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 2011

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") prepared pursuant to China Accounting Standards for Business Enterprises for the year ended 31 December 2011. The Group's financial results for the current year have been audited by Ernst & Young Hua Ming.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011
(Expressed in Renminbi Yuan)

ASSETS	2011	2010
Current assets		
Cash and bank balances	2,254,079,359.16	3,257,584,874.53
Notes receivable	143,128,482.88	95,490,533.52
Dividends receivable	27,229,304.85	89,327,526.20
Interests receivable	17,077,678.32	1,563,707.73
Accounts receivable	436,020,259.55	340,819,755.89
Other receivables	198,696,714.61	187,942,498.48
Prepayments	24,501,915.18	166,551,421.26
Inventories	89,099,506.55	54,414,586.22
Non-current asset due within one year	4,864,200.00	-
Other current assets	702,830,000.00	68,000,000.00
Total current assets	3,897,527,421.10	4,261,694,903.83
Non-current assets		
Available-for-sale financial assets	26,577,769.81	26,804,054.61
Long-term equity investments	3,330,743,027.00	3,313,648,446.59
Investment properties	686,187,265.49	883,406,540.44
Fixed assets	11,911,976,078.46	8,929,837,715.51
Fixed assets pending for disposal	3,768,517.64	-
Construction in progress	5,325,978,500.87	4,617,098,892.35

Intangible assets	800,387,477.68	472,017,152.49
Goodwill	77,735,288.74	77,735,288.74
Long-term prepaid expenses	23,932,615.04	20,845,569.25
Deferred tax assets	58,981,104.65	62,139,576.76
Other non-current assets	1,030,059,257.33	25,590,961.60
Total non-current assets	23,276,326,902.71	18,429,124,198.34
TOTAL ASSETS	27,173,854,323.81	22,690,819,102.17

LIABILITIES AND OWNERS' EQUITY	2011	2010
Current liabilities		
Short-term borrowings	621,000,000.00	1,265,000,000.00
Notes payable	74,030,000.00	12,650,000.00
Accounts payable	145,982,948.04	94,303,798.29
Advances from customers	87,042,910.65	129,702,144.78
Employee benefits payable	131,690,170.05	83,678,190.23
Taxes payable	83,917,133.10	154,914,443.03
Interests payable	197,604,619.49	68,309,952.01
Dividends payable	98,686,047.77	6,791,885.54
Other payables	917,684,830.77	2,854,050,840.24
Non-current liabilities due within one year	210,000,000.00	20,000,000.00
Bonds payable	200,000,000.00	-
Total current liabilities	2,767,638,659.87	4,689,401,254.12
Non-current liabilities		
Long-term borrowings	2,198,487,363.93	2,392,963,068.52
Bonds payable	7,829,944,589.64	2,481,670,772.08
Long-term payables	4,035,700.00	7,941,050.00
Deferred tax liabilities	77,337,293.53	74,672,592.27
Other non-current liabilities	656,746,024.14	688,478,086.57
Total non-current liabilities	10,766,550,971.24	5,645,725,569.44
Total liabilities	13,534,189,631.11	10,335,126,823.56
Owners' equity		
Share capital	4,426,000,000.00	4,426,000,000.00
Capital surplus	6,116,286,470.43	6,134,167,505.26
Surplus reserve	411,223,454.24	347,502,417.01
Retained earnings	1,664,362,022.29	1,283,035,481.54
Exchange differences on foreign currency translation	10,926,656.88	(479,519.45)
Equity attributable to owners of the parent	12,628,798,603.84	12,190,225,884.36
Minority interests	1,010,866,088.86	165,466,394.25
Total owners' equity	13,639,664,692.70	12,355,692,278.61
TOTAL LIABILITIES AND OWNERS' EQUITY	27,173,854,323.81	22,690,819,102.17

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2011
(Expressed in Renminbi Yuan)

	2011	2010
Revenue	3,955,394,389.80	3,336,950,665.77
Less: Cost of sales	2,487,752,090.60	1,888,274,585.53
Taxes and surcharges	160,171,314.14	159,860,847.82
General and administrative expenses	449,107,581.54	367,797,503.78
Financial expenses	178,102,358.69	65,283,800.80
Impairment losses	(10,000.00)	(324,338.86)
Add: Gains on changes in fair values	-	28,944.74
Investment income	141,080,016.28	138,425,185.54
Including: Share of profits and losses of associates and jointly-controlled entities	86,541,376.20	118,379,808.23
Operating profit	821,351,061.11	994,512,396.98
Add: Non-operating income	177,469,445.54	104,200,009.75
Less: Non-operating expenses	3,767,998.44	20,412,597.77
Including: Losses on disposal of non-current assets	1,804,943.04	14,211,288.93
Total profit	995,052,508.21	1,078,299,808.96
Less: Income tax expenses	237,587,965.27	231,482,037.30
Net profit	757,464,542.94	846,817,771.66
Including: Net profit of the absorbed party before business combination under common control	-	144,387,185.25
Attributable to:		
Owners of the parent	666,337,610.41	813,154,280.39
Minority interests	91,126,932.53	33,663,491.27
Earnings per share		
Basic earnings per share	0.15	0.22
Diluted earnings per share	Not applicable	Not applicable
Other comprehensive income	(2,936,080.74)	3,482,258.06
Total comprehensive income	754,528,462.20	850,300,029.72
Attributable to:		
Owners of the parent	663,401,529.67	816,636,538.45
Minority interests	91,126,932.53	33,663,491.27

NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2011
(Expressed in Renminbi Yuan)

1. GENERAL INFORMATION

Dalian Port (PDA) Company Limited (the “Company”) was established in Liaoning Province, the People’s Republic of China (the “PRC”) as a joint stock limited company by Dalian Port Corporation Limited (“PDA”), Dalian Rongda Investment Company Limited, Dalian Haitai Holdings Company Limited, Dalian Detai Holdings Company Limited and Dalian Bonded Zhengtong Company Limited with the approval by Da Zheng [2005] No.153 issued by the People’s Government of Dalian City, Liaoning Province. Pursuant to the approval of the Administration for Industry and Commerce of Dalian City, Liaoning Province, the Company registered with the business license number of 210200400039287. The H shares and A shares which are ordinary shares and issued by the Company have been listed and traded on the Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange on 28 April 2006 and 6 December 2010, respectively. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the provision of oil/liquefied chemicals terminal and related logistics services, container terminal and related logistics services, automobile terminal and related logistics services, ore terminal and related logistics services, general cargo terminal and related logistics services, bulk grains terminal and related logistics services, passenger and roll-on, roll-off terminal and related logistics services, and port value-added services and ancillary port operations.

As at 31 December 2011, the Company has issued 4,426,000,000 shares in total.

The principal activities of the Company include the provision of terminal business and logistics services such as international and domestic cargo loading and discharging, transportation, transhipment, storage and etc.; tallying, piloting and tugging services for vessels sailing on international and domestic lines; port logistics and port information technology consultation services.

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

The financial statements were approved and authorised for issue by the board of directors on 29 March 2012. According to the Company’s Articles of Associations, the financial statements will be submitted to the forth coming general meeting for approval.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Basis of preparation

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprises - Basic Standard and 38 specific standards issued in February 2006, and implementation guidance, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (the “MOF”) (collectively referred as “Accounting Standards for Business Enterprises”).

The financial statements are presented on a going concern basis.

Except for certain financial instruments, the financial statements have been prepared under the historical cost convention. If the assets are impaired, corresponding provisions for impairment shall be provided according to relevant provisions.

3. CONSOLIDATION SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.1 Change of consolidation scope

Except for the newly established subsidiaries during the year and the following illustration, the consolidation scope remains the same as prior year.

The Group holds 51% equity interests in Dalian Container Terminal Co., Ltd. ("DCT"). According to the board's resolution "Agreement of inclusion of DCT in the consolidated financial statements of the Chinese party" of DCT, DCT has been included in the consolidation scope of the Group from 1 April 2011.

On 28 March 2011, the Company acquired 60% equity interests in Dalian Lvshun Port Co., Ltd. Accordingly, Dalian Lvshun Port Co., Ltd. and its wholly-owned subsidiary, Dalian Xinhai Passenger Transportation Co., Ltd., became the Group's subsidiaries.

3.2 Entities newly included in the consolidation scope during the year

	Net assets as at 31 December 2011	Net profit/(loss) from the combination date to 31 December 2011
Dalian Lvshun Port Co., Ltd.	355,486,521.80	(7,146,811.53)
DCT	1,390,465,823.00	144,330,381.25
	1,745,952,344.80	137,183,569.72

The operating results and cash flows of DCT from 1 April 2011 to the end of the current year are as follows:

	From 1 April to 31 December 2011
Revenue	440,781,452.26
Net profit	144,330,381.25
Net cash flows from operating activities	238,082,428.55
Net cash flows used in investing activities	(16,338,399.39)
Net cash flows used in financing activities	(208,133,727.72)

3.3 Acquisition of Dalian Lvshun Port Co., Ltd. during the current year

The operating results and cash flows of Dalian Lvshun Port Co., Ltd. and its subsidiary from the acquisition date to the end of the current year are as follows:

	From 31 March to 31 December 2011
Revenue	(20,582,031.21)
Net profit	(7,146,811.53)
Net cash flows from operating activities	5,099,625.17
Net cash flows from investing activities	21,281,480.91
Net cash flows used in financing activities	(1,408,950.00)

In the first half of 2011, the Company acquired 60% equity interests in Dalian Lvshun Port Co., Ltd. at a consideration of RMB217,580,000 in cash. The change of the relevant business registration was completed on 28 March 2011 and the acquisition date was determined at 31 March 2011.

The fair values and carrying amounts of the identifiable assets and liabilities of Dalian Lushun Port Co., Ltd. and its subsidiary as at the acquisition date were as follows:

	Fair value	Carrying amount
Cash and cash equivalents	33,719,938.91	33,719,938.91
Accounts receivable	978,321.89	978,321.89

Prepayments	27,940,714.40	27,940,714.40
Other receivables	8,024,310.70	8,024,310.70
Inventories	557,650.74	557,650.74
Long-term equity investments	200,000.00	200,000.00
Fixed assets	184,979,235.36	184,979,235.36
Construction in progress	190,326,901.16	173,926,027.59
Intangible assets	3,455,982.72	3,455,982.72
Advances from customers	(6,380,000.00)	(6,380,000.00)
Employee benefits payable	(9,702.27)	(9,702.27)
Taxes payable	130,499.25	130,499.25
Other payables	(17,190,301.14)	(17,190,301.14)
Long-term borrowings	(60,000,000.00)	(60,000,000.00)
Deferred tax liabilities	(4,100,218.39)	-
Net assets	362,633,333.33	350,332,678.15
Minority interests	(145,053,333.33)	
Cost of the business combination	217,580,000.00	

4. Accounts receivable

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

An ageing analysis of accounts receivable is as follows:

	2011	2010
Within 1 year	417,704,800.13	335,771,356.01
1 to 2 years	13,974,521.53	2,305,233.14
2 to 3 years	2,177,027.76	5,177,071.28
Over 3 years	5,016,831.87	505,620.00
	438,873,181.29	343,759,280.43
Less: Provision for bad debts	(2,852,921.74)	(2,939,524.54)
	436,020,259.55	340,819,755.89

Movements in provision for bad debts are as follows:

	2011	2010
Opening balance	2,939,524.54	3,240,744.54
Increase due to change in consolidation scope	56,953.00	-
Write-off	(143,555.80)	(301,220.00)
Closing balance	2,852,921.74	2,939,524.54

5. Other receivables

An ageing analysis of other receivables is as follows:

	2011	2010
Within 1 year	165,317,088.91	58,900,858.55
1 to 2 years	11,017,659.38	6,674,335.12
2 to 3 years	2,825,460.36	48,383,352.00
Over 3 years	21,141,920.53	74,077,662.88

	2011	2010
	200,302,129.18	188,036,208.55
Less: Provision for bad debts	(1,605,414.57)	(93,710.07)
	198,696,714.61	187,942,498.48

Movements in provision for bad debts are as follows:

	2011	2010
Opening balance	93,710.07	101,828.93
Increase due to change in consolidation scope	1,511,704.50	93,710.07
Write-off	-	(101,828.93)
Closing balance	1,605,414.57	93,710.07

	2011				2010			
	Ending balance		Bad debt provision		Ending balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	117,972,449.44	58.90	-	-	125,399,297.85	66.69	-	-
Not individually significant but subject to separate provision	82,329,679.74	41.10	1,605,414.57	1.95	62,636,910.70	33.31	93,710.07	0.15
	200,302,129.18	100.00	1,605,414.57		188,036,208.55	100.00	93,710.07	

6. Prepayments

An ageing analysis of prepayments is as follows:

	2011		2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	23,771,426.18	97.02	166,291,566.06	99.84
1 to 2 years	730,489.00	2.98	259,855.20	0.16
	24,501,915.18	100.00	166,551,421.26	100.00

7. Notes payable

	2011	2010
Bank acceptance notes	74,030,000.00	12,650,000.00

8. Accounts payable

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

*An ageing analysis of accounts payable is as follows:

	2011	2010
Within 1 year	142,155,524.21	93,550,702.21
1 to 2 years	3,554,033.31	651,430.86
2 to 3 years	273,390.52	101,665.22

	145,982,948.04	94,303,798.29

As at 31 December 2011, there were no accounts payable due to shareholders holding 5% (including 5%) or more of the Company's voting shares (31 December 2010: Nil).

As at 31 December 2011, the Group had no significant accounts payable with ageing over one year (31 December 2010: Nil).

9. Revenue and cost of sales

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

Revenue is as follows:

	2011	2010
Revenue from the principal operations	3,660,418,868.82	3,095,732,317.43
Revenue from other operations	294,975,520.98	241,218,348.34
	3,955,394,389.80	3,336,950,665.77

Cost of sales is as follows:

	2011	2010
Cost of the principal operations	2,248,493,997.93	1,652,950,316.07
Cost of other operations	239,258,092.67	235,324,269.46
	2,487,752,090.60	1,888,274,585.53

Revenue by segment is as follows:

	2011		2010	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil/liquefied chemicals terminal and logistics services	875,470,142.51	448,045,724.31	887,091,396.68	393,830,703.04
Container terminal and logistics services	887,635,682.17	607,270,739.70	483,137,204.41	256,944,088.63
Passenger and roll-on, roll-off terminal and logistics services	114,848,968.50	70,159,458.65	75,032,422.49	32,588,423.57
Automobile terminal and logistics services	9,920,000.00	5,056,377.71	-	-
Ore terminal and logistics services	313,705,891.55	177,188,675.68	304,994,487.39	183,929,675.54
Bulk grains terminal and logistics services	322,103,930.34	176,556,869.56	267,638,326.01	153,138,627.01
General cargo terminal and logistics services	355,113,504.60	315,479,813.98	310,931,948.16	279,019,984.82
Port value-added services and ancillary port operations	956,452,068.50	610,374,783.20	898,005,608.13	547,763,280.06
Unallocated	120,144,201.63	77,619,647.81	110,119,272.50	41,059,802.86
	3,955,394,389.80	2,487,752,090.60	3,336,950,665.77	1,888,274,585.53

Revenue is analysed as follows:

	2011	2010
Loading services	1,640,356,627.31	1,240,817,165.32
Logistics services	714,888,208.70	660,822,484.30
Storage services	459,240,590.70	334,074,379.74
Port management services	204,506,341.02	210,671,333.73

Leasing services	241,175,110.67	185,637,939.11
Agency services	49,934,193.35	46,367,986.21
Tallying services	58,875,569.41	53,532,885.51
Electric supply services	100,179,911.37	99,690,239.13
Project construction and inspection services	164,211,780.54	115,194,093.84
Information services	67,535,380.86	84,491,036.10
Others	254,490,675.87	305,651,122.78
	3,955,394,389.80	3,336,950,665.77

10 Taxes and surcharges

	2011	2010
Business tax	142,143,284.10	125,065,169.80
City maintenance and construction tax and education surcharge	17,282,599.79	11,160,874.82
Land appreciation tax	745,430.25	23,634,803.20
	160,171,314.14	159,860,847.82

11. Non-operating income

	2011	2010
Gain on disposal of non-current assets	14,798,043.22	39,595,869.91
Including: Gain on disposal of fixed assets	11,522,114.60	7,920,113.40
Gain on disposal of intangible assets	3,275,928.62	31,675,756.51
Government grants	156,150,241.77	64,171,680.21
Others	6,521,160.55	432,459.63
	177,469,445.54	104,200,009.75

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

	2011	2010
Recognition of deferred income	35,324,062.43	35,296,401.65
Financial subsidy (Note)	118,740,919.20	23,588,700.00
Refund of turnover tax	2,085,260.14	5,286,578.56
	156,150,241.77	64,171,680.21

Note: The financial subsidy income recognised by the Group in 2011 mainly comprised the following:

(1) Pursuant to 《大连市人民政府关于促进大连港口集装箱业务加快发展的意见》(Da Zheng Fa [2011]61) issued by the Government of Dalian City in August 2011 and《关于促进大连港口集装箱加快发展补贴资金发放的实施细则的通知》(Da Gang Kou Fa [2011]47) issued by the Port of Dalian Authority and Dalian Municipal Bureau of Finance in September 2011, the Group recognised income relating to the government grants of RMB85,770,000.00.

(2) Pursuant to 《关于对环渤海内支线、东北集装箱班列、国际集装箱班轮业务给予财政扶持的有关问题的通知》(Da Cai Qi [2005]590), the Group received the subsidy of RMB10,000,000.00 and RMB5,000,000.00 for its business relating to Bohai Rim Internal Trade Shipping Line and Northeastern Container Railway in 2011, respectively.

12. Non-operating expenses

	2011	2010
Loss on disposal of non-current assets	1,804,943.04	14,211,288.93
Including: Loss on disposal of fixed assets	1,804,943.04	14,211,288.93
Compensation for losses	-	3,341,907.86
Others	1,963,055.40	2,859,400.98
	3,767,998.44	20,412,597.77

13. Income tax expenses

	2011	2010
Current income tax expense	232,750,784.04	249,403,046.96
Deferred income tax expense	4,837,181.23	(17,921,009.66)
	237,587,965.27	231,482,037.30

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

	2011	2010
Total profit	995,052,508.21	1,078,299,808.96
Income tax expense at the statutory rate (Note)	248,763,127.05	269,574,952.24
Effect of different tax rates applicable to subsidiaries in Mainland China	(3,397,733.68)	(566,733.12)
Effect of different tax rates applicable to subsidiaries outside Mainland China	1,160,910.16	1,223,491.66
Adjustments in respect of current income tax of previous years	(2,547,073.60)	(125,107.18)
Income not subject to tax	(8,695,133.38)	(9,472,050.91)
Investment income	(22,065,253.70)	(30,313,739.40)
Expenses not deductible for tax	6,846,862.53	3,171,516.53
Tax losses utilised from previous periods	(1,485,252.18)	(7,287,015.43)
Tax losses not recognised	19,007,512.07	5,276,722.91
Tax charged at the Group's effective income tax rate	237,587,965.27	231,482,037.30

Note: The income tax of the Group is calculated based on the estimated taxable profit from Mainland China and the applicable tax rate. Taxes arising from the taxable income in other regions are calculated at the applicable tax rates according to existing laws, interpretations and practices of the countries in which the Group operates.

*The current income tax expenses of the Group were all incurred in Mainland China in 2011.

14. Basic earnings per share ("EPS")

The basic EPS is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.

The calculation of the basic EPS is as follows:

	2011	2010
Earnings		
Net profit of the year attributable to ordinary shareholders of the Company	666,337,610.41	813,154,280.39
Shares		
Weighted average number of ordinary shares in issue	4,426,000,000.00	3,727,665,000.00

15. EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to the resolution in the third session of the board meeting in 2012 held on 29 March 2012, the Company proposed to pay a cash dividend to shareholders of RMB265,560,000.00, which is calculated based on issued ordinary shares, in aggregate of 4,426,000,000 shares, and RMB6 cents per share (inclusive of applicable tax). The resolution will be submitted to the forth coming general meeting for approval.

16. Segment information

Operating segments

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

(1) Oil/liquefied chemicals terminal and logistics services	Loading and discharging, storage and transhipment of oil products and liquefied chemicals and port management services
(2) 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
(3) 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
(4) Automobile terminal and logistics services	Loading and discharging of automobile and related logistics services
(5) Ore terminal and logistics services	Loading and unloading of ore and provision of related logistics services
(6) Bulk grains terminal and logistics services	Loading and unloading of grains and provision of related logistics services
(7) General cargo terminal and logistics services	Loading and unloading of general cargo and provision of related logistics services
(8) Port value-added services and ancillary port operations	Tallying, tugging, transportation, power supply, information technology and construction services

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

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

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

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

2011

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Passenger and roll-on, roll-off terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Ore terminal and logistics services RMB'000	Bulk grains terminal and logistics services RMB'000	General cargo terminal and logistics services RMB'000	Port value-added services and ancillary port operations RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	875,470	887,636	114,849	9,920	313,706	322,104	355,114	956,452	120,143	3,955,394
Less: Cost of sales and services	448,046	607,271	70,159	5,056	177,189	176,557	315,480	610,375	77,619	2,487,752
Gross profit	427,424	280,365	44,690	4,864	136,517	145,547	39,634	346,077	42,524	1,467,642
Less: Tax and surcharges	38,016	40,644	4,401	556	12,042	14,339	13,024	32,463	4,686	160,171
General and administrative expenses	42,408	103,483	19,333	1,076	23,602	25,373	32,378	117,327	84,128	449,108
Financial expenses	3,217	21,136	1,253	(1,697)	(10)	(669)	390	(6,633)	161,115	178,102
Impairment losses	-	-	-	-	-	-	(10)	-	-	(10)
Add: Gains on changes in fair value	-	-	-	-	-	-	-	-	-	-
Investment income	23,657	47,847	778	10,575	-	-	182	34,833	23,208	141,080
Operating profit	367,440	162,949	20,481	15,504	100,883	106,504	(5,966)	237,753	(184,197)	821,351
Add: Non-operating income	39,629	110,891	2,550	-	-	9,186	3,425	8,789	2,999	177,469
Less: Non-operating expenses	35	200	102	-	-	164	1,219	1,439	608	3,767
Total profit	407,034	273,640	22,929	15,504	100,883	115,526	(3,760)	245,103	(181,806)	995,053
Less: Income tax expenses	97,676	71,524	4,738	1,190	25,038	28,927	303	61,092	(52,900)	237,588
Net profit	309,358	202,116	18,191	14,314	75,845	86,599	(4,063)	184,011	(128,906)	757,465
Total assets	7,550,477	6,167,997	858,091	718,896	2,139,734	1,481,202	3,141,600	1,629,662	3,486,195	27,173,854
Total liabilities	2,244,845	893,268	98,503	17,296	110,363	46,998	234,799	174,794	9,713,324	13,534,190
Supplementary information:										
Depreciation and amortisation	205,044	122,348	10,818	5,056	81,690	71,988	59,782	81,849	16,034	654,609
Interest income	1,441	3,143	102	100	1	622	10	11,324	47,553	64,296
Capital expenditure	663,072	272,759	27,431	169,828	261,909	151,894	820,650	54,696	15,064	2,437,303
Intersegment sales	2,354	1,736	-	-	-	747	3,021	214,582	-	222,440

2010

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Passenger and roll-on, roll-off terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Ore terminal and logistics services RMB'000	Bulk grains terminal and logistics services RMB'000	General cargo terminal and logistics services RMB'000	Port value-added services and ancillary port operations RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	887,091	483,137	75,032	-	304,994	267,638	310,932	898,006	110,121	3,336,951
Less: Cost of sales and services	393,830	256,944	32,588	-	183,929	153,138	279,020	547,764	41,062	1,888,275
Gross profit	493,261	226,193	42,444	-	121,065	114,500	31,912	350,242	69,059	1,448,676
Less: Tax and surcharges	34,838	48,126	2,704	-	10,873	13,731	10,784	30,194	8,611	159,861
General and administrative										

expenses	40,656	64,451	12,364	203	24,154	18,653	34,999	110,191	62,127	367,798
Financial expenses	3,445	9,596	(25)	(17)	(1)	(106)	(5)	(2,276)	54,672	65,283
Impairment losses	-	(264)	-	-	(8)	-	(15)	(37)	-	(324)
Add: Gains on changes in fair value	-	-	-	-	-	-	-	-	29	29
Investment income	27,989	87,833	2,060	2,748	-	-	(3,581)	20,796	580	138,425
Operating profit	442,311	192,117	29,461	2,562	86,047	82,222	(17,432)	232,966	(55,742)	994,512
Add: Non-operating income	66,364	22,010	65	-	-	417	73	14,306	965	104,200
Less: Non-operating expenses	13,972	100	3,342	-	-	-	2,841	95	62	20,412
Total profit	494,703	214,027	26,184	2,562	86,047	82,639	(20,200)	247,177	(54,839)	1,078,300
Less: Income tax expenses	109,494	29,718	6,066	-	21,524	20,762	(2,323)	59,787	(13,546)	231,482
Net profit	385,209	184,309	20,118	2,562	64,523	61,877	(17,877)	187,390	(41,293)	846,818
Total assets	7,183,808	4,874,205	156,086	628,899	1,957,634	1,327,179	2,312,914	1,958,474	2,291,620	22,690,819
Total liabilities	2,584,751	474,071	26,990	57,497	89,070	37,861	161,489	653,857	6,249,541	10,335,127
Supplementary information:										
Depreciation and amortisation	192,849	55,865	64,374	37	70,979	46,054	32,589	77,652	2,755	543,154
Interest income	828	3,421	25	32	1	106	5	2,735	12,212	19,365
Capital expenditure	636,752	291,187	531	148,491	168,422	138,706	506,414	33,456	22,215	1,946,174
Intersegment sales	362	1,410	-	-	-	54	1,370	120,492	-	123,688

Other information

Geographical information

The entire group's operations, and all its customers, are located in Mainland China. Accordingly, all revenue is generated from the customers in Mainland China and major non-current assets are located in Mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary

In 2011, the growth of global economy and international trade slowed down and various risks increased significantly. In line with the macroeconomic control directed by the government, China's domestic economy grew rapidly with better operation results and consumer prices having stabilized. In 2011, China's GDP and foreign trade value increased by 9.2% and 22.5%, respectively, as compared with 2010.

In 2011, the total cargo throughput at the major ports of China reaches record high. Both the cargo throughput and container throughput continued to maintain double digit growth, however, the growth rate slowed down.

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 2011, the macro economy and industries relevant to the Group's principal business were as follows:

Oil Segment: With commencement of operations of the newly built refineries and newly added capacity of existing refineries, and commencement of operations of the State's strategic reserve base and commercial storage tanks, China's crude oil demand grew continuously. However, high oil prices in the international market, overhaul of a large number of refineries and the slowdown in industrial production resulted from the tight credit policy have together constrained the growth of China's crude oil import. In 2011, China imported a total of 254 million tonnes of crude oil, an increase of 6% as compared with 2010.

Container Segment: In 2011, the total GDP in Heilongjiang Province, Jilin Province and Liaoning Province (collectively, the "**Three Northeastern Provinces of China**") was RMB4,506 billion, an increase of 12.6% as compared with 2010. The GDP in the Three Northeastern Provinces of China grew at a relatively high speed although it was 1.0% lower than the growth rate in the previous year. In 2011, the import and export value of the Three Northeastern Provinces of China was USD162.1 billion, an increase of 24.1%, being 1.6% higher than the national average. The foreign trade value in the Three Northeastern Provinces of China accounted for 4.45% of China's total foreign trade, which was 0.06% higher than 2010.

Automobile Terminal Segment: According to the statistics published by China Association of Automobile Manufacturers, in 2011, China manufactured 18,418,900 vehicles, an increase of 0.84% and sold 18,505,100 vehicles, an increase of 2.45% as compared with 2010. In 2011, China exported a total of 810,000 vehicles, an increase of 49.45%. The overall production and sale scale for large-sized automobile manufacturers has been upgraded and the operation results in the industry improved significantly.

Ore Segment: In 2011, China imported 686.06 million tonnes of iron ore, an increase of 67.62 million tonnes or 10.9% over 2010. The average price for China's imported iron ore was USD163.84 per tonne, an increase of 27%. The domestic iron ore market was mainly affected by the market demand rather than negotiation in the international market.

General Cargo Segment: In 2011, the output of the crude steel in China was 684 million tonnes, an increase of 9.1% which is 1.3% lower than the previous year. Affected by the domestic and international economic environment, the steel market experienced a downturn. In China, the coal production and transportation maintained sound growth due to high demands, relatively abundant inventory and lower coal prices. The coal supply and demand in the market have reached balance.

Bulk Grain Segment：In 2011, both domestic and overseas grain market were complicated and changeable. Affected by multi factors including the State's agricultural policies and domestic and overseas economic environment, the grain supply and demand was not balanced for the whole year.

Passenger and Ro-Ro Segment: Although the State's macroeconomic policies had a negative impact on the passenger and freight traffic in Liaoning Province and Shandong Province and their respective hinterland to some extent, the number of passengers and volume of cargoes originated from such areas were higher than the previous year, experiencing an upward trend after an initial decline.

The above analysis showed that although the Group was facing quite complicated domestic and overseas environment in 2011, the economy in its hinterland remained steady growth and the domestic demand growth provided strong support for the overall development of the Group's businesses. In particular, the Automobile Terminal Segment achieved remarkable growth. The throughput in the Container Segment increased significantly and the throughput in the General Cargo Segment, Bulk Grain Segment and Passenger and Ro-Ro Segment also achieved growth at various growth rate. The Group handled a total of approximately 40.875 million tonnes of oil and liquefied chemicals, a decrease of 6.1% as compared with 2010, of which approximately 21.948 million tonnes was imported crude oil, a decrease of 13.9% as compared with 2010. In the Container Segment, the Group handled approximately 7.42 million TEUs, an increase of 17.1%, of which approximately 6.351 million TEUs were handled by the Group at Dalian port, an increase of 21.2%. In the Automobile Terminal Segment, the Group handled 176,624 vehicles, an increase of 46%. In the Ore Segment, the Group handled approximately 27.225 million tonnes, a decrease of 3.6%. In the General Cargo Segment, the Group handled approximately 30.673 million tonnes of cargoes, an increase of 11.4%. In the Bulk Grain Segment, the Group handled approximately 7.066 million tonnes of bulk grain, an increase of 10.1%. In the Passenger and Ro-Ro Segment, the Group transported approximately 4.08 million passengers, an increase of 34.3% and approximately 627,000 vehicles, an increase of 22.5% as compared to with 2010.

In 2011, The Group's net profit attributable to shareholders of the Company amounted to RMB666,337,610.41 representing a decrease of RMB146,816,669.98 or 18.1% as compared with RMB813,154,280.39 in 2010.

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.

Overall analysis of results (The financial information referred to in this report was prepared in accordance with CAS.)

In 2011, The Group's profit attributable to shareholders amounted to RMB666,337,610.41, representing a decrease of RMB146,816,669.98 or 18.1% as compared with RMB813,154,280.39 in 2010. The decrease was mainly caused by the decrease of oil throughput and oil handling gross margin, as well as a significant increase in interest expenses. However, the terminal assets and businesses acquired from Dalian Port Corporation ("**PDA**") in the second half of 2010 maintained relatively stronger growth in 2011. Diversification of the Group's terminal business has enhanced the Group's defensiveness against the risk of the downturn of the operating result of a single business segment.

In 2011, the Group's basic earnings per share were RMB0.15 cents, representing a decrease of 31.8% from RMB0.22 cents[1] in 2010.

In 2011, the Group's revenue amounted to RMB3,955,394,389.80, representing an increase of 18.5% from RMB3,336,950,665.77 in 2010. Except for the oil business, the income of other businesses increased at various growth rates. Furthermore, the consolidation of Dalian Container Terminal Co., Ltd. has resulted in an increase of the Group's revenue.

In 2011, the Group's cost of sales and services amounted to RMB2,487,752,090.60 which increased by 31.8% as compared with RMB1,888,274,585.53 in 2010. The increase in cost of sales and services in the current year was mainly due to expansion of the scope of consolidation, the increase of depreciation of newly acquired assets, as well as the increase in operating expenses and staff costs caused by the growth of business.

In 2011, the Group's gross profit was RMB1,467,642,229.20 which increased by 1.3% from RMB1,448,676,080.24 in 2010. The gross margin reached 37.1% which was 6.3% lower than that in 2010. The decrease of gross margin was mainly due to the decrease of throughput of high-margined oil handling business as well as the increase of depreciation of newly acquired assets.

In 2011, the Group's general and administrative expenses amounted to RMB449,107,581.54, representing an increase of 22.1% from RMB367,797,503.78 in 2010. Had the effect of the newly consolidated entities been excluded, the increase would have been RMB43,850,000.00, an increase of 11.9%, mainly caused by the inflationary pressure on costs and higher labor costs owing to the dual impact of higher wages and a higher base number for calculating social security contributions.

In 2011, the Group's finance expenses amounted to RMB178,102,358.69, representing an increase of 172.8% from RMB65,283,800.80 in 2010. The increase was mainly caused by the interest expenses related to new funds raised for future investments to sustain the Group's business growth and expensed the interest after certain long-lived assets were put into operation.

In 2011, the Group's investments income amounted to RMB141,080,016.28 representing an increase of 1.9% from RMB138,425,185.54 in 2010. The increase was mainly attributable to the Group's investment of its short-term cash balances in short-term money markets to earn yields higher than those of bank deposits.

In 2011, the Group's non-operating revenue amounted to RMB173,701,447.10, representing an increase of 107.3% form RMB83,787,411.98 in 2010. The increase was mainly due to the government subsidies for the Group's container segment.

In 2011, the Group's income tax expenses amounted to RMB237,587,965.27, representing an increase of 2.6% from RMB231,482,037.30 in 2010. The increase was mainly caused by the

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[1] The weighted average number of ordinary shares issued during the year used in calculation of the basic earnings per share.

Group's consolidating the income tax expenses of the Dalian Container Terminal Company Limited.

Assets and liabilities

As of 31 December 2011, the Group's total assets and net assets amounted to RMB27,173,854,323.81 and RMB13,639,664,692.70, respectively, and its net asset value per share was RMB2.85, representing an increase of 3.6% as compared with that as of 31 December 2010. The increase was mainly due to the business accumulation.

As of 31 December 2011, the Group's total liabilities amounted to RMB13, 534,189,631.11, of which total outstanding bank and other borrowings amounted to RMB 11,059,431,953.57.

Financial resources and liquidity

In 2011, the Group's net cash flows generated from operating and financing activities amounted to RMB1,229,850,145.01 and RMB1,898,372,693.52, respectively. With stable cash inflows from its operating activities and the proceeds from the public offering of corporate bonds, the Group has maintained a sound financial position and capital structure and will apply these cash inflow to fund the Group's capital expenditure and other investments.

As of 31 December 2011, the Group had a balance of cash and cash equivalents of RMB2,230,657,276.32, which represented a decrease of RMB1,025,661,172.45 as compared with 31 December 2010. Such decrease was mainly due to the application of cash in investing activities during the year.

As of 31 December 2011, the Group obtained an aggregate of RMB8,335,445,907.13 in new bank loans and repaid an aggregate of RMB3,717,221,572.62 in bank loans. As of 31 December 2011, the Group's bank and other borrowings amounted to RMB11,059,431,953.57 of which RMB10,028,431,953,57 was due after one year and RMB1,031,000,000.00 was due within one year. The Group's net gearing ratio was 64.6% as at 31 December 2011 (23.5% as at 31 December 2010).

As of 31 December 2011, the Group's unutilized banking facilities amounted to RMB11,062,550,000.00.

During 2011, the Group did not have any significant exposure to fluctuations in exchange rates and did not enter into any foreign exchange hedging contracts.

Use of proceeds (A Shares)

Net proceeds of the public offering of 762 million A Shares in 2010 ("**A Shares IPO**") obtained by the Company amounted to approximately RMB2,772,092,000.00. As at 31 December 2011, the Company had utilized approximately RMB 1,792,132,000.00 of the net proceeds and the balance of the net proceeds was RMB979,960,000.00.

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

Projects	Proceeds form A Shares IPO	Use of proceeds as of 31 December 2011	Balance as of 31 December 2011
Construction of oil storage tanks with a total capacity of 1,000,000 m^3 in Xingang	760,000,000.00	396,260,000.00	363,740,000.00
Construction of oil storage tanks with a total capacity of 600,000 m^3 in the Xingang resort area	550,000,000.00	257,010,000.00	292,990,000.00
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	239,040,000.00	280,960,000.00
Purchase of gantry for ore terminal	37,200,000.00	37,200,000.00	-
Purchase of 300 bulk grain carriages	150,000,000.00	150,000,000.00	-
Ro-ro ships for carrying cars	230,000,000.00	212,000,000.00	18,000,000.00
Construction of railway siding in Muling	41,250,000.00	41,250,000.00	-
Construction of information systems	50,000,000.00	25,730,000.00	24,270,000.00
Increase in the registered capital of Dalian International Container Terminal Co., Ltd.	84,042,000.00	84,042,000.00	-
Total	2,772,092,000.00	1,792,132,000.00	979,960,000.00

Use of proceeds (H Shares)

Net proceeds of the initial public offering of 966 million H Shares (“**H Share IPO**”) obtained by the Company in 2006 amounted to approximately RMB2,385,343,000.00. As at 31 December 2011, the Company had utilized approximately RMB2,330,793,000.00 of the net proceeds and the balance of the net proceeds was RMB54,550,000.00.

There has been no material change in the proposed use of proceeds from the H Shares IPO as stated in the Company's prospectus dated 18 April 2006. As at 31 December 2011, the details of the use of proceeds were as follows:

Projects	**Proceeds from H Shares IPO**	**Use of proceeds as of 31 December 2011**	**Balance as of 31 December 2011**
Construction of four new container berths at Dayaowan	400,000,000.00	400,000,000.00	0
Construction of twelve crude oil storage tanks in Xingang	680,000,000.00	625,450,000.00	54,550,000.00
Purchase of eight tugboats	270,000,000.00	257,000,000.00	0
Repayment a long-term bank loan	850,000,000.00	850,000,000.00	0
General working capital	185,343,000.00	198,343,000.00	0
Total	2,385,343,000.00	2,330,793,000.00	54,550,000.00

RMB13,000,000 previously designated to fund the purchase of eight tugboats was re-allocated as working capital and the remaining RMB54,550,000 designated for the construction of 12 crude oil storage tanks will be used for the Company's daily business activities which has been approved by the board of directors of the Company on 29 March 2012.

Capital expenditure

In 2011, the Group's capital expenditure amounted to RMB2,437,303,282.82 which was mainly funded by the surplus cash generated from operating activities, the proceeds from the issuance of A Shares IPO, and corporate bonds.

The performance analysis of each business segment in 2011 is as follows:

<u>Oil Segment</u>

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2011 and its comparative results in 2010:

	2011 ('000 tonnes)	**2010 ('000 tonnes)**	**+/-%**
Crude oil	28,950	30,166	−4.0%
— *Foreign trade imported crude oil*	21,948	25,499	−13.9%
Refined oil	10,625	12,227	−13.1%
Liquefied chemicals	886	938	−5.5%
Others	414	218	89.9%
Total	40,875	43,549	−6.1%

In 2011, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately

40.875 million tonnes, a decrease of 6.1%.

In 2011, the Group's crude oil throughput decreased by 4.0% as compared with 2010 to 28.95 million tonnes, of which imported crude oil throughput decreased by 13.9% to approximately 21.948 million tonnes. During the first half of 2011, the major refineries located in the Group's hinterland suspended operations for a period for conducting overhaul. Facing high oil prices in the international markets, these refineries reduced their production with a strategy of reducing losses by reducing production. Further, more crude oil imported from Russia via pipelines was used for their production, which negatively impacted on the throughput of imported crude oil shipped via the sea. In addition, the operation of part of the crude oil storage facilities, which were damaged in the explosion accident happened on 16 July 2010 (the "**7.16 Explosion Accident**"), was not fully resumed. As a result of the above factors, the Group recorded a decrease in its imported crude oil throughput.

In 2011, the Group's refined oil throughput amounted to approximately 10.625 million tonnes, a decrease of 13.1% as compared with 2010. The refining production in the Group's hinterland was reduced due to the overhaul of the refineries located in this area and decrease in production caused by losses of the refineries. As a result, the shipment of refined oil decreased.

In 2011, the Group's liquefied chemicals throughput amounted to 886,000 tonnes, a decrease of 5.5% as compared with 2010. The decrease was mainly due to the contraction of trade caused by a frequent fluctuation in crude oil prices in the international market.

In 2011, the total imported crude oil volume handled by the Group accounted for 100% (100% in 2010) of the total amount of crude oil imported into Dalian and 71.4% (75.5% in 2010) of the total amount of crude oil imported into the Three Northeastern Provinces of China. The total oil/liquefied chemicals throughput amounted to 70.9% (69.7% in 2010) of the total oil/liquefied chemicals throughput of Dalian and 44.7% (46.4% in 2010) of the total oil/liquefied chemicals throughput of the Three Northeastern Provinces of China. The decrease of our market share of oil/liquefied throughput in the Three Northeastern Provinces of China was mainly due to the suspension of production of refineries for overhaul, increase of utilization of crude oil imported from Russia through pipelines, subsequent impact of the 7.16 Explosion Accident and the import of crude oil via other port by the newly-built refinery of CNGC Huajin Chemicals in Panjin in the reporting period.

In 2011, the revenue from oil/liquefied chemicals terminal and logistics services amounted to RMB875,470,142.51, representing a decrease of RMB887,091,396.68 or 1.3% as compared with that in 2010. In 2011, the overhaul of the major refineries in the hinterland of Dalian led to a substantial decline in the oil throughput, thus reduced the Group's oil handling revenue. The revenue decrease was partly offset by the increase in revenue from oil transshipment business and the increase in rental revenue from leasing of certain oil tanks.

In 2011, the revenue from oil/liquefied chemicals terminal and logistics services accounted for 22.1% (26.6% in 2010) of the Group's total revenue.

In 2011, the gross profit from oil/liquefied chemicals terminal and logistics services amounted to RMB427,424,418.20, representing a decrease of RMB493,260,693.64 or 13.3% as compared with that in 2010. This profit accounted for 29.1% (34.0% in 2010) of the Group's total gross profit, and represented a gross margin of 48.8 % (55.6% in 2010). Such decrease in gross margin was mainly caused by an increase of the fixed cost of leasing a new crude oil terminal.

In 2011, the major initiatives taken, and the progress of major projects in relation to the Group's Oil Segment were as follows:

- No. 7 crude oil storage tanks with a total capacity of 600,000 cubic meters, which were gradually put into operation in January 2011, provided support for the trans-shipment business.

- PetroChina's commercial reserve base for crude oil with a total capacity of 4.2 million cubic meters was put into operation successfully. Affected by the 7.16 Explosion Accident, the operation of this commercial reserve base delayed. Following the damaged pipelines and ancillary facilities had been repaired and were ready for operations, the Company proactively assisted in completing the relevant procedures for commencement of operation of the commercial base on 21 August 2011.

- The LNG terminal owned by PetroChina Dalian LNG Co., Ltd., in which the Company owns 20% equity interests, commenced trial operations.

- The Company improved its profitability by strengthening management on tariffs. Based on careful analysis and calculation, the Company successfully negotiated with certain customers to raise tariffs on port operations and lease of storage tanks, which contributed to the increase of revenue of the Group.

Container Segment

The following table sets out the container throughput handled by the Group in 2011 and its comparative results in 2010:

		2011 ('000 TEUs)	2010 ('000 TEUs)	+/-%
Foreign trade	Dalian	4,558	4,088	11.5%
	Other Ports (note 1)	150	134	11.9%
	Sub-total	4,708	4,222	11.5%
Domestic trade	Dalian	1,793	1,154	55.4%
	Other Ports (note 1)	919	961	-4.4%
	Sub-total	2,712	2,115	28.2%
Total	Dalian	6,351	5,242	21.2%
	Other Ports (note 1)	1,069	1,095	-2.4%
	Total	7,420	6,337	17.1%

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 2011, in terms of container throughput, the Group handled a total of approximately 7.42 million TEUs, an increase of 17.1% over 2010. In Dalian, the Group handled approximately 6.351 million TEUs, an increase of 21.2% over 2010, of which container throughput for foreign trade increased by 11.5% and container throughput for domestic trade increased by 55.4%. The container volume of sea-to-rail intermodal transportation handled by the Group reached approximately 362,000 TEUs, an increase of 24.4% over 2010. The volume of trans-shipment containers handled by the Group was 875,000 TEUs, an increase of 42.7% over 2010. Having taken effective measures to enhance its container marketing efforts and also leveraged on the preferential policies granted by the governments of Liaoning Province and Dalian Municipality, the Group's container business achieved remarkable growth.

In 2011, the Group's container terminal business represented 99.2% (99.7% in 2010) of the total markets share in Dalian and 58.3% (62% in 2010) of that in the Three Northeastern Provinces of China. The Group's container throughput for foreign trade accounted for 100% (100% in 2010) of the total volume in Dalian and 96.9% (96.7% in 2010) of that in the Three Northeastern Provinces of China.

In 2011, the revenue from container terminal and logistics services amounted to RMB887,635,682.17 which represented an increase of RMB483,137,204.41 or 83.7% as compared with that in 2010. Consolidating of Dalian Container Terminal Company Limited resulted in an income expansion for the Group's revenue in the current year. Without such consolidation, the revenue would have decreased by 6.2% as compared with last year, mainly because of the decrease in income from the transfer of land use rights and the decrease of income from assets rental. However, the increase in the income from providing feeder line transportation services within the Bohai region helped offset such decrease in revenue.

In 2011, the revenue from container terminal and logistics services accounted for 22.4% (14.5% in 2010) of the Group's total revenue.

In 2011, the gross profit from container terminal and logistics services amounted to RMB280,364,942.47 representing an increase of RMB226,193,115.78 or 23.9% as compared with that in 2010. This gross profit accounted for 19.1% (15.6% in 2010) of the Group's total gross profit, and represented a gross margin of 31.6% (46.8% in 2010). Such decrease in gross margin was mainly caused by the higher gross margin on the transfer of certain land use rights in 2010.

In 2011, the major measures taken and the progress of major projects related to the Group's Container Segment were as follows:

- In terms of the introduction of new shipping services, taking advantages of government policies for Dalian port, sound economy and geographical location, the Group enhanced port facilities including water channel and berths, set up strategic co-corporation mechanism with shipping companies to maintain the current shipping services and proactively develop new shipping routes. The shipping network for both domestic trade containers and foreign trade containers has been improved so that the Group have achieved growth in throughput. In 2011, the Group had 95 shipping routes at the peak time. The Group has strengthened its advantages in the transportation of foreign trade containers for the Three Northeastern Provinces of China and the Group has achieved healthy and rapid development in terms the transportation of domestic trade containers.

- The Group put great efforts in the establishment of the trans-shipment system and Bohai rim public feeder platform by launching more shipping capacity. The Group's shipping capacity for transshipment operation has been raised to 14 vessels, nine more than that at the end of 2010. The Group also put great efforts in the development of such businesses as domestic trade container transshipment for Jinzhou port, international trans-shipment, vessel change, empty container allocation and temporary berthing of vessels so as to ensure the steady growth of transshipment volume and extend its sea hinterland. In 2011, the Group handled 875,000 TEUs of trans-shipment containers, an increase of 42.7%.

- The Group attaches great importance to the development of sea-to-rail transportation business and pushed for the rapid development of such business by implementing preferential policies and procuring the rail authorities to introduce new stops and new routes so as to increase cargo volume. The Group introduced three additional rail services to extend its hinterland further to Dehui, Daqing and Qiqihaer of Heilongjiang Province. Dalian port has been recognized as one of the State's sea-to-rail transportation pilot projects and the only one sea-to-rail transportation pilot project in the Three Northeastern Provinces of China. The development of the Group's sea-to-rail business maintained a good momentum.

- The Group has been proactively promoting the dry bulk containerization projects so as to increase containerized cargoes. The Group set up a dedicated team for promoting dry bulk containerization projects, which has been actively engaged in the allocation of operational resources, improvement of comprehensive logistics scheme and ensuring the operational quality so as to speed up the development of dry bulk containerization projects

Automobile Terminal Segment

The following table sets out the throughput handled by the Group's automobile terminal in 2011 and its comparative results in 2010:

		2011	2010	+/-%
Vehicles	Foreign trade	139,965	87,982	59.1%
(units)	Domestic trade	36,659	33,029	11.0%
	Total	176,624	121,011	46.0%
Equipments (tonnes)		21,036	22,511	−6.6%

In 2011, the Group handled a total of 176,624 vehicles, a significant increase of 46% over 2010.

In 2011, the vehicles handled by the Group accounted to 92.2% (88.7% in 2010) of the total volume in northeastern China.

In 2011, the revenue from automobile terminal and logistics amounted to RMB9,920,000.00, including mainly rental income of ro-ro ships of Dalian Gangyue Car-carrying Vessel Management Co., Ltd. The Group's share of the earnings of the auto terminal business amounted to RMB 10,574,631.41, increasing by 284.8% as compared with the earnings of RMB2,748,190,88 in 2010. The improved performance of the auto terminal was attributed to the continued marketing effort to bring throughput growth to the Group's auto terminal.

In 2011, the major measures taken and the progress of major projects related to the Group's Automobile Terminal Segment were as follows:

- Leveraging on the shipping routes for both Guangzhou Honda and Shanghai Automobile, the Group actively expanded its market for the transportation of domestic vehicles and started to provide services to new customers like Dongfeng-Nissan and BMW-Brilliance. Meanwhile, the Group procured the shipping lines to provide more vessel space and to increase the frequency of their vessel calls. Currently the frequency of the routes for the domestic trade vehicles has been increased to six times per week. In 2011, the transportation between south China and north China was stable and the tran-shipped volume handled by the Group reached a total of 140,000 vehicles.

- In terms of automobile business for foreign trade, the Group handled over 1,400 agricultural machines imported to its hinterland. The large-sized agricultural machines needed longer periods for storage, which generated high-margin revenues for the Group; Besides the operation of Hafei Group's shipping routes for export with operational frequency of two times per month, the Group actively expanded the export business for other customers in its hinterland and handled about 1,500 exported vehicles in addition to that for Hafei Group.

- The Group made great progress in terms of co-operation with major customers. In March 2011, a joint venture, Zhongshi International Logistics Co., Ltd. (中世國際物流公司) set up by the Group with Chery Automobile Company Limited ("**Chery**") and Beijing Changjiu Logistics Co., Ltd.(北京長久物流有限公司) started its commercial operation and provided Cherry with comprehensive logistics services for transportation of vehicles and components.

- The Group's two newly ordered roll-on and roll-off vessels, named Anji No.8 and Anji No.9 were put into operation in July and December 2011 respectively. The Group signed co-operation agreements with Anji Automobile Logistics Co., Ltd. which was controlled by Shanghai Automobile Corporation for the co-operation in the field of automobile logistics.

Ore Segment

The following table sets out the throughput handled by the Group's ore terminal in 2011 and its comparative results in 2010:

	2011 ('000 tonnes)	2010 ('000 tonnes)	+/-%
Ore	27,225	28,239	-3.6%
Others	123	168	-26.8%
Total	27,348	28,407	-3.7%

In 2011, the Group's ore terminal handled approximately 27.225 million tonnes of ores, a decrease of 3.6% as compared with 2010.

In 2011, the Group's ore throughput accounted to 32.8% (37.5% in 2010) of the total throughput in northeastern China.

In 2011, the revenue from ore terminal and related logistics services amounted to RMB313,705,891.55, which represented an increase of RMB304,994,487.39 or 2.9% over the 2010 total revenue. This revenue increase was mainly attributable to the increase of fee income from extended stockpiling of ore at ore yards.

In 2011, the revenue from ore terminal and related logistics services accounted for 7.9% (9.1% in 2010) of the Group's total revenue.

In 2011, the gross profit from ore terminal and related logistics services amounted to RMB136,517,215.87, representing an increase of RMB121,064,811.85 or 12.8% as compared with that in 2010, accounted for 9.3% (8.4% in 2010) of the Group's total gross profit, and represented a gross margin of 43.5% (39.7% in 2010). The increase of gross margin was due to the increase in yard storage income from extended ore stockpiling and the strict controls over operation costs.

In 2011, 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 and strategic customers so as to achieve stable cargo volume. As a result, the Group handled a total of 36 voyages of ore carries each with 250,000-tonne or above, an increase of 5 voyages over 2010.

- The Group continued to stabilize cargo supply in the hinterland in northeastern China. The Group paid great attention to the changes of market environment in Hebei province and track the movement of ultra-large vessels in advance so as to solicit cargo supply. The Group strengthened its co-operation with other ports in the hinterland to seek suitable trans-shipment vessels for its customers for sea transport. Leveraging on its advantages of deep water, the Group tries to step up trans-shipment network in Bohai Rim.

- The Group completed its reconstruction of the facilities in its existing ore terminal in order to meet the demand for the berthing of large-sized vessels. Thus, the Group's capability of berthing vessels has been strengthened.

- The Group set up a general cargo logistics center for provision of value-added services including ore trade, logistics, bonded warehousing and simple processing.

General Cargo Segment

The following table sets out the throughput handled by the Group's general cargo terminal in 2011 and its comparative results in 2010:

	2011 ('000 tonnes)	**2010 ('000 tonnes)**	**+/-%**
Steel	7,666	8,392	−8.7%
Coal	12,542	8,615	45.6%
Timber	506	575	−12.0%
Equipment	1,723	1,021	68.8%
Packed grain	625	942	−33.7%
Others	7,611	7,995	−4.8%
Total	30,673	27,540	11.4%

In 2011, the Group's general cargo terminal handled approximately 30.673 million tonnes, an increase of 11.4%.

In 2011, the volume of steel handled by the Group was 7.666 million tonnes, a decrease of 8.7%. The decrease was due to the recession of overseas and domestic economy and the overhaul of the blast furnaces and adjustment of operational strategies in Angang and Bengang.

In 2011, the volume of coal handled by the Group was 12.542 million tonnes, an increase of 45.6%. The increase was mainly due to two factors: (i) the Group's existing major customers increased its volume of coal shipped to other places via Dalian Port owning to the significant growth of coal supply and demand in east Inner Mongolia; and (ii) the commencement of operation of railways in Changxing Island leading to the convergence of bulk cargoes, which resulted a significant increase of cargo sources.

In 2011, the volume of equipment handled by the Group was 1.723 million tonnes, a significant growth of 68.8%. One reason for the increase was that the machinery industry in the Three Northeastern Provinces of China continued to develop rapidly and the demand for the equipments for power plants manufactured in China were increasing in the foreign countries such as India. The other reason was that the Group enhanced marketing activities and strengthened cargo solicitation by co-operation with shipping companies in introducing liner shipping routes.

In 2011, the steel throughput and the coal throughput handled by the Group's general cargo terminal accounted to 18.3% (21.8% in 2010) and 14.3% (12.9% in 2010) of the total throughput in northeastern China, respectively.

In 2011, the revenue from general cargo terminal operation services amounted to

RMB355,113,504.60 which represented an increase of RMB310,931,948.16 or 14.2% as compared with that in 2010. Such increase was mainly caused by the increase in throughout and the increase in handling charges in the reporting period.

In 2011, the revenue from general cargo terminal operation services accounted for 9.0% (9.3% in 2010) of the Group's total revenue.

In 2011, the gross profit from general cargo terminal operation services amounted to RMB39,633,690.62, representing an increase of RMB31,911,963.34 or 24.2% as compared with that in 2010, accounted for 2.7% (2.2% in 2010) of the Group's total gross profits, and represented a gross margin of 11.2% (10.3% in 2010). Such increase in gross margin was mainly caused by the increase of the general cargo loading and unloading rates.

In 2011, the major measures taken by the Group and the progress of related major projects were as follows:

- The Group co-operated with the steel companies in the northeastern hinterland to introduce shipping routes to southern ports for fine steel. With the introduction of such shipping routes, the duration and cost for ocean transportation have reduced, which helped to attract more downstream customers. Meanwhile, the regular shipping service connecting Dalian with India for the export of equipments was introduced and has made sound progress with the trend of "to solicit cargoes with shipping routes" and "to stabilize shipping routes with cargoes".

- The Group enhanced cargo solicitation in the northeastern hinterland and signed the coal transportation agreements with several customers, which led to the significant growth of the Group's coal throughput. In 2011, the Group's coal throughput exceeded 10 million tonnes, thus coal became the 5th category of cargo with annual throughput over 10,000,000 tonnes following the business in relation to passenger and Ro-Ro, container, oil and ore.

- Leveraging on its technical advantages in handling large-sized equipments, the Group put great efforts in building the equipment transportation base in Bohai Bay so as to attract more large-sized equipments to be shipped via the Group's terminals.

- The Group made great progress in terms of dry bulk containerization projects. New transportation mode was adopted for the multi-function vessels to ship the general cargoes and containers together. Regular shipping routes connecting Dalian with Zhuhai for such services was introduced.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in 2011 and its comparative results in 2010:

	2011 ('000 tonnes)	2010 ('000 tonnes)	+/-%
Corn	3,926	3,480	12.8%
Soy bean	1,041	1,274	−18.3%
Barley	139	343	−59.5%
Wheat	31	169	−81.7%
Others	1,930	1,154	67.2%
Total	7,066	6,420	10.1%

In 2011, the throughput handled by the Group's bulk grain terminal was approximately 7.066 million tonnes, an increase of 10.1%.

In 2011, the Group's corn throughput was approximately 3.926 million tonnes, an increase of 12.8%. The Group strengthened the solicitation of cargoes from major customers to raise their percentage of cargoes shipped via the Group's terminals. Meanwhile, leveraging on the port trade platform, the Group strengthened its strategic co-operation with the large-scaled domestic grain traders so as to ensure the steady growth of bulk grain throughput.

In 2011, the Group's soy bean throughput was approximately 1.041 million tonnes, a decrease of 18.3%. Affected by the State's policies on livelihood, limit on prices were implemented for the edible oil. This, together with the low price of bean pulp, led to the low profit margin of oil processing companies. As a result, the demand for oil processing reduced and the oil processing companies' demand for soy bean also declined.

The Group worked for the return of its port tariffs to their previous level so as to increase its revenue.

In 2011, the throughput handled by the Group's bulk grain terminal accounted for 16.6% (16.7% in 2010) of the total throughput in northeastern China.

In 2011, the revenue from bulk grain terminal operation services amounted to RMB322,103,930.34 which represented an increase of RMB267,638,326.01 or 20.4% as compared with that in 2010. Such increase was mainly attributed to increase in rental rates on our 500 new bulk grain trucks and the grain handling charges in the current year.

In 2011, the revenue from bulk grain terminal operation services accounted for 8.1% (8.0% in 2010) of the Group's total revenue.

In 2011, the gross profit from bulk grain terminal operation services amounted to RMB145,547,060.78, representing an increase of RMB114,499,699.00 or 27.1% as compared with that in 2010, accounted for 9.9% (7.9% in 2010) of the Group's total gross profit, and represented a gross margin of 45.2% (42.8% in 2010). Such increase was mainly caused by the increase of the proportion of high-margined bulk grain truck leasing business and higher charges of grain handling.

In 2011, the major measures taken by the Group and the progress of major projects related to the Group's Bulk Grain Segment were as follows:

- The Group optimized its cargo structure and customer base and deployed its advantageous logistics resources reasonably. In terms of the corn for domestic trade, imported soy bean and wheat, the Group enhanced its cargo solicitation from large-sized customers and pushed them to raise their percentage of cargoes shipped via the Group's terminals so as to improve our recognition, our listing in the eyes of our customers and trustworthiness of our services.

- The Group locked the target customers and signed transportation co-operation agreements with them to support improvement of the Group's operation results. The Group signed the co-operation transportation agreements for bulk grain carriages with certain major customers to ensure the operation efficiency of bulk grain carriages and to improve bulk grain carriages allocation. By entering into such agreements, the Group locked the customers' cargo sources, which helped improve the Group's operating results.

- The Group co-operated closely with the State grain reserve's Dalian depot to build silos in the port area of Ganjingzi of Dalian. The silos have been put into operation and yielded grain throughput of 570,000 tonnes in 2011. The results of co-operation have come into being.

Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on roll-off throughput handled by the Group in 2011 and its comparative results in 2010:

	2011	**2010**	**+/-%**
Passengers ('000 persons)	4,080	3,037	34.3%
Vehicles ('000 units) *(note 2)*	627	512	22.5%

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 2011, the Group transported approximately 4.08 million passengers, an increase of 34.3% and handled approximately 627,000 vehicles, an increase of 22.5%.

In 2011, although the series of macro economic policies implemented by the State had a certain negative impact on the number for both the passengers and vehicles transported from our terminals, the Group's business in Passenger and Ro-Ro Segment achieved growth as compared with 2010. By adding the shipping capacity of two vessels and acquisition of equity interests in Dalian Lvshun Port Co., Ltd.("**Lvshun Port**") and Sino Rail Bohai Train Ferry Co, Ltd.("**SBTF**"), the Group has achieved development in both market influence and market share.

In 2011, the revenue from passenger and roll-on roll-off and logistics services amounted to RMB114,848,968.50, which represented an increase of RMB75,032,422.49 or 53.1% over the 2010. Such increase was mainly attributed to the commencement of operation of newly acquired ships.

Had the income of the newly-acquired Lvshun Port been excluded, the revenue for 2011 would have grown by 34.2% as compared with last year.

In 2011, the revenue from passenger and roll-on roll-off and logistics services accounted for 2.9% (2.2% in 2010) of the Group's total revenue.

In 2011, the gross profit from passenger and roll-on roll-off and logistics services amounted to RMB44,689,509.85, representing an increase of RMB42,443,998.92 or 5.3% as compared with that in 2010, accounted for 3.0% (2.9% in 2010) of the Group's total gross profit, and represented a gross margin of 38.9% (56.6% in 2010). Such decrease in the gross margin was caused by consolidating the low-margined Dalian Port Harbor Lvshun Co., Ltd.

In 2011, 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:

- By acquiring a 60% equity interests in Lvshun Port and a 17.5% equity interests in SBTF, the Group further consolidated the passenger and Ro-Ro business in Bohai rim.

- Two vessels named Longxing Island and Yongxing Island invested by China Shipping Ganglian Co., Ltd. were put into operations for the route connecting Dalian with Yantai in succession, by which the Group's market influence and competitiveness were highly increased.

- The Group enhanced marketing efforts and extended its function of ticket booking. The Group set up ticket offices at the service areas at Sanshili Pu town along the express way connecting Shenyang and Dalian and at Pikou along the express way connecting Dandong and Dalian. The coverage of the Group's ticketing network has been expanded, which played an important role in exploring its market.

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

Tugging

In 2011, the port services, ocean engineering and shipbuilding industries recorded a stable performance. The Group paid great attention to communication with its customers and continued to provide high-quality tugging services to its customers in Dalian port.

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 new customers. By the end of 2011, the Group had a total of 39 tugboats and four pilot boats, out of which 14 tugboats were leased out under long-term leases to other ports outside Dalian or shipyards. The Group retained a leading tugging services position amongst all port operators in China.

In order to enhance the Group's capability in tugging business, it began to build four 7,200-horsepower reversible tugboats which were expected to be put into operations from the end of 2012 to the beginning of 2013.

Tallying
The total tallying throughput handled by the Group was approximately 41.973 million tonnes, an increase of 18% over 2010.

Railway Services
In terms of the operation of railway transportation, the Group handled a total of 693,000 carriages, an increase of 1.9% over 2010.

In 2011, the revenue form port value-add services amounted to RMB956,452,068.50, which represented an increase of RMB898,005,608.13 or 6.5% over the total revenue for 2010. Such increase was mainly attributable to the rapid growth of the value-added services in each area of the business, including engineering and construction services, and the significant increase in the tugboat transportation revenues.

In 2011, the revenue from port value-add services accounted for 24.2% of the Group's total revenue (26.9% in 2010).

In 2011, the gross profit from port value-added services amounted to RMB346,077,285.30, a decrease of 1.2% from RMB350,242,328.07 in 2010, accounted for 23.6% (24.2% in 2010) of the Group's total gross profit, and represented a gross margin of 36.2% (39.0% in 2010). The decrease of gross margin was mainly due to the increase in the proportion of the relatively low-margined engineering and construction business and the rapid increase of labor costs.

Prospects for 2011

2012 sees more challenges and complication in the global economy. There will be more unstableness and uncertainty in the recovery of the economy. The central banks of different countries have lowered their expectation for the growth of their GDP. Meanwhile, China will be facing more complicated, turbulent and slump domestic and overseas economy. It is expected that the growth for Chinese overall economy and foreign trade will slow down. Therefore, it is expected that in 2012, the growth for cargo throughput and container throughput at the major ports of China will slow down accordingly. However, with the increasing anticipation of the recovery in economy, the operational environment is expected to be better in the second half of 2012 than that in the first half year.

Risks and unfavorable factors
The continuous deterioration of European debt crisis and American debt crisis led to the lack of development momentum and drop of market confidence in the developed countries. Although different countries have implemented rescue package, which deepened the pressure of inflation, the global economy will probably retain a downturn in a long period. Affected by the external environment, the growth of the domestic economy will encounter a series of uncertain factors. The unstable foundation for stabilizing prices will have some negative impact on the growth of domestic consumption. In the recent year, the neighboring ports including Yingkou, Jinzhou and Dandong

have been expanding port infrastructure facilities and upgrading their handling capacity, leading to increased competition for the Group.

Major measures to be taken

Leveraging on the advantages on geographical location and deep water condition, the Group will strengthen marketing activities and co-operation with customers, extend its service scope along the logistics chain and attract customers through working out integrated logistics solutions for customers and building up trade platform for bulk commodity. The Group will speed up the construction of infrastructure including storage tanks and stacking yards so as to upgrade its hardware and port handling capacity.

In 2012, the Group's major measures to be taken for market development are as follows:

Oil Segment

The reconstruction of crude oil storage tanks, including the Group's Nanhai phase-I crude oil tanks and the Group's major customer, PetroChina's crude oil tanks with a total capacity of 1.75 million tonnes, are in progress. The Nanhai phase-I crude oil tanks are expected to resume operation in the second quarter of 2012. The Group will co-ordinate with relevant authorities to speed up trans-shipment of bonded crude oil via the Group's oil terminals and improve the utilization of crude oil storage tanks.

The Group will leverage on strength of the refined oil commercial reserve base in balancing supply of and demand for refined oil to attract the refined oil produced by the other refineries in the hinterland and PetroChina Dalian Branch to be transshipped via the Group's oil terminal. Meanwhile, the Group will co-ordinate with the National Energy Administration and PetroChina Marketing Company so as to push for the project of the State's refined oil commercial reserve base with the aim to increase the throughput of refined oil.

Capturing the opportunity arising from commencement of operation of the Group's No. 8 crude oil storage tanks and the storage tanks jointly built by the Group and China Zhenhua Oil Co., Ltd. and leveraging on the advantages of two deep water terminals, scaled storage tanks and bonded warehouse, the Group will expand the transshipment of crude oil and bonded crude oil to new customers and new market.

The Group will push for the acquisition of port facilities of oil terminal in Changxing Island and put such facilities into trial operation in due course.

Container Segment

Taking market as the orientation, the Group will make full use of the favorable policies issued by the governments of Liaoning Province and Dalian Municipality to enhance its core competitiveness and stabilize its market coverage in container business.

The Group will continue to enhance marketing for shipping routes so as to attract more cargoes to be shipped via Dalian port. In terms of the attraction of shipping routes for foreign trade containers, while stabilizing the operation of the existing mainhaul services, the Group will push for the upgrade of the current services and attract new mainhaul services. In terms of the attraction of shipping routes for domestic trade containers, the Group will strengthen the strategic co-operation with the major shipping companies in the mainhaul, feeder and transshipment services, push for the medium-sized and small-sized shipping companies to introduce shipping routes so as to improve the overall competitiveness for the transportation of domestic trade containers.

The Group will strengthen its strategic position for transshipment operations in Bohai rim by further implementing measures for transshipment and making its advantages in feeder trans-shipment into full play. The Group will stabilize the operation of the channel for international transshipment and expand the services for vessel changes and reallocation of empty containers for the increment of volume. The Group will strengthen its strategic co-operation with major shipping companies so as to ensure the smooth operation of transshipment for Jinzhou port.

The Group will enhance its competitiveness in the multi-modal transportation system and take its extended services in the hinterland into full play. The Group will push for the implementation of preferential policies issued by the railway authorities, extend the effect of the State's pilot project for sea-to-rail transportation and strengthen the brand advantages of rail services. The Group will carefully form the layout of the newly built inland depots and optimize multi-modal container transportation network.

Automobile Terminal Segment

The Group will continue to enhance cargo solicitation for 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 co-operate with relevant parties to advance the water transportation project for First Automobile Works and push for the introduction of new shipping route for Toyota between southern China and northern China with Dalian as the basic port so as to strengthen the Group's position in automobile transportation for domestic trade between southern China and northern China.

The Group will enhance coordination with customers in order to strengthen its position as an export hub for automobiles. Meanwhile, the Group will improve the relevant resource deployment according to the demand of customers and obtain additional qualifications for the provision of integrated logistics services including Customs declaration and inspection submission, PDI (Pre Delivery Inspection) and road distribution arrangement so as to enhance cargo solicitation for foreign trade business.

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

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

With the commencement of operation of newly constructed roll on, roll off vessels and specialized railway services, the Group will build up integrated automobile logistics systems and carry out logistics services for automobile spare parts.

Ore Segment

The Group will speed up the construction of No. 4 stacking yard, which is expected to be completed in 2012. With No. 4 stacking yard put into operation, the Group will have additional stacking capacity of 2.3 million tonnes.

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

The Group will further strengthen its co-operation with the steel manufacturers in Hebei Province and improve its operational efficiency and service level during the operation of ultra large ore vessels so as to attract more transshipment operation of ultra large vessels via our ore terminal.

The Group will continue to enhance co-operation with ore traders and attract their vessels to call at our ore terminal by making full use of our advantages in deep-water terminal and efficient operations.

General Cargo Segment

Adhering to the marketing principle of “Building-up Steel Distribution Center” and continuing co-operation with its major customers, the Group will take the current change in the steel market into consideration, attract steel trans-shipment for medium-sized and small-sized steel manufacturers, and extend the cargo solicitation to downstream customers so as to build up the steel solicitation network covering the whole country.

The Group will strengthen the customer relationship in terms of coal business so as to build up coal trans-shipment base. 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 and steel manufacturers, the Group will form the scale of coal transportation and develop into the coal transportation and storage centre in the Three Northeastern Provinces.

Taking the opportunity of the State’s expanding domestic demand and Northern China’s revitalization, the Group aims to develop into a trans-shipment hub for the export of heavy equipment in Bohai rim. Meanwhile, the Group will attract more cargos and establish as the hub for the transportation of heavy equipments by leveraging its brand in equipment trans-shipment its advantages on location and technique.

The Group will further upgrade the port functions in Changxing Island. Taking advantages of port resources and with the aim to extend the port logistics chain, the Group will expand port functions and save logistics cost for the transportation of general cargoes.

Bulk Grain Segment

The Group will make proper deployment of its advantageous logistics resources and improve the integrated grain logistics network. The Group will further optimize its customer base for corn business and push for the efficient turnover of bulk grain carriers and stable growth of throughput with scientific utilization of silos.

The Group will build ocean transportation channel for bulk grain and stabilize the operation of regular shipping routes. The Group will continue to adopt the co-operation mode of “two ports connected by one shipping route”, improve the ocean logistics network, build sea-to-land transportation channel for the bulk grain to be shipped from northern China to southern China with the aim to form the scale of transportation.

The Group will continue to improve the operation of the port trade platform and expand value-added logistics services. Leveraging on the timely information, the Group will be able to provide trade opportunities for trade partners. Meanwhile, The Group will provide integrated logistics solution to reduce the customers’ comprehensive logistics cost and lead to the growth of throughput.

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

Passenger and Ro-Ro Segment

In January 2012, the roll on, roll off vessel, named Qingshan Island and invested by China Shipping Group was put into operation on the route connecting Dalian and Yantai. Another roll on, roll off vessel named Changshan Island is expected to put into operation on the route connecting Dalian and Yantai in June 2012. The Group’s influence and competitiveness will be further enhanced with the operation of these vessels.

In January 2012, No. 17 and No. 18 passenger and Ro-Ro berths in Dalian Bay were put into operations. The Group will continue to accelerate the port resource integration for passenger and Ro-Ro business with scientific deployment of the shipping routes and shipping capacity in Dagang area, Dalian Bay area and Lvshun port area. The Group’s leading position in terms of passenger and Ro-Ro business will be enhanced.

The Group will strengthen communication with shipping companies and partner ports to reasonably work out the plan for vessel calls so as to meet the demand of passengers and vehicle owners.

In order to meet the demand of newly-added shipping capacity, the Group will strengthen the solicitation of passenger and cargoes in the hinterland with focus on railway passengers and logistics distribution centers so as to build up the marketing network which matches with the shipping capacity.

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. 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 2011.

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 2011.

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

During the year ended 31 December 2011, the Company did 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 2011.

FINAL DIVIDEND

The Board has proposed to pay a final dividend of RMB6 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 2011 annual report containing all information about the Company set out in this announcement including the financial results for the year ended 31 December 2011 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
29 March 2012

As at the date of this announcement, the Directors of the Company are:
Executive Directors: ZHANG Fengge, XU Song and ZHU Shiliang
Non-executive Directors: XU Jian and ZHANG Zuogang
Independent Non-executive Directors: LIU Yongze, GUI Liyi and WAN Kam To, Peter

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