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 2012

The Board of Directors (the "**Board**") of Dalian Port (PDA) Company Limited (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (the Company and its subsidiary, collectively, the "**Group**") for the year ended 31 December 2012 prepared pursuant to China Accounting Standards for Business Enterprises. The Group's financial results for the year have been audited by Ernst & Young Hua Ming (LLP).

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012
(Expressed in Renminbi Yuan)

ASSETS	2012	2011
Current assets		
Cash and bank balances	2,507,326,672.09	2,254,079,359.16
Notes receivable	63,069,669.70	143,128,482.88
Dividends receivable	4,351,296.43	27,229,304.85
Interests receivable	4,065,075.97	17,077,678.32
Accounts receivable	473,175,991.01	436,020,259.55
Other receivables	295,204,982.42	198,696,714.61
Prepayments	224,396,334.74	24,501,915.18
Inventories	131,119,867.55	89,099,506.55
Non-current assets due within one year	1,005,610,000.00	4,864,200.00
Other current assets	4,870,000.00	702,830,000.00
Total current assets	4,713,189,889.91	3,897,527,421.10
Non-current assets		
Available-for-sale financial assets	18,924,264.64	26,577,769.81
Long-term equity investments	3,833,024,763.55	3,330,743,027.00
Investment properties	699,831,842.42	686,187,265.49
Fixed assets	12,773,054,294.56	11,911,976,078.46
Fixed assets pending for disposal	36,058,083.28	3,768,517.64
Construction in progress	4,689,753,318.12	5,325,978,500.87
Intangible assets	867,417,088.66	800,387,477.68
Goodwill	77,735,288.74	77,735,288.74

	2012	2011
Long-term prepaid expenses	21,514,511.03	23,932,615.04
Deferred tax assets	60,732,174.17	58,981,104.65
Other non-current assets	37,544,912.58	1,030,059,257.33
Total non-current assets	23,115,590,541.75	23,276,326,902.71
TOTAL ASSETS	27,828,780,431.66	27,173,854,323.81

LIABILITIES AND OWNERS' EQUITY	2012	2011
Current liabilities		
Short-term borrowings	1,278,033,101.12	621,000,000.00
Notes payable	16,730,000.00	74,030,000.00
Accounts payable	177,028,677.66	145,982,948.04
Advances from customers	92,795,891.74	87,042,910.65
Employee benefits payable	117,292,923.23	131,690,170.05
Taxes payable	73,953,249.60	83,917,133.10
Interests payable	194,319,909.95	197,604,619.49
Dividends payable	83,181,864.80	98,686,047.77
Other payables	853,633,931.38	917,684,830.77
Bonds payable	160,000,000.00	200,000,000.00
Non-current liabilities due within one year	545,000,000.00	210,000,000.00
Total current liabilities	3,591,969,549.48	2,767,638,659.87
Non-current liabilities		
Long-term borrowings	1,708,360,253.42	2,198,487,363.93
Bonds payable	7,844,512,916.99	7,829,944,589.64
Long-term payables	130,350.00	4,035,700.00
Deferred tax liabilities	75,717,224.83	77,337,293.53
Other non-current liabilities	633,098,324.44	656,746,024.14
Total non-current liabilities	10,261,819,069.68	10,766,550,971.24
Total liabilities	13,853,788,619.16	13,534,189,631.11
Owners' equity		
Share capital	4,426,000,000.00	4,426,000,000.00
Capital surplus	6,116,148,571.50	6,116,286,470.43
Surplus reserve	470,205,888.20	411,223,454.24
Special reserve	2,653,944.19	-
Retained earnings	1,940,095,861.84	1,664,362,022.29
Exchange differences on foreign currency translation	9,457,655.26	10,926,656.88
Equity attributable to owners of the parent	12,964,561,920.99	12,628,798,603.84
Minority interests	1,010,429,891.51	1,010,866,088.86
Total owners' equity	13,974,991,812.50	13,639,664,692.70
TOTAL LIABILITIES AND OWNERS' EQUITY	27,828,780,431.66	27,173,854,323.81

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2012

(Expressed in Renminbi Yuan)

	2012	2011
Revenue	4,644,558,994.83	3,955,394,389.80
Less: Cost of sales	3,056,689,429.56	2,487,752,090.60
Taxes and surcharges	190,580,607.81	160,171,314.14
Sales expenses	79,250.00	-
General and administrative expenses	491,396,037.19	449,107,581.54
Financial expenses	377,311,719.61	178,102,358.69
Impairment losses	1,169,487.21	(10,000.00)
Add: Investment income	170,873,749.71	141,080,016.28
Including: Share of profits and losses of associates and jointly-controlled entities	74,140,007.96	86,541,376.20
Operating profit	698,206,213.16	821,351,061.11
Add: Non-operating income	218,272,779.68	177,469,445.54
Less: Non-operating expenses	9,997,363.18	3,767,998.44
Including: Losses on disposal of non-current assets	8,316,946.61	1,804,943.04
Total profit	906,481,629.66	995,052,508.21
Less: Income tax expenses	221,718,576.73	237,587,965.27
Net profit	684,763,052.93	757,464,542.94
Attributable to:		
Owners of the parent	600,089,816.53	666,337,610.41
Minority interests	84,673,236.40	91,126,932.53
Earnings per share		
Basic earnings per share	0.14	0.15
Diluted earnings per share	Not applicable	Not applicable
Other comprehensive income	(44,370.67)	(2,936,080.74)
Total comprehensive income	684,718,682.26	754,528,462.20
Attributable to:		
Owners of the parent	600,045,445.86	663,401,529.67
Minority interests	84,673,236.40	91,126,932.53

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2012

(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 the 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 2012, the Company has issued 4,426,000,000 shares in total. Refer to Note V. 39 Share capital for details.

The Company is principally engaged in the following businesses: 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; petroleum storage (restricted to those applying for free trade zone qualification and those at port storage facilities); refined oil products storage (restricted to those applying for free trade zone qualification and those at port storage facilities); import and export of goods and technology (excluding articles prohibited by relevant laws and regulations; import and export of articles restricted by laws and regulations may only conduct with the grant of license) (with capital contribution from foreign party no more than 25%).

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 28 March 2013. According to the Company's Articles of Associations, the financial statements will be submitted to the forth coming annual 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 to 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

3.1 Change of consolidation scope

Except for the newly established subsidiaries and subsidiaries disposed of, the consolidation scope of the consolidated financial statements remains the same as last year.

3.2 Entity not in the consolidation scope in the current year

The subsidiaries disposed of by the Group in this year are as follows:

	Net assets at the disposal date	Net loss for the year ended 31 December 2012
Asia Pacific Carrier Co., Ltd.	546,794.43	-
Dalian TBT Consulting Co., Ltd.	641,630.88	52,491.16
Dalian Port Construction Management Co., Ltd.	12,080,989.84	390,574.25

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:

	2012	2011
Within 1 year	425,351,291.01	417,704,800.13
1 to 2 years	35,721,475.05	13,974,521.53
2 to 3 years	8,414,281.22	2,177,027.76
Over 3 years	7,715,850.68	5,016,831.87
	477,202,897.96	438,873,181.29
Provision for bad debts	(4,026,906.95)	(2,852,921.74)
	473,175,991.01	436,020,259.55

Movements in provision for bad debts are as follows:

	2012	2011
Opening balance	2,852,921.74	2,939,524.54
Accrual	1,173,985.21	-
Increase due to change in consolidation scope	-	56,953.00
Write-off	-	(143,555.80)
Closing balance	4,026,906.95	2,852,921.74

5. OTHER RECEIVABLES

An ageing analysis of other receivables is as follows:

	2012	2011
Within 1 year	263,230,087.44	165,317,088.91
1 to 2 years	8,972,948.86	11,017,659.38
2 to 3 years	2,054,477.87	2,825,460.36

Over 3 years	22,480,773.22	21,141,920.53
	296,738,287.39	200,302,129.18
Provision for bad debts	(1,533,304.97)	(1,605,414.57)
	295,204,982.42	198,696,714.61

Movements in provision for bad debts are as follows:

	2012	2011
Opening balance	1,605,414.57	93,710.07
Increase due to change in consolidation scope	-	1,511,704.50
Accrual	5,502.00	-
Write-off	(77,611.60)	-
Closing balance	1,533,304.97	1,605,414.57

	2012				2011			
	Closing balance		Bad debt provision		Closing balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	219,156,925.90	73.86	-	-	117,972,449.44	58.90	-	-
Not individually significant but subject to separate provision	77,581,361.49	26.14	1,533,304.97	1.98	82,329,679.74	41.10	1,605,414.57	1.95
	296,738,287.39	100.00	1,533,304.97		200,302,129.18	100.00	1,605,414.57	

6. PREPAYMENTS

An ageing analysis of prepayments is as follows:

	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	217,969,755.15	97.14	23,771,426.18	97.02
1 to 2 years	6,426,579.59	2.86	730,489.00	2.98
	224,396,334.74	100.00	24,501,915.18	100.00

7. NOTES PAYABLE

	2012	2011
Bank acceptance notes	16,730,000.00	74,030,000.00

8. ACCOUNTS PAYABLE

Accounts payable are interest-free and the terms are usually 90 days.
An ageing analysis of accounts payable is as follows:

	2012	2011
Within 1 year	164,469,205.32	142,155,524.21

1 to 2 years	11,232,104.82	3,554,033.31
2 to 3 years	1,056,977.00	273,390.52
3 years above	270,390.52	-
	177,028,677.66	145,982,948.04

As at 31 December 2012, there were no accounts payable due to shareholders holding 5% (including 5%) or more of the Company's voting shares (31 December 2011: Nil).

As at 31 December 2012, the Group had no significant accounts payable with ageing over one year (31 December 2011: 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:

	2012	2011
Revenue from the principal operations	4,289,169,933.24	3,660,418,868.82
Revenue from other operations	355,389,061.59	294,975,520.98
	4,644,558,994.83	3,955,394,389.80

Cost of sales is as follows:

	2012	2011
Cost of the principal operations	2,750,785,664.88	2,248,493,997.93
Cost of other operations	305,903,764.68	239,258,092.67
	3,056,689,429.56	2,487,752,090.60

Revenue by segment is as follows:

	2012		2011	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil/liquefied chemicals terminal and logistics services	997,182,728.75	532,417,100.35	875,470,142.51	448,045,724.31
Container terminal and logistics services	1,102,164,370.80	761,456,028.82	887,635,682.17	607,270,739.70
Passenger and roll-on, roll-off terminal and logistics services	131,596,278.98	83,476,685.82	114,848,968.50	70,159,458.65
Automobile terminal and logistics services	30,104,988.63	18,410,902.15	9,920,000.00	5,056,377.71
Ore terminal and logistics services	294,272,735.55	189,502,478.23	313,705,891.55	177,188,675.68
Bulk grains terminal and logistics services	723,526,990.34	536,515,874.54	322,103,930.34	176,556,869.56
General cargo terminal and logistics services	335,990,523.40	297,335,295.48	355,113,504.60	315,479,813.98
Port value-added services and ancillary port operations	890,756,178.33	585,263,835.34	956,452,068.50	610,374,783.20
Unallocated	138,964,200.05	52,311,228.83	120,144,201.63	77,619,647.81
	4,644,558,994.83	3,056,689,429.56	3,955,394,389.80	2,487,752,090.60

Revenue is analysed as follows:

	2012	2011

Loading services	1,773,464,794.99	1,640,356,627.31
Logistics services	655,590,132.62	714,888,208.70
Storage services	512,650,804.21	459,240,590.70
Port management services	190,502,299.59	204,506,341.02
Leasing services	312,304,250.96	241,175,110.67
Agency services	58,764,896.54	49,934,193.35
Tallying services	60,932,463.95	58,875,569.41
Electric supply services	96,525,759.10	100,179,911.37
Project construction and inspection services	139,680,990.42	164,211,780.54
Information services	63,164,871.71	67,535,380.86
Sales of goods	540,707,496.40	20,045,294.13
Others	240,270,234.34	234,445,381.74
	4,644,558,994.83	3,955,394,389.80

10. TAXES AND SURCHARGES

	2012	2011
Business tax	155,558,419.18	142,143,284.10
City maintenance and construction tax and education surcharge	19,061,602.20	17,282,599.79
Land appreciation tax	15,960,586.43	745,430.25
	190,580,607.81	160,171,314.14

11. NON-OPERATING INCOME

	2012	2011
Gain on disposal of non-current assets	302,042.98	14,798,043.22
Including: Gain on disposal of fixed assets	302,042.98	11,522,114.60
Gain on disposal of intangible assets	-	3,275,928.62
Government grants	214,281,851.67	156,150,241.77
Others	3,688,885.03	6,521,160.55
	218,272,779.68	177,469,445.54

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

	2012	2011
Recognition of deferred income	35,483,699.70	35,324,062.43
Financial subsidy (Note)	177,189,852.84	118,740,919.20
Refund of turnover tax	1,608,299.13	2,085,260.14
	214,281,851.67	156,150,241.77

Note: 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] No. 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] No.147) issued by the Port of Dalian Authority and Dalian Municipal Bureau of Finance in September 2011,《关于下达2011年鼓励和发展集装箱补助资金的通知》(Da Cai Zhi Qi[2012] No.1013) and《关于市港口局拟调整集装箱补贴政策的处理意见》(Da Cai Zhi Qi[2012] No.962) issued by Dalian Municipal Bureau of Finance in 2012，the Group recognised income relating to the government grants of RMB175,902,700.00.

12. NON-OPERATING EXPENSES

	2012	2011
Loss on disposal of non-current assets	8,316,946.61	1,804,943.04
Including: Loss on disposal of fixed assets	8,316,946.61	1,804,943.04
Others	1,680,416.57	1,963,055.40
	9,997,363.18	3,767,998.44

13. INCOME TAX EXPENSES

	2012	2011
Current income tax expense	225,357,720.58	232,750,784.04
Deferred income tax expense	(3,639,143.85)	4,837,181.23
	221,718,576.73	237,587,965.27

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

	2012	2011
Total profit	906,481,629.66	995,052,508.21
Income tax expense at the statutory rate (Note)	226,620,407.42	248,763,127.05
Effect of different tax rates applicable to subsidiaries in Mainland China	(1,318,953.97)	(3,397,733.68)
Effect of different tax rates applicable to subsidiaries outside Mainland China	4,531,108.76	1,160,910.16
Adjustments in respect of current income tax of previous years	(126,048.42)	(2,547,073.60)
Income not subject to tax	(8,936,670.49)	(8,695,133.38)
Investment income	(18,912,859.34)	(22,065,253.70)
Expenses not deductible for tax	6,091,829.29	6,846,862.53
Tax losses utilised from previous periods	(643,700.35)	(1,485,252.18)
Tax losses not recognised	14,413,463.83	19,007,512.07
Tax charged at the Group's effective income tax rate	221,718,576.73	237,587,965.27

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 2012.

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:

	2012	2011
Earnings		
Net profit of the year attributable to ordinary shareholders of the Company	600,089,816.53	666,337,610.41
Shares		
Weighted average number of ordinary shares in issue	4,426,000,000.00	4,426,000,000.00

15. EVENTS AFTER THE BALANCE SHEET DATE

(1) Equity transfer

As approved by the board of directors at the seventh meeting of the Company's third session of the board meeting in 2012, on 30 October 2012, the Company entered into an equity transfer agreement with PDA to sell 100% equity interests in Dalian Port Petrochemical Co., Ltd. ("DPPC"). The consideration was determined at the appraised value of the net assets of DPPC as at 30 September 2012 (the market value of the net assets was determined based on the valuation report Long Yuan Zhi Bo Ping Bao Zi [2012] No.1036 issued by 北京龙源智博资产评估有限公司).

The equity transfer has been approved at the Company's 2013 first extraordinary general meeting on 25 January 2013， and is subject to approval by the State-owned Assets Supervision and Administration Commission of Dalian.

(2) Dividend distributed to shareholders

Pursuant to the resolution in the second session of the board meeting in 2013 held on 28 March 2013, the Company proposed to pay a cash dividend to shareholders of RMB221,300,000.00, which is calculated based on the issued ordinary shares, in aggregate of 4,426,000,000 shares, and RMB5 cents per share (inclusive of applicable tax). The resolution will be submitted to the forth coming annual 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.

2012

	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	997,183	1,102,164	131,596	30,105	294,273	723,527	335,991	890,756	138,964	4,644,559
Less: Cost of sales and services	532,417	761,456	83,477	18,411	189,502	536,516	297,335	585,264	52,311	3,056,689
Gross profit	464,766	340,708	48,119	11,694	104,771	187,011	38,656	305,492	86,653	1,587,870
Less: Tax and surcharges	39,768	66,012	5,216	1,590	11,315	13,972	12,322	31,458	8,928	190,581
Sales expenses	-	-	-	-	-	79	-	-	-	79
Administrative expenses	45,540	114,313	23,410	1,175	28,142	31,613	35,334	119,690	92,180	491,397
Financial expenses	29,475	16,175	3,467	(474)	(1)	(2,956)	(413)	(3,043)	335,082	377,312
Impairment losses	-	1,179	-	-	-	-	(10)	-	-	1,169
Add: Investment income	63,955	9,583	(2,874)	9,602	192	-	(23,279)	18,116	95,579	170,874
Operating profit	413,938	152,612	13,152	19,005	65,507	144,303	(31,856)	175,503	(253,957)	698,207
Add: Non-operating										

income	34,695	164,545	93	-	120	7,710	8,027	4,136	(1,053)	218,273
Less: Non-operating expenses	143	597	6,958	-	-	64	1,868	360	7	9,997
Total profit	448,490	316,560	6,287	19,005	65,627	151,949	(25,697)	179,279	(255,017)	906,483
Less: Income tax expenses	102,769	81,736	9,536	355	16,360	38,010	413	33,375	(60,835)	221,719
Net profit	345,721	234,824	(3,249)	18,650	49,267	113,939	(26,110)	145,904	(194,182)	684,764
Total assets	8,221,624	6,047,110	1,378,518	789,575	2,114,786	1,700,356	2,776,180	1,767,394	3,033,237	27,828,780
Total liabilities	1,687,444	838,864	73,021	73,534	100,309	299,179	218,655	149,365	10,413,418	13,853,789
Supplementary information:										
Investment income from associates and jointly-controlled entities	64,003	9,583	(4,018)	9,602	192	-	(23,279)	18,057	-	74,140
Depreciation and amortisation	171,045	165,184	22,785	9,717	85,822	66,680	60,049	58,675	20,053	660,010
Interest income	3,292	4,043	148	591	164	3,016	413	3,516	28,312	43,495
Capital expenditure(Note)	298,521	151,884	16,614	6,659	79,028	3,132	325,604	138,902	19,134	1,039,478
Intersegment sales	6,487	1,568	1,011	4,523	140	16	1,159	139,019	-	153,923

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)
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:										
Investment income from associates and jointly-controlled entities	23,656	47,847	(97)	10,575	-	-	182	4,378	-	86,541
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(Note)	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

Note: The capital expenditure includes the expenditure incurred for acquisition and construction of fixed assets, construction in progress, investment properties, intangible assets and the addition of long-term prepaid expenses.

Other information

<u>Geographical information</u>

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

2012 marked a year of challenges for the worldwide economy, featured by slowdown in pace of economic growth, fluctuation and volatility in global financial shocks and steep fall in degree of activeness of international trade. Under this backdrop, the country continued to pursue the macroeconomic policies based on "steady growth, structural adjustment". The year-round GDP jumped by 7.8% on a year-on-year basis. This reflects that the economic growth rate has dropped to the lowest level for over a decade. Despite lower growth rate, there was greater emphasis on quality and efficiency. With improved economic structure, consumption but not investment has become an active source of fresh impetus to fuel economic growth. Meanwhile, China's economy picked up and rebounded in the fourth quarter, thus successfully attaining a "soft landing".

In 2012, port throughput across the country posted a sustained growth, yet the rate of such growth was slowed down remarkably. Throughput of coal and products grew at a much lower rate. Throughput of oil and natural gas as well as products recorded a negative growth, whereas throughput of metal ores and containers showed a slowdown in growth rate.

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

In 2012, the macro economic background and industries relevant to the Group's principal business were as follows:

Oil Segment: International political turbulence led to fluctuation in international crude oil prices. At the same time, due to unstable market price and trading volume of China's refined oil resulted from the imperfect pricing mechanism of China's refined oil, there were heightened uncertainties for oil trade, and hence crimped the growth of the crude oil imports. In 2012, China's crude oil imports amounted to about 271 million tons, up 6.8% on a year-on-year basis.

Container Segment: In 2012, the total GDP in Heilongjiang Province, Jilin Province and Liaoning Province (collectively, the "Three Northeastern Provinces of China") was RMB5.0738 trillion, an increase of 12.6% as compared with 2011. The GDP in the Three Northeastern Provinces of China remained flat as compared to the figure in 2011 and grew at a relatively high speed. In 2012, the import and export value of the Three Northeastern Provinces of China was USD170.8 billion, an increase of 5%, being 1% lower than the national average. The foreign trade value in the Three Northeastern Provinces of China accounted for 4.42% of China's total foreign trade, which was 0.03% lower than 2011.

Automobile Terminal Segment: According to the statistics published by China Association of Automobile Manufacturers, in 2012, China manufactured 19,271,800 vehicles, an increase of 4.63% and sold 19,306,400 vehicles, an increase of 4.33% as compared with 2011. In 2012, China exported a total of 1,056,000 vehicles, an increase of 24.23%. 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 2012, China imported 744 million tonnes of iron ore, an increase of 8.4% over 2011. The average price for China's imported iron ore was USD128.6 per tonne, a decrease of 21.6%. Given the decrease in demand for steel in China and the serious losses incurred by the steel industry, the volume of import of iron ore into the northeast port from external sources fell sharply.

General Cargo Segment: In 2012, affected by the sluggishness in demand and the import of coal from external sources, in 2012, China's nationwide cumulative port shipment of coal amounted to 610 million tonnes, down 4.7% year-on-year. In 2012, China's crude steel production was 720 million tonnes, a year-on-year growth of 3.1%. Against the backdrop of a decrease in demand for steel, crude steel production maintained a growth. The problem of surplus capacity in the steel market was serious.

Bulk Grain Segment: In 2012, affected by the national food regulatory policy, fluctuations in food prices and supply and demand within and outside the country, as well as the large-scale imports of corns in the southern area, the prices in China's corn market showed a continued slackness. The transportation of grain from the northern to southern parts revealed seasonal phenomenon of shortages and overages.

Passenger and Ro-Ro Segment: Although the economic slowdown in China had a negative impact on the passenger and freight traffic in Liaoning Province and Shandong Province and their respective hinterlands to some extent, the number of passengers and volume of cargoes originated from such areas showed mixed performance, in which the volume of cargoes originated from such areas was higher than the previous year, whereas the number of passengers originated from such areas were lower than the previous year.

Against the background of quite complicated environment within and outside the country in 2012, the Group built on its efforts on putting in place an integrated logistics services system and an integrated industry and trade platform, offering active innovations of products and services and striving for preferential policies and market exploration, and managed to realize a growth in both port cargo throughput and container volume. In particular, the Automobile Terminal Segment achieved remarkable growth. Throughput in the Container Segment increased significantly and throughput in the General Cargo Segment, Bulk Grain Segment and Passenger and Ro-Ro Segment also attained growth of certain rate. The Group handled a total of approximately 38.577 million tonnes of oil and liquefied chemicals, a decrease of 5.6% as compared with 2011, of which approximately 20.088 million tonnes was imported crude oil, a decrease of 8.5% as compared with 2011. In the Container Segment, the Group handled approximately 8.917 million TEUs, an increase of 20.2%, of which approximately 8.009 million TEUs were handled by the Group at Dalian port, an increase of 26.1%. In the Automobile Terminal Segment, the Group handled 227,000 vehicles, an increase of 28.3%. In the Ore Segment, the Group handled approximately 22.488 million tonnes, a decrease of 17.8%. In the General Cargo Segment, the Group handled approximately 32.142 million tonnes of cargoes, an increase of 4.8%. In the Bulk Grain Segment, the Group handled approximately 7.246 million tonnes of bulk grain, an increase of 2.5%. In the Passenger and Ro-Ro Segment, the Group transported approximately 4.062 million passengers, a decrease of 0.4% and approximately 832,000 vehicles, an increase of 32.7% as compared to with 2011.

Overall analysis of results

In 2012, The Group's profit attributable to shareholders amounted to RMB600,089,816.53, representing a decrease of RMB66,247,793.88 or 9.9% as compared with RMB666,337,610.41 in 2011. The increase was due to the Group's fund raising to finance its on-going investment projects, adjustments in loan interest rates, as well as the increased expensing of financing costs when certain capex investments were put into production during the year. The Group managed to report a growth of 6.1% in its EBIT despite the severe impact of the external economic environment.

In 2012, the Group's basic earnings were 13.56 cents per share, representing a decrease of 9.9% from 15.06 cents in 2011.

In 2012, the Group's revenue amounted to RMB4,644,558,994.83, representing an increase of 17.4% from RMB3,955,394,389.80 in 2011. The overall revenue increase was attributable to the substantial sales brought about by the new port-related trading business, increased tariffs for certain customers and cargo items, and the revenue growth of port logistics business generated by the commissioning of new assets. However, the foreign trade throughput decrease caused by the global economy imposed a drag on these growth factors.

In 2012, the Group's cost of sales and services amounted to RMB3,056,689,429.56 which increased by 22.9% as compared with RMB2,487,752,090.60 in 2011. Such costs increased because the new port-related trading business incurred cost of sales, depreciation expenses increased with the commissioning of new assets, operating costs increased with the growth of the volume of business, as well as labor costs increased owing to salaries and wages adjustments in the current year.

In 2012, the Group's gross profit was RMB1,587,869,565.27 which increased by 8.2% from RMB1,467,642,299.20 in 2011. The gross margin was 34.2% (2011: 37.1%). As a new type of business, the gross profit margin of port-related trading business is lower than that of the traditional port operations. Excluding the impact of such trading business, the gross profit margin was 37.8%, which was a modest year-on-year growth.

In 2012, the Group's financial expenses amounted to RMB377,311,719.61, representing an increase of 111.9% from RMB178,102,358.69 in 2011. The increase was due to the Group's fund raising to finance its on-going investment projects, adjustments in loan interest rates, as well as the increased expensing of financing costs when certain capex investments were put into production during the year.

In 2012, the Group's investments income amounted to RMB170,873,749.71 representing an increase of 21.1% from RMB141,080,016.28 in 2011. 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 2012, the Group's non-operating revenue amounted to RMB208,275,416.50, representing an increase of 19.9% from RMB173,701,447.10 in 2011. The increase was mainly due to the government subsidies for the Group's container segment.

In 2012, the Group's income tax expenses amounted to RMB221,718,576.73, representing an decrease of 6.7% from RMB237,587,965.27 in 2011. The decrease was due to a decrease of assessable income mainly caused by an increase of financing costs during the current year.

Assets and liabilities

As of 31 December 2012, the Group's total assets and net assets amounted to RMB27,828,780,431.66 and RMB13,974,991,812.50, respectively, and its net asset value per share was RMB2.93, representing an increase of 2.8% as compared with that as of 31 December 2011. The increase was mainly due to the accumulation from business operation.

As of 31 December 2012, the Group's total liabilities amounted to RMB13,853,788,619.16, of which total outstanding bank and other borrowings amounted to RMB 11,535,906,271.53.

Financial resources and liquidity

As of 31 December 2012, the Group had a balance of cash and cash equivalents of RMB2,494,472,560.75, which represented an increase of RMB263,815,284.43 as compared with 31 December 2011.

In 2012, the Group's net cash inflows generated from operating activities amounted to RMB1,299,068,275.21. The Group's operating activities have kept generating stable cash inflows. The Group's net cash outflows from financing and investing activities amounted to RMB606,145,385.99 and RMB 428,881,092.16, respectively. Benefited from stable cash inflows from its operating activities, receipts of principals invested in treasury products, and the Group's prudent approach for fixed assets and equity investments, the Group had maintained a strong financial position and a good debt profile.

As of 31 December 2012, the Group's bank and other borrowings amounted to RMB11,535,906,271.53 of which RMB9,552,873,170.41 was due after one year and RMB1,983,033,101.12 was due within one year. The Group's net gearing ratio was 64.6% as at 31 December 2012 (64.6% as at 31 December 2011).
As of 31 December 2012, the Group's unutilized banking facilities amounted to RMB10,456,260,000.00.

As of 31 December 2012, 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 RMB2,772,091,500.00. As at 31 December 2012, the Company had utilized approximately RMB 2,187,501,700.00 of the net proceeds and the balance of the net proceeds was RMB639,482,100.00.

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 except for changes announced by the Company on 30 December 2011. As at 31 December 2012, the details of the use of proceeds were as follows:

Projects	**Proceeds form A Shares IPO**	**Use of proceeds as of 31 December 2012**	**Balance as of 31 December 2012**
Construction of oil storage tanks with a total capacity of 1,000,000 m^3 in Xingang	760,000,000.00	437,267,400.00	322,732,600.00
Construction of oil storage tanks with a total capacity of 600,000 m^3 in the Xingang resort area	550,000,000.00	275,043,600.00	274,956,400.00
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	292,198,500.00	227,801,500.00
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	41,250,000.00	41,250,000.00	-

Muling			
Construction of information systems	50,000,000.00	31,900,700.00	18,099,300.00
Increase in the registered capital of Dalian International Container Terminal Co., Ltd.	84,041,500.00	84,041,500.00	-
Total	2,772,091,500.00	1,910,501,700.00	861,589,800.00

Note 1: The remaining balance as at 31 December 2012 shown in the above table was RMB861,589,800.00. With the subtraction of RMB277,000,000.00 temporarily used for six months to supplement the Group's working capital, the remaining balance of the net proceeds was RMB584,589,800.00 (excluding an interest income of RMB54,892,300.00 earned on the proceeds), and RMB639,482,100.00 (including the interest income), respectively..

Note 2: In order to reduce the amount of idle cash and the financing cost and to manage cash efficiently, the seventh meeting of the third session of the Company's board of directors in 2012 passed a resolution on 30 October 2012 regarding the temporary use of certain idle cash from the A Shares IPO proceeds to improve the liquidity of the Company's working capital. The Company was authorized to use idle cash of RMB277,000,000.00 out of the A Share IPO proceeds to supplement the Company's working capital. Such an authorization is valid for a period of six months commencing 30 October 2012 when the Board passed the relevant resolution. The Company's independent directors, supervisors, and sponsors expressed their respective opinions on the board resolution. The Company made a public announcement in relation to the above board resolution on 31 October 2012.

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 2012, the net proceeds had been used for the acquisition of fixed assets, loans repayment and working capital funding in compliance with the proceeds usage as disclosed in the H Share IPO prospectus. Since all the projects funded by the H Share IPO proceeds were substantially completed, the management proposed that the unutilized fund of RMB54,550,000.00 allocated for constructing 12 crude oil storage tanks at Xingang be used as the Company's daily operating funds. The proposal was approved on 29 March 2012 at the third meeting of the third session of the Company's Board of Directors. As at 30 June 2012, all the H Share IPO proceeds had been fully utilized.

Capital expenditure

In 2012, the Group's capital expenditure amounted to RMB1,039,477,769.68 which was mainly funded by the surplus cash generated from operating activities, the proceeds from the public offering of A Shares and corporate bonds.

The performance analysis of each business segment in 2012 was as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2012 and its comparative results in 2011:

	2012 ('000 tonnes)	**2011 ('000 tonnes)**	**+/-%**
Crude oil	24, 231	28, 950	-16.3%
— Foreign trade imported crude oil	20, 088	21, 948	-8.5%
Refined oil	9, 973	10, 625	-6.1%
Liquefied chemicals	1, 066	886	20.3%
Others(Including LNG)	3, 307	414	698.8%
Total	38, 577	40, 875	-5.6%

In 2012, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 38.577 million tonnes, a decrease of 5.6%.

In 2012, the Group's crude oil throughput decreased by 16.3% as compared with 2011 to 24.231 million tonnes, of which imported crude oil throughput decreased by 8.5% to 20.088 million tonnes. In 2012, the major refineries suspended operations for a period for conducting overhaul. Facing relatively higher fluctuation in crude oil prices in the international markets, which was in an upside down trend of crude oil prices in China, the refineries located in the Group's hinterland scaled down their production with a strategy of reducing losses by reducing production and lowered the proportion of imports of crude oil via the sea. At the same time, certain individual customers reduced crude oil transshipment at Dalian port. However, the Group strengthened the freight traffic of crude oil transshipment of other customers. Moreover, we established public bonded warehouse to tap into crude oil bonded and international transshipment business. Certain fruitful results were achieved.

In 2012, the Group's refined oil throughput amounted to approximately 9.973 million tonnes, a decrease of 6.1% as compared with 2011. As PetroChina's petrochemical base in Guangxi was put into production PetroChina reduced transshipment of refined oil via the northeast railway and Dalian port. Meanwhile, the refineries located in the Group's hinterland scaled down their production resulting in a decrease in refined oil shipment. As a result of these factors, coupled with a slowdown in China's economic growth, the operating rate of private enterprises was maintained at a low level, whereas the sales sentiment in terminal market was depressing.

In 2012, the Group's liquefied chemicals throughput amounted to 1.066 million tonnes, an increase of 20.3% as compared with 2011. The increase in shipment volume was mainly attributable to the efforts on securing freight traffic of liquefied chemicals from the existing refinery customers.

Liquefied throughput handled by the Group in 2012 amounted to 3.307 million tonnes, an increase of nearly seven times. Since the production and operation of LNG terminal operations in November

2011, smooth progress had been attained for the related business, and stable freight traffic had been obtained.

In 2012, the total imported crude oil volume handled by the Group accounted for 100% (100% in 2011) of the total amount of crude oil imported into Dalian and 69.8% (71.4% in 2011) of the total amount of crude oil imported into the Three Northeastern Provinces of China. The decrease in our market share of crude oil throughput in the Three Northeastern Provinces of China was mainly due to the reduction of production to reduce losses by major refineries in our hinterland and the increase in utilization of crude oil imported from Russia and Daqing by major petrochemicals, which offset the combined impacts of the growth in crude oil imports via the sea, and the enhancement of surrounding port capabilities.

In 2012, the revenue from oil/liquefied chemicals terminal and logistics services amounted to RMB997,182,728.75, accounted for 21.5% (22.1% in 2011) of the Group's total revenue, representing an increase of RMB121,712,586.24 or 13.9% as compared with that in 2011. The increase was mainly due to the growth of handling income and rental income from new oil tanks put into use in the current year, increased tariff rates for certain customers, and an increase in revenue from oil sales.

In 2012, the gross profit from oil/liquefied chemicals terminal and logistics services amounted to RMB464,765,628.40, representing an increase of 37,341,210.20 as compared with that in 2011. This profit accounted for 29.3% (29.1% in 2011) of the Group's total gross profit, and represented a gross margin of 46.6% (48.8% in 2011). Without the impact of oil sale business, the gross margin is 50.1% increasing 1.3 percentage points over that of 2011. Such an increase in gross margin was mainly caused by the tariff rate hike and new oil tanks in operation.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's Oil Segment were as follows:

- The Group has completed the application for resuming operations of Nanhai phase-I bonded storage tanks. We actively coordinated with customers to speed up transshipment of crude oil, improved the utilization of storage tanks and increased the volume of transshipment.

- The Group has completed the application for the operations of public bonded storage tanks. We successively set up 400,000 cubic metres of public crude oil bonded storage tanks and 30,000 cubic metres of public refined oil bonded storage tanks, thereby making an active step into crude oil and refined oil bonded warehousing business.

- No. 8 storage tank with a total capacity of 400,000 cubic metres was put into operation and rented to customers, thus creating a favourable condition for securing stabile cargoes for bonded transshipment.

- The Group has completed the share acquisition of and equity capital expasion in Changxing Island Investment Development Co., Ltd., and effectively promoted the construction and development of the projects of Group's oil/liquefied chemicals terminals and storage tanks in the area of Changxing Island.

Container Segment

The following table sets out the container throughput handled by the Group in 2012 and its comparative results in 2011:

		2012 ('000 TEUs)	2011 ('000 TEUs)	+/-%
Foreign trade	Dalian	4,662	4,558	2.3%
	Other Ports (note 1)	124	150	-17.3%
	Sub-total	4,786	4,708	1.7%
Domestic trade	Dalian	3,347	1,793	86.7%
	Other Ports (note 1)	784	919	-14.7%
	Sub-total	4,131	2,712	52.3%
Total	Dalian	8,009	6,351	26.1%
	Other Ports (note 1)	908	1,069	-15.1%
	Total	8,917	7,420	20.2%

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 2012, in terms of container throughput, the Group handled a total of approximately 8.917million TEUs, an increase of 20.2% over 2011. Affected by the economic crisis, the performance of foreign trade container volume was depressed, with a cumulative total of 4.786 million TEUs, an increase of 1.7% year-on-year. In face of an unfavorable international economic environment, the Group's stepped up its efforts in the domestic trade market and reinforced strategic partnership in a number of projects with an aim to expand the transshipment operations. Container throughput for domestic trade amounted to 4.131 million TEUs n 2012, an increase of 52.3% over 2011, thus becoming a major source of fresh impetus to the growth in the Group's container volume.

In 2012, the Group's container terminal business represented 99.3% (99.2% in 2011) of the total markets share in Dalian and 53.3% (53.0% in 2011) of that in the Three Northeastern Provinces of China. The Group's container throughput for foreign trade accounted for 100% (100% in 2011) of the total volume in Dalian and 96.6% (96.6% in 2011) of that in the Three Northeastern Provinces of China.

In 2012, the revenue from container terminal and logistics services amounted to RMB1,102,164,370.80, accounted for 23.7% (22.4% in 2011) of the Group's total revenue, representing an increase of RMB214,528,688.63 or 24.2%, as compared with that in 2011. This revenue increase was mainly attributable to the gain from disposal of land use rights, rental from leasing of assets newly put into operation in 2012 and increase in income from transportation business.

In 2012, the gross profit from container terminal and logistics services amounted to RMB340,708,341.98, representing an increase of 60,343,399.51 as compared with that in 2011. This profit accounted for 21.5% (19.1% in 2011) of the Group's total gross profit, and represented a gross margin of 30.9% (31.6% in 2011). Such a decrease in gross margin was mainly caused by the lower gross margin of the transportation business as a result of increased operating costs.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's Container Segment were as follows:

- In relation to the opening up of routes market, targeted marketing efforts were made in respect of the headquarters of the shipping company. With preferential policies issued by the Liaoning provincial and Dalian municipal government and the efficiency of terminal operations, we stabilized the existing trunk routes and promoted the upgrades of the ship models of the trunk routes. There was a net increase of four near-sea routes. We also added three additional domestic routes.

- We strived to significantly grow the incremental markets such as, marine transshipment operation, transshipment cooperation within Bohai Bay area and the Yellow Sea rim feeders and substitution of vessels. We had commenced transshipment cooperation with various elite shipping corporations, thereby attaining ongoing expansion in Dalian port area's transshipment business. Capitalizing on development of the harbor-neighboring industries, we also seek to expand sources for container load freight. Meanwhile, taking advantage of its self-owned vessels, we launched the transshipment business within feeders in Bohai Bay area and the Yellow Sea rims, effectively mobilizing growth in transshipment.

- In relation to land-based logistics, the Group joined forces with the railway sector by adhering to the "route-opening, frequency-increasing" position. We added three new train lines. The number of major train lines amounted to 14. Mudanjiang Muling inland port had passed through examination and acceptance procedures. Dalian port container sea-to-rail intermodal transportation network demonstration project had passed through expert assessment by the Ministry of Communications and was granted with a national license. In addition, to step up the construction of road mass transit system, the Group began to provide road transportation services in Shenyang area with an aim to being able to provide one-stop service from the inland port to plant. Logistics support services from Dalian to Shenyang were also put into place.

Automobile Terminal Segment

The following table sets out the throughput handled by the Group's automobile terminal in 2012 and its comparative results in 2011:

		2012	**2011**	**+/-%**
Vehicles (units)	Foreign trade	23, 366	36, 659	−36. 3%
	Domestic trade	203, 197	139, 965	45. 2%
	Total	226, 563	176, 624	28. 3%
Equipments (tonnes)		26, 393	21, 036	25. 5%

In 2012, the Group handled a total of 226,563 vehicles, a significant increase of 28.3% on a year-on-year basis.

The destinations of cargo originated from our hinterland were mainly the South America and the Middle East region, due to the increase in Brazilian tariff and Syrian political unrest, foreign trade export in the Automobile Terminal Segment dropped significantly. In terms of foreign trade imports, negatively affected by the Sino-Japanese dispute over the Senkaku/Diaoyu Islands, the volume had continued to shrink since September 2012.

On front of domestic trade, benefiting from the Group's reinforced efforts on tapping into freight traffic market, attracting new customers in the northern and southern China and the increase in schedules and frequency of the existing routes over the previous year, Dalian's status as a hub port for domestic trade roll-on and roll-off commodity automobiles had been initially built.

In 2012, the vehicles handled by the Group accounted to 99.5% (92.2% in 2011) of the total volume in northeastern China.

Since the automobile terminal was owned by one of the Company's joint ventures, its income was not consolidated into its results. The revenue from automobile terminal and logistics services was derived mainly from the lease of the Group's automobile roll-on-roll-off ships and automobile-trade service revenue.

In 2012, the revenue from automobile terminal and logistics services amounted to RMB30,104,988.63 , accounted for 0.6% (0.3% in 2011) of the Group's total revenue, representing an increase of RMB20,184,988.63 or 203.5%, as compared with that in 2011. Such an increase was mainly due to the full year lease of ro-ro ships in 2012 (the ro-ro ships commenced leasing in July 2011) and the additional revenue from the new automobile trading business in 2012.

In 2012, the gross profit from automobile terminal and logistics services amounted to RMB11,694,086.48, representing an increase of RMB 6,830,464.19 as compared with that in 2011. This profit accounted for 0.7% (0.3% in 2011) of the Group's total gross profit, and represented a gross margin of 38.8% (49.0% in 2011). Without the impact of trading business, the gross margin is 48.8%, approximately as the same as that in 2011.

In 2012, the investment income from the automobile terminal and logistics services amounted to RMB 9,602,479.13, a decrease of RMB 972,152.28 as compared with the corresponding period in 2011. The decrease of investment income from this segment is caused by the decrease in the net profit of the automobile terminal with the decline in foreign trade throughput.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's Automobile Terminal Segment were as follows:

- The Group strengthened cooperation with customers, and has procured Anji Automotive Logistics Co. Ltd to move its transshipment storage to Dalian's automobile terminal.

Meanwhile, leveraging on the existing car-carrying vessel lines and cooperation with the shipping companies, the Group strengthened the market development for vehicles shipment between the south and the north of China, and the water transportation volume of vehicle for domestic trade has significantly increased. As a result of such measures, the status of Dalian port as a hub port for car-carrying has been further consolidated.

- With regard to export business, we have actively expanded other export business operations in our hinterland, which are mainly related to large trucks, passenger buses and sedans. In terms of export trade from other customers, the number of vehicles handled by us was nearly 7,000, thus maintaining the stable operation of the existing two routes for foreign trade export.

- We have stepped into vehicle logistics business and KD（Knock Down）business, which offer customers with a wide range of value-added logistics services including customs clearance, additional installation, PDI (Pre Delivery Inspection), short refute shipping and warehouse reservation. The Group has expanded its customer base.

- The Group made significant progress in strengthening cooperation with major customers. In September 2012, the first roll-on and roll-off vessel named "中甫航運" of Zhongshi International Logistics Co., Ltd. (中世國際物流公司), which is a joint venture set up by the Group, Chery Automobile Company Limited ("Chery") and Beijing Changjiu Logistics Co., Ltd. (北京長久物流有限公司), was put into commercial operation. In terms of total transshipment, the number of commodity automobiles being handled was nearly 15,000.

- We have built an integrated trading platform in order for us to enter into the field of automotive trading services.

Ore Segment

The following table sets out the throughput handled by the Group's ore terminal in 2012 and its comparative results in 2011:

	2012 ('000 tonnes)	**2011 ('000 tonnes)**	**+/-%**
Ore	21,936	27,225	-19.4%
Others	552	123	348.8%
Total	22,488	27,348	-17.8%

In 2012, throughput handled by the Group's ore terminal was 22.488 million tonnes, a year-on-year decrease of 17.8%.

Ore throughput of the Group accounted for a market share of 29% (32.8% in 2011) of the ore throughput of the Three Northeastern Provinces of China in 2012.

In 2012, the revenue from ore terminal and logistics services amounted to RMB294,272,735.55, accounted for 6.3% (7.9% in 2011) of the Group's total revenue, representing a decrease of RMB19,433,156.00 or 6.2%, as compared with that in 2011. Such a decrease was mainly due to the throughput reduction and this decrease was partly offset by the impact of increased handling rates in the current year.

In 2012, the gross profit from ore terminal and logistics services amounted to RMB104,770,257.32, representing a decrease of RMB 31,746,958.55 as compared with that in 2011. This profit accounted for 6.6% (9.3% in 2011) of the Group's total gross profit, and represented a gross margin of 35.6% (43.5% in 2011). Such a decrease was due to the decrease in handling revenue and an increase in depreciation expenses.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's Ore Segment were as follows:

- We took first-mover initiatives to build a Zero-Loss brand for Dalian port area across the country, and have provided customers with personalized services.

- We sought for expansion into the mixed ore business based on port bonded functions. Dalian's standard mine has now been formed and has been successfully transferred by sea. Value-added services have become the Company's main source of freight traffic and income growth driver.

General Cargo Segment

The following table sets out the throughput handled by the Group's general cargo terminal in 2012 and its comparative results in 2011:

	2012 ('000 tonnes)	**2011 ('000 tonnes)**	**+/-%**
Steel	7,618	7,666	−0.6%
Coal	12,720	12,542	1.4%
Equipment	2,158	1,723	25.2%
Others	9,646	8,742	10.3%
Total	32,142	30,673	4.8%

The throughput handled by the Group's general cargo terminal in 2012 amounted to 32.142 million tonnes, a year-on-year increase of 4.8%.

In 2012, the volume of steel handled by the Group was 7.618 million tonnes, a year-on-year decrease of 0.6%. The decline was mainly due to the drop in demand.

The volume of coal handled by the Group in 2012 was 12.72 million tonnes, a year-on-year increase of 1.4%. Despite a decline in domestic demand for coal, the Group embraced a growth in coal throughput against the backdrop with attracting new customers in the harbour-based industry and the solicitation of coal import companies.

The volume of equipment handled by the Group in 2012 amounted to 2.158 million tonnes, a significant increase of 25.2% over the previous year. While keeping existing customers, we actively increase our customer base by tapping into new additions of freight traffic, and thus achieved a substantial growth in equipment throughput.

In 2012, steel throughput and coal throughput handled by the Group's general cargo terminal accounted to 17.6% (18.3% in 2011) and 16% (14.3% in 2011) of the total throughput in the Three Northeast Provinces of China, respectively.

The Group operates its general cargo terminal business at three port areas, namely Dalian Bay, Zhuanghe and Changxing Island. The Group's revenue for the General Cargo Segment was derived mainly from operations at Dalian Bay and Zhuanghe. Dalian Changxing Island Port Co., Ltd. which operates at Changxing Island is owned by one of the Company's joint ventures, therefore its revenue was not consolidated into the Company's results.

In 2012, the revenue from general cargo terminal and logistics services amounted to RMB335,990,523.40, accounted for7.2% (9.0% in 2011) of the Group's total revenue, representing a decrease of RMB19,122,981.20 or 5.4%, as compared with that in 2011. Such a decrease was mainly due to the throughput reduction in Dalian Bay port region, and this decrease was partly offset by the impact of tariff increase for certain items of general cargo.

In 2012, the gross profit from general cargo terminal and logistics services amounted to RMB38,655,227.92, representing a decrease of 978,462.70 as compared with that in 2011. This profit accounted for 2.4% (2.7% in 2011) of the Group's total gross profit, and represented a gross margin of 11.5% (11.2% in 2011), approximately the same as that in 2011.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's General Cargo Segment were as follows:

- We have built an integrated logistics system. With an aim to stabilize freight traffic, in collaboration with the railway sector and steel mills we have put into operation a group of circular-route trains for transporting steel and ore running between Dalian port area and the iron and steel enterprises.

- We timely adjusted our direction of market development, and captured more cargo from customers operating in the harbour-based industry and secured more coal storage business from customers who procure coal for sale during the winter months and customers who engage in coal importing business

- By leveraging on our brand in handling large-sized equipment, and catering for customer demand through offering a full range of integrated logistics services, we further enhanced cargo solicitation.

- We played an active part in fostering the development of steel trading business through the establishment of 大連市鋼材物流園有限公司 (Dalian City Steel Logistics Park Co., Ltd.) which started operations in the fourth quarter, which will further promote the development and growth of the steel logistics business.

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:

	2012 (’000 tonnes)	**2011 (’000 tonnes)**	**+/-%**
Corn	3,674	3,926	-6.4%
Soy bean	1,668	1,041	60.2%
Barley	221	139	59.0%
Wheat	59	31	90.3%
Others	1,624	1,930	-15.9%
Total	7,246	7,066	2.5%

Throughput handled by the Group’s bulk grain terminal in 2012 was approximately 7.246 million tonnes, an increase of 2.5%.

Corn throughput handled by the Group’s bulk grain terminal in 2012 was approximately 3.674 million tonnes, a decrease of 6.4%. In 2012, against the backdrop of prolonged sluggishness of the corn market, we achieved a relatively larger throughput growth by taking a number of initiatives to increase cargo delivery volume and improve efficiency in the first half of 2012. The decrease in corn throughput was mainly because many trading companies’ enterprises remained cautious in maize procurement due to a decrease in demand in the domestic market in the second half of the year.

Soybean throughput handled by the Group’s bulk grain terminal in 2012 was 1.668 million tonnes, a year-on-year growth of 60.2%. To withstand the downturn of the corn market, the Group proactively adjusted its cargo solicitation strategy and shifted its focus on securing cargo supply from import trading companies, as the result, the Group recorded a substantial growth in throughput of imported soybean from foreign trade. The transshipment business at Dalian port area also grew and accounted for 73% of the Group’s soybean throughput, an increase of 8.7% percentage point.

Grain throughput handled by the Group’s bulk grain terminal in 2012 accounted for 17.6% (16.6% in 2011) of that of the Three Northeast Provinces of China.

In 2012, the revenue from bulk grain terminal and logistics services amounted to RMB723,526,990.34, accounted for 15.6% (8.1% in 2011) of the Group’s total revenue, representing an increase of RMB401,423,060.00 or 124.6%, as compared with that in 2011. Such increase was mainly attributed to the new grain-trading business. Without the impact of this new business, the revenue increased by RMB27,426,289.96, that is a 8.5% increase. Such an increase was attributed to throughput growth and tariff rate increases.

In 2012, the gross profit from bulk grain terminal and logistics services amounted to RMB187,011,115.80, representing an increase of RMB41,464,055.02 as compared with that in 2011. This profit accounted for 11.8% (9.9% in 2011) of the Group’s total gross profit, and represented a gross margin of 25.8% (45.2% in 2011). Without the impact of grain-trading business, the gross margin is 52.7% increasing 7.5 percentage points over that in 2011. Such an increase was attributed to throughput growth and tariff increases.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's Bulk Grain Segment were as follows:

- We optimized of our cargo supply structure and customer mix, and strived to obtain the cargo supply from foreign trade import companies.

- By reasonably allocating various bulk grain truck resources, strengthening strategic collaborations with large customers, and implementing an integrated vehicle-ship logistics model, we have provided a support for the stable income from operation of the bulk grain trucks. At the same time, we also significantly improved the operations of bulk grain trucks, thereby we have achieved a growth in throughput and created a new growth point.

- 大連港糧油貿易有限公司 (Dalian port Grains & Oil Trading Co., Ltd.), a wholly-owned subsidiary of the Group, was incorporated in October 2012. By capturing the favourable opportunity emerging from the new grain coming into market, the Company made an active move into the grain trade business on the basis of logistics-supported trade and trade-driven logistics, thus adding fresh impetus to the dual growth in both the overall cargo supply and operation results of bulk grain business.

Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on roll-off throughput handled by the Group in 2012 and its comparative results in 2011:

	2012	**2011**	**+/-%**
Passengers ('000 persons)	4,062	4,080	−0.4%
Vehicles ('000 units) *(note 2)*	832	627	32.7%

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

In 2012, the Group transported approximately 4.062 million passengers, a decrease of 0.4% over 2011, and handled approximately 832,000 vehicles, an increase of 32.7%.

In 2012, China's economic slowdown and price wars among shipping companies negatively affected the Group's roll-on and roll-off business. With commencement of operation of two vessels of the Group and one vessel of Sino Rail Bohai Train Ferry Co, Ltd. ("SBTF") in Dalian Lvshun Port, the Group has expanded its power of influence and market share.

In 2012, the revenue from passenger and roll-on roll-off and logistics services amounted to RMB131,596,278.98, accounted for 2.8% (2.9% in 2011) of the Group's total revenue, representing an increase of RMB16,747,310.48 or 14.6%, as compared with that in 2011. Without the consolidation of the income of the newly-acquired Lvshun port, the revenue grew by 9.1%. Such an increase was mainly due to the growth of the passenger and roll-on roll-off throughput.

In 2012, the gross profit from passenger and roll-on roll-off and logistics services amounted to RMB48,119,593.16, representing an increase of RMB 3,430,083.31 as compared with that in 2011. This profit accounted for 3.0% (3.0% in 2011) of the Group's total gross profit, and represented a gross margin of 36.6% (38.9% in 2011). Without the impact of consolidating Lvshun port, the gross margin was 40.0%, Such an increase was due to throughput growth.

In 2012, the Group's major measures taken and the progress of major projects related to the Group's Passenger and Ro-Ro Segment were as follows:

- Two roll-on roll-off vessels named MV. Qingshandao and MV. Changshandao consecutively have been put by China Shipping Passenger Liner Co., Ltd. into operation on the route connecting Dalian and Yantai. Both vessels call at the Group's terminals, therefor the Group's market influence and competitiveness further increased.

- We made significant improvement in customer services and launched services for high-end passenger. To meet various needs and uplift the image of the port, the Group, in collaboration with China Mobile, also launched services such as the green channels for VIP, the disabled, senior citizens and the children.
- We have built up an e-commerce platform on the whole to enhance ticket selling services.
- Berths No. 17, 18, 19 and 20 at Dalian Bay area dedicated for passenger and roll-on roll-off service have been put into operation.

Value-added Services Segment

Tugging

In 2012, the port services, ocean engineering and shipbuilding services recorded a stable performance. The Group paid great attention to communication with customers and quality of tugging services so that the Group achieved a stable performance in the tugging business in Dalian.

In the market outside Dalian, facing changing market conditions, the Group timely changed tugboats' location and optimized the distribution of tugging services so that the Group maintained a stable long-term customer base and developed relationship with new customers. There were totally 15 tugboats allocated for the market outside Dalian.

As at the end of 2012, the Group had a total of 39 tugboats and four pilot boats, among which, 15 tugboats were leased out under long-term leases to other ports outside Dalian. The Group retained a leading position in tugging services among its peers across the country.

Tallying

In 2012, the total tallying throughput handled by the Group was approximately 41.994 million tonnes, an increase of 0.5% over last year.

Railway

In terms of the operation of railway transportation, the Group handled a total of 700,000 carriages, a decrease of 10% as compared with the last year.

In 2012, the revenue from port value-add services amounted to RMB890,756,178.33 , accounted for 19.2% (24.2% in 2011) of the Group's total revenue, representing a decrease of RMB65,695,890.17 or 6.9%, as compared with that in 2011. Such a decrease was mainly due to the reduction of project construction revenue and construction management revenue.

In 2012, the gross profit from port value-add services amounted to RMB305,492,342.99, representing a decrease of RMB 40,584,942.31 as compared with that in 2011. This profit accounted for 19.2% (23.6% in 2011) of the Group's total gross profit, and represented a gross margin of 34.3% (36.2% in 2011). Such a decrease was mainly due to the decrease of the high-margined construction management revenue which accounted for a large portion of the revenue from value-added services and the decrease in the gross margin of the transportation business.

In 2012, in addition to the above measures, the Group also put energetic efforts on stepping up the building of an integrated commerce, industry and trade platform, taking an equity participation in Northeast Asia Spot Commodity Exchanges, establishing a grain trading company, an auto trading company and a steel logistics park. Smooth progress was attained in the related trading business. A spot commodity delivery warehouse was established in Changxing Island port area to attract cargoes for transshipment at the port area.

Core Competence

In 2012, the handling capacity and storage capacity of the Group continued to grow. The No. 8 storage tanks of Oil terminal were put into operation. Construction of berths and tank farms at Changxing Island for handling oil and liquefied chemicals has been partly completed. Upon completion of the abovementioned projects the Group's handling and storage capacity will be significantly improved that provide support for further development and expansion of the terminal logistics business of the Group. At the same time, the Group has been proactively building an integrated logistics services system for handling a variety of different kinds of cargo from containers, grain, steel and commodity automobiles through consolidation of rails, roads, inland principal ports as well as shipping and port resources. We established close cooperation relationship with the relevant units so that we have built an integrated commerce -industry-trade platform for grain, commodity automobiles and steel trading business. With a vision to create a promising prospect for trading companies as well as logistics services providers, we made great efforts to benefit both trade and logistics.

Future Development

(I) Competitive landscape and the industry trend

In 2013, the global economy began to bottom out, with more apparent signs of moderate recovery. The increasing urbanization in the country will invigorate the economic development to another boom cycle. The State will soon put in place new policies of revitalization of old industrial bases in the northeast China in the next decade, and unveil marine development strategies. Liaoning provincial government has determined to develop Dalian into the Northeast Asia International Shipping Centre in five years. The PRC government will issue further policies to support the establishment of the Free Trade Area among China, Japan and South Korea. However, it is expected that the economic recovery within and outside China still have to undergo a long, challenging process.

The hinterland of the Group is mainly concentrated in Heilongjiang Province, Jilin Province and Liaoning and the eastern regions in Inner Mongolia. Cargo supply is mainly related to bulk general cargo, oil products, containers, automobiles as well as passenger and roll-on and roll-off operations, such as iron ore, coal, steel and grain. We offer a comprehensive range of services for a variety of different cargoes, which enable the Group to have a stronger risk-resisting capability. With the gradual economic recovery within and outside China, throughput of the Group’s bulk cargo and general cargo is expected to grow. The support from the government’s subsidy policy will foster a sustained growth in container business. Driven by the domestic trade market, the business of Ro-Ro commodity automobile segment will maintain a growth. The Group’s throughput will continue to grow steadily.

(II) Possible risk exposures

The world economic situation remains relatively complex and challenging. The impact of the global financial crisis lingers on in a prolonged trend. It seems unlikely for the global economy and the international trade situation to revive from weak recovery in the short term. The shipping market is still in time of tough rigours, and is faced with the ongoing contradictions of imbalanced capacity. The downward pressure of China’s economic growth and the contradictions of relative surplus capacity may continue to be intensified. Due to the continued economic downturn and the increase in the proportion of cargoes of domestic trade, customers are increasingly becoming price sensitive. Multiple railway price adjustments led to adverse impact on our business. Moreover, as neighboring ports around Dalian are putting great efforts on stepping up the construction of port infrastructure and improving port capacity, the Group is under increasing pressures.

(III) The development strategy of the Company

Facing new trends that are featured by the changes in the landscape of the current worldwide economy and the adjustment to China’s industrial structure, the Group will continue to actively pursue further business development according to the State’s overall development strategy and the policy of building Dalian into the Northeast Asia International Shipping Centre. In order to develop the Group into a leading port operator in China, we will make great efforts in eight aspects, e.g., brand building, logistics business innovation, development of trading business, activate financial business through further opening up of markets, improving port facilities, strive for further exploration through industry development, improving information system, and market development to attract new customers. The Group will focus on the business development in four aspects, including the building of an integrated logistics system and an integrated commerce-industry-trade platform, attracting the harbour-based industrial customers, and services innovation. The Group is aiming to leverage the strengths of the Northeastern Asia Spot Commodity Exchanges and with the support of trading companies to build up a new port operation mode. At the same time, the Group will implement strict cost control in order to achieve continuous growth in both the Company's revenue and operating results.

Opportunities, challenges faced and major market development measures to be taken by the Group in 2013

Oil Segment

In 2013, China's economy is expected to stabilize. However, due to factors including overcapacity of refineries, the flawed refined oil pricing mechanism and an adjustment by PetroChina of its crude oil transportation and distribution plan, the refineries located in our hinterland may reduce their oil processing volume, crude oil import and refined oil shippment via sea port and railways.

- In connection with the expansion of oil transshipment business, we took full advantage of the newly-built crude oil storage tanks to attract international oil trading operators and to explore the international crude oil transshipment business opportunities, while strengthening our positions in the crude oil transshipment via the sea in China.

- We further stepped up the construction of public bonded warehouses, thereby promoting public bonded business.

- We will further explore logistics and financial services such as warehouse receipts pledge, so as to establish a safe, efficient financing platform for customers.

- We have commenced construction of No. 9 # storage tank with a capacity of 600,000 cubic metres, the foundation of the tank has completed. We have completed the tendering process for construction of the main body of the tank. The project is expected to be completed by the end of 2013.

- We continue to build crude oil terminal and tank facilities with a capacity of 100,000 tonnes at Changxing Island Port.

Container Segment

The Group expects that the world economy will continue to experience turbulence and complication in 2013. The economic adversities may linger on for some time. The global economy is expected to bottom out and show a mild recovery. In the meantime, as the measures of stabilizing growth and boosting domestic demand begins to take effect, China's economy is expected to grow at a slow yet stable pace.

- On front of expansion of shipping routes, the Group will strive to maintain stable and smooth operation of the current network, while making use of effective marketing and business strategy to consolidate the routes structure in the key port, and to expand the cooperation in transshipment. We will also enhance our route structure for domestic trade and add new shipping routes in this area, with a focus on routes to and from Nansha, Fujian and Shanghai etc. Attempts will also be made to set up direct routes in the Gulf of Tonkin, as well as in Jiangsu and Zhejiang Provinces.

- In relation to transshipment business, we continued to take advantage of government subsidies to promote vessel change, empty container allocation, transshipment business in two Bohai Rim and Huanghai Rim and build a strong brand in the transshipment business in these regions. We will make great efforts in offering a full range of integrated logistics services, and to maintain its leading position as a hub port for transshipment business in these regions.

- In respect of land-based logistics, we adhered to the strategy of increasing the number of intersection points and routes, and joined forces with the railway sector, inland enterprises and high-quality logistics providers to develop sea-to-rail intermodal transportation market. We took great steps in building a land-based logistics cloud services platform, optimizing road transport service system, and developing a comprehensive logistics security system combining the means of transport via roads and railways.

- Leverage natural port resources, we continued to promote the development of specialized container logistics services for dangerous goods, chemicals and automobiles.

Automobile Terminal Segment

China's automobile industry enters into a period of steady growth. In 2013, we expect that automobile sales volume (including imports) will reach 20 million units, representing an increase of approximately 4% year-on-year. Leading automobile manufacturers are gradually accepting water transport as a means of transportation. Issues such as the upward adjustment in Brazil tariff, the political instability in Syria, the territorial dispute between the PRC and Japan over the Senkaku/Diaoyu Islands, would all cast dark shadow over the Group's automobile terminal business.

- The Group will continue to explore cargo transportation business opportunities for automobiles industry between the southern and northern China. Having managed to stabilize the existing source of business and achieve organic growth from the existing customers, the Group will specifically cooperate with authorities to facilitate the water transportation project for relevant customers and push for the introduction of new shipping route between the southern and northern China with Dalian as a basic port, so as to strengthen the Group's position in automobile transportation for domestic trade between the southern and northern China.

- The Group will enhance coordination with customers in order to strengthen our position as an export hub for automobiles. Emphasis will be placed on working for the relevant customers to shifting forward their export logistics bases into the Group's facilities, and on conduct of business in accordance with the customers' requirement so that the risk of losing out source of business could be minimized.

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

- We will move ahead to establish our integrated logistics system for automobiles, to assume a leading role as the distributor in the inner part of northeastern China, and also to carry out logistics services for automobile spare parts.

- The Group will push forward our exploration of business opportunities in automobile trade services.

Ore Segment

We do not expect the iron ore market in 2013 to change significantly as compared to last year, albeit the overall market may register a growth. Hampered by the current bottleneck occurred at the demand side, the extent of growth in both market price and quantity of demand should be limited.

- We will strengthen our close business relationships with steel manufacturers to secure more sources of iron ores supply in the hinterland.

- The Group will strive to further expand our collaboration with trading corporations and steel manufacturers located around the Bohai Rim area in search of transshipment business opportunities.

- We look to commence offering a range of value-added service items such as bonded warehousing for iron ores and iron ores mixing.

General Cargo Segment

The development of the steel and coal industries, amongst others, has apparently been going into a phase where fundamental adjustments are necessary. With the economy now growing at a much slower pace, the imbalanced supply and demand situation is destined to get worse. We, however, expect that the steel and coal markets may display a mild rebound in near future.

- We intend to develop a full-range logistics chain that covers the entire operation flow from upstream to downstream with Dalian port as the core. Co-operation with railways in the upstream would be struck to form an alliance which will seek for common interests, whereas in downstream setting up new shipping service routes will be the focus, so that a well connected and extensive marine-railway transportation network may be established in the northeastern hinterland of China, with scheduled shipping routes as the key element.

- With corporations residing in the steel logistics park as the basis, the Group resolve to establish an integrated industrial and commercial platform through our solid and effective work, and leveraging on our strong resources, with an aim to solicit steel factories and trade customers to move into the park, thereby increase the turnover of the steel logistics park and expand the port service scope and generate new source of income.

- The Group is set to speed up the development of timber fuming and heating treatment zone in Changxing Island area, to actively promote the development in onshore timber fuming and heating treatment activity, and eventually solicit clients to invest and set up facilities in the port.

Bulk Grain Segment

The structurally-driven growth in China's demand for feed corn and imported soybean in 2013 led us to spot the emerging opportunity in business development. To this end, the Group will make moves to reinforce our strategic partnership with some of our major customers, to further the co-operation in trade as well as in logistics resources, thereby to achiev breakthroughs in terms of customer, trade and logistics.

- The Group looks to further consolidate our position in upstream supply chain, to secure a stable corn product supply. Firstly, we will make efforts to strengthen our corporations with certain bulk grain trucks service providers for further enhancing our capability in this segment. Secondly, we will seek to enter into an annual bulk grain transportation and container port service agreement with targeted major customers so as to secure stable transshipment volume. Thirdly, we would go ahead to form a master planning for strategic loading points to improve efficiency of carrier operation and market sensitivity. Fourthly, we will proceed to explore opportunities of acquisition, thereby to expand the capacity of our own bulk grain carrier fleet.

- We will also look to expand our sources for import goods from other countries, aiming to retain and further increase the current market share in traditional customers, as well as to seal new long-term partnership among new customers...

- We intend to launch the grain trading business on a solid basis to fully utilize our advantage in our integrated grain logistics service system. The move could create a mutually beneficial and supportive model and relationship between the logistics operation and the trading operation, that not only would it contribute growth in throughput but would also derive new bright spots for growth in the bulk grain segment.

Passenger and Ro-Ro Segment

The market conditions of Passenger and Ro-Ro Segment in 2013 will still offer few reasons to cheer for. Nevertheless, as the urbanization process is gathering pace, a rebounding domestic consumption market of construction materials, home appliances and furniture etc. should serve to stimulate development of the passenger and ro-ro market, that the market may see certain growth in passengers and goods rolling on and rolling off volumes.

- The Group will proactively seek to add new routes in response to changing market, provided that the conditions of the current routes services having been stabilized.

- We continue to promote and encourage cooperation between port operators and the shipping industry in pursuit of a mutually benefiting environment, work for market and price stability, and create a favourable market environment for all parties and sectors involved.

- work diligently to bring in new ticketing services such as ticket booking for medium and long routes within the economic hub in the northeastern hinterland of the PRC, on-line ticket booking, advancing ticket booking and delivery, as well as to bring about the electronic pass system, to strictly implement the control requirement over vessel crew number, in an effort to ensure the safety of passengers and vehicles in the course of transportation.

- The Group aims to take advantage of our route services to work with strategic partners such as travel agencies for developing new commuter products (e.g. travel and tour service), so as to expand our port services.

Value-added Service Segment

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

- Of the four 7,200-horsepower reversible tugboats of which construction had commenced since 2011, two of them were put into operation in January 2013, and the remaining two of them will be put into operation within the first half of 2013. This will help us meet the needs of large-scaled vessels.

- The Group will continue to provide comprehensive port supporting services (such as tallying and railway 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 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct governing director's dealing in the Company's securities transactions (the "Code of Directors" Securities Dealing) 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 2012.

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

During the year ended 31 December 2012, 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 2012.

FINAL DEVIDEND

The Board has proposed to pay a final dividend of RMB 5 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 2012 annual report containing all information about the Company set out in this announcement including the financial results for the year ended 31 December 2012 will be posted on the Company's website at www.dlport.cn and the website of the SEHK at www.hkex.com.hk in due course.

By Order of the Board of Directors
Gui Yuchan LEE, Kin Yu Arthur
Joint Company Secretaries

Dalian City, Liaoning Province, the PRC
28 March 2013

As at the date of this announcement, the Directors of the Company are:
Executive Directors: HUI Kai, XU Song, ZHU Shiliang and SU Chunhua
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".*