughput, the Group handled a total of approximately 6.337 million TEUs, an increase of 15.5% over 2009. In Dalian, the Group handled approximately 5.242 million TEUs, an increase of 18.7% over 2009, of which container throughput for foreign trade increased by 13.8% and container throughput for domestic trade increased by 40.2%. The growth in container business for foreign trade was mainly due to the favorable situation of foreign trade and the Group's enhanced cargo solicitation in its hinterland for foreign trade and trans-shipment businesses. Benefited from the rapid growth in domestic trade, the Group continued to develop domestic market so as to maintain fast growth in container business for domestic trade.

The container volume of sea-to-rail intermodal transportation handled by the Group reached approximately 291,000 TEUs, an increase of 15.0% over 2009. The volume of trans-shipment containers handled by the Group was 613,000 TEUs, an increase of 26.0% over 2009.

In 2010, the Group's container terminal business represented 99.7% (96% in 2009) of the total markets share in Dalian and 62% (65% in 2009) of that in the Three Northeastern Provinces. The Group's container throughput for foreign trade accounted for 100% (100% in 2009) of the total volume in Dalian and 96.7% (97% in 2009) of that in the Three Northeastern Provinces.

In 2010, the revenue from container terminal and logistics services amounted to RMB467,195,000 which represented an increase of RMB83,092,000 or 21.6% as compared with that in 2009. Such increase was mainly caused by the increase of income from the land use rights transfer, and the increase of container related logistics services driven by foreign trade recovery and a result of the Group's market development efforts.

In 2010, the revenue from container terminal and logistics services accounted for 14.1% (12.7% in 2009) of the Company's total revenue.

In 2010, the gross profit from container terminal and logistics services amounted to RMB173,963,000 which increased by 89.4% as compared with RMB91,862,000 in 2009, accounted for 13.2% (8.2% in 2009) of the Company' total gross profit, representing a gross margin of 37.2% (23.9% in 2009). Such increase in gross margin was mainly caused by the increase of the high-margin business of transfer of land use rights.

In 2010, the major measures taken and the progress of major projects related to the Group's Container Segment were as follows:

- In terms of container business for foreign trade, the Group actively captured the opportunities of picking up in the shipping cargo market for foreign trade, enhanced market development, leading major shipping companies to increase investment in existing ocean shipping routes and develop new shipping routes to achieve volume growth. As a result, the Group effectively prevented ocean cargos from being trans-shipped at terminals other than the Group's ports, strengthened its position as transportation hub, and consolidated its position as a leading container terminal operator for foreign trade in the Three Northeastern Provinces.

- In terms of container business for domestic trade, the Group continued to develop its business by implementing market oriented strategy and promoted construction of key projects and has achieved sound growth. In 2010, the Group's container throughput for domestic trade continued to increase rapidly, a significant contribution to the Group's overall container throughput. The Group actively solicited cargos in its hinterland and attracted shipping companies to introduce two more new truck routes for domestic trade so as to improve the shipping route's destiny and capacity. The Group also continued to promote the construction of logistics system for domestic trade. The bulk cargo containerization projects were promoted in both inland and ports at the same time. The Group expanded its competitive services into its hinterland and provided its customers with the most convenient services.

- The Group continued to promote the construction of extended service system, with a focus on trans-shipment and sea-to-rail transportation services. In terms of trans-shipment via the sea, the Group enhanced co-operation with shipping companies and personalized its services to ensure a stable channel for the trans-shipment business via the sea. The Group promoted the concept of personalized professional services and continued to develop the international trans-shipment business so that it maintained steady operation of the international trans-shipment routs linked to the Mediterranean Sea. The Group continually enhanced its investment in shipping capacity for feeder services in Bohai Rim, paid attention to improving its customer service and its capacity in feeder routes. The Group's feeder routes network was further improved and the trans-shipment business for domestic trade achieved rapid growth. In terms of sea-to-rail transportation business, the Group accurately captured market demand, improved function and services of inland depot projects, continued to improve its rail routes service, actively developed new rail service routes, promoted to the balanced development of two-way rail routes, and better controlled the cargo market in its hinterland through excellent rail routes' service and operation capability. On 18 July 2010, the Dalian Railway Container Logistics Centre was put into trial operation, which highly improved the capability of cargo solicitation for container sea-to-rail business in Dalian and the Group's service quality.

- The Group paid great attention to optimization of the port environment to ensure suitable soft environment for the Group's business development. The Group co-ordinated with Dalian customs to complete a new logistics monitor system and IT system switch so as to improve the efficiency of customs clearance. The Group aimed on improving its customers' benefit, actively coordinating with Liaoning Entry-Exit Inspection and Quarantine Bureau, expanding the scope of vessels' power inspection services and reducing vessels' calling time at the port. The Group's successfully serving the largest container vessel in the world (with a total capacity of 14,038 TEUs) represented its ability to handle ultra large container vessels.

- The Group continued to proceed with the construction of new container berths and related logistics depots in Dayao Bay Phase Ⅱ and Phase Ⅲ. In 2010, the aforesaid construction of berths was steadily progressed and the specialized yards and stations for dangerous cargo were also under construction. Following completion of the construction of container related specialized berths and ancillary facilities at Dayao Bay area, the container handling capacity at Dayao Bay area and the Group's service level will be significantly upgraded, better serving the development of the Group's container business.

- The Group continued to proceed with the construction of inland container logistics system in northeastern China. The Dalian Railway Container Logistics Centre commenced operation in July 2010. The Muling Logistics Centre is under construction. The construction of the Harbin Railway Container Logistics Centre and Dehui Logistics Station also progressed. Following the commencement of construction or operation of the container centres, inland dry ports and specialized depots in the Group's hinterland in northeastern China, the Group improved the efficiency of its container intermodal transportation network so that it is able to provide more convenient services for its hinterland customers and maintain its customers and its cargo volume.

Automobile Terminal Segment

The following table sets out the throughput handled by the Group's automobile terminal in 2010 and its comparative results in 2009:

		For the year ended 31 December 2010	For the year ended 31 December 2009	Increase/ (Decrease)
Vehicles (units)	Foreign trade	33,029	13,446	145.6%
	Domestic trade	87,982	36,802	139.1%
	Total	121,011	50,248	140.8%
Equipments (tonnes)		22,511	26,822	(16.1%)

In 2010, the Group handled a total of 121,011 vehicles, a significant increase of 141% over 2009.

In terms of automobile business for foreign trade, due to the impact of the great increase of imported automobiles in China, the Group's imported volume for foreign trade achieved a significant increase of 97% over 2009. The Group's exported volume had a great increase of 173% over 2009 due to its continuing business expansion. The Group formed two stable exporting shipping routes with Hafei's exported cargos as a base to further enhance Dalian's position as an exporting base port.

In terms of automobile business for domestic trade, benefited from the rapid growth of automobile production and sales in China and the Group's active market development, frequency on both of the Group's current two shipping routes increased compared with 2009. The volume handled by the Group from east China and south China to north China increased by 68% over 2009 and the volume handled by the Group from its hinterland to south China increased rapidly by 414% over 2009. Relying on the above two shipping routes, Dalian's positioning itself as a hub port for domestic trade in the north China has achieved its preliminary goal.

The decrease of the equipments throughput handled by the Group was mainly due to decrease of cargo volume in its hinterland.

In 2010, the vehicles handled by the Group accounted to 88.7% (92% in 2009) of the total volume in northeastern China.

During 2010, the Company's share of profits in its automobile terminal and logistics services amounted to RMB2,562,000, representing an increase of RMB9,997,000 over a loss of RMB7,435,000 in 2009. The improvement of this segment is mainly due to the fast growth of both the vehicle production and sales and the effect of the market development.

In 2010, the major measures taken and the progress of major projects related to the Group's Automobile Terminal Segment were as follows:

- The Group promoted the increase in frequency on the Guangzhou Hongda's shipping route to two times per week and Shanghai Automobile's shipping route to three times per week. The increase of shipping frequency brought more cargos from south China, and at the same time, it also built a foundation for shipping large-scaled cargos in the Group's hinterland. In 2010, the transportation between south China and north China was stable and the trans-shipped volume handled by the Group reached a total of 88,000 vehicles.

- In terms of automobile business for foreign trade, the Group handled over 1,000 agricultural machineries imported to its hinterland. The large-sized agricultural machineries needed longer period for storage, which generated high-margin revenue for the Group. the Group actively expanded other kind of exporting business in its hinterland, as a result, the Group handled about 2,000 exported vehicles in addition to the operation of Hafei's shipping route with two times per month.

- The Group has made great progress in terms of co-operation with major customers. In December 2010, the Company entered an agreement with Chery Automobile Corporation Limited and Beijing Changjiu Logistics Co., Ltd. to establish a joint venture company with an aim to provide Chery with complete logistics services of vehicle and components in the initial stage and gradually develop into a leading public logistics service provider in China.

- The Group entered cooperation agreement with Anji Automotive Logistics Co., Ltd., controlled by SAIC Group, to carry out co-operation in the field of automobile logistics taking the opportunity that the Company's first 2,300-car Ro-Ro vessel will launch operation in the near future.

- The Group's railway siding at its automobile terminal had passed inspection and was put into trial operation in the second half of 2010. In 2010, the Group operated four scheduled trains handling a total of 1,360 vehicles.

- Start of operation of the Group's two newly-ordered roll-on and roll-off vessels postponed. Such vessels will be put into operation at the end of April and the beginning of September 2011, respectively.

Ore Segment

The following table sets out the throughput handled by the Group's ore terminal in 2010 and its comparative results in 2009:

	For the year ended 31 December 2010 ('000 tonnes)	For the year ended 31 December 2009 ('000 tonnes)	Increase/ (Decrease)
Ore	28,239	27,738	1.8%
Others	168	473	(64.5%)
Total	28,407	28,211	0.7%

In 2010, the Group's ore terminal handled approximately 28.239 million tonnes, a slight increase of 1.8% over 2009, of which the imported volume for foreign trade was about 18.79 million tonnes, a decrease of 10.8% over 2009.

Facing the situation of lack of cargos due to decrease in demand for imported ore from the steel companies in northeastern China and the competition from the surrounding ports, on one hand, the Group leveraged its advantage of capable of handling large-sized vessels in high efficiency and low wastage manner to capture cargo solicitation of steel companies in the Group's hinterland in northeastern China; on the other hand, the Group continued to enhance its trans-shipment cargo solicitation for cargos destined for Hebei Province, Jinzhou and other places. At a result, the ore throughput recorded a slight increase.

In 2010, the Group's ore throughput accounted to 37.5% (41.3% in 2009) of the total throughput in northeastern China.

In 2010, the revenue from ore terminal and logistics services amounted to RMB304,994,000, which represented an increase of RMB1,345,000 or 0.4% over 2009.

In 2010, the revenue from ore terminal and logistics services accounted for 9.0% (10.1% in 2009) of the Company's total revenue.

In 2010, the gross profit from ore terminal and logistics services amounted to RMB110,192,000 which decreased by 6.5% from RMB117,849,000 in 2009, accounted for 8.3% (10.5% in 2009) of the Company's total gross profit, and represented a gross margin of 36.1% (38.8% in 2009). The gross margin decreased because of that the growth rate of cost was higher than that of revenue.

In 2010, the major measures taken by the Group and the progress of major projects related to the Group's Ore Segment were as follows:

- The Group visited its customers frequently, provided personalized services and strengthened its relationship with major customers so that it achieved stable cargo volume. In addition, the Group enhanced its market development by leveraging its geographic location and nature deep-water ports, as a result the Group handled a total of 31 voyages of ore carriers each with 300,000-ton capacity, an increase 14 voyages over 2009.

- The Group enhanced communication with railway companies to obtain more railcars to increase its transportation capacity. In 2010, the Group handled a total of nearly 200,000 trains, achieving various records in terms of monthly dispatching volume, daily dispatching volume and a single dispatching volume.

- The Group continued to stabilize cargo supply in its hinterland in northeastern China. The Group paid great attention to the progress of Anling's projects in Chaoyang, monitored import activities so as to successfully solicit cargo supply. In addition, the Group enhanced its cooperation with other ports in its hinterland to seek suitable trans-shipment vessels for its customers for sea transport. At the same time, the Group implemented market development strategies of “not only relying on northeastern China, but also markets outside northeastern China” to capture trans-shipment cargo solicitation from Hebei Province.

- The Group actively proceeded with the construction of the imported ore logistics centre and developed feasible cooperation plans.

General Cargo Segment

The following table sets out the throughput handled by the Group’s general cargo terminal in 2010 and its comparative results in 2009:

	For the year ended 31 December 2010 (’000 tonnes)	For the year ended 31 December 2009 (’000 tonnes)	Increase/ (Decrease)
Steel	8,392	8,221	2.1%
Coal	8,615	8,052	7.0%
Timber	575	469	22.6%
Equipment	1,021	615	66.0%
Packed grain	942	1,318	(28.5%)
Others	7,995	4,363	83.2%
Total	27,540	23,038	19.5%

In 2010, the Group’s general cargo terminal handled approximately 27.54 million tonnes, an increase of 19.5% over 2009.

In 2010, the volume of steels handled by the Group was approximately 8.392 million tonnes, a slight increase of 2.1%. Although a series of control measures implemented by China’s government were not favorable to the steel industry, which caused a flat increase in volume of the steel companies in northeastern China compared with 2009, the Group leveraged its ice-free port advantages and established liner shipping routes and long-term cooperation with steel companies in its hinterland to ensure increase in steel volume.

In 2010, the volume of coal handled by the Group was approximately 8.615 million tonnes, an increase of 7% over 2009. The main reasons of the increase were the stabilization in the consumption of two major customers, Huaneng Power Plant and Zhuanghe Power Plant, success of handling the coals diverted from the other ports, and a significant increase in consumption volume of some enterprises around Changxing Island.

In 2010, the volume of equipment handled by the Group was approximately 1.021 million tonnes, a significant increase of 66% over 2009. It was mainly due to the continuous rapid growth of equipment manufacturing industry in northeastern China and the enhancement of market development through cooperation with shipping companies.

In 2010, the volume of packed grain handled by the Group was approximately 942,000 tonnes, a decrease of 28.5% over 2009. It was mainly due to the growing trend of bulk grain, which resulted in a proportionate decrease for the packed grain.

In 2010, the steel throughput and coal throughput handled by the Group’s ore terminal accounted to 21.8% (21.6% in 2009) and 12.9% (14.7% in 2009) of the total throughput in northeastern China, respectively.

In 2010, the revenue from general cargo terminals operation services amounted to RMB310,932,000 which represented a increase of RMB17,008,000 or 5.8% as compared with that in 2009. Such increase was mainly due to the increase in throughout of all types of cargo and the increase in handling charges.

In 2010, the revenue from general cargo terminals operation services accounted for 9.4% (9.7% in 2009) of the Company's total revenue.

In 2010, the gross profit from general cargo terminals operation services amounted to RMB18,351,000 which increased by 3.36 times as compared with RMB4,207,000 in 2009, accounted for 1.4% (0.4% in 2009) of the Company' total gross profit, and represented a gross margin of 5.9% (1.4% in 2009). Such increase in gross margin was mainly due to the increase in handling charges and throughput.

In 2010, the major measures taken by the Group and the progress of related major projects were as follows:

- In 2010, the Group enhanced cargo solicitation from the steel companies in its hinterland through visiting customers and improving transportation service quality. At the same time, the Group made an adjustment of tariff for certain customers, as a result, achieved growth in both volume and revenue.

- The Group thoroughly analyzed the relationships of its customers along the logistics chains. Based on the analysis, the Group co-operated with steel companies in its hinterland to maintain sound relationships with their end customers by designing complete logistics system so as to attract more customers to trans-ship their cargos via the Group's general cargo terminal.

- While maintaining stable operation of the general cargo shipping route between Dalian and Incheon, the Group explored a competitive steel shipping route between Dalian and Shanghai by discussion with the steel companies in its hinterland in order to reduce trans-shipment time and tariff and attract more customers. In addition, the Group through co-operation with shipping companies introduced a shipping route between Dalian and India for exporting equipments.

- Based on the overall arrangement, the Group relocated the coal cargos from its bulk grain terminal at Ganjingzi area to its general cargo terminal at Dalian Bay area. In order to complete the relocation successfully and ensure the stabilization of the Group's cargos as a whole, the Group actively coordinated with various parties, provided yards exclusively for such customers, strictly implemented the handling process standards and ensured smooth production process and maintaining customers.

- The Group took advantage of its capability of handling large-sized equipments to capture the opportunity in China's promoting exported equipments. The Group built its brand through its high-quality and high-efficient services. The Group attracted a lot of customers to trans-ship via the Group's terminal. In addition, the Group successfully handled large-sized equipment with weight of 1,536 tonnes and value of US$600 million of a single piece.

- The Group enhanced cooperation with railway companies. As a result, the railway siding at Changxing Island area was put into operation in December 2010, which brought significant positive impacts on the growth of the Group's general cargo business at this area. At the same time, the Group entered cooperation contracts with railway companies at various port areas so as to bring more stable cargos to the Group.

- The Group entered or extended yard leasing contracts with many customers at Changxing

Island area to turn its land resources into new revenue growth points to ensure resource usage sustainability. The Group achieved revenue growth and extension of services at the same time through such diversified efforts.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in 2010 and its comparative results in 2009:

	For the year ended 31 December 2010 ('000 tonnes)	For the year ended 31 December 2009 ('000 tonnes)	Increase/ (Decrease)
Corn	3,480	3,339	4.2%
Soy bean	1,274	664	91.9%
Barley	343	246	39.4%
Wheat	169	89	89.9%
Others	1,154	2,754	(58.1%)
Total	6,420	7,092	(9.5%)

In 2010, the throughput handled by the Group's bulk grain terminal was approximately 6.42 million tonnes, a decrease of 9.5% over 2009.

In 2010, the Group's corn throughput increased by 4.2% over 2009, to 3.48 million tonnes. The increase in the Corn throughput that was mainly due to the following reasons: on one hand, the Group captured the opportunity of the Chinese government's corn allowance policies in the first half of 2010, benefited from its grain logistics system, coordinated actively with railway companies, shipping companies and other relevant parties, and improved the efficiency of its logistics resources usage and cargo turnovers; on the other hand, the Group implemented proactive market development policies, closely co-operated with corn suppliers and purchasers, and provided high quality logistics services and value-added services.

In 2010, the Group's soy bean throughput was approximately 1.274 million tonnes, a significant increase of 91.9% over 2009, and the imported grain throughput for foreign trade comprised approximately 1.186 million tonnes, an increase of 86.2% over 2009. Such growth was mainly due to the following reasons: on one hand, leveraging the Group's improved grain storage capacity, it enhanced cooperation with soy bean exporters and processing enterprises to expand the soy bean trans-shipment business; on the other hand, due to the gradual recovery of the domestic economy, the production capacity of the edible oil industry continually expanded and the market demand for soy beans increased significantly.

In 2010, the Group's barley throughput was approximately 343,000 tonnes, an increase of 39.4% over 2009, of which imported barley throughput for foreign trade was approximately 339,000 tonnes, an increase of 46.8% over 2009. Driven by the favorable situation of the domestic economy, the demand for beer increased in China, which drove a steady increase in imports of barley. At the same time, the Group coordinated with customs authority, inspection organizations, railway companies and other relevant parties to ensure a smooth and efficient process of barley trans-shipment. As a result, it achieved a 100% market share for imported barley in Dalian.

In 2010, the Group's wheat throughput was approximately 169,000 tonnes, an increase of 89.9% over 2009. This significant growth was mainly due to wheat exchange, relocation and auction activities of the national wheat reserve base in Dalian.

In 2010, the Group's other cargo throughput was approximately 1.154 million tonnes, a decrease of 58.1% over 2009. Such decrease was mainly due to the Group's depot at the Ganjingzi area ceasing operations, as the result of the local government zoning requirements and the Group's resulting adjustment of its production locations. Cargos originally handed at the Ganjingzi area were relocated to the Group's other terminals.

In 2010, the throughput handled by the Group's bulk grain terminal accounted for 16.7% (17.2% in 2009) of the total throughput in northeastern China.

In 2010, the revenue from bulk grain terminal operation services amounted to RMB267,638,000 which represented an increase of RMB72,011,000 or 36.8% as compared with that in 2009. Such increase was mainly due to handling charge increases and changes in the composition of cargo handled.

In 2010, the revenue from bulk grain terminal operation services accounted for 8.1% (6.5% in 2009) of the Company's total revenue.

In 2010, the gross profit from bulk grain terminal operation services amounted to RMB100,768,000, representing an increase of 1.32 times as compared with RMB43,363,000 in 2009; this accounted for 7.6% (3.9% in 2009) of the Company' total gross profit, and represented a gross margin of 37.7 % (22.2% in 2009). Such increase in gross margin was mainly caused by the increase of handling charge and freight rates.

In 2010, the major measures taken by the Group and the progress of major projects related to the Group's Bulk Grain Segment were as follows:

- Benefiting from the transportation allowance policies in the first half of 2010, the Group enhanced close cooperation with certain grain enterprises directly owned by the central government, and took advantage of its grain logistics system including bulk grain carriages, silos and shipping routes to improve corn cargo turnovers.

- Facing the termination of the allowance policies and the unfavorable development of the state's direct import action of corn into southern China, the Group fully took advantage of the grain trading platform around Dalian port to increase the trading volume and the trans-shipment volume to ensure a stable increase in terms of corn throughput.

- In terms of the trans-shipment business for foreign trade, the Group actively expanded the trans-shipment business for soy bean and barley. On one hand, the Group focused on cooperation with major grain import agencies to capture the opportunities of grain import channels at the early stage. On the other hand, the Group enhanced communication with enterprises processing soy beans and barley to solicit cargo from the end purchasers. In 2010, the imported grain for foreign trade handled by the Group was approximately 1.524 million tonnes, an increase of 75.4% over 2009.

- The Group proactively communicated with railway companies and railway car manufacturers to promote its new fleet of 500 bulk grain carriages. Some of the carriages commenced operation at the end of 2010 and all of them had been put into operation by January 2011. These resources significantly eased the bottleneck problem for grain cargo transportation from its production area to its place of consumption, and further improved the Group's cargo solicitation capability.

- The Group closely co-operated with the State grain reserve's Dalian depot, to construct bulk grain silos (with a total capacity of 100,000 tonnes) at the Ganjingzi area. Phase I of the project has been put into operation with a designed capacity of 30,000 tonnes, and the construction of phase II has commenced and is expected to be put into operation in the second half of 2011 with a designed capacity of 70,000 tonnes.

Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on roll-off throughput handled by the Group in 2010 and its comparative results in 2009:

	For the year ended 31 December 2010	**For the year ended 31 December 2009**	**Increase/ (Decrease)**
Passengers ('000 persons)	3,037	3,524	(13.8%)
Vehicles ('000 units) *(note 2)*	512	459	11.5%

Note 2: Vehicles refer to the vehicles handled at the passenger and roll-on, roll-off terminals of the Group and companies in which it has invested.

In 2010, the Group transported approximately 3.037 million passengers, a decrease of 13.8% over 2009, and handled approximately 512,000 vehicles, an increase of 11.5% over 2009.

In 2010, the passengers and cargos increased in the Bohai Rim, after initially declining. Due to the impacts of climate and shortage of labor in the coastal areas of north China, the traffic volume of passengers and cargos did not reach the level initially expected. At the same time, the commencement of operation of two ultra large Ro-Ro passenger vessels in the Bohai Rim negatively affected transportation prices during the peak seasons in spring and summer, which diverted cargos from the Group's terminals. In the second half of 2010, due to three Ro-Ro passenger vessels ceasing operation gradually in the Bohai Rim and the fourth quarter being a peak season, both the prices and the traffic volume increased. These factors contributed to the increase in the Group's throughput.

In 2010, the revenue from passenger and roll-on roll-off and logistics services amounted to RMB75,032,000, which represented an increase of RMB1,107,000 or 1.5% over 2009. Such increase was mainly driven by the increase of the Ro-Ro throughput.

In 2010, the revenue from passenger and roll-on roll-off and logistics services accounted for 2.3% of the Company's total revenue (2.4% in 2009).

In 2010, the gross profit from passenger and roll-on roll-off and logistics services amounted to RMB39,740,000, an increase of 7.2% from RMB37,065,000 in 2009, accounting for 3.0% (3.3% in 2009) of the Company's total gross profit, and representing a gross margin of 53.0% (50.1% in 2009). Such increase in the gross margin was mainly caused by the effective control of operating costs.

In 2010, the major measures taken by the Group and the progress of major projects related to the Group's Passenger and Ro-Ro Segment were as follows:

- The Group collected market information on passengers and cargos in a timely manner in order to facilitate its marketing of its services. The Group collected market information of passengers and cargos via various channels in its hinterland, northeastern China and Shandong Province, to develop market knowledge and guide its provision of services. The Group focused on marketing shipping schedules to increase its market share.

- The Group optimized its intermodal transportation system to provide convenient services to passengers and other customers. By taking into consideration the fluctuation in the number of passengers and vehicle traffic on various holidays, including the Qingming Festival, the Labor Day holiday, the Dragon Boat Festival and the National Day Golden Week holiday, the Group coordinated in advance with shipping companies to make appropriate arrangements on various aspects including schedules, capacity and ticket selling services so as to maximize the number of passengers and cargo volume and better serve passengers and other customers.

- The Group successfully met the transportation needs of its customers during the Chinese Spring Festival by enhancing its market promoting and improving its services and ensuring safety.

- The Group made great efforts in providing transportation during summer time. The Group enhanced communication with shipping companies and other port operators to plan reasonable shipping schedules to satisfy passengers' demands. Secondly, the Group enhanced its market knowledge, timely colleting market information via various channels, and guiding operations in an orderly manner. Thirdly, the Group enhanced the administration of ticket selling services and port operations to ensure safe, orderly, high-efficient and high-quality transportation services during summer time.

- The Group successfully resumed services on the "Dalian-Tianjin" route on 15 June 2010 by actively coordinating with China Shipping and Tianjin Port.

- The Group continued to develop new channels for its ticket selling services and expanding its market share. In addition, the Group enhanced arrangement for groups of passengers, in order to boost its market share.

Value-added Services Segment

Tugging
In 2010, the port services, ocean engineering and shipbuilding industry recorded a stable performance. The Group paid great attention to communication with its customers and improvement in tugging services so as to achieve sound growth in the tugging business in Dalian.

In the market outside Dalian, facing changing market conditions, the Group timely changed tugboats' location and optimized tugging services so that it maintained a stable long-term customer base and developed relationships with customers. As at the end of 2010, the Group had a total of 39 tugboats and 4 pilot boats and retained a leading tugging services position amongst all port operators in China. Among these vessels, 14 tugboats were leased out under long-term leases to other ports outside Dalian.

The construction of the Group's eight newly-ordered tugboats was completed. In addition, the Group bought four tugboats and two pilot boats into operation in 2010.

Tallying
The total tallying throughput handled by the Group was approximately 35.573 million tonnes, an increase of 12.9% over 2009.

Comprehensive Port Transportation and Logistics System
The Company's branch company, Dalian Port Railway Company, uses railways as its primary mode of providing transportation to and from Dalian Port, and they are an important part of the Company's comprehensive transportation and logistics system. In 2010, in terms of railway transportation operation, the Group handled a total of 680,000 tonnes, an increase of 7.1% over 2009.

Construction Management and Supervision Services
In 2010, in terms of construction management, the Group worked on 22 key port constructions projects, and 8 of them were completed by the end of 2010, which provided strong support to the

development of the port's logistics services. Dalian Port Construction and Supervision & Consultation Co., Ltd. (owned as to 75% by the Company) successful completed the audit for the revision of its Quality Management System and the audit for the recertification of its Environment Management System and Occupation Health Safety Management System and was awarded the title of Mode Supervision Company by the Association of Engineering Consultants of Liaoning Province.

Power Supply
In 2010, the Group provided power supply services of 203 million kWh, an increase of 29.7 million kWh or 17% as compared with 2009.

IT Services
In 2010, in terms of IT services, while providing reliable services to internal customers, the Group also expanded its external market, and achieved sound progress in its business.

In 2010, the revenue from port value-added services amounted to RMB898,006,000, which represented an increase of RMB116,614,000 or 14.9% over 2009. This revenue increase was mainly attributable to the rapid development of the various port value-added services; in particular, revenue from tugging services and sales of electricity increased significantly.

In 2010, the revenue from port value-added services accounted for 27.1% of the Company's total revenue (26.3% in 2009).

In 2010, the gross profit from port value-added services amounted to RMB323,299,000, an increase of 9.2% from RMB296,044,000 in 2009, accounting for 24.4% (26.3% in 2009) of the Company's total gross profit, and representing a gross margin of 36.0% (37.9% in 2009). The gross margin decreased mainly due to the increase of depreciation of new assets as well as operation costs.

Others

Human Resources

Human resources are important and talented staff are essential for the success of an enterprise. Staff are the most valuable resource of the Company and the key factor for the Company's continuous development. In 2010, to attract and retain talented personnel, the Company further improved its human resource management in various respects including career development, remuneration and working environment having taken into consideration the Company's development strategies and changing external human resources policies. The Company paid great attention to the career development of its staff. In order to continuously improve their professional skills, all-round development and team performance, the Group provided various training programs to its staffs in different classes and at different levels by itself or through outside training service providers, as well as holding technical skill competitions for its staff. The Group has improved the human resource management system, established the authorization system and control procedures for the management of human resources so as to ensure human resources management is carried out according to established rules and standards and effectively manages risks. In addition, based on the principle of fairness and competitiveness and by taking into consideration labor market conditions, the Company has further refined and optimized its employee compensation system and incentive mechanism by linking their compensation with the Company's performance to ensure that employees are able to share the success of the Company. In 2010, the Company was granted the titles of "Mode Enterprise in Harmonious Labor Relationship" and "AAA Corporation in Compliance with the Labor Security Laws and Regulations".

As at 31 December 2010, the Group had a total of 6,137 full-time employees. The Group and its invested businesses together had a total of 7,863 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 always attaches great importance to the investor relation management. Adhering to the principles of regularity, fairness and transparence for information disclosure, the Company has various channels for information disclosure to investors to allow them to have a good understanding of the Company's business performance and future development strategies. In addition, the Company has taken the initiatives to collect the feedbacks from investors, take careful consideration to their suggestions and make appropriate improvement on the work of investor relation. As the result, the Company has maintained good interaction with investors.

On 6 December 2010, the Company's A shares was successfully listed on the Shanghai Stock Exchange and the Company became a company listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange. As a result, the Company is subject to more regulations in terms of information disclosure and there is more work to be done for maintaining investor relations.

During the reporting period, the Company proactively communicated with the capital market and investors home and abroad via various channels including organizing domestic and overseas roadshows, participating in investment conferences, meeting visitors in Dalian, enriching the investors' database and holding conference calls with investors. Adhering to the regulatory requirements of domestic and overseas markets, the Company published announcements, circulars, press release and interim and annul reports on the websites of the Company and the websites and medias designated by the regulatory authorities. Meanwhile, the Company has implemented the internal regulations on information collection, transmission and disclosure so that the department responsible for information disclosure is able to command all important issues of the Company and make appropriate disclosure of the Company's financial position and business development to the shareholders and investors.

In 2010, the Company conducted 3 roadshows, attended 2 investment conferences with 23 one-on-one meetings and communicated with more than 70 investors by ways of visit receipt and conference calls. The Company carried out concentrated marketing in the media during its A shares listing, publication of interim and annual results and significant events relating to business development.

The investor relation is a long-term strategic work for the Company. The Company will continue to improve its investor relation management so as to better serve the shareholders and allow the shareholders and the capital market to have better understanding and recognition of the Company.

Corporate Social Responsibility

Paying attention to environmental protection and creating safe and clean environment for port operation

- The Company always puts the principle of safety first throughout its development, pays great attention to production safety, energy saving and emission reduction. In 2010, Dalian Port was awarded with the Modal Enterprise in Safety Management in Liaoning Province, and obtained one invention patent and seven utility modal patents, all relating to energy saving and emission reduction. The Company also won the first prize of State Port Science and

Technology Award for its research paper on key technique for berthing at deep water berths (《離岸深水港碼頭泊穩條件關鍵技術研究》). The research result has been implemented with good effects.

- The Group attaches great importance to the investment in and management of facilities for the use of environmental protection. In 2010, the Company made an overall evaluation of the Group's facilities for the use of environmental protection. According to the evaluation result, the Group has upgraded the facilities for sewage disposal in Dayaowan area and Dalianwan area, which have efficiently improved the quality of discharged wastewater. The Group has also furnished the boiler in the center of Dayaowan area with equipments for desulfurizing and online smoke vent monitor so as to reduce the emission of pollutant such as sulfur dioxide and improve the ocean environment and air quality in the port area. The Group has also upgraded the emergency response facilities for oil spill by adding spill containment boom, oil collection machine, mobile storage tanks, insufflation equipment for oil dispersant. As a result, it further strengthened its ability of emergency response.

- The Group pays great attention to the environment protection control and management during its port operations and port construction. The Group has implemented the ecological compensation mechanism for its port construction projects.

Enhancing the corporate social responsibility awareness and promote sustainable development

- In order to ensure the social stability, the Group has made appropriate arrangement for its surplus labor force. The Group has provided housing subsidy for staff to improve their housing conditions. The Group has established a long-term practice in helping the poor improve their living conditions. The Group has also provided physical examination and other medical benefits to its staffs so as to promote their physical and mental health.

- The Group has proactively organized charity activities such as donation for the earthquake area and Project Hope. The Group has made donation to the poor area for its construction of public utilities, which will bring benefit to the social and economic development of that area. Dalian Container Terminal Co., Ltd. ("DCT"), one of the Company's invested businesses, provided certain financial assistance to university students every year. In 2010, DCT also donated RMB20,000 to Mopan village of Pulandian City in Liaoning Province of China for its construction of roads in order to accelerate local economic development.

- The Group has actively participated in environmental protection. The Group has carried out various propaganda and volunteer activities for environmental protection and participated in the cleaning of oil spill caused by the 7.16 Accident. The Group has collected and compiled articles on green ecology ports. The Company was awarded the 2009-2010 Best Company with Social Responsibility by Dalian Municipal Environmental Protection Volunteers Association.

Prospects for 2011

The year of 2011 sees more uncertainty in global economy. Certain newly published market statistics showed that the economy of the United Stated has started looking better and there are also some signs showing improvement in the European debt crisis. The global economy recovered slowly. The International Monetary Fund (IMF) forecasted that the average growth rate for the Global GDP would slow down from 4.8% to 4.2% in 2011 while the average growth rate for the GDP in developed countries would be 2.2% and 6.4% in developing countries. With the recovery of the global economy, the global trade will grow moderately. China's GDP is expected to grow by

8% in 2011, 2 percentage points lower than that of the previous year. China's Ministry of Commerce forecasted that in 2011, the growth rate of China’s foreign trade will slow down significantly to 10%. The growth rate for containers handled at Chinese ports will slow down accordingly; but moderate increase is still expected. The container volume growth rate will be around 10%.

The revitalization of northeastern China and development of Liaoning Coastal Economic Zone will continue, which will definitely lead to the economic and foreign trade growth in the Three Northeastern Provinces, the development of Dalian international shipping centre and the growth of the Group’s container business.

In terms of Oil Segment, adhering to a differentiation strategy, the Group will leverage its advantages of two deep water berths and scale advantage of storage tanks, expand the transshipment of bonded crude oil and the storage, bonded warehousing and transshipment of the refined oil. With cost-priority and scale-orientation strategy, the Group will try to enhance its core competitiveness and improve its operations and management.

In terms of Container Segment, the Group will, by improving efficiency, enhancing service functions and adjusting structures, increase its core competitiveness of container business, stabilize its market share and enhance internal control to ensure accomplishment of the target for container business in 2011.

In terms of Automobile Terminal Segment, the Group will continue to enhance cargo solicitation for the transportation between southern China and northern China, strengthen the co-operation with large-scaled automobile manufacturers, establish the automobile logistics system and develop the transportation of foreign trade bulk cargoes and domestic trade equipments.

In terms of Ore Segment, the Group will continue to enhance import cargo solicitation from steel manufacturers in the Three Northeastern Provinces and transshipment cargo solicitation for the steel manufactures in Hebei province, speed up the reconstruction of the ore terminal and expansion of stacking yard and leverage the unique scale advantage in the region to solicit the calling of 400,000 dwt ore vessels.

In terms of General Cargo Segment, the Group will take advantage of port locations to proactively respond competition from other ports in the Three Northeastern Provinces, and to build the Group to a specialized general cargo port operator with a focus on primary steel, coal and large-scale equipments foreign trade business and carry out grain and bulk cargo related business as ancillary activities.

In terms of Bulk Grain Segment, the Group will strengthen the co-operation with grain traders and shipping enterprises in order to improve its competitiveness by taking advantages of bulk grain carriages and newly built bulk grain barns. The Group will also promote port tariff increase so as to generate more profit.

In terms of Passenger and Ro-Ro Segment, the Group will put more efforts on marketing activities in order to meet the increasing demand for shipping capacity. The Group will manage properly the newly added shipping capacity and the newly constructed berths as well as promote the development of joint venture and co-operation projects.

In terms of Value-added Services Segment and ancillary port services, the Group will seize the development opportunities to explore market outside Dalian while continuing to provide high-efficient and high-quality services to its customers in Dalian.

Oil Segment

- The Group will continue to expand the scale of its storage tanks and push forward the construction by PetroChina of more storage tanks at Xingang area and the Group's investment in Changxing Island. The Group will further expand the scale of storage tanks for transshipment business by attracting external investment or joint venture projects so as to meet the increasing demand of domestic and overseas crude oil traders. The Group will speed up the construction of the storage tanks with a total capacity of 400,000 cubic meters developed by its joint venture with China Zhenhua Oil Co., Ltd., Panjin Northern Asphalt Co., Ltd., and North Petroleum International Co., Ltd so that they can be put into operations before the end of 2011. The Group will attract other customers to carry out transshipment business via its oil terminal.

- The Group will continue to push forward the regional development and overall service function planning among such areas where the Group has investment as Dalian Port Petro and Chemical Co., Ltd. and Changxing Island so as to build up the logistics service system for imported crude oil, exported and imported refined oil and imported liquefied chemicals. The Group will work on the plan for development of bonded crude oil storage and international transshipment business in Changxing Island.

- PetroChina International's crude oil commercial reserve base with a total capacity of 4.2 million cubic meters will be gradually filled with crude oil, which will yield one-off increment of throughput for the Group.

- The Group will proceed with the construction of more crude oil storage tanks and #18 to #21 berths, which will solve the problem of shortage of public storage tanks for transshipment to a certain extent and will provide supports to the crude oil transshipment business development around Bohai Rim and Huanghai Rim and international bonded crude oil transshipment.

- The commercial reserve base for refined oil located at the Group's oil terminal has the function of adjusting supply and demand for refined oil. The refined oil base will help large-scaled vessels reduce transportation cost significantly so that it will help the Group attract more calling of such large-scale vessels and more refined oil cargoes.

Container Segment

- The Group will stabilize the market share for foreign trade container business, expand shipping network and maintain its leading position. The Group will attract more shipping companies to introduce shipping routes calling at its container terminals.

- The Group will put more efforts in stabilizing the current domestic container routes while attracting more long-haul services. The Group will improve the shipping network covering medium-size and small-size ports. The Group will continue to improve the hinterland logistics network, reduce logistics cost and provide high-quality services to customers.

- The Group will continue to support transshipment business so as to expand its hinterland. The Group will put more efforts on the analysis of hinterland market, monitor the cargo trend, strengthen the co-operation with shipping companies, improve the feeder transportation system and strengthen its position as the hub for domestic container transshipment. The Group will enhance the marketing on international transshipment business and try to achieve the stable operation of transshipment service to Korea by taking its advantage on location.

- The Group will enhance its competitiveness in hinterland intermodal system and make full use of the extended services in the hinterland. Based on the principle of making overall planning and improving operation results, the Group will strengthen its network construction and operational management. The Group will try to upgrade the service level and market expansion ability of the exiting depots in Shenyang and Changchun so as to attract more cargos. The Group will make good use of its core railway resources and strengthen its co-operation with the railway companies. The phase-I project of Muling logistics centre will be put into trial operation in 2011. The Group will develop co-operation on container transportation business in the areas where conditions permit.

- The Group will proceed with the construction of additional berths for phase-II and phase-III container terminals and related depots at Dayaowan area. The Group will take full use of the advanced facilities and equipments and complete container logistics service system so as to provide convenient services to customers and expand co-operation with strategic partners.

- In order to increase the income, the Group’s three joint venture container terminals in Dalian raised the tariff for foreign trade container handling services by 10% over that in 2010 with effect from 1 January 2011.

Automobile Segment

- The Group will continue to enhance cargo solicitation for the transportation between southern China and northern china. While stabilizing the operation of automobiles from Guangzhou Honda and Shanghai Automobile Industry Corporation (Group), the Group will corporate with relevant parties to push forward water transportation projects of Dongfeng Nissan and First Automobile Works in order to strengthen the Group's position in the automobile transportation between southern China and northern China.

- The Group will enhance coordination with customers so as to strengthen its position as export hub for automobiles. Meanwhile, the Group will follow closely with the newly issued policies on automobile industry and supporting measures so as to attract more automobiles to be exported via the Group's terminal.

- The Group will enhance its co-operation with automobile manufacturers including Cherry and Shanghai Automobile Industry Corporation (Group) so as to maintain stable cargo supply for future throughput growth.

- While ensuring operational safety, the Group will deploy more handling equipments in order to expand foreign trade bulk cargo operation and domestic trade large-scale equipments.

- With the commencement of operation of newly constructed roll-roll vessels and specialized railway services, the Group will build up integrated automobile logistics system and carry out the logistics services for automobile spares.

Ore Segment

- The reconstruction of the Group's ore terminal is expected to complete in the second quarter of 2011. Upon completion of such reconstruction, the Group’s ore terminal will be capable of accommodating 400,000dwt ore vessels and the Group’s advantage on deep water will be unique in the current sea conditions in Bohai Rim area.

- The reconstruction of the Group's ore terminal will complete in June 2011 with additional handling capacity of 5 million tones. The construction of No. 4 stacking yard is expected to complete at the end of 2011 with additional stacking capacity of 2.3 million tones.

- In order to better serve customers in the Three Northeastern Provinces who transport their cargo by railway, the Group will enhance communication with steel manufacturers and railway companies to improve the operational efficiency and provide better railway services.

- As affected by commencement of operation of phase-II and phase-III terminals in Caofeidian, the transshipped ore volume at the Group's ore terminal destined to Hebei area is expected to fall. Facing such challenge, the Group will strengthen co-operation with customers and improve operational efficiency and service quality. While providing high-quality services to ultra size ore vessels, the Group will attract more CAPE CLASS ore vessels to call its terminal.

- The Group will push forward the bonded ore business, mixture of different categories of ores and ore distribution centre project by seizing the opportunity when large ore vessels and ultra large ore vessels launch operation.

General Cargo Segment

- Adhering to the marketing principle "steel-oriented" and continuing co-operation with major customers, the Group will take the change in steel market into consideration, attract the steel transshipment for medium-size and small-size steel manufacturers, extend the cargo solicitation to downstream customers so as to build up the steel solicitation network covering the whole country.

- Relying on the business of coal shipment for Huaneng Dalian Power Plant and Zhuanghe Power Plant, focusing on the business of coal shipment from the hinterland and supplemented by consumption of the coastal enterprises, the Group will form the scale of coal transportation and develop as the coal transportation and storage centre in the Three Northeastern Provinces.

- Taking the opportunity of the State's expanding domestic demand, Northern China's revitalization and Dalian Municipal's automobile, equipment and ship building industries development policies, the Group will attract more cargos and establish as the hub for the transportation of heavy equipments by leveraging its advantages on location and technique.

- Four general cargo berths newly constructed by the Group at Dalianwan area with additional handling capacity of 3.9 million tonnes will be put into operations in the end of June 2011. Soon after, the ancillary stacking yard with total area of 410,000 square meters and additional stacking capacity of 5.6 million tones will be put into operation. The Group will build three new warehouses with total area of 36,600 square meters and a new stacking yard with total area of 200,000 square meters in Changxing Island. Besides, the Group will purchase more handling equipments. The Group's competitiveness will be further strengthened.

- The Group will further upgrade the port functions in Changxing Island. Taking advantages of port resources, the Group will speed up the construction of coal trade and delivery center and steel manufacturing and delivery center.

Bulk Grain Segment

- With commencement of the operation of newly-purchased 500 bulk grain carriers, the Group will co-ordinate with customers and railways companies to improve the operational efficiency in order to increase grain throughput.

- Facing the trend of "Four Bulks" (bulk puck, bulk discharge, bulk storage and bulk transportation) for grain transportation, the Group will make full use of the existing bulk grain carriers and implement long-term co-operation with major grain producers so as to maintain large amount of cargo supply.

- The Group will strengthen co-operation with grain traders and shipping companies and try to launch regular shipping routes to Maoming Port and Nantong Port for domestic corn transportation while ensuring the stable operation of the existing regular shipping routes, in order to increase it competitiveness.

- The Group will try to form co-operation relationship with neighboring ports so that tariffs may return to their previous level and increase income.

- The Group will enhance the co-operation with the State grain reserves Dalian depot to push forward commencement of operation of phase-II silos built at Ganjingzi area of Dalian near the Group's terminals.

Passenger and Ro-Ro Segment

- The Group will enhance marketing activities to establish complete marketing system. While maintaining good co-operation with existing customers in the Three Northeastern Provinces, the Group will strive to attract more cargos from other customers. The Group will focus on railway passengers, travel agencies in the Three Northeastern Provinces, colleges and universities, major exhibitions, migrant workers to find out new source of passengers. For the new source of vehicles, the Group will expand the coverage of customers to more private car owners, logistics distribution centers and large-scaled truck fleet in Heilongjiang Province, Jilin Province and Inner Mongolian Autonomous Region so as to meet the future demand of the Group's increasing handling capacity.

- Making full use of IT network, the Group will expand the coverage of shipping routes and ticket prices. Meanwhile, the Group will establish passenger and cargo information collection and management system. The Group will pay more attention to collection of economic policies relating to passenger and cargo transportation in order to forecast throughput. The Group will also set up a multi-level marketing team.

- In January 2011, China Shipping Ganglian Co., Ltd., an associate company in which the Company has 30% equity interests, launched a roll-roll vessel named Longxing Island on the route connecting Dalian with Yantai. The construction of a roll-roll vessel named Yongxing Island has been completed in Guangzhou and will be put into operation for the route connecting Dalian and Yantai as well in April this year. By then, there would be seven vessels under the name of "Island" operated by China Shipping Passenger Liners Co., Ltd. and other companies invested by it calling at the Group's terminal, significantly increase the Group's influence and competitiveness.

- The Group will speed up the project of passenger and roll-on, roll-off terminal at Dalianwan in order to put it into operation as early as possible. The Group will push forward consolidation of port resources for passenger and roll-on, roll-off terminal services by investment in China Railway Bohai Ferry Terminal and establishment of passenger and roll-on, roll-off center in Lvshun. The Group will promote the modernization of service facilities by taking the opportunities in developing international cruise center and passenger and roll-on, roll-off center.

- The Group will work with the Bohai Rim Port and Shipping Association to achieve the shipping market stability and price stability so as to create a favorable market environment for all market participants and also the future of the industry.

Value-added and Supporting Services

- Benefited from the development of regionalization and port consolidation, the Group will be able to find out new driving force for revenue increase by optimizing resource deployment and adjusting tugboat deployment structure.

- The Group plans to build additional eight to ten tugboats during the Twelfth Five-Year Plan period. Four tugboats will be built in 2011 and are expected to be delivered in the end of 2012. The Group will make appropriate preparation for the operation of these tugboats and adjustment of tugboat resources in due course.

- The Group will continue to provide comprehensive port supporting services to the internal specialized terminal and related logistics services in order to ensure safe and efficient port operations. Meanwhile, the Group will actively expand the external market so as to create more profit.

COMPLIANCE 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 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the "Listing Rules") during the year ended 31 December 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct governing director's dealings in the Company's securities transactions (the "Code of Directors' Securities Dealings") on terms no less exacting than the standards required under the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules. Upon specific enquiries, all directors confirmed that they had complied with the provision of the Code of Directors' Securities Dealings during the year ended 31 December 2010.

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

During the year ended 31 December 2010, the Company hid not redeem any of its listed shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares in the aforesaid period.

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 2010.

FINAL DIVIDEND

The Board has proposed to pay a final dividend of RMB5 cents per share (including PRC withholding tax) in cash. Such proposal is pending approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held soon. The record date and closure of books for determining entitlement to final dividends and attending the annual general meeting will be announced in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

In accordance with the requirements under the Listing Rules applicable to the reporting period, the 2010 annual report containing all information about the Company set out in this announcement including the financial results for the year ended 31 December 2010 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
ZHU Hongbo LEE, Kin Yu Arthur
Joint Company Secretaries

Dalian City, Liaoning Province, the PRC
28 March 2011

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

The Directors (except for Mr. NG Ming Wah, Charles who did not attend the board meeting approving the annual result for the year ended 31 December 2011 due to his tendering resignation on 17 March 2011 to the Company which is currently processing his case in accordance with the requirements of the relevant PRC regulatory authorities and selecting a replacement candidate) jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

** The Company is registered as an oversea 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".*