**Dalian Port (PDA) Company Limited***
大連港股份有限公司

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

**(Stock Code: 2880)**

# ANNOUNCEMENT OF ANNUAL RESULTS FOR 2014

The board of directors (the "**Board**") of Dalian Port (PDA) Company Limited (the "**Company**") is pleased to announce the auditedfinancial results of the Company and its subsidiaries (the Company and its subsidiary, collectively, the "**Group**")prepared pursuant to China Accounting Standards for Business Enterprisesfor the year ended 31 December 2014. The Group's financial results for the year have been audited by PricewaterhouseCoopers ZhongTian LLP.

## CONSOLIDATED BALANCE SHEET
## AS AT 31December 2014

(All amounts in RMB Yuan unless otherwise stated)

| ASSETS | 31December 2014<br>Consolidated | 31December 2013<br>Consolidated | 1January 2013<br>Consolidated |
|---|---|---|---|
| **Current assets** | | | |
| Cash at bank and in hand | 2,440,913,405.21 | 2,339,398,061.70 | 2,507,326,672.09 |
| Financial assets held fortrading | 15,445,634.60 | 12,412,829.99 | - |
| Notes receivable | 90,865,505.13 | 60,056,586.58 | 63,069,669.70 |
| Accounts receivable | 837,441,400.50 | 502,348,024.46 | 473,175,991.01 |
| Advances to suppliers | 354,973,853.25 | 67,102,980.29 | 224,396,334.74 |
| Interest receivable | 13,218,167.09 | 16,308,120.60 | 4,065,075.97 |
| Dividends receivable | 18,644,275.34 | 6,337,135.91 | 4,351,296.43 |
| Other receivables | 436,938,098.66 | 475,665,762.06 | 295,204,982.42 |
| Inventories | 965,168,857.46 | 414,139,590.18 | 131,119,867.55 |
| Current portion of non-currentassets | - | - | 1,005,610,000.00 |
| Other current assets | 705,106,362.22 | 1,091,825,294.05 | 4,870,000.00 |
| **Total current assets** | 5,878,715,559.46 | 4,985,594,385.82 | 4,713,189,889.91 |

| | | | |
|---|---|---|---|
| **Non-current assets** | | | |
| Available-for-sale financial assets | 233,428,161.08 | 174,907,551.61 | 148,102,556.14 |
| Long-term receivables | 22,544,798.38 | - | - |
| Long-term equity investments | 3,873,207,058.31 | 3,892,666,681.01 | 3,703,846,472.05 |
| Investment properties | 681,660,028.98 | 697,137,339.31 | 699,831,842.42 |
| Fixed assets | 14,766,393,409.27 | 14,055,550,428.58 | 12,773,054,294.56 |
| Construction in progress | 1,555,093,364.31 | 2,547,712,504.06 | 4,689,753,318.12 |
| Fixed assets pending for disposal | 1,760,200.88 | 888,514.14 | 36,058,083.28 |
| Intangible assets | 729,050,736.49 | 748,697,778.95 | 867,417,088.66 |
| Goodwill | 16,035,288.74 | 16,035,288.74 | 77,735,288.74 |
| Long-term prepaid expenses | 23,592,159.31 | 22,627,890.05 | 21,514,511.03 |
| Deferred tax assets | 62,570,094.83 | 60,483,766.67 | 60,732,174.17 |
| Other non-current assets | - | 23,806,956.08 | 37,544,912.58 |
| **Total non-current assets** | 21,965,335,300.58 | 22,240,514,699.20 | 23,115,590,541.75 |
| | | | |
| **TOTAL ASSETS** | 27,844,050,860.04 | 27,226,109,085.02 | 27,828,780,431.66 |

| **LIABILITIES AND OWNERS' EQUITY** | 31December 2014<br>Consolidated | 31December 2013<br>Consolidated | 1January 2013<br>Consolidated |
|---|---|---|---|
| **Current liabilities** | | | |
| Short-term borrowings | 907,302,821.28 | 394,592,844.90 | 1,278,033,101.12 |
| Notes payable | 12,714,000.00 | 31,680,000.00 | 16,730,000.00 |
| Accounts payable | 374,676,495.88 | 215,262,053.67 | 177,028,677.66 |
| Advances from customers | 357,410,116.97 | 297,003,288.14 | 92,795,891.74 |
| Employee benefits payable | 180,628,173.95 | 153,090,035.08 | 117,292,923.23 |
| Taxes payable | 67,389,593.27 | 65,815,804.00 | 73,953,249.60 |
| Interest payable | 132,295,618.54 | 188,015,798.98 | 194,319,909.95 |
| Dividends payable | 73,114,454.27 | 85,947,458.51 | 83,181,864.80 |
| Other payables | 669,983,218.09 | 844,444,268.52 | 853,633,931.38 |
| Current portion of non-current liabilities | 553,387,648.39 | 3,208,791,625.50 | 545,000,000.00 |
| Other current liabilities | 1,003,828,573.32 | - | 160,000,000.00 |
| **Total current liabilities** | 4,332,730,713.96 | 5,484,643,177.30 | 3,591,969,549.48 |
| | | | |
| **Non-current liabilities** | | | |
| Long-term borrowings | 2,827,010,023.77 | 1,393,401,245.21 | 1,708,360,253.42 |
| Debentures payable | 4,971,625,629.16 | 4,963,843,320.56 | 7,844,512,916.99 |
| Long-term payables | 59,886,723.51 | 12,666,979.84 | 130,350.00 |
| Deferred income | 566,797,413.08 | 597,573,954.11 | 633,098,324.44 |
| Deferred tax liabilities | 10,086,937.73 | 12,451,436.00 | 75,717,224.83 |
| Other non-current liabilities | 97,036,185.00 | 100,243,942.00 | - |
| **Total non-current liabilities** | 8,532,442,912.25 | 7,080,180,877.72 | 10,261,819,069.68 |
| | | | |
| **Total liabilities** | 12,865,173,626.21 | 12,564,824,055.02 | 13,853,788,619.16 |

| | | | |
|---|---|---|---|
| **Owners' equity** | | | |
| Share capital | 4,426,000,000.00 | 4,426,000,000.00 | 4,426,000,000.00 |
| Capital surplus | 6,117,277,019.87 | 6,109,266,256.52 | 6,104,993,287.31 |
| Other comprehensiveincome | 7,123,380.72 | 14,403,379.45 | 3,974,591.95 |
| Surplus reserve | 579,682,823.85 | 533,416,415.28 | 470,205,888.20 |
| Special reserve | 16,354,483.20 | 9,528,835.46 | 2,653,944.19 |
| Undistributed profits | 2,558,928,773.36 | 2,352,129,307.90 | 1,956,734,209.34 |
| Total equity attributable to equity holders of the Company | 13,705,366,481.00 | 13,444,744,194.61 | 12,964,561,920.99 |
| Minority interest | 1,273,510,752.83 | 1,216,540,835.39 | 1,010,429,891.51 |
| **Total owners' equity** | 14,978,877,233.83 | 14,661,285,030.00 | 13,974,991,812.50 |
| **TOTAL LIABILITIES AND OWNERS' EQUITY** | 27,844,050,860.04 | 27,226,109,085.02 | 27,828,780,431.66 |

**CONSOLIDATED INCOME STATEMENT**

**FOR THE YEAR ENDED 31DECEMBER 2014**

(All amounts in RMB Yuan unless otherwise stated)

| **Item** | | 2014 Consolidated | 2013 Consolidated |
|---|---|---|---|
| Revenue | | 7,942,456,228.81 | 6,981,980,217.92 |
| Less： | Cost of sales | (6,567,561,921.15) | (5,394,402,786.13) |
| | Taxes and surcharges | (41,876,466.45) | (140,271,071.12) |
| | Selling and distribution expenses | (3,741,535.20) | (347,363.56) |
| | General and administrative expenses | (582,535,854.60) | (558,363,509.67) |
| | Financial expenses-net | (462,169,532.38) | (401,762,646.10) |
| | Asset impairment losses | (1,629,504.33) | (344,918.29) |
| Add： | Gains/Loss on changes in fair value | 1,238,604.61 | (6,621,030.01) |
| | Investment income | 175,480,145.22 | 189,052,696.34 |
| | Including: Share of profit of associates and joint ventures | 128,045,475.98 | 102,513,424.53 |
| Operating profit | | 459,660,164.53 | 668,919,589.38 |
| Add： | Non-operating income | 355,153,011.23 | 369,276,391.87 |
| | Including: Gains on disposal of non-current assets | 21,824,679.61 | 100,369,519.77 |
| Less： | Non-operating expenses | (18,931,046.30) | (12,307,021.12) |
| | Including: Losses on disposal of non-current assets | (13,741,880.27) | (10,299,842.98) |
| Total profit | | 795,882,129.46 | 1,025,888,960.13 |
| Less： | Income tax expenses | (190,209,981.95) | (243,915,328.93) |
| Net profit | | 605,672,147.51 | 781,973,631.20 |
| | Attributable to shareholders of the Company | 520,669,972.55 | 682,582,626.15 |

| | | |
|---|---|---|
| Minority interest | 85,002,174.96 | 99,391,005.05 |
| Other comprehensive income | (7,279,998.73) | 10,428,787.50 |
| Attributable to shareholders of the Company | (7,279,998.73) | 10,428,787.50 |
| Items that will be reclassified subsequently to profit or loss | | |
| Share of investee's other comprehensive income that will be reclassified subsequently to profit or loss | (1,834,787.33) | - |
| Gain or loss from fair value change of available-for-sale financial assets | (7,833,536.67) | 12,414,187.92 |
| Translation differences on foreign financial statements | 2,388,325.27 | (1,985,400.42) |
| Attributable to minority interest | - | - |
| Total comprehensive income | 598,392,148.78 | 792,402,418.70 |
| Attributable to shareholders of the Company | 513,389,973.82 | 693,011,413.65 |
| Attributable to minority interest | 85,002,174.96 | 99,391,005.05 |
| Earnings per share | | |
| Basic earnings per share (RMB Yuan) | 0.12 | 0.15 |
| Diluted earnings per share (RMB Yuan) | 0.12 | 0.15 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(All amounts in RMB Yuan unless otherwise stated)

## 1. General information

Dalian Port (PDA) Co., Ltd. ("the Company") is a limited liability company jointly established by Port of Dalian Group Co., Ltd. ("PDA Group"), Dalian Rongda Investment Co., Ltd., Dalian HaitaiHolding Co., Ltd., Dalian Detai Holding Co., Ltd. and Dalian Bonded Zhengtong Co., Ltd. on 16 November 2005, with its registered address and head office in Dalian, Liaoning Province of the People's Republic of China ("PRC"). The parent company and the ultimate parent company of the Company is PDA Group. The Company's original registered capital was RMB 1,960,000,000, with par value of RMB 1 each. On 21 March 2006 the Company issued 966,000,000 shares (H shares) to the public and on 28 April 2006 it was listed on the Stock Exchange of Hong Kong Limited, with total registered capital increased to RMB 2,926,000,000. On 11 November 2010 the Company issued 761,820,000 RMB ordinary shares (A shares) to the public and announced right issue of 738,180,000 RMB ordinary shares (A shares) to PDA Group. On 6 December 2010 it was listed on Shanghai Stock Exchange, with total registered capital increased to RMB 4,426,000,000. As at 31 December 2014, the Company's cumulative issuing shares were 4,426,000,000 shares.

The principal activities of the Company and its subsidiaries(hereinafter collectively, the "Group") include the provision of terminal business and logistics services such as international and domestic cargo loading and discharging, transportation, transshipment, storage and etc.; tallying and tugging services for vessels sailing on international and domestic lines; port logistics and port information technology consultation services; petroleum storage (restricted to those applying for bonded qualification and those at port storage facilities); refined oil products storage (restricted to those applying for bonded qualification and those at port storage facilities); import and export of goods and technology (excluding articles prohibited by relevant laws and regulations; import and export of articles restricted by laws and regulations may only conduct with the grant of license) (with capital contribution from foreign party of no more than 25%).

These financial statements were approved and authorized for issue by the Company's Board of Directors on 27March 2015.

## 2. Summary of significant accounting policies and accounting estimates

Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises, and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and thereafter (hereafter collectively referred to as "the Accounting Standards for Business Enterprises" or "CAS"), and the requirements of The Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provision on Financial Reports promulgated by China Securities Regulatory Commission.

The financial statements have been prepared on a going concern basis.

## 3. Changes of consolidation scope

Business combination involving enterprise not under common control

(a) Business combination involving enterprise not under common control occurred in current year

| Acquiree | Acquisition point | Costs of acquisition | Equity interests acquired | Acquisition method | Acquisition date | Determination basis for acquisition date | Income of acquiree from acquisition date to merger date | Net profit of acquiree from acquisition date to merger date | Operating cash flows of acquiree from acquisition date to merger date | Net cash flows of acquiree from acquisition date to merger date |
|---|---|---|---|---|---|---|---|---|---|---|
| Dalian Jihai Logistics Co., Ltd.(i) | 1 January 2014 | 9,000,000.00 | 30.00% | Merger by acquisition not under common control | 1 January 2014 | The Group owned100% of the shareholding and voting rights in Jihai Logistics | 12,665,541.90 | 2,527,997.76 | (7,107,219.40) | (3,788,102.70) |

(i) The Group originally held 70% of the equity interest in Dalian Jihai Logistics Co., Ltd. ("Jihai Logistics") and accounted for it as joint venture using the equity method. On 31 December 2013, the Group signed an equity transfer agreement with Dalian Customs Authorities Service Center in which the Group acquired the remaining 30% of the equity interest in Jihai Logistics held by the Customs with RMB 9,000,000.00. The agreement also set 31 December 2013 as the cut-off date of the equity transfer, after which the Group owned 100% of the shareholding and voting rights in Jihai Logistics. Thus the acquisition date of the transaction was 1 January 2014

On 30 November 2014 ("merger date"), the Group's wholly-owned subsidiary DCT Logistics Co., Ltd. merged Jihai Logistics by absorption.

(b) Other consolidation scope changes

On 29 April 2014, the Group contributed RMB 10,200,000 in cash to set up a subsidiary Dalian Ganghong International Trading Co ., Ltd. with Dalian Yidu Group.

On 10 July 2014, the Company contributed RMB 51,000,000 in cash to set up a subsidiary Dalian Dilangsirui Caravan Co., Ltd. with D-LUXURY AUTO, INC.

On 29 July 2014, the Group contributed RMB 255,000 in cash to set up a subsidiary Tangshan Caofeidian port Jifa Ship Agency Co. Ltd. With RMB 255,000 in cash.

## 4 · Accounts receivable

| | 31 December 2014 | 31 December 2013 |
|---|---|---|
| Accounts receivable | 840,473,630.04 | 507,339,218.41 |
| Less: Provision for bad debts | (3,032,229.54) | (4,991,193.95) |
| | 837,441,400.50 | 502,348,024.46 |

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

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

| | 31 December 2014 | 31 December 2013 |
|---|---|---|
| Within 1 year | 763,462,567.08 | 440,851,028.18 |
| 1 to 2 years | 30,391,817.26 | 49,990,884.82 |
| 2 to 3 years | 38,966,795.19 | 5,698,577.64 |
| Over 3 years | 7,652,450.51 | 10,798,727.77 |
| | 840,473,630.04 | 507,339,218.41 |

(b) Accounts receivable are analyzed by categories as followed:

| | 31 December 2014 | | | | 31 December 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| | Ending balance | | Provision for bad debts | | Ending balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | % | Amount | % of total balance | Amount | % |
| With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis | 5,553,656.87 | 0.66% | 1,491,504.33 | 26.86% | | | - | - |
| With amounts for that the related provision for bad debts is provided on the grouping basis | 833,379,247.96 | 99.16% | - | - | 502,348,024.46 | 99.02% | - | - |
| Whereby Group 1: | - | - | - | - | - | - | - | - |
| Group 2 | 833,379,247.96 | 99.16% | - | - | 502,348,024.46 | 99.02% | - | - |
| With amounts that are notindividually significant but that the related provision for baddebts is provided on the individual basis | 1,540,725.21 | 0.18% | 1,540,725.21 | 100.00% | 4,991,193.95 | 0.98% | 4,991,193.95 | 100% |
| | 840,473,630.04 | 100.00% | 3,032,229.54 | 0.36% | 507,339,218.41 | 100.00% | 4,991,193.95 | 0.98% |

## 5 · Other receivables

| | 31 December 2014 | 31 December 2013 |
|---|---:|---:|
| Government subsidies receivable | 177,717,395.00 | 160,214,685.00 |
| Bills of exchange | 59,832,121.88 | 211,604,420.36 |
| Entrusted loans(i) | 43,042,800.00 | - |
| Receivables from project payment and guarantee deposit | 59,043,764.77 | 36,296,693.06 |
| Receivables from freight charges, deposit and security deposit | 30,603,768.82 | 23,511,196.77 |
| Port construction and miscellaneousexpenses | 37,511,748.41 | 13,908,339.25 |
| Public infrastructure maintenance expenses | 1,508,059.45 | 4,004,604.49 |
| Others | 28,739,633.30 | 27,187,016.10 |
| | 437,999,291.63 | 476,726,955.03 |
| Less: Provision for bad debts | (1,061,192.97) | (1,061,192.97) |
| | 436,938,098.66 | 475,665,762.06 |

(i) Entrusted loans

- Loans to joint ventures

The Group entrusted Agricultural Bank of China to provide unsecured loans of RMB 5,610,000.00 to its joint venture, Liaoning Con-Rail International Logistics Co., Ltd., with interest rate of 6.00% annually. The loan was due on 20 February 2014, and then extended for one year.

- Loans to associates

The Group entrusted Dalian Port Corporation Finance Co., Ltd. to provide unsecured loans of RMB 24,000,000.00 to its associate, Dalian Puji warehousing facilities Co.,Ltd, with the interest rate of 6.00% annually. The loan was due on 2 January 2014, and then extended for half year. After the loan was due on 2 July 2014, the loan was extended for another one year.

The Group entrusted Dalian Port Corporation Finance Co., Ltd. to provide unsecured loans of RMB 13,432,800.00 to its associate, China Harbor United Shipping Co., Ltd., with interest rate of 6.00% annually. The loan was due on 27 June 2014, and then extended for one year.

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

| | 31 December 2014 | 31 December 2013 |
|---|---:|---:|
| Within 1 year | 405,958,707.23 | 456,171,792.27 |
| 1 to 2 years | 19,971,178.71 | 9,768,729.75 |
| 2 to 3 years | 5,903,146.39 | 6,027,581.69 |
| Over 3 years | 6,166,259.30 | 4,758,851.32 |
| | 437,999,291.63 | 476,726,955.03 |

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

| | 31 December 2014 | | | | 31 December 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| | Ending balance | | Provision for bad debts | | Ending balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | % | Amount | % of total balance | Amount | % |
| With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis | - | - | - | - | - | - | - | - |
| With amounts for thatthe related provision forbad debts isprovidedon the grouping basis | 434,696,576.66 | 99.25% | - | - | 472,871,268.46 | 99.19% | - | - |
| Whereby Group1: | - | - | - | - | - | - | - | - |
| Group2 | 434,696,576.66 | 99.25% | - | | 472,871,268.46 | 99.19% | - | - |
| With amounts that are not individuallysignificant but that the related provision for baddebts is provided on the individual basis | 3,302,714.97 | 0.75% | 1,061,192.97 | 32.13% | 3,855,686.57 | 0.81% | 1,061,192.97 | 27.52% |
| | 437,999,291.63 | 100.00% | 1,061,192.97 | 0.24% | 476,726,955.03 | 100.00% | 1,061,192.97 | 0.22% |

## 6. Inventories

(a) Inventories are summarized by categories as follows:

| | 31 December 2014 | | | 31 December 2013 | | |
|---|---|---|---|---|---|---|
| | Ending balance | Provision for decline in value of inventories | Carrying amount | Ending balance | Provision for decline in value ofinventories | Carrying amount |
| Raw materials | 77,101,073.21 | (2,037,642.99) | 75,063,430.22 | 88,321,372.19 | (2,037,642.99) | 86,283,729.20 |
| Work in progress | 322,720.01 | | 322,720.01 | 555,128.22 | | 555,128.22 |
| Finished goods | 884,184,563.18 | | 884,184,563.18 | 322,115,424.25 | | 322,115,424.25 |
| Circulatingmaterials | 5,598,144.05 | | 5,598,144.05 | 5,185,308.51 | | 5,185,308.51 |
| | 967,206,500.45 | (2,037,642.99) | 965,168,857.46 | 416,177,233.17 | (2,037,642.99) | 414,139,590.18 |

As at 31December 2014, the bank borrowings of RMB 218,422,030.38 (31 December 2013: RMB 284,592,844.90) were secured by inventories with carrying amount of RMB 347,391,525.41 (31 December 2013: 246,717,193.39) and the related importing documents.

(b) Provision for decline in the value of inventories are analysed as follows:

| | 31 December 2013 | Depreciation charged in current period | | Decrease in current period | | 31 December 2014 |
|---|---|---|---|---|---|---|
| | | Accrual | Others | Reversal/ Write-off | Others | |
| Raw materials | 2,037,642.99 | - | - | - | - | 2,037,642.99 |

(c) Provision for decline in the value of inventories is as follows:

| | Specific basis to determine net realizable value | Reasons for provision for decline in the value of inventories reversal or write-off in current year |
|---|---|---|
| Rawmaterials | obsolete raw materials | none |

## 7. Accounts payable

| | 31 December 2014 | 31 December 2013 |
|---|---|---|
| Vessel leasing | 80,157,710.03 | 48,758,729.59 |
| Purchase of goods | 133,889,045.71 | 14,349,871.70 |
| Purchase of auxiliary materials and guarantee deposit | 160,629,740.14 | 152,153,452.38 |
| | 374,676,495.88 | 215,262,053.67 |

(a) As at 31 December 2014, accounts payable over 1 year amounted to RMB 12,841,919.71 (31 December 2013: RMB 5,564,412.71). Such accounts payable comprised payables for subcontracting, materials and which had not been cleared totally for the overall project had not been completed guarantee deposit.

(b) The ageing of advances to suppliers is analysed below:

| | 31 December 2014 | 31 December 2013 |
|---|---|---|
| Within 1 year | 361,834,576.17 | 209,697,640.96 |
| 1 to 2 years | 10,615,746.25 | 4,859,013.19 |
| 2 to 3 years | 1,764,929.37 | 317,445.00 |
| Over 3 years | 461,244.09 | 387,954.52 |
| | 374,676,495.88 | 215,262,053.67 |

## 8. Revenue and cost of sales

| | 2014 | 2013 |
|---|---|---|
| Revenue from main operations | 7,580,271,984.21 | 6,531,282,679.60 |
| Revenue from other operations | 362,184,244.60 | 450,697,538.32 |
| | 7,942,456,228.81 | 6,981,980,217.92 |

| | 2014 | 2013 |
|---|---|---|
| Cost of sales from main operations | 6,308,995,108.78 | 5,078,016,138.02 |
| Cost of sales from other operations | 258,566,812.37 | 316,386,648.11 |
| | 6,567,561,921.15 | 5,394,402,786.13 |

(a) Analysis by industries is as follows:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Revenue | Cost of sales | Revenue | Cost of sales |
| Oil and liquefied chemicals terminal and related logistics services | 1,909,118,078.18 | 1,219,074,689.03 | 1,106,303,244.86 | 567,238,372.15 |
| Container terminal and related logistics services | 1,568,307,307.03 | 1,330,590,087.50 | 1,310,854,527.58 | 965,897,977.96 |
| General cargo terminal and related logistics and trading services | 418,361,343.64 | 430,045,736.21 | 423,953,353.23 | 429,272,038.60 |
| Ore terminal and related logistics services | 255,881,586.33 | 201,482,834.26 | 295,685,178.43 | 183,763,197.07 |
| Grains terminal and related logistics and trading services | 1,000,851,533.24 | 973,501,656.14 | 1,890,389,292.21 | 1,706,340,625.66 |
| Passenger, roll-on roll-off terminal and related logistics services | 130,682,437.91 | 96,094,263.45 | 131,045,100.66 | 93,727,340.57 |
| Port value-added and ancillary services | 914,100,031.32 | 633,104,178.92 | 966,774,701.13 | 669,632,790.03 |
| Automobile terminal and related logistics and trading services | 1,639,882,258.40 | 1,610,436,545.75 | 743,873,692.76 | 718,037,398.09 |
| Others | 105,271,652.76 | 73,231,929.89 | 113,101,127.06 | 60,493,046.00 |
| | 7,942,456,228.81 | 6,567,561,921.15 | 6,981,980,217.92 | 5,394,402,786.13 |

(b) The revenue is categorized as follows:

| | 2014 | 2013 |
|---|---|---|
| Commodity trading | 2,470,608,217.50 | 2,329,856,575.38 |
| Loading services | 1,829,322,733.28 | 1,876,641,202.48 |
| Storage services | 918,343,288.22 | 601,588,371.47 |
| Agency services | 655,740,755.57 | 221,335,078.20 |
| Logistics services | 485,876,005.46 | 606,783,597.85 |
| Sales of goods | 475,764,215.30 | 72,749,278.95 |
| Leasing services | 273,340,017.81 | 401,885,459.60 |
| Port management services | 208,288,314.08 | 202,647,685.17 |
| Project construction and supervision services | 142,175,000.20 | 154,975,775.49 |
| Electric supply services | 115,430,518.14 | 131,101,191.05 |
| Information services | 62,558,428.08 | 73,802,977.15 |
| Tallying services | 61,539,650.15 | 60,206,752.11 |
| Others | 243,469,085.02 | 248,406,273.02 |
| | 7,942,456,228.81 | 6,981,980,217.92 |

## 9 · Taxes and surcharges

| | 2014 | 2013 | Tax base |
|---|---|---|---|
| Business tax | 23,874,722.84 | 108,647,298.54 | 5% of taxable income |
| City maintenance and construction tax and educational surcharges | 18,001,743.61 | 18,527,408.81 | 7% of business tax and VAT for city maintenance and construction tax and 3% thereof for educational surcharges |
| Land value-added tax | - | 13,096,363.77 | |
| | 41,876,466.45 | 140,271,071.12 | |

## 10. Non-operating income

| | 2014 | 2013 | Amount recognized in non-recurring profit or loss for 2014 |
|---|---|---|---|
| Gains on disposal of non-current assets | 21,824,679.61 | 100,369,519.77 | 21,824,679.61 |
| Including: gains on disposal of fixed assets | 4,998,965.20 | 100,369,519.77 | 4,998,965.20 |
| gains on disposal of intangible assets | 16,825,714.41 | - | 16,825,714.41 |
| Government grants(a) | 306,569,097.79 | 253,674,520.33 | 4,176,473.19 |
| Negative goodwill from equity acquisition | 24,533.89 | 250,000.00 | 24,533.89 |
| Others | 26,734,699.94 | 14,982,351.77 | 26,734,699.94 |
| | 355,153,011.23 | 369,276,391.87 | 52,760,386.63 |

Details of government grants

| | 2014 | 2013 | Related toassets/income |
|---|---|---|---|
| Relocation compensation | 34,505,184.05 | 34,505,184.05 | Related to assets |
| Vessel construction subsidies | 791,217.60 | 791,217.60 | Related to assets |
| Equipment reconstruction | 264,423.68 | 249,297.68 | Related to assets |
| Energy conservation and emission reduction special fund | 2,017,533.61 | - | Related to assets |
| Others | 86,108.90 | - | Related to assets |
| Container subsidies (i) | 249,566,600.00 | 200,397,000.00 | Related to income |
| Operation subsidies | 11,095,000.00 | 5,756,000.00 | Related to income |
| Refund of turnover taxes | 4,066,556.76 | 691,050.00 | Related to income |
| Others | 4,176,473.19 | 11,284,771.00 | Related to income |
| | 306,569,097.79 | 253,674,520.33 | |

(i) In accordance with "On Publication for the Notice of Container Subsidies Scheme and Detailed Rules for the Implementation 2014-2015" (Da Gang Kou Fa [2014] No. 215) issued by Port of Dalian Authority and Dalian Municipal Bureau of Finance in 2014, government grants were recognized by the Group for the year ended 31 December 2014 amounted to RMB 249,566,600.00 (For theyear ended 31 December 2013, RMB 200,397,000.00).

## 11. Income tax expenses

| | 2014 | 2013 |
|---|---|---|
| Current income tax calculated based on tax law and related regulations | 194,660,808.38 | 247,213,418.76 |
| Deferred income tax | (4,450,826.43) | (3,298,089.83) |
| | 190,209,981.95 | 243,915,328.93 |

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is as follows:

| | 2014 | 2013 |
|---|---|---|
| Total profit | 795,882,129.46 | 1,025,888,960.13 |
| Income tax expenses calculated at applicable tax rates | 198,970,532.37 | 256,472,240.03 |
| Effect of different tax rates applicable to subsidiaries in Mainland China | (3,212,984.84) | (3,029,788.49) |
| Effect of different tax rates applicable to subsidiaries outside Mainland China | 2,105,354.12 | 3,981,170.67 |
| Adjustments for current income tax of prior periods | 757,102.43 | (1,440,280.52) |
| Income not subject to tax | (41,567,303.34) | (34,500,824.81) |
| Costs, expenses and losses not deductible for tax purposes | 11,805,988.09 | 9,773,204.65 |
| Utilisation of previously unrecognised tax losses | (960,789.46) | (686,197.04) |
| Tax losses for which no deferred income tax asset was recognised | 22,312,082.58 | 13,345,804.44 |
| Income tax expenses | 190,209,981.95 | 243,915,328.93 |

## 12. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

| | 2014 | 2013 |
|---|---|---|
| Consolidated net profit attributable to ordinary shareholders of the Company | 520,669,972.55 | 682,582,626.15 |
| Weighted average number of ordinary shares outstanding | 4,426,000,000.00 | 4,426,000,000.00 |
| Basic earnings per share | 0.12 | 0.15 |
| Including: | | |
| - Basic earnings per share from continuing operations | 0.12 | 0.15 |

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. For the year ended 31 December 2014, there were no dilutive potential ordinary shares (For year ended 31 December 2013: nil), hence diluted earnings per share is equal to basic earnings per share.

## 13. Events after the balance sheet date

(1) Description of important events after the balance sheet date

(a)

| Item | Content | Amounts affected to financial position and operation result | Reasons cannot be estimated |
|---|---|---|---|
| Repayment ofpayables | Repayment of large amount of payables with aging over 1 year | Assets and liabilities both decreased by RMB 32,702,082.28 Yuan | — |

(b)The group issued 3-year offshore yuan-denominated bonds with the principal amount of RMB 800,000,000 in HongKong on 17 February2015. The nominal interest rate is 4.5% and the interest will be paid every six months. The bonds are guaranteed by the letters of credit provided by Agricultural Bank of China Limited Dalian Branch and traded in Hong Kong Exchanges and Clearing Limited.

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

| | Amount |
|---|---|
| Proposed dividends (a) | 177,040,000.00Yuan |
| Reviewed and approved dividends declared to be issued | To be approved by general meeting of shareholders |

(a) In accordance with the resolution at the Board of Directors' meeting dated on 27March 2015, the profit distribution scheme has been calculated based on the issued 4,426,000,000 shares.The Board of Directors proposed to distribute cash dividend of 0.4yuan(tax included) per each 10 shares, and dividends with total amount of RMB 177,040,000 will be distributed to the shareholders. The resolution is going to be approved by general meeting of shareholders.

## 14 · Segment information

The reportable segments of the Group are the business units that provide different products or service, or operate in the different areas. Different businesses or areas require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified 8 reportable segments as follows:

- Oil/liquefied chemicals terminal and logistics services, responsible for loading and discharging, storage and transshipment of oil products and liquefied chemicals and port management services
- Container terminal and logistics services, responsible for loading and discharging, storage and transshipment of containers, leasing of terminals and related facilities and various container logistics services and sale of properties
- Passenger and roll-on, roll-off terminal and logistics services, responsible for passenger transportation and general cargo roll-on and roll-off provision of related logistics services
- Automobile terminal and logistics and trading services, responsible for loading and discharging of automobile and related logistics services, automobile trading operation
- Ore terminal and logistics services, responsible for loading and unloading of ore and provision of related logistics services
-
- Bulk grains terminal and logistics and trading services, responsible for loading and unloading of grains and provision of related logistics services, bulk grains trading operation
-
- General cargo terminal and logistics and trading services, responsible for loading and unloading of general cargo and provision of related logistics services, steel trading operation
- Port value-added services and ancillary port operations, responsible for tallying, tugging, transportation, power supply, information technology and construction services

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

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

(a) Segment information as at and for the twelve months ended 31December 2014 (unaudited) is as follows(unit:RMB'000)

| | Oil/liquefied chemicals terminal and logistics services | Container terminal and logistics services | General cargo terminal and logistics and trading services | Ore terminal and logistics services | Bulk grains terminal and logistics and trading services | Passenger and roll-onroll-off terminal and logistics services | Port value-added services and ancillary port operations | Automobile terminal and logistics and trading services | Others | Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue from external customers | 1,909,118 | 1,568,307 | 418,361 | 255,882 | 1,000,852 | 130,682 | 914,100 | 1,639,882 | 105,272 | - | 7,942,456 |
| Inter-segment revenue | 8,127 | - | 351 | 233 | 406 | 1,154 | 101,472 | 7,590 | 49,287 | (168,620) | - |
| Operating costs | 1,218,042 | 1,284,475 | 410,852 | 201,483 | 950,421 | 92,690 | 509,408 | 1,607,153 | 34,471 | - | 6,308,995 |
| Interest income | 616 | 5,514 | 533 | 158 | 4,310 | 112 | 1,413 | 601 | 8,378 | - | 21,635 |
| Investment income from associates and joint ventures | 65,405 | 27,504 | (19,522) | 93 | - | (4,514) | 40,098 | 18,981 | - | - | 128,045 |
| Asset impairment loss | - | - | 1,482 | - | - | - | 148 | - | - | - | 1,630 |
| Depreciation and amortization | 196,113 | 169,264 | 82,617 | 89,027 | 69,752 | 34,342 | 69,230 | 4,322 | 40,870 | - | 755,537 |
| Total profit | 690,773 | 367,603 | (72,045) | 20,299 | 9,836 | 2,029 | 167,473 | 20,547 | (410,633) | - | 795,882 |
| Income tax expenses | 163,686 | 80,936 | (9,276) | 5,051 | 2,167 | 971 | 24,769 | 4,024 | (82,118) | - | 190,210 |
| Net profit | 527,087 | 286,667 | (62,769) | 15,248 | 7,669 | 1,058 | 142,704 | 16,523 | (328,515) | - | 605,672 |
| Total assets | 6,712,430 | 6,654,452 | 2,306,054 | 2,508,947 | 2,075,496 | 1,170,063 | 2,355,114 | 1,652,926 | 3,195,573 | (787,004) | 27,844,051 |
| Total liabilities | 1,430,583 | 1,562,231 | 178,175 | 87,181 | 692,309 | 71,147 | 159,044 | 540,645 | 8,930,863 | (787,004) | 12,865,174 |
| Non-cash expenses other than depreciation and amortisation | 34,665 | 12,573 | - | - | - | 36 | 1,485 | - | - | - | 48,759 |
| Long-term equity investments in associates and joint ventures | 1,428,470 | 1,317,345 | 179,647 | 2,121 | - | 339,861 | 303,161 | 302,602 | - | - | 3,873,207 |
| Additions of non-current assets other than long-term equity investments | 214,912 | 187,613 | 19,947 | 573 | 2,476 | 12,588 | 38,544 | 176,493 | 71,865 | - | 725,011 |

(b) Segment information as at and for the six months ended 30 June 2013 (unaudited) is as follows(unit:RMB'000)

| | Oil/liquefied chemicals terminal and logistics services | Container terminal and logistics services | General cargo terminal and logistics and trading services | Ore terminal and logistics services | Bulk grains terminal and logistics and trading services | Passenger and roll-on roll-off terminal and logistics services | Port value-added services and ancillary port operations | Automobile terminal and logistics and trading services | Others | Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue from external customers | 1,106,303 | 1,310,855 | 423,953 | 295,685 | 1,890,389 | 131,045 | 966,775 | 743,874 | 113,101 | - | 6,981,980 |
| Inter-segment revenue | 6,891 | 197 | 7,964 | 233 | 443 | 958 | 129,567 | 3,466 | - | (149,719) | - |
| Operating costs | 563,595 | 922,372 | 413,572 | 178,330 | 1,687,695 | 90,420 | 488,130 | 717,388 | 16,514 | - | 5,078,016 |
| Interest income | 2,100 | 6,186 | 1,360 | 354 | 4,117 | 156 | 1,488 | 1,121 | 16,732 | - | 33,614 |
| Investment income from associates and joint ventures | 51,897 | 11,393 | (11,468) | 8 | - | 2,774 | 37,830 | 10,079 | - | - | 102,513 |
| Asset impairment loss | - | 836 | (10) | - | - | - | (481) | - | - | - | 345 |
| Depreciation and amortization | 182,784 | 153,844 | 77,415 | 87,199 | 66,648 | 30,444 | 60,175 | 9,742 | 35,214 | - | 703,465 |
| Total profit | 522,389 | 357,354 | (37,711) | 73,269 | 134,444 | 7,778 | 171,760 | 29,702 | (233,096) | - | 1,025,889 |
| Income tax expenses | 124,461 | 78,497 | (4,087) | 18,315 | 33,574 | 2,447 | 27,106 | 3,943 | (40,341) | - | 243,915 |
| Net profit | 397,928 | 278,857 | (33,624) | 54,954 | 100,870 | 5,331 | 144,654 | 25,759 | (192,755) | - | 781,974 |
| Total assets | 6,443,285 | 6,100,572 | 2,575,809 | 2,563,844 | 1,586,579 | 1,189,979 | 2,421,901 | 1,796,925 | 2,831,168 | (283,953) | 27,226,109 |
| Total liabilities | 1,628,922 | 739,394 | 171,974 | 109,133 | 140,686 | 78,416 | 126,511 | 548,857 | 9,304,884 | (283,953) | 12,564,824 |
| Non-cash expenses other than depreciation and amortisation | 34,592 | 6,746 | - | - | - | 36 | - | - | - | - | 41,374 |
| Long-term equity investments in associates and joint ventures | 1,407,091 | 1,376,156 | 198,960 | 2,028 | - | 353,001 | 265,561 | 289,870 | - | - | 3,892,667 |
| Additions of non-current assets other than long-term equity investments | 59,428 | 101,897 | 24,867 | 22,596 | 27,882 | 24,390 | 21,600 | 5,975 | 1,020,010 | - | 1,308,645 |

Other information

Geographical information

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Summary

In 2014, recovery of the global economy remained rugged and tortuous and the global trade grew at a slow pace. While the speed of growth of China's macro economy had turned from a high to a medium-high pace and its economic structure continued to be optimized and upgraded. Also, the driving factor of its economic growth had changed from key elements-driven and investment-driven to innovation-driven. The year-round gross domestic product (GDP) reached RMB63.6 trillion, with a year-on-year growth of 7.4%.

Affected by slowdown of the macro economy and economic restructuring, the port logistics production would change from high speed to moderate growth. On a year-round basis, the growth rate of cargo throughput handled by China's large scale ports dropped relatively sharp as compared with last year and the growth rate of cargo such as coal, mineral products and building materials all declined.

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 and trading services ("Automobile Terminal Segment"), ore terminal and related logistics services ("Ore Segment"), general cargo terminal and related logistics and trading services ("General Cargo Segment"), bulk grain terminal and related logistics and trading 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 2014, the macro economy and industries relevant to the Group's principal business were as follows:

**Oil Segment:** Along with the growth and development of China's economy, the reliance on crude oil foreign trade increased and the domestic demand for crude oil energy grew relatively fast. Against the backdrop of plummeting international oil price, China's crude oil imports kept expanding. In 2014, China's crude oil imports amounted to about 300 million tonnes, up 7% on a year-on-year basis.

**Container Segment:** In 2014, the total GDP in Heilongjiang Province, Jilin Province and Liaoning Province (collectively, the "Three Northeastern Provinces of China") was RMB5.7470 trillion, an increase of 5.9% as compared with 2013. The import and export value of the Three Northeastern

Provinces of China was USD181.8 billion, an increase of 4.6%, being 1.2% higher than the national average. The foreign trade value in the Three Northeastern Provinces of China accounted for 4.2% of China's total foreign trade, which remained unchanged as compared with 2013.

**Automobile Terminal Segment:** In 2014, the production and sales market of China's automobile industry continued to maintain its growth momentum, with lower-than-expected growth in both production and sales volume. In 2014, China's auto output was 23,720,000 vehicles, an increase of 7.2% year-on-year. Sales volume was 23,490,000 vehicles, an increase of 6.9% year-on-year.

**Ore Segment:** In 2014, China imported 930 million tonnes of iron ore, an increase of 13.8% over 2013. The average price for China's imported iron ore was USD100.5 per tonne, a decrease of 47%. Given the decrease in the price of iron ore and the stable demand for steel from China's major large scale steel production plants in the northeast region, the imports volume of iron ore in the northeast ports increased.

**General Cargo Segment:** In 2014, the demand for steel and coal in China remained weak, and the problem of excessive capacity became prominent. In 2014, China's crude steel production was 823 million tonnes, a year-on-year growth of 0.9%. In 2013, China's port shipment of coal amounted to 681 million tonnes in aggregate, up 1.9% on a year-on-year basis.

**Bulk Grain Segment:** There was a sluggish demand for corns due to multiple factors including the decrease in the production of feed, avian influenza, losses incurred in the deep-processing industry and the impact of imported corns. Furthermore, 70 million tonnes of corns being put in storage as temporary reserve resulted in a decrease in the corn available for trading. There was a higher demand for imported soybeans from the northeast region due to the increase in the oil production capacity.

**Passenger and Ro-Ro Segment:** In 2014, the overcapacity of the Bohai Bay area has become relatively apparent. Passenger traffic volume showed a declining trend on a year-on-year basis, whereas ro-ro vehicle traffic volume showed a slightly increasing trend.

In 2014, the Group strived to fuel a faster growth in port logistics business by advancing the establishment of the entire logistics system, increasing production innovation, promoting the growth of near-port industries and integrating the logistics resources. In particular, the Automobile Terminal Segment kept its momentum of achieving remarkable growth. The Oil Segment grew at a stable pace. Container Segment and General Cargo Segment edged down slightly, whereas the Bulk Grain Segment and Ore Segment recorded a relatively large decline. The Group's oil terminals handled a total of approximately 44.101 million tonnes of oil and liquefied chemicals, an increase of 3.2% as compared with 2013, of which approximately 21.952 million tonnes was imported crude oil, an increase of 4.4% as compared with 2013. In the Container Segment, the Group handled approximately 10.805 million TEUs, a decrease of 0.5%, of which approximately 10.011 million TEUs were handled by the Group at the Dalian port, an increase of 1.0%. In the Automobile Terminal Segment, the Group handled 454,219 vehicles, an increase of 27.2%. In the Ore Segment, the Group handled approximately 16.330 million tonnes, a decrease of 26.1%. In the General Cargo

Segment, the Group handled approximately 32.055 million tonnes of cargoes, a decrease of 0.8%. In the Bulk Grain Segment, the Group handled approximately 6.408 million tonnes of bulk grain, a decrease of 20.4%. In the Passenger and Ro-Ro Segment, the Group transported approximately 3.668 million passengers, a decrease of 3.3% and approximately 1,092,000 vehicles, an increase of 15.3% as compared to with 2013.

## Overall analysis of results

In 2014, the Group's profit attributable to owners of the parent amounted to RMB520,669,972.55, representing a decrease of RMB 161,912,653.60 or 23.7% as compared with RMB682,582,626.15 in 2013. The decrease was due to the reduction in relocation compensations, the increase of labor costs, depreciation expenses and financial expenses associated with the commissioning of new facilities, and the significant decrease of the bulk grain throughput.

In 2014, the Group's basic earnings were RMB11.76 cents per share, representing a decrease of 23.7% from RMB15.42 cents in 2013.

Principal components of the net profit are as follows：

| Items | 2014 （RMB） | 2013 （RMB） | +/- (%) |
|---|---|---|---|
| **Net profit attributable to owners of the parent** | **520,669,972.55** | **682,582,626.15** | **-23.7%** |
| Including: | | | |
| Revenue | 7,942,456,228.81 | 6,981,980,217.92 | 13.8% |
| Cost of sales | 6,567,561,921.15 | 5,394,402,786.13 | 21.7% |
| Business taxes and surcharges | 41,876,466.45 | 140,271,071.12 | -70.1% |
| Gross profit (less business taxes and surcharges) (note1) | 1,333,017,841.21 | 1,447,306,360.67 | -7.9% |
| Gross profit margin (less business taxes and surcharges) (note 2) | 16.8% | 20.70% | down3.9 percent. |
| General and administrative expenses | 582,535,854.60 | 558,363,509.67 | 4.3% |
| Sales expense | 3,741,535.20 | 347,363.56 | 977.1% |
| Financial expenses | 462,169,532.38 | 401,762,646.10 | 15.0% |
| Investment income | 175,480,145.22 | 189,052,696.34 | -7.2% |
| Non-operating revenue | 336,221,964.93 | 356,969,370.75 | -5.8% |
| Income tax expense | 190,209,981.95 | 243,915,328.93 | -22.0% |

*Note1：Gross profit (less* business *taxes and surcharges) = Revenue - Cost of sales* -Business *taxes and surcharges*

*Note2：Gross profit margin (less* business *taxes and surcharges) = （Revenue - Cost of sales* -Business *taxes and surcharges） / Revenue*

For the year of 2014, the Group's revenue recorded a significant increase of 13.8%. Such increase was mainly attributable to a significant increase in the trading business and the impact of the VAT Reform[1] on its agency business. Excluding above factors, the Group's revenue increased by0.6%.

[1] The VAT Reform refers to the reform implemented by Chinese government on 1 August 2013 to replace it's the business tax regime for the transportation and other service industries with a value-added tax regime.

The increase was mainly attributable to the growth of oil storage revenue. However, such revenue increase was offset by a decrease caused by in the bulk grain throughput.

For the year of 2014, the Group’s cost of sales increased a 21.7%, mainly due to a significant increase in the trading business and the impact of the VAT Reform on cost of sales on agency business. Excluding above factors, the Group’s cost increased by 8.1%. Such increase was mainly due to the increase in labor costs, depreciation expenses associated with the commissioning of new facilities, oil-tank leasing costs, and berth leasing costs, as well as an increase in the operating costs attributed to the business growth.

For the year of 2014, the Group’s business taxes and surcharges decreased which was mainly due to a decrease in business tax and charges caused by the VAT Reform.

For the year of 2014, the Group’s gross profit (less business taxes and surcharges) decreased which was mainly due to the decrease in gross profit in bulk grain business, and the increase of labor costs and depreciation expenses. However, the Group’s gross profit decrease was weakened by the increase in the oil-storage gross profit.

For the year of 2014, the Group’s gross profit margin (less business taxes and surcharges) decreased due to the low gross profit margin trading business and the change in accounting treatment with respect to the agency business after the VAT Reform. Excluding the impact of such factors, the gross profit margin was 29.0%, decreasing 2.7 percentage points over that of 2013. The decrease was mainly due to the significant decrease of the bulk grain throughput, and the decrease of ore segment revenue caused by the throughput structure changes. However, the Group’s gross profit margin decrease was offset by the increase in the gross profit margin of oil business.

For the year of 2014, the Group’s general and administrative expenses increased that was mainly due to the increase in labor costs.

For the year of 2014, the Group’s sales expenses increased due to that transportation expenses and other expenses increased with the expansion of trading business.

For the year of 2014,the Group’s financial expenses increased. The increase was mainly due to the increase in interest expenses resulted from commencement of operation of new facilities during the year.

For the year of 2014, the Group’s investments income decreased. Such decrease was mainly due to the decrease of investment income of the financial products even though the investment income from the equity investment increased.

For the year of 2014, the Group’s non-operating revenue decreased. Such decrease was mainly due to that the government subsidies for relocation of Heizuizi dock was received by the Group in 2013

For the year of2014, the Group's income tax expenses decreased. Such increase was mainly due to the decrease in the taxable income caused by a decrease of operating profit and non-operating revenue during the current year.

**Assets and liabilities**

As of 31 December 2014, the Group's total assets and net assets amounted to RMB27,844,050,860.04 and RMB14,978,877,233.83, respectively, and its net asset value per share was RMB3.10, representing an increase of 1.9% as compared with that as of 31 December 2013.As of 31 December 2014, the Group's total liabilities amounted to RMB12,865,173,626.21, of which total outstanding bank and other borrowings amounted to RMB 10,316,435,863.87.

**Financial resources and liquidity**

As at 31 December 2014, the Group had a balance of cash and cash equivalents of RMB2,241,972,818.00, which represented a increase of RMB68,047,903.18 as compared with 31 December 2013.

In 2014, the Group's net cash inflows generated from operating activities amounted to RMB829,134,676.19. The Group's net cash outflows for financing and investing activities amounted to RMB72,936,600.95 and RMB685,844,619.60, respectively. Benefited from stable cash inflows from its operating activities, receipts of principals invested in treasury products and return on equity investment, repayment of the loan, 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 at 31 December 2014, the Group's bank and other borrowings amounted to RMB10,316,435,863.87 of which RMB7,858,522,376.44 was due after one year and RMB2,457,913,487.43 was due within one year. The Group's net gearing ratio was 47.7% as at 31 December 2014 (44.8% as at 31 December 2013).

As at 31 December 2014, the Group's unutilized banking facilities amounted to RMB 17,217,990,000.00.

As at 31 December 2014, 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 2014, the Company had utilized approximately RMB2,280,381,200.00 of the net proceeds and the balance of the net proceeds was RMB491,710,300.00. On 29 April 2014 the Company was authorized to use idle cash of RMB400,000,000.00 out of the A Share IPO proceeds to supplement the Company's working capital. The A Share IPO bank account balance was RMB168,291,900.00( an interest income of RMB76,581,600.00was earned on the proceeds).

There has been no material change in the proposed use of proceeds from the A Shares IPO as stated in the Company's prospectus dated 3 December 2010 expect for changes announced by the Company on 31 December 2011. As at 31 December 2014, the details of the use of proceeds were as follows:

| Projects | Proceeds from A Shares IPO | Use of proceeds as of 31 December 2014 | Balance as of 31 December 2014 |
|---|---|---|---|
| Construction of oil storage tanks with a total capacity of 1,000,000 $m^3$in Xingang | 760,000,000.00 | 494,048,200.00 | 265,951,800.00 |
| Construction of oil storage tanks with a total capacity of 600,000 $m^3$in the Xingang resort area | 550,000,000.00 | 518,079,000.00 | 31,921,000.00 |
| Construction of phase II of the Shatuozi oil storage tanks project in the XingangShatuozi 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 | 344,162,500.00 | 175,837,500.00 |
| 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 Muling | 41,250,000.00 | 41,250,000.00 | - |
| Construction of information systems | 50,000,000.00 | 50,000,000.00 | - |
| 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 | 2,280,381,200.00 | 491,710,300.00 |

*Note : In order to reduce the amount of idle cash and the financing cost and to manage cash efficiently, the third meeting of the third session of the Company's board of directors in 2014 passed a resolution 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 RMB400,000,000.00 out of the A Share IPO proceeds to supplement the Company's working capital. Such an authorization is valid for a period of twelve months commencing 29 April 2014 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 29 April 2014.*

**Capital expenditure**

In 2014, the Group's capital expenditure amounted to RMB 725,011,121.41which was mainly funded by the surplus cash generated from operating activities, the proceeds from the public offering of A Shares and issuance of corporate bonds.

**The performance analysis of each business segment in 2014 was as follows:**

**Oil Segment**

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2014 and its comparative results in 2013:

| | 2014 ('000 tonnes) | 2013 ('000 tonnes) | +/– % |
|---|---|---|---|
| Crude oil | 30,103 | 27,542 | 9.3% |
| - Foreign trade imported crude oil | 21,952 | 21,022 | 4.4% |
| Refined oil | 9,728 | 9,480 | 2.6% |
| Liquefied chemicals | 908 | 1,035 | (12.3%) |
| Others (Including LNG) | 3,362 | 4,665 | (27.9%) |
| Total | 44,101 | 42,722 | 3.2% |

In 2014, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 44.101 million tonnes, an increase of 3.2% as compared to with 2013.

For the year of 2014, the Group's crude oil throughput increased by 9.3% as compared with 2013 to 30.103 million tonnes, of which imported crude oil throughput increased by 4.4% to 21.952 million tonnes. Affected by the rise in VLCC and Aframax freight index, transshipment customers increased imported crude oil transshipment at the ports of the Group. In view of the continuous falling international crude oil price, the Group strived to solicit crude oil transshipment customers leveraging its advantage on ports and provided bonded crude oil storage tanks for international petroleum traders, so as to expand the international crude oil transshipment business of the Group.

For the year of 2014, the Group's refined oil throughput amounted to approximately 9.728 million tonnes, an increase of 2.6% as compared with 2013. In light of the depressed demand in the domestic market, the overall operating rate of the refineries in the northeastern hinterland declined. There was a dropping trend for refined oil produced in the northeast hinterland being transported to the ports. Affected by the major refineries near the ports of the Group, the growth of the Group's refined oil transshipment business decreased in 2014.

For the year of 2014, the Group's liquefied chemicals throughput amounted to 0.908 million tonnes, a decrease of 12.3% as compared with 2013.The imbalance between demand and supply of the chemicals market gradually revealed in the second half of the year and the increase in the production capacity of the refineries gradually slowed down, the newly-built tanks in the vicinity of the port commenced operation gradually, the competition of the liquefied chemicals warehousing industry was intensified All these factors caused a year-on-year decrease in the Group's liquefied chemicals throughput during the year.

Liquefied natural gases ("LNG") throughput handled by the Group for the year of 2014 amounted to 3.362 million tonnes, a decrease of 27.9% as compared with 2013. Due to the diversion effect from the new LNG receiving terminals in the vicinity of the Group's ports, the Group's LNG throughput decreased rather significantly.

For the year of 2014, the total imported crude oil volume handled by the Group accounted for 100% (100% in 2013) of the total amount of crude oil imported into Dalian and 68.5% (67.5% in 2013) of the total amount of crude oil imported into the Three Northeastern Provinces of China. Due to the commencement of operation of No. 9 storage tank and the 1,200,000 $m^3$ crude oil storage tanks in Changxing Island, the Group's share in the imported crude oil throughput in the Three Northeastern Provinces of China increased.

In 2014, the performance of the Oil Segment was as follows:

| **Items** | **2014 （RMB）** | **2013 （RMB）** | **+/- (%)** |
|---|---|---|---|
| Revenue | 1,909,118,078.18 | 1,106,303,244.86 | 72.6 |
| The share in the Group's revenue | 24.0% | 15.9% | up8.1 percent. |
| Gross profit (less Business taxes and surcharges) | 680,182,431.12 | 507,459,318.97 | 34.0 |
| The share in the Group's gross profit (less Business taxes and surcharges) | 51.0% | 35.1% | up 15.9 percent. |
| Gross profit margin (less Business taxes and surcharges) | 35.6% | 45.9% | down 10.3 percent. |

For the year of2014, the revenue from the oil Segment increased 72.6% as compared with that in 2013 and was mainly due to an increase in sales brought about by the oil trading business, storage revenue from subletting third–party-owned oil tanks and increase in the oil tanks occupancy rate. The gross profit margin (less business taxes and surcharges) decreased 10.3 percentage points. Excluding the impact of the trading business, the gross profit margin is roughly the same as for last year.

In 2014, the Group's major measures taken and the progress of major projects related to the Group's Oil Segment were as follows:

- Riding on the opportunity of commencing operation of No. 9 storage tank with a capacity of 600,000 $m^3$as a bonded warehouse, the Group enhanced the ports logistics service capability, strengthened its cooperation with major customers and continued to expand the scale of the bonded warehouse.

- Leveraging on its deep-water ports and location advantage, the Group strengthened its cooperation among port operators, shipping lines and cargo owners, integrated and consolidated logistics service resources, expanded the scale of the water-to-water transshipment of imported crude oil and expanded its coverage of Shandong Peninsula and the Beijing-Tianjin-Hebei region.

**Container Segment**

The following table sets out the container throughput handled by the Group in 2014 and its comparative results in 2013:

| | | 2014 ('000 TEUs) | 2013 ('000 TEUs) | +/– % |
|---|---|---|---|---|
| Foreign trade | Dalian | 5,250 | 5,177 | 1.4% |
| | Other Ports (note 1) | 179 | 150 | 19.3% |
| | Sub-total | 5,429 | 5,327 | 1.9% |
| Domestic trade | Dalian | 4,761 | 4,735 | 0.5% |
| | Other Ports (note 1) | 615 | 798 | (22.9%) |
| | Sub-total | 5,376 | 5,533 | (2.8%) |
| Total | Dalian | 10,011 | 9,912 | 1.0% |
| | Other Ports (note 1) | 794 | 948 | (16.2%) |
| | Sub-total | 10,805 | 10,860 | (0.5%) |

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

In 2014, in terms of container throughput, the Group handled a total of approximately 10.805 million TEUs, a decrease of 0.5%, of which approximately 10.011 million TEUs were handled by the Group at Dalian Port, an increase of 1.0% over 2013. In 2014, the Group accelerated its implementation of the "One rim, One belt, One road" development strategy, comprehensively strengthened its efforts in product innovation, actively expanded its service area and enhanced its logistics services, so as to maintained a stable growth of the Container Segment.

In 2014, the Group's container terminal business represented 98.8% (99.0% in 2013) of the total markets share in Dalian and 56.7% (58.9% in 2013) of that in the Three Northeastern Provinces of China. The Group's container throughput for foreign trade accounted for 100% (100% in 2013) of the total volume in Dalian and 96.7% (96.9% in 2013) of that in the Three Northeastern Provinces of China.

In 2014, the performance of the Container Segment was as follows:

| Items | 2014 （RMB） | 2013 （RMB） | +/- (%) |
|---|---|---|---|
| Revenue | 1,568,307,307.03 | 1,310,854,527.58 | 19.6 |
| The share in the Group's revenue | 19.7% | 18.8% | up0.9 percent. |
| Gross profit (less Business taxes and surcharges) | 219,079,191.40 | 291,481,735.38 | -24.8 |
| The share in the Group's gross profit (less Business | 16.4% | 20.1% | down3.7 percent. |

| | | | |
|---|---|---|---|
| taxes and surcharges) | | | |
| Gross profit margin (less Business taxes and surcharges) | 14.0% | 22.2% | down 8.2 percent. |

For the year of 2014, the revenue from the Container Segment was up 19.6% that was mainly attributable to an increase in agency revenue resulting from change of accounting treatment after the VAT Reform which partly offset by a decrease in income from disposal of land use right. The gross profit margin (less business taxes and surcharges) decreased 8.2 percentage points over that in 2013. Excluding the impact of the change in accounting treatment of agency revenue after the VAT Reform, the gross profit margin (less business taxes and surcharges) decreased 4.8 percentage points as compared with that in 2013. The decrease was mainly due to the decrease in the high-margin handling business, and the increase in the container ship rental.

In 2014, the Group's major measures taken and the progress of major projects related to the Group's Container Segment were as follows:

- The Group continued to implement the transport strategy of the Bohai Rim region. By expanding the network coverage of the Bohai Rim region, increasing self-owned shipping capacity, enhancing service pledge and jointly developing sources of cargo supply in the Bohai Rim hinterland with the surrounding ports of the Bohai Rim region, the Group further extended the coverage of the sub network and three new routes were temporarily added throughout the year.

- The Group accelerated the strategic layout of the hinterland and built "One belt, One road" as its bridgehead. Firstly, the Group strengthened its cooperation with the railway and customers. Three new train lines were established during the year. The market share and reputation of cross-border train lines continued to rise. Secondly, the Group speeded up the construction of inland distribution network through joint ventures. The inland multi-modal transportation system was further enhanced and thus provided strong support for the Group to develop inland core customers and to explore the source of cargoes in the hinterland.

- The Group stepped up its efforts in developing sea routes and visited the headquarters of the major shipping alliances regularly in order to ensure the smooth operation of the major routes and the Group actively sought the cooperation opportunities to develop new routes and to expand new business. The berthing of "Triple E" container vessels became normalized and one near-ocean route and three direct routes for domestic trade were established throughout the year.

- The Group propelled the construction of the cold chain logistics base. Leveraging the advantages of port location and bonded warehousing function, the Group accelerated the construction of the Northeast Cold Fresh Port and actively carried out cold chain trade so as to further optimize the cold chain logistics service system centered on the Group's ports.

**Automobile Segment**

The following table sets out the throughput handled by the Group's automobile terminal in 2014 and its comparative results in 2013.

| | | 2014 | 2013 | +/-% |
|---|---|---|---|---|
| Vehicles (units) | Foreign trade | 30,135 | 21,435 | 40.6% |
| | Domestic trade | 424,084 | 335,713 | 26.3% |
| | Total | 454,219 | 357,148 | 27.2% |
| Equipments (tonnes) | | 12,905 | 7,327 | 76.1% |

For the year of 2014, the Group handled a total of 454,219 vehicles, representing an increase of 27.2% as compared to 2013, mainly attributable to that the domestic trade customers increased in using the water transportation for their business operation and increased the traffic volume with the Group. With a continued growth in the shipment between the north and the south of China for the domestic trade, there was a growth in the overall throughput.

In 2014, the Group's vehicle throughput continued to account for 100% of the total market share in the Three Northeastern Provinces of China.

In 2014, The performance of the Automobile Terminal Segment was as follows:

| **Items** | **2014**<br>**（RMB）** | **2013**<br>**（RMB）** | **+/- (%)** |
|---|---|---|---|
| Revenue | 1,639,882,258.40 | 743,873,692.76 | 120.5 |
| The share in the Group's revenue | 20.6% | 10.7% | up 9.9 percent. |
| Gross profit (less Business taxes and surcharges) | 28,195,485.98 | 24,088,913.36 | 17.0 |
| The share in the Group's gross profit (less Business taxes and surcharges) | 2.1% | 1.7% | up 0.4 percent. |
| Gross profit margin (less Business taxes and surcharges) | 1.7% | 3.2% | Down 1.5 percent. |

For the year of 2014, the revenue from the Automobile Terminal Segment increased by 120.5% as compared to that in 2013 and the increase was attributable to the substantial increase in sales brought about by the port-related trading business. The gross profit margin (less business taxes and surcharges) decreased 1.5 percentage points over that in 2013. Excluding the impact of the trading business, the gross profit margin (less business taxes and surcharges) was 67.1%, representing an increase of 7.3 percentage points over that in 2013. The increase was attributable to the high-margin vehicle inspection services operated by the Group primarily at the Goup's auto dock and the expansion of trading business.

In 2014, 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 its cooperation with automobile manufacturers and shipping companies, improved its port services and expanded the automobiles logistics services. Through the implementation of innovative service models, integration of logistics resources and promotion of joint ventures and cooperation to attract cargoes, the Group improved its competitiveness.

- The Group established Dalian DilangsiruiVehicles Co., Ltd. (大連迪朗斯瑞房車有限公司),together with D-LUXURY AUTO,INC., an US company, to explore the vehicle modifying and selling business opportunity. The Group also promoted the development of near-port industries and increased the shipping business from Qirui Automobile Dalian factory.

**Ore Segment**

The following table sets out the throughput handled by the Group's ore terminal in 2014 and its comparative results in 2013.

| | 2014<br>('000 tonnes) | 2013<br>('000 tonnes) | +/–% |
|---|---|---|---|
| Ore | 16,330 | 22,104 | (26.1%) |
| Others | 1,193 | 655 | 82.1% |
| Total | 17,523 | 22,759 | (23.0%) |

For the year of 2014, the Group's ore terminal handled approximately 17.523 million tonnes of ore, a decrease of 23% as compared with 2013.

In 2014, the Group's ore throughput accounted for 22.5% (28.9% in 2013) of the total throughput in the Three Northeastern Provinces of China.

In 2014, the performance of the Ore Segment was as follows:

| **Items** | **2014**<br>**（RMB）** | **2013**<br>**（RMB）** | **+/- (%)** |
|---|---|---|---|
| Revenue | 255,881,586.33 | 295,685,178.43 | -13.5 |
| The share in the Group's revenue | 3.2% | 4.2% | down 1.0 percent. |
| Gross profit (less Business taxes and surcharges) | 53,480,860.51 | 105,486,338.05 | -49.3 |
| The share in the Group's gross profit (less Business taxes and surcharges) | 4.0% | 7.3% | down3.3 percent. |
| Gross profit margin (less Business taxes and surcharges) | 20.9% | 35.7% | down14.8 percent. |

For the year of 2014, the revenue from the Ore Segment decreased by 13.5%, that was mainly due to a decline in the portion of cargoes with a higher handling fee. The gross profit margin (less business taxes and surcharges) decreased 14.8 percentage points as compared with that in 2013. The decrease was mainly due to a significant decrease in the handing fees that reduced the diluting effect of the fixed costs.

In 2014, the Group's major measures taken and the progress of major projects related to the Group's Ore Segment were as follows:

- Building on its strengths, the Group put efforts to solicit cargo supply. By upgrading the stacking yard and refining its management, the Group strived to provide new service product and built up a new service brand for handling coking coal.

- The Group devoted more resources in the construction of ore transshipment distribution system, promoted the large vessels berthing services, achieved a breakthrough in the distribution of imported iron ore in Shandong Peninsula and created a new business model combining comprehensive logistics services and financial services.

**General Cargo Segment**

The following table sets out the throughput handled by the Group's general cargo terminal in 2014 and its comparative results in 2013:

| | 2014 ('000 tonnes) | 2013 ('000 tonnes) | +/–% |
|---|---|---|---|
| Steel | 7,722 | 8,414 | (8.2%) |
| Coal | 10,796 | 13,170 | (18.0%) |
| Equipment | 2,934 | 2,091 | 40.3% |
| Others | 10,603 | 8,639 | 22.7% |
| Total | 32,055 | 32,314 | (0.8%) |

The throughput handled at the Group's general cargo terminal for the year of 2014 amounted to 32.055milliontonnes, a year-on-year decrease of 0.8%.

For the year of 2014, the Group handled an approximately 7.722 million tonnes of steel, a decrease of8.2% compared with the year of 2013. Due to the market downturn of the domestic real estate market, the demand for steel declined and the major steel plants reduced their transshipment volume in the Group's ports.

For the year of 2014, the volume of coal handled by the Group was approximately 10.796 million tonnes, which represented a decrease of 18.0% compared with the year of 2013.Due to a high level of inventory, excessive production capacity and the restructuring of the industry, the market demand was persistently low and the transshipment volume at the Group's ports declined.

For the year of 2014, the volume of equipment handled by the Group was approximately 2.934 million tonnes, which represented an increase of 40.3% as compared with the year of 2013. Through leveraging on the near-port industries, improving the service quality and strengthening the cargo solicitation, the Group's equipment throughput increased significantly.

The steel throughput and coal throughput handled at the Group's general cargo terminal in 2014 accounted for15.7% (20.5% in 2013) and 18.1% (17.5% in 2013) of the total market share in the Three Northeastern Provinces of China respectively.

In 2014, the performance of the General Cargo Segment was as follows:

| Items | 2014 （RMB） | 2013 （RMB） | +/- (%) |
|---|---|---|---|
| Revenue | 418,361,343.64 | 423,953,353.23 | -1.3 |
| The share in the Group's revenue | 5.3% | 6.1% | down 0.8 percent. |
| Gross profit (less Business taxes and surcharges) | -13,610,383.34 | -13,170,094.96 | -3.3 |
| The share in the Group's gross profit (less Business taxes and surcharges) | -1.0% | -0.9% | down 0.1 percent. |
| Gross profit margin (less Business taxes and surcharges) | -3.3% | -3.1% | down 0.2 percent. |

For the year of 2014, the revenue from General Cargo Segment decreased by 1.3%,the gross profit margin (less business taxes and surcharges) decreased 0.2 percentage points as compared to that in 2013,maintaining the same level as last year.

In 2014, the Group's major measures taken and the progress of major projects related to the Group's General Cargo Segment were as follows:

- The Group improved the quality and efficiency of the Longzu steel transportation services, strengthened the development and maintenance of the steel liner routes, promoted the development of the steel trade service platform and logistics park and constructed the comprehensive logistics service system of steel transportation.

- The Group built a stronger partnership with its major manufacturing enterprise customers. Leveraging on the location advantage of the Dalian Bay area, the Group vigorously developed the near-port industries and stepped up the construction of near-port bulky equipment assembly base at the Dalian Bay port area.

**Bulk Grain Segment**

The following table sets out the throughput handled by the Group's bulk grain terminal in 2014 and its comparative results in 2013:

| | 2014 ('000 tonnes) | 2013 ('000 tonnes) | +/–% |
|---|---|---|---|
| Corn | 2,414 | 4,072 | (40.7%) |
| Soy bean | 2,264 | 2,078 | 9.0% |
| Barley | 469 | 198 | 136.9% |
| Wheat | 42 | 6 | 600.0% |
| Others | 1,219 | 1,698 | (28.2%) |
| Total | 6,408 | 8,052 | (20.4%) |

For the year of 2014, the throughput handled by the Group's bulk grain terminal segment was approximately 6.408 million tonnes, a decrease of 20.4% as compared with the year of 2013.

For the year of 2014, corn throughput handled by the Group's bulk grain terminal segment was approximately 2.414 million tonnes, a decrease of 40.7% as compared with 2013. The demand and supply of the corn market changed significantly in 2014, and the supply significantly exceeded the demand. Due to the elimination of the restriction on the purchasing of bulk grain carriages and the rise in rail freight costs, the Group's corn transshipment volume recorded an year-on–year decrease. Despite the unfavorable market condition, the Group actively carried out measures in response. Firstly, the Group extended greater efforts in providing comprehensive logistics services and to solicit and allocate the sources of cargo supply. Secondly, the Group closely followed the movement of purchases for temporary storage in the production areas. Through emphasizing on the utilization of silos and focusing on better planning on use of carriages, the Group strengthened the communication with its small to middle-sized trading customers in the production areas, and solicited the supply of corn cargoes in full swing.

For the year of 2014, the Group's soy bean throughput was approximately 2.264 million tonnes, which represented an increase of 9.0% as compared with last year. The Group maintained its stable relationship with its traditional soybean customers at one hand and on the other hand, extra efforts had been made to solicit new cargo supply and new trading customers so that it achieved a persistent increase in its soybean throughput.

For the year of 2014, the Group's barley throughput was approximately 0.469 million tonnes, which represented an increase of 136.9% as compared with last year. The Group adjusted its strategy for soliciting cargo supply, enhanced the effort in market development and customer relationship maintenance so that it has achieved a significant year-on-year increase in the foreign trade barley throughput.

In 2014, the performance of the Bulk Grain Segment was as follows:

| Items | 2014 （RMB） | 2013 （RMB） | +/- (%) |
|---|---|---|---|
| Revenue | 1,000,851,533.24 | 1,890,389,292.21 | -47.1 |
| The share in the Group's revenue | 12.6% | 27.1% | down14.5 percent. |
| Gross profit (less Business taxes and surcharges) | 26,456,606.50 | 174,295,248.02 | -84.8 |
| The share in the Group's gross profit (less Business taxes and surcharges) | 2.0% | 12.0% | down 10.0 percent. |
| Gross profit margin (less Business taxes and surcharges) | 2.6% | 9.2% | down 6.6 percent. |

For the year of 2014, the revenue from the Bulk Grain Segment decreased by 47.1%. Excluding the impact of the trading business, the revenue was down43.8%. The decrease was mainly due to the decrease of throughput, a decline in the portion of high-profit margin cargoes, and decrease in the bulk grain carriage rental income. The gross profit margin (less business taxes and surcharges) decreased 6.6 percentage points over that in 2013, mainly due to a significant decrease in the handing fees and leasing business that reduced diluting effect of the fixed costs.

In 2014, the Group's major measures taken and the progress of major projects related to the Group's Bulk Grain Segment were as follows:

- While ensuring the quality of port logistics services, the Group strengthened the market development for its key customers and effectively solicited cargo supply in the market through the communication with the major trading enterprise.

- The Group rationalized its overall process of future trading business by implementing the 1409 Contract and further enhanced its regulatory measures relating to such business, which laid a sound foundation for commencing the grain futures business.

**Passenger and Ro-Ro Segment**

The following table sets out the passenger and roll-on roll-off throughput handled by the Group in 2014 and its comparative results in 2013:

| | 2014 | 2013 | +/–% |
|---|---|---|---|
| Passengers ('000 persons) | 3,668 | 3,793 | (3.3%) |
| Vehicles ('000 units) (note 1) | 1,092 | 947 | 15.3% |

Note 1 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.

For the year of 2014, the Group transportedapproximately3.668 million passengers, a decrease of

3.3% over 2013, and handled approximately 1,092,000vehicles, an increase of 15.3%.

In 2014, the performance of the Passenger and Ro-Ro Segment was as follows:

| Items | 2014 （RMB） | 2013 （RMB） | +/- (%) |
|---|---|---|---|
| Revenue | 130,682,437.91 | 131,045,100.66 | -0.3 |
| The share in the Group's revenue | 1.6% | 1.9% | down 0.3 percent |
| Gross profit (less Business taxes and surcharges) | 33,473,469.31 | 33,648,684.24 | -0.5 |
| The share in the Group's gross profit (less Business taxes and surcharges) | 2.5% | 2.3% | up 0.2 percent |
| Gross profit margin (less Business taxes and surcharges) | 25.6% | 25.7% | Down 0.1 percent. |

For the year of 2014, the revenue from the Passenger and Ro-Ro Segment fell 0.3%,the gross profit margin (less business taxes and surcharges) decreased 0.1 percentage points over that in 2013, roughly keeping the same level as last year.

In 2014, the major measures taken and the progress of key projects related to the Group's Passenger and Ro-Ro Segment were as follow:

- The Group cooperated with certain enterprises to jointly develop marine tourism projects. Through the development of tourism projects such as "Appreciating Dalian from the Sea" and "Island Tours", the Group further expanded the mainland-island traffic and increased the tourists flow.

- The Group strengthened the market development and communications with customers, put more efforts in the solicitation of capital investment for the port logistics park at the Dalian Bay and sought cooperation with the Drop and Pull (甩掛) transportation enterprises to jointly promote the construction of the logistics platform for the Drop and Pull transportation business in the Liaoning and Shandong region.

- The Group enhanced its e-ticket system. Through developing mobile phone App and WeChat ticketing platforms, the Group improved the online ticketing system and added self-service ticket collecting machines at the ports, the process from ticket sales to ticket collecting was simplified for the convenience of passengers.

**Value-added Services Segment**

***TUGGING***

In 2014, the Group strengthened its tugboats management. Though various measures such as optimizing the allocation of tugboats among the tugboat bases, the Group effectively reduced its disposal costs, and maintained a good growth momentum in the tugging business.

In respect of the services in the markets outside Dalian, the Group extended greater efforts in market development in response to the dynamic changes in the market condition. Building on its edges on professionals, equipment, management and technology, the Group has devoted itself in the market competition. During the year, the Group deployed four tugboats to the ports outside Dalian for further expanding its market share and maintaining its leading position among its domestic industry peers.

***TALLYING***

In 2014, the total tallying throughput handled by the Group was approximately 46.697 million tones, an increase of 3.5% over last year.

***RAILWAY***

In terms of the railway operation, the Group handled a total of 627,000 carriages, a decrease of5.7% as compared with the last year.

In 2014, the performance of the Value-added Services Segment was as follows:

| **Items** | **2014（RMB）** | **2013（RMB）** | **+/- (%)** |
|---|---|---|---|
| Revenue | 914,100,031.32 | 966,774,701.13 | -5.4 |
| The share in the Group's revenue | 11.5% | 13.9% | down 2.4 percent. |
| Gross profit (less Business taxes and surcharges) | 273,091,878.99 | 274,967,325.48 | -0.7 |
| The share in the Group's gross profit (less Business taxes and surcharges) | 20.5% | 19.0% | up1.5 percent. |
| Gross profit margin (less Business taxes and surcharges) | 29.9% | 28.4% | up1.5 percent. |

For the year of 2014, the revenue from the Value-add Services Segment was down 5.4%, as compared with that in 2013, mainly due to a decrease in income for construction services and information services. However, the increase in the income of tugging business to some extent reduced the decrease. The gross profit margin (less business taxes and surcharges) increased 1.5 percentage points over that in 2013, such increase was mainly due to the increase of the gross margin of tugging business which accounted for a large portion of the revenue from the value-added services segment.

## Core Competitive Strengths

In 2014, the Group's port operation continued to show a good growth momentum, and maintained its competitive advantage in the BohaiRim region. In particular, (i) the Group made a significant progress in construction of the logistics system while further expanding its service network coverage. The scale of the Laizhou Bay crude oil transshipment continued to expand and the container feeder service transportation system was optimized. General Cargo Segment opened three steel routes; (ii) the Group made a progress in construction of the integrated platform for industrial, commerce and trading. The scale of food, vehicles and steel trading business continuously expanded. The Group established an ore trading company and expanded its trading businesses such as grain futures, oil products and cold chain business; (iii) The Group effectively promoted the development of near-port industries which brought additional cargo supply for the Group's port operation business. The construction of the near-port processing and assembly base for exported equipment and the timber processing zone at the Changxing Island produced concrete positive effects to the Group's operations; (iv) the Group effectively strengthened its close cooperation relationship with its partners and consolidated resources to achieve a win-win situation for its cooperation partners. The Group has strengthened the cooperation with various port operators, shipping lines and cargo traders in the areas of investment and business operations and has enhanced the consolidation of logistics resources, so that it has built the Group's ports as a logistics resources allocation center in the area.

## Future Development

## (I) Competitionl and scape and the industry trend

In 2015, it is expected that the recovery pace of global economy will be more rugged and tortuous and the development of the major economies will continue to show different phenomena. Despite the persistent economic downward pressure, the deepening reform and the rule by law promoted by the PRC government will foster an environment for a steady growth of the domestic economy. Domestic restructuring of industries and innovative development models will encourage the transformation of the processing business. The implementation of policy for cultivating new competitive edges in foreign trade by the PRC government will advance the foreign trade.

The Group's major hinterland includes the Three Northeastern Provinces of China 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. With a comprehensive range of cargo types in its operations, the Group has a stronger risk-resisting capability. With the support of the above-mentioned positive trends and policies, the Group expects that the total throughput will continue to maintain a steady growth. In particular, driven by the growth in domestic demand, the oil chemicals business and the ro-ro business will continue to maintain a rapid growth while the bulk general cargo business such as iron ore and grain will continue to grow and container business will grow steadily.

## (II) Possible risk exposures

The global economy will continue to recover slowly while the domestic economy has now reached a new stage in the economic development. Against the backdrop of economic restructuring and rising labor costs, China's export trade is facing challenges and the risks and uncertainties have become prominent. The problems of lacking competitiveness of large ports and imbalance of their business structure still prevail. The growth in throughputs slows down that result in a sluggish growth in operating income. The business model of purely relying on cargo loading and unloading services has encountered a bottleneck in its growth.

## (III) The development strategy of the Group

The Group will continue to focus on building the comprehensive logistics services platform and the integrated platform for industrial, commerce and trading for penetrating into new markets while exerting its efforts in promoting the construction of comprehensive logistics system, business model innovation, extension of its services functions, development of the near-port industries, resources integration and joint ventures to further promote the integrated development of ports logistics with commercial and trading, information and financial industries and to transform and upgrade of the Group's ports business.

## Opportunities, challenges faced and major market development measures to be taken by the Group in 2015

## Oil Segment

Taking advantage of the bonded storage tanks under Phase II of Dalian North Petroleum Logistics Co.,Ltd. and the 1,200,000 $m^3$ crude oil bonded tanks in the Changxing Island, we will deepen our cooperation with foreign and domestic crude oil traders and further expand the scale of bonded business.

We will consolidate the resources on logistics and improve our service quality in order to provide more effective and convenient ports logistics services for customers. We will also strengthen our market development and customer base and strive to solicit new imported crude oil and refined oil shipment businesses.

We will strengthen the cooperation with relevant parties so as to vigorously promote the establishment of the crude oil futures settlement base.

## Container Segment

We will strengthen our cooperation with various parties and continue to promote the construction of the Bohai Rim transshipment services network system. By expanding our shipping capacity and enhancing our service pledge, we will optimize the layout of sub-line network to establish an interacting development landscape of major lines and sub-lines for foreign trade and domestic trade.

Focusing on cargo supply from Japan, Korea, Southeast Asia and Taiwan, and supported by the local cargo supply and the supply from the south China, we will implement a differentiated development strategy and build a unique, competitive and attractive international sea-to-rail intermodal transportation network, aiming to establishing a new starting point of the Maritime Silk Road.

We will adopt innovative business model and facilitate logistics products and services innovation, in order to further expand the logistics services and foster the integration and development between container logistics and industries such as near-port industries, trading, finance and information services.

## Automobile Terminal Segment

We will continue to strengthen our cooperation with manufacturers and logistics services providers and strive to enhance our influence to consolidate our market position in the region and to achieving sustainable rapid throughput growth.

Through a multi-level cooperation, we will actively expand our logistics value-added business such as PDI for automobiles.

We will procure Dalian DilangsiruiVehicles Co., Ltd.(大連迪朗斯瑞房車有限公司) to commence operation as early as possible so as to promote the development of the near-port automobile industry.

We will extend the business scope of automobile trading and facilitate the rapid growth in automobile trading business.

## Ore Segment

We will actively explore the establishment of trading resources exchange platform in order to strengthen the communication and cooperation with traders, achieve real-time interactive communication of information and continue to build services brands such as “Zero-loss”, “Handling coking coal” and “Handling large vessels”.

We will take advantage of the bulk cargo platform while aiming to extending bonded services and other integrative services. We will further strengthen our cooperation with ore mines, traders and major steel plants and continue to establish a new model which integrates the trading and financing services for the ore (coal) trading business.

We will consolidate our strategic cooperation with major customers for establishing a comprehensive strategic partnership and hence constructing the ore distribution center in the Bohai Rim region and the northeast region, and the bonded ore mixing and processing base at the Dalian Port with concerted effort.

## General Cargo Segment

In order to enhance the competitiveness of our ports, we will strengthen our cooperation with the upstream and downstream enterprises along the logistics chain, integrate logistics resources and reduce the logistics costs.

We will promote the development of logistics and trading businesses in respect of bulk distribution such as steel and coal, and strive to build the comprehensive logistics services platform and the integrated platform for industrial, commerce and trading.

We will accelerate the construction of timber fumigation zone in the port area in the Changxing Island and extend our efforts in the development of timber market and expand the scale of the timber transshipment.

## Bulk Grain Segment

We will be centering on grain trading business and enhance our cooperation with major customers and devote ourselves in promoting the model of grain storage and trading at the place where it produced to achieve the linkage between the grain production, distribution and sales. We will actively solicit the domestic trade corn supply.

By developing a grain logistics service brand and propelling the development of the grain logistics and trading business, we will enhance our competitiveness among the ports in the northeastern region of China.

By enhancing operation efficiency and improving services quality, we will vigorously put efforts in market development with a view of soliciting imported grain for foreign trade.

## Passenger and Ro-Ro Segment

We will accelerate the progress of the Beixiaoquan terminal project and, through cooperation with the local government, establish the mainland-island tourism routes, targeting to increase the traffic between the mainland and islands.

We will team up with shipping companies and actively develop the marine tourism projects in order to increase the number of tourists.

We will fully utilize the functions of the port logistics park at the Dalian Bay and the function of the drop and pull transportation alliance “Lu-LiaoJiHei” (魯-遼吉黑) to speed up the development of the drop and pull transportation business and to drive the transformation and upgrade of the ro-ro logistics services of the Company.

We will actively establish the multi-mode transportation business to provide passengers and car owners with diversified, efficient and convenient transportation services.

## Value-added Service Segment

Along with the steady development of the port business, the demand for tugboats continues to increase. The Group will continue to take safety as priority and further take measures to reduce disposal costs and to improve profitability. At the same time, the Group will enhance our market development and optimization of resources allocation.

The Group has started the construction of two full-swing tugboats of 5,000 horsepower with icebreaking, firefighting and towing capabilities and the tugboats are expected to be deployed at the end of the year. The Group will make the best preparation for the deployment and adjust the allocation of tugboat resources as appropriate.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions contained in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2014.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct governing director's dealing in the Company's securities transactions (the "Code of Securities Dealings") on terms no less exacting than the standards required under the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules. Upon specific enquiries, all directors and supervisors confirmed that they had complied with the provision of the Code of Securities Dealings during the year ended 31 December 2014.

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

During the year ended 31 December 2014, 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 2014.

## FINAL DIVIDEND

The Board has proposed to pay a final dividend of RMB4 cents per share (including the PRC withholding tax) in cash. Such proposal is pending approval by the shareholders of the Company at the forthcoming annual general meeting. The record date and closure of books for determining entitlement to final dividend and attending the forthcoming 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, the 2014 annual report containing all information set out in this announcement including the financial results for the year ended 31 December 2014 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
**GuiYuchan LEE, Kin Yu Arthur**
*Joint Company Secretaries*

Dalian City, Liaoning Province, the PRC
27 March2015

As at the date of this announcement, the Directors of the Company are:
*Executive Directors:* HUI Kai, XU Song, and SUN Benye
*Non-executive Directors:* XU Jian,DONGYanhong and YIN Shihui
*Independent non-executive Directors:*WANKam To, Peter, WANG Zhifeng and SUN Xiyun

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