Dalian Port (PDA) Company Limited*

大连港股份有限公司

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

(Stock Code: 2880)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Board of Directors (the "**Board**") of Dalian Port (PDA) Company Limited ("the **Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (the Company and its subsidiary, collectively referred to "the **Group**") prepared pursuant to China Accounting Standards for Business Enterprises for the year ended 31 December 2015. The Group's financial results for the year have been audited by PricewaterhouseCoopers ZhongTian LLP.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	31 December 2015 Consolidated	31 December 2014 Consolidated
Current assets		
Cash at bank and on hand	2,933,297,517.35	2,446,016,177.99
Financial assets at fair value through profit or loss	16,179,169.50	15,445,634.60
Notes receivable	81,250,783.25	90,865,505.13
Accounts receivable	821,726,759.91	837,441,400.50
Advances to suppliers	310,199,461.71	354,973,853.25
Interest receivable	10,165,145.48	13,272,595.57
Dividends receivable	22,956,917.66	18,644,275.34
Other receivables	968,861,537.41	436,938,098.66
Inventories	936,271,014.10	965,168,857.46
Current portion of non-current assets	65,820,000.00	-
Other current assets	91,954,813.36	705,106,362.22
Total current assets	6,258,683,119.73	5,883,872,760.72

Non-current assets		
Available-for-sale financial assets	154,014,686.92	233,428,161.08
Long-term receivables	18,018,915.80	22,544,798.38
Long-term equity investments	4,731,659,905.46	3,873,207,058.31
Investment properties	663,610,456.30	681,660,028.98
Fixed assets	14,333,551,893.37	14,766,393,409.27
Construction in progress	1,837,213,589.39	1,555,093,364.31
Fixed assets pending for disposal	3,100,470.31	1,760,200.88
Intangible assets	881,523,132.83	729,050,736.49
Goodwill	16,035,288.74	16,035,288.74
Long-term prepaid expenses	52,028,185.59	23,592,159.31
Deferred tax assets	61,839,973.50	62,570,094.83
Other non-current assets	118,610,000.00	-
Total non-current assets	22,871,206,498.21	21,965,335,300.58
TOTAL ASSETS	29,129,889,617.94	27,849,208,061.30

LIABILITIES AND OWNERS' EQUITY	31 December 2015 Consolidated	31 December 2014 Consolidated
Current liabilities		
Short-term borrowings	601,694,492.83	907,302,821.28
Notes payable	12,940,000.00	12,714,000.00
Accounts payable	233,398,574.75	374,676,495.88
Advances from customers	448,542,346.12	357,410,116.97
Employee benefits payable	214,209,719.42	180,628,173.95
Taxes payable	61,070,098.34	67,417,400.53
Interest payable	143,719,858.67	132,295,618.54
Dividends payable	67,388,950.20	73,114,454.27
Other payables	585,807,063.52	669,983,218.09
Current portion of non-current liabilities	527,771,479.16	553,387,648.39
Other current liabilities	2,014,689,463.02	1,003,828,573.32
Total current liabilities	4,911,232,046.03	4,332,758,521.22
Non-current liabilities		
Long-term borrowings	2,351,010,023.77	2,827,010,023.77
Debentures payable	5,763,754,605.64	4,971,625,629.16
Long-term payables	55,021,113.62	59,886,723.51
Deferred income	565,081,808.69	566,797,413.08
Deferred tax liabilities	11,731,632.17	10,086,937.73
Other non-current liabilities	102,772,498.43	97,036,185.00
Total non-current liabilities	8,849,371,682.32	8,532,442,912.25
Total liabilities	13,760,603,728.35	12,865,201,433.47

Owners' equity		
Share capital	4,426,000,000.00	4,426,000,000.00
Capital surplus	6,117,565,754.62	6,122,277,019.87
Other comprehensive income	27,023,577.28	7,123,380.72
Surplus reserves	623,925,889.68	579,682,823.85
Special reserves	23,729,633.11	16,354,483.20
Undistributed profits	2,820,227,405.53	2,559,058,167.36
Total equity attributable to equity holders of the Company	14,038,472,260.22	13,710,495,875.00
Minority interest	1,330,813,629.37	1,273,510,752.83
Total owners' equity	15,369,285,889.59	14,984,006,627.83
TOTAL LIABILITIES AND OWNERS' EQUITY	29,129,889,617.94	27,849,208,061.30

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015
(All amounts in RMB Yuan unless otherwise stated)

Item	2015 Consolidated	2014 Consolidated
Revenue	8,886,167,093.15	7,942,458,597.74
Less: Cost of sales	(7,431,655,456.89)	(6,567,561,921.15)
Taxes and surcharges	(41,221,065.09)	(41,876,474.97)
Selling and distribution expenses	(1,457,374.14)	(3,741,535.20)
General and administrative expenses	(622,366,106.34)	(582,564,328.04)
Financial expenses - net	(520,637,995.03)	(462,011,084.16)
Asset impairment losses	10,000.00	(1,629,504.33)
Add: Gains on changes in fair value	2,950,982.93	1,238,604.61
Investment income	189,328,170.46	175,480,145.22
Including: Share of profit of associates and joint ventures	120,705,350.12	128,045,475.98
Operating profit	461,118,249.05	459,792,499.72
Add: Non-operating income	274,916,120.86	355,153,011.23
Including: Gains on disposal of non-current assets	358,780.48	21,824,679.61
Less: Non-operating expenses	(6,289,477.91)	(18,931,046.30)
Including: Losses on disposal of non-current assets	(2,223,447.08)	(13,741,880.27)
Total profit	729,744,892.00	796,014,464.65
Less: Income tax expenses	(160,606,843.64)	(190,237,709.62)
Net profit	569,138,048.36	605,776,755.03
Including: Net profit of the combine party in a business combination involving enterprises under common control before the combination date	(303,767.46)	104,607.52
Attributable to equity holders of the Company	484,333,281.47	520,774,580.07
Minority interest	84,804,766.89	85,002,174.96
Other comprehensive income - net of tax	19,900,196.56	(7,279,998.73)

Attributable to equity holders of the Company - net of tax	19,900,196.56	(7,279,998.73)
Other comprehensive income items which will be reclassified subsequently to profit or loss		
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss	1,079,120.55	(1,834,787.33)
Changes in fair value of available-for-sale financial assets	(2,612,183.95)	(7,833,536.67)
Difference on translation of foreign currency financial statements	21,433,259.96	2,388,325.27
Attributable to minority interest - net of tax	-	-
Total comprehensive income	589,038,244.92	598,496,756.30
Attributable to equity holders of the Company	504,233,478.03	513,494,581.34
Attributable to minority interest	84,804,766.89	85,002,174.96
Earnings per share		
Basic earnings per share (RMB Yuan)	0.11	0.12
Diluted earnings per share (RMB Yuan)	0.11	0.12

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
(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 Haitai Holding 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. On 6 December 2010, the Company was listed on the Shanghai Stock Exchange. On 21 March 2006, the Company issued shares to overseas investors of 966,000,000 shares (H share), the Company was listed on the Stock Exchange of Hong Kong Limited on 28 April 2006. As at 31 December 2015, the Company's share capital totalled RMB 4,426,000,000 with a par value of RMB 1.00 each.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as "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%).

Principal subsidiaries included in the scope of consolidation in the current year are Dalian Northeast Asia International Shipping Center Shipping Talent Market Co., Ltd., Dalian Port Xinshengshi Trading Co., Ltd., Dalian Port Trans-Eurasia International Logistics Co., Ltd., Inner Mongolia Lugang Bonded Logistics Park Co., Ltd., Port of Dalian SLD Timber Trading Centre Co., Ltd., Dalian Zhuanghe Gangxing Investment Co., Ltd. and Huanan Dalian Port Zhengliang Cereals and Oil Trading Co., Ltd.

The financial statements were approved and authorised for issue by the Company's Board of Directors on 24 March 2016.

2. Summary of significant accounting policies and accounting estimates

Basis of preparation

The financial statements are 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 in subsequent periods (hereinafter collectively referred to as "the Accounting Standard for Business Enterprises" or "CAS") and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting issued by China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

3. Changes of consolidation scope

Business combination involving enterprises under common control

(a) Business combination involving enterprises under common control in the current year

Combined party	Acquisition proportion	Basis of business combination involving enterprises under common control	Combination date	Basis of the combination date	Income of the combined party for the period from 1 January 2015 to the combination date	Net profit of the combined party for the period from 1 January 2015 to the combination date	Income of the combined party for the year ended 31 December 2014	Net profit of the combined party for the year ended 31 December 2014	Cash flows from operating activities of the combined party for the period from 1 January 2015 to the combination date	Net cash flows of the combined party for the period from 1 January 2015 to the combination date
Dalian Northeast Asia International Shipping Center Shipping Talent Market Co., Ltd.	100%	The combining enterprise is ultimately controlled by the same party both before and after the combination and where the control is not transitory	28 December 2015	The Group owned 100% of the shareholding and voting rights in Northeast Asia International Shipping Center	801,774.01	(303,767.46)	2,368.93	104,607.52	(234,210.89)	(234,210.89)

(b) Other consolidation scope changes

On 19 March 2015, the Company contributed RMB 7,000,000.00 in cash to set up a subsidiary, Dalian Port Xinshengshi Trading Co., Ltd., with Shandong Yaochang Group Co., Ltd.

On 2 June 2015, the Group contributed RMB 3,000,000.00 in cash to set up a subsidiary, Dalian Port Trans-Eurasia International Logistics Co., Ltd., with Oulu (Tianjin) International Freight Forwarding Co., Ltd.

On 17 July 2015, the Group contributed RMB 5,100,000.00 in cash to set up a subsidiary, Inner Mongolia Lugang Bonded Logistics Park Co., Ltd., with Tongliao Tongke Transportation Construction Management Co., Ltd.

On 20 July 2015, the Group contributed RMB 12,750,000.00 in cash to set up a subsidiary, Port of Dalian SLD Timber Trading Centre Co., Ltd., with Dalian Tongda Freight Co., Ltd. and Dalian Hegang International Trade Co., Ltd. jointly.

On 15 August 2015, the Company contributed RMB 80,000,000.00 in cash to set up a wholly-owned subsidiary, Dalian Zhuanghe Gangxing Investment Co., Ltd.

On 17 September 2015, the Group contributed RMB 10,000,000.00 in cash to set up a wholly-owned subsidiary, Huanan Dalian Port Zhengliang Cereals and Oil Trading Co., Ltd.

4. Accounts receivable

	31 December 2015	31 December 2014
Accounts receivable	823,602,282.24	840,473,630.04
Less: Provision for bad debts	(1,875,522.33)	(3,032,229.54)
	821,726,759.91	837,441,400.50

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

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

	31 December 2015	31 December 2014
Within 1 year	683,272,280.43	763,462,567.08
1 to 2 years	74,971,816.13	30,391,817.26
2 to 3 years	20,154,482.34	38,966,795.19
Over 3 years	45,203,703.34	7,652,450.51
	823,602,282.24	840,473,630.04

As at 31 December 2015, accounts receivable overdue but unimpaired are RMB 147,554,652.13 (31 December 2014: RMB 164,672,389.57). This receivable is considered recoverable based on the financial position of the customer and analysis on its credit record. The ageing of the receivable is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	61,339,057.68	91,218,019.90
1 to 2 years	22,737,798.10	30,327,543.67
2 to 3 years	20,149,615.34	37,015,100.70
Over 3 years	43,328,181.01	6,111,725.30
	147,554,652.13	164,672,389.57

(b) Accounts receivable are analysed by categories as follows:

	31 December 2015				31 December 2014			
	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	5,319,057.65	0.65%	1,491,504.33	28.04%	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	817,899,206.59	99.30%	-	-	833,379,247.96	99.16%	-	-
Whereby Group 1:	-	-	-	-	-	-	-	-
Group2:	817,899,206.59	99.30%	-	-	833,379,247.96	99.16%	-	-
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	384,018.00	0.05%	384,018.00	100.00%	1,540,725.21	0.18%	1,540,725.21	100.00%
	823,602,282.24	100.00%	1,875,522.33	0.23%	840,473,630.04	100.00%	3,032,229.54	0.36%

(c) As at 31 December 2015, accounts receivable with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	%	Reason
Ansteel Co., Ltd.	5,319,057.65	1,491,504.33	28.04%	(i)

(i) As at 31 December 2015, receivables with amount of RMB 5,319,057.65 from Ansteel Co., Ltd., including withholding port construction fees by RMB 1,491,504.33. Due to the change of withholding entity to collect the port construction fees, it results in disagreement on the original terms of the business contract. Thus, the Company considers it is not able to collect the receivables and makes a provision for bad debts in full amount.

(d) During 2015 the Group did not make a provision for bad debts of accounts receivable.

(e) Accounts receivable written off in the current year are of RMB1,156,707.21 among which significant accounts receivable are analysed below:

	Nature	Amount of write-off	Reason	Procedure for write-off	Arising from related party transactions or not
Dalian Customs District	Port miscellaneous expenses	1,156,707.21	Long aging which is not able to collect	Resolution of the Board	No

(f) As at 31 December 2015, the top five accounts receivable categorized by debtors are summarised for analyses below:

	Amount	Provision for bad debts	% of total balance
Total balance of top five accounts receivable	452,958,673.86	-	55.00%

5. Other receivables

	31 December 2015	31 December 2014
Refund of land-transferring fees receivable	491,032,200.00	-
Entrusted loans (i)	162,032,800.00	43,042,800.00
Government subsidies receivable	132,479,357.00	177,717,395.00
Receivables from project payment and guarantee deposit	41,857,174.02	59,043,764.77
Receivables from freight charges, deposit and security deposit	39,867,642.11	30,603,768.82
Bills of exchange	27,771,142.03	59,832,121.88
Berth rentals receivable	13,375,000.00	-
Port construction and miscellaneous expenses	9,882,131.44	37,511,748.41
Public infrastructure maintenance expenses	411,410.70	1,508,059.45
Others	51,213,873.08	28,739,633.30
	969,922,730.38	437,999,291.63
Less: Provision for bad debts	(1,061,192.97)	(1,061,192.97)
	968,861,537.41	436,938,098.66

(i) Entrusted loans

- Loans to joint ventures

As at 31 December 2015, loans to joint ventures include:

The Group entrusted CMB Dalian Zhongshan Sub-branch to provide secured loans of RMB 110,000,000.00 to its joint venture, Dalian Yido Cold Chain Co., Ltd., at the rate of 5.0025% annually. The loan should be due on 28 March 2016.

The Group entrusted Dalian Port Group Financial Co., Ltd. to provide unsecured loans of RMB 4,600,000.00 to its joint venture, Liaoning Con-Rail International Logistics Co., Ltd., at the rate of 5.60% annually. The loan should be due on 11 February 2016.

- Loans to associates

As at 31 December 2015, loans to associates include:

The Group entrusted Dalian Port Group Financial Co., Ltd. to provide unsecured loans of RMB 24,000,000.00 to its associate, Dalian Puji Storage Facility Co., Ltd., at the rate of 6.00% annually. The loan should be due on 1 July 2016 .

The Group entrusted Dalian Port Group Financial Co., Ltd. to provide unsecured loans of RMB 16,000,000.00 to its associate, Dalian Puji Storage Facility Co., Ltd., at the rate of 6.16% annually. The loan should be due on 28 January 2016.

The Group entrusted Dalian Port Group Financial Co., Ltd. to provide unsecured loans of RMB 7,432,800.00 to its associate, China Harbor United Shipping Co., Ltd., at the rate of 4.85% annually. The loan should be due on 28 June 2016.

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

	31 December 2015	31 December 2014
Within 1 year	936,531,985.48	405,958,707.23
1 to 2 years	17,963,945.74	19,971,178.71
2 to 3 years	5,418,371.15	5,903,146.39
Over 3 years	10,008,428.01	6,166,259.30
	969,922,730.38	437,999,291.63

As at 31 December 2015, other receivables overdue but unimpaired are RMB 30,478,770.44 (31 December 2014: 14,161,039.73). This receivable is considered recoverable based on the financial position of the defaulter and analysis on its credit record. The ageing of other receivables is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	13,147,172.83	6,464,573.91
1 to 2 years	10,619,780.23	4,441,574.73
2 to 3 years	3,653,340.17	2,020,020.47
Over 3 years	3,058,477.21	1,234,870.62
	30,478,770.44	14,161,039.73

Other receivables are analysed by categories as follows:

	31 December 2015				31 December 2014			
	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 that the related provision for bad debts is provided on the grouping basis	963,884,103.01	99.38%	-	-	434,696,576.66	99.25%	-	-
Whereby Group 1:	-	-	-	-	-	-	-	-
Group 2:	963,884,103.01	99.38%	-	-	434,696,576.66	99.25%	-	-
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	6,038,627.37	0.62%	1,061,192.97	17.57%	3,302,714.97	0.75%	1,061,192.97	32.13%
	969,922,730.38	100.00%	1,061,192.97	0.11%	437,999,291.63	100.00%	1,061,192.97	0.24%

6. Inventories

(a) Inventories are summarised by categories as follows:

	31 December 2015			31 December 2014		
	Ending balance	Provision for decline in value of inventories	Carrying amount	Ending balance	Provision for decline in value of inventories	Carrying amount
Raw materials	75,159,083.83	(2,037,642.99)	73,121,440.84	77,101,073.21	(2,037,642.99)	75,063,430.22
Work in progress	-	-	-	322,720.01	-	322,720.01
Finished goods	856,982,556.21	-	856,982,556.21	884,184,563.18	-	884,184,563.18
Turnover materials	6,167,017.05	-	6,167,017.05	5,598,144.05	-	5,598,144.05
	938,308,657.09	(2,037,642.99)	936,271,014.10	967,206,500.45	(2,037,642.99)	965,168,857.46

As at 31 December 2015, bank borrowings of RMB 566,694,492.83 (31 December 2014: RMB 218,422,030.38) were secured by inventories with carrying amount of RMB 772,498,330.38 (31 December 2014: 347,391,525.41) and the related importing documents.

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

		Increase in the current year		Decrease in the current year		
	31 December 2014	Provision	Others	Reversal/write-off	Others	31 December 2015
Raw materials	2,037,642.99	-	-	-	-	2,037,642.99

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

	Specific basis to determine net realisable value	Reasons for provision for decline in the value of inventories reversal or write-off in the current year
Raw materials	Obsolete raw materials	NA

7. Accounts payable

	31 December 2015	31 December 2014
Vessel leasing and ocean freight	86,648,885.25	80,157,710.03
Purchase of goods	1,947,574.59	133,889,045.71
Purchase of auxiliary materials and guarantee deposit	144,802,114.91	160,629,740.14
	233,398,574.75	374,676,495.88

(a) As at 31 December 2015, accounts payable over 1 year amounted to RMB15,406,894.42 (31 December 2014: RMB12,841,919.71). Such accounts payable comprised payables for subcontracting materials and quality guarantee deposit which had not been cleared finally for the overall project had not been completed and finally settled.

(b) The ageing of accounts payable based on their recording dates is analysed as follows:

	31 December 2015	31 December 2014
Within 1 year	217,991,680.33	361,834,576.17
1 to 2 years	11,688,206.75	10,615,746.25
2 to 3 years	2,224,709.90	1,764,929.37
Over 3 years	1,493,977.77	461,244.09
	233,398,574.75	374,676,495.88

8. Revenue and cost of sales

	2015	2014
Revenue from main operations	8,534,675,280.00	7,580,271,984.21
Revenue from other operations	351,491,813.15	362,186,613.53
	8,886,167,093.15	7,942,458,597.74
Cost of sales from main operations	7,168,530,971.26	6,308,995,108.78
Cost of sales from other operations	263,124,485.63	258,566,812.37
	7,431,655,456.89	6,567,561,921.15

(a) Analysis by industries is as follows:

	2015		2014	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil and liquefied chemicals terminal and related logistics services	2,078,019,028.41	1,268,868,455.08	1,909,118,078.18	1,219,074,689.03
Container terminal and related logistics services	1,692,339,086.99	1,351,143,844.87	1,568,307,307.03	1,330,590,087.50
General cargo terminal and related logistics and trading services	374,123,523.09	380,637,271.11	418,361,343.64	430,045,736.21
Ore terminal and related logistics services	349,865,498.15	397,543,019.89	255,881,586.33	201,482,834.26
Grains terminal and related logistics and trading services	1,361,492,366.50	1,400,773,149.28	1,000,851,533.24	973,501,656.14
Passenger and roll-on, roll-off terminal and related logistics services	128,759,441.77	97,787,334.66	130,682,437.91	96,094,263.45
Port value-added and ancillary services	940,030,013.54	646,188,855.12	914,100,031.32	633,104,178.92
Automobile terminal and related logistics and trading services	1,866,027,173.77	1,821,482,937.75	1,639,882,258.40	1,610,436,545.75
Others	95,510,960.93	67,230,589.13	105,274,021.69	73,231,929.89
	8,886,167,093.15	7,431,655,456.89	7,942,458,597.74	6,567,561,921.15

(b) The revenue is categorised as follows:

	2015	2014
Commodity trading	3,896,346,612.23	2,891,625,996.82
Loading services	1,729,177,804.60	1,829,322,733.28
Storage services	890,855,483.67	918,343,288.22
Agency services	679,581,659.48	655,740,755.57
Logistics services	536,079,584.90	485,876,005.46
Leasing services	239,553,835.17	273,340,017.81
Port management services	222,126,080.62	208,288,314.08
Project construction and supervision services	160,953,611.87	142,175,000.20
Electric supply services	99,606,764.37	115,430,518.14
Sales of goods	45,671,247.33	54,746,435.98
Information services	81,513,731.88	62,558,428.08
Tallying services	63,570,811.74	61,539,650.15
Others	241,129,865.29	243,471,453.95
	8,886,167,093.15	7,942,458,597.74

9. Taxes and surcharges

	2015	2014	Tax base
Business tax	24,253,871.73	23,874,731.36	5% of taxable income for business tax
City maintenance and construction tax	9,906,542.60	10,488,321.08	7% of business tax and VAT for city maintenance and construction tax
Educational surcharges	7,060,650.76	7,513,422.53	3% of business tax and VAT for educational surcharges 2% of business tax and VAT for regional educational surcharges
	41,221,065.09	41,876,474.97	

10. Non-operating income

	2015	2014	Amount recognised in non-recurring profit or loss for the year 2015
Gains on disposal of non-current assets	358,780.48	21,824,679.61	358,780.48
Including: Gains on disposal of fixed assets	353,300.98	4,998,965.20	353,300.98
Gains on disposal of intangible assets	5,479.50	16,825,714.41	5,479.50
Government grants (a)	240,525,846.29	306,569,097.79	3,296,297.60
Negative goodwill from equity acquisition	-	24,533.89	-
Others	34,031,494.09	26,734,699.94	34,031,494.09
	274,916,120.86	355,153,011.23	37,686,572.17

(a) Details of government grants

	2015	2014	Related to assets/income
Relocation compensation	34,439,916.54	34,505,184.05	Related to assets
Vessel construction subsidies	791,217.56	791,217.60	Related to assets
Equipment reconstruction subsidies	264,423.68	264,423.68	Related to assets
Energy conservation and emission reduction special fund	717,756.71	2,017,533.61	Related to assets
Others	136,471.90	86,108.90	Related to assets
Container subsidies (i)	189,141,000.00	249,566,600.00	Related to income
Operation subsidies	11,296,000.00	11,095,000.00	Related to income
Relocation compensation	1,185,143.11	-	Related to income
Refund of turnover taxes	442,762.30	4,066,556.76	Related to income
Energy conservation and emission reduction special fund	91,100.00	-	Related to income
Others	2,020,054.49	4,176,473.19	Related to income
	240,525,846.29	306,569,097.79	

(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 2015 amounted to RMB 189,141,000.00 (for the year ended 31 December 2014: RMB 249,566,600.00).

11. Income tax expenses

	2015	2014
Current income tax calculated based on tax law and related regulations	158,232,027.87	194,688,536.05
Deferred income tax	2,374,815.77	(4,450,826.43)
	160,606,843.64	190,237,709.62

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:

	2015	2014
Total profit	729,744,892.00	796,014,464.65
Income tax expenses calculated at applicable tax rates	182,436,223.00	199,003,616.16
Effect of different tax rates applicable to subsidiaries in Mainland China	(2,012,663.30)	(3,212,984.84)
Effect of different tax rates applicable to subsidiaries outside Mainland China	3,522,210.66	2,105,354.12
Adjustments for current income tax of prior periods	(2,093,012.45)	757,102.43
Income not subject to tax	(44,388,180.00)	(41,567,303.34)
Costs, expenses and losses not deductible for tax purposes	15,283,285.63	11,800,631.97
Utilisation of previously unrecognised tax losses	(12,013,777.29)	(960,789.46)
Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	19,872,757.39	22,312,082.58
Income tax expenses	160,606,843.64	190,237,709.62

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:

	2015	2014
Consolidated net profit attributable to ordinary shareholders of the Company	484,333,281.47	520,774,580.07
Weighted average number of ordinary shares outstanding	4,426,000,000.00	4,426,000,000.00
Basic earnings per share	0.11	0.12
Including:		
- Basic earnings per share from continuing operations	0.11	0.12

(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 2015, there were no dilutive potential ordinary shares (for the year ended 31 December 2014: nil), hence diluted earnings per share is equal to basic earnings per share.

13. Events after the balance sheet date

(1) Significant non-adjusting events

(a) On 1 February 2016, the Company proposed to allot 1,180,320,000 H shares (with a lock-up period of 12 months), accounting for 21.05% of the total shares and 52.62% of H shares of the Company upon completion, to China Merchants Holdings (International) Company Limited. These H shares have a nominal value of RMB 1.00 per share and an issue price of HKD 3.67 per share, with capital raised approximating HKD 4,331.8 million. The Company's controlling shareholder and actual controller did not change upon the issue of H shares, and the Company has 5,606,320,000 shares in total.

(b) In accordance with the resolution at the Board of Directors' meeting dated on 24 March 2016, the Company, based on its issued 5,606,320,000 shares, proposed to increase its share capital by 5,606,320,000 shares to 11,212,640,000 shares, by offering 10 shares for each 10 shares through transfer from capital surplus. The resolution is to be approved by the general meeting of shareholders.

(c) Dalian GangHang Tendering & Bidding Agency Co., Ltd., a wholly-owned subsidiary of the Group, is mainly engaged in tendering and bidding agency business. Due to optimisation of internal resource allocation of the Group, the company was approved for cancellation by the Board of Directors and all cancellation procedures were completed in March 2016.

Dalian Gangyue Car-carrying Vessel Management Co., Ltd., a wholly-owned subsidiary of the Group, is mainly engaged in shipping business. Due to optimisation of internal resource allocation of the Group, the company was approved for cancellation by the Board of Directors. As at the authorised date for issue of the financial statements, the Company has completed all cancellation procedures except for those for capital refund.

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

	Amount
Proposed cash dividends (a)	RMB 420,474,000.00
Proposed stock dividends (a)	RMB 1,681,896,000.00
Reviewed and approved dividends declared to be issued	To be approved by the general meeting of shareholders

(a) In accordance with the resolution at the Board of Directors' meeting dated on 24 March 2016, the profit distribution scheme for the year 2015 has been calculated based on the issued 5,606,320,000 shares. The Board of Directors proposed to distribute cash dividends of RMB 0.75 (tax included) and stock dividends of 3 shares (tax included) per each 10 shares to shareholders. As a result, cash dividends with a total amount of RMB 420,474,000.00 and stock dividends of RMB 1,681,896,000.00 will be distributed. The resolution is to be approved by the general meeting of shareholders.

14. Segment information

The reportable segments of the Group are the business units that provide different products or services, 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 related logistics services, responsible for loading and discharging, storage and transshipment of oil products and liquefied chemicals and port management services
- Container terminal and related 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 related logistics services, responsible for passenger transportation and general cargo roll-on and roll-off provision of related logistics services
- Automobile terminal and related logistics and trading services, responsible for loading and discharging of automobile and provision of related logistics and trading services
- Ore terminal and related logistics services, responsible for loading and discharging of ore and provision of related logistics services
- Bulk grains terminal and related logistics and trading services, responsible for loading and discharging of grains and provision of related logistics services and bulk grains trading operation
- General cargo terminal and related logistics and trading services, responsible for loading and discharging of general cargo and provision of related logistics services and steel trading operation
- Port value-added services and related 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.

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

Inter-segment transfer prices are measured by reference to selling prices to third parties.

The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment. Expenses indirectly attributable to each segment are allocated to the segments based on the proportion of each segment's revenue.

(a) Segment information as at and for the year ended 31 December 2015 is as follows (unit: RMB'000):

	Oil/liquefied chemicals terminal and related logistics services	Container terminal and related logistics services	General cargo terminal and related logistics and trading services	Ore terminal and related logistics services	Bulk grains terminal and related logistics and trading services	Passenger and roll-on, roll-off terminal and related logistics services	Port value-added and ancillary port services	Automobile terminal and related logistics and trading services	Others	Elimination	Total
Revenue from external customers	2,078,019	1,692,339	374,124	349,865	1,361,492	128,759	940,030	1,866,027	95,512	-	8,886,167
Inter-segment revenue	4,876	604	343	233	-	1,390	84,825	1,398	61,843	(155,512)	-
Operating cost	1,255,792	1,300,128	360,474	397,543	1,378,448	93,626	540,116	1,819,296	23,108	-	7,168,531
Interest income	4,319	5,378	1,279	415	4,005	348	2,494	16,589	8,282	-	43,109
Investment income from associates and joint ventures	52,075	19,156	(26,773)	363	-	(294)	61,592	14,586	-	-	120,705
Asset impairment losses	-	-	(10)	-	-	-	-	-	-	-	(10)
Depreciation and amortisation expenses	211,427	166,630	98,351	104,858	68,596	30,475	66,488	10,629	24,917	-	782,371
Total profit	784,215	374,234	(72,459)	(80,916)	(63,019)	5,159	204,577	31,758	(453,804)	-	729,745
Income tax expenses	191,702	80,447	(8,448)	(20,335)	(17,028)	1,089	24,742	4,422	(95,984)	-	160,607
Net profit	592,513	293,787	(64,011)	(60,581)	(45,991)	4,070	179,835	27,336	(357,820)	-	569,138
Total assets	7,358,420	6,691,722	2,342,704	2,390,155	1,544,854	1,157,476	2,451,904	2,744,255	3,083,958	(635,558)	29,129,890
Total liabilities	1,581,845	701,441	84,388	46,213	263,925	62,530	171,349	855,841	10,628,630	(635,558)	13,760,604
Non-cash expenses other than depreciation and amortisation	152	12,572	22	96	-	36	328	-	34,440	-	47,646
Long-term equity investments in associates and joint ventures	1,442,979	1,531,455	153,051	2,393	-	336,045	960,178	305,559	-	-	4,731,660
Additions of non-current assets other than long-term equity investments	210,588	68,015	11,487	14,894	1,631	10,552	11,030	225	507,502	-	835,924

(b) Segment information as at and for the year ended 31 December 2014 is as follows (unit: RMB'000):

	Oil/liquefied chemicals terminal and related logistics services	Container terminal and related logistics services	General cargo terminal and related logistics and trading services	Ore terminal and related logistics services	Bulk grains terminal and related logistics and trading services	Passenger and roll-on, roll-off terminal and related logistics services	Port value-added and ancillary port services	Automobile terminal and related 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	914,103	1,639,882	105,272	-	7,942,459
Inter-segment revenue	8,127	-	351	233	406	1,154	101,472	7,590	49,287	(168,620)	-
Operating cost	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	1,571	601	8,378	-	21,793
Investment income from associates and joint ventures	65,405	27,504	(19,522)	93	-	(4,514)	40,098	18,981	-	-	128,045
Asset impairment losses	-	-	1,482	-	-	-	148	-	-	-	1,630
Depreciation and amortisation expenses	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	167,605	20,547	(410,633)	-	796,014
Income tax expenses	163,686	80,936	(9,276)	5,051	2,167	971	24,797	4,024	(82,118)	-	190,238
Net profit	527,087	286,667	(62,769)	15,248	7,669	1,058	142,808	16,523	(328,515)	-	605,776
Total assets	6,712,430	6,654,452	2,306,054	2,508,947	2,075,496	1,170,063	2,360,271	1,652,926	3,195,573	(787,004)	27,849,208
Total liabilities	1,430,583	1,562,231	178,175	87,181	692,309	71,147	159,071	540,645	8,930,863	(787,004)	12,865,201
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

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

Global economic recovery remained sluggish and uneven in 2015 amid complicated international conditions. In the meantime, China's economy faced increasing downward pressure with an overall over-production among traditional manufacturing industries and dropping profitability among industrial enterprises. The rapid development of newly emerging industries further intensified market fluctuation. Total import and export of China for the year amounted to RMB24.59 trillion, representing a decrease of 7% on a year-on-year basis. The year-round gross domestic product (GDP) reaches RMB67.67 trillion, up 6.9% from 2014, which hit a new low since 1990. The macro-economy continued to grow slowly. As a result, the domestic port industry witnessed a slow growth. Cargo throughput handled by China's large-scale ports for the year grew at a significantly slower pace. As to regional conditions, the economy of Northeastern China lacked momentum and faced increasing pressure. Cargo of key resources, such as food and steel, from the hinterland were battered particularly hard by the economic conditions. Against such backdrop, the Company actively implemented different gradual transformational and innovative measures so as to take on the challenges with a scientific development approach to grasp the opportunities brought by the final stage of China's 12th Five-Year Plan, thereby laying the stable foundation for the Group's business development notwithstanding the complicated business conditions.

The Group is principally engaged in the provision of oil/liquefied chemical terminal and the related logistics services ("Oil Segment"), container terminal and related logistics services ("Container Segment"), automobile terminal and related logistics and trade services ("Automobile Segment"), ore terminal and related logistics services ("Ore Segment"), general cargo terminal and related logistics and trade services ("General Cargo Segment"), bulk grain terminal and related logistics and trade 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 2015, the macro economy and industries relevant to the Group's principal business were as follows:

Oil Segment: Due to the plummeting international oil prices, China has been adding strategic reserves of crude oil. As the nation gradually liberalized the importation of crude oil, domestic demand therefor was boosted and the proportion of imported crude oil exceeded 60% for the first time. In 2015, China imported 335 million tons of crude oil, increased by 8.8% as compared with the same period last year.

Container Segment: In 2015, total exports of the three northeastern provinces of China amounted to USD143.46 billion, representing a decrease of 21.1% on a year-on-year basis. Foreign trade of the three northeastern provinces of China accounted for 3.6% of China's overall foreign trade, down by 0.6 percentage point on a year-on-year basis.

Automobile Segment: In 2015, the output and sales of automobiles in China slowed down; the annual output and sales volume of automobiles in China was24,503,300 units and 24,597,600 units and the rate of growth was3.25% and 4.68%, respectively.

Ore Segment: In 2015, China imported 950 million tons of iron ores, representing a growth of 2.2% on a year-on-year basis. Average import price was USD55 per ton, representing a decrease of 54.7% on a year-on-year basis. The sluggish domestic steel market and the needs to curb overproduction and protect the environment have reduced China's production of crude steel and, thus, iron ore demand.

General Cargo Segment: In 2015, the production of crude steel in China amounted to 804 million tons, representing a decrease of 2.3% on a year-on-year basis. National output of coal in 2015 was 3,680 million tons, representing a decrease of 3.5% on a year-on-year basis. Despite the slight reduction in coal and steel production under the push and control of the government, the decrease was outpaced by the drop in demand. As a result, overproduction persisted, the problem of overcapacity became acute, and market demand remained weak.

Bulk Grain Segment: Due to the sluggish domestic economy in 2015, the supply of corns outstripped demand. Under the national protective policy to subsidize and temporarily store grain, grain price in the South China has been lower than that in the North China for quite a long time. As the soybean meal prices stay low, forcing the soybean importers to import fewer soybeans for processing.

Passenger and Ro-Ro Segment: In 2015, passenger and roll-on, roll-off vehicle traffic dropped due to the economy downturn of Northeast China, the diversion of maritime passengers towards high-speed rails and airlines, the drop in shipment from industrial bases, as well as the use of land means to transport some of the roll-on, roll-off vehicles due to the falling oil prices.

In 2015, China relied more on imported crude oil. Attributable to the increase in demand but a drop in prices, the Oil Segment handled 52.448 million tons of oil and liquefied chemicals, representing an increase of 18.9% on a year-on-year basis, of which 30.04 million tons was imported crude oil, representing an increase of 36.8% on a year-on-year basis. The Container Segment, on the other hand, was battered relatively harder by the sluggish international economy. Nonetheless, thanks to the Group's aggressive marketing strategies and optimal allocation of resources, the Container Segment recorded only a slight drop as a whole and handled 10.153 million TEUs, representing a decrease of 6.0% on a year-on-year basis, of which 9.300 million TEUs were handled by the Group at Dalian port, representing a decrease of 7.1% on a year-on-year basis. The Chinese automobile production and sales maintained growth in 2015, albeit at a slower pace. The Automobile Segment handled 480,088 vehicles during the year, representing an increase of 5.7% on a year-on-year basis. The Group maintained a 100% market share in terms of finished vehicles handled among all ports in Northeast China of the corresponding period. Impacted by the economic restructuring and production rationalization in China, the Ore Segment slowed down and handled 15.474 million tons of ores during the year, representing a decrease of 11.7% as compared with 2014. The steel and coal markets in China were weak and suffered from the increasing problem of overcapacity in 2015. As a result, the General Cargo Segment handled 29.527 million tons of cargoes, representing a decrease of 7.9% on a year-on-year basis. The central government's temporary grain storage policy affected the 2015grainmarket. As the Group's ports rely on railway to transport grains, which is subject to distance limitation, the Group's comprehensive grain logistic costs was relatively higher. Therefore, the amount of grains handled by the Bulk Grain Segment during the year dropped significantly by 34.3% on a year-on-year basis to 4.210 million tons. As maritime passengers continued to be diverted to other improved domestic transportation means, the Passenger and Ro-Ro Segment transported 3.485 million passengers, representing a decrease of 5% on a year-on-year basis. It also handled 1.074 million vehicles, representing a decrease of 1.7% on a year-on-year basis.

Overall Analysis of Results

In 2015, the Group's net profit attributable to owners of the parent amounted to RMB484,333,281.47, representing a decrease of RMB36,441,298.6 or 7.0% from RMB520,774,580.07 in 2014. In spite of the increase in the gross profit of the Oil, Container and Value-added Services Segments, and the nice gains from transfer and holding of financial assets, the net profit attributable to owners of the parent dropped during the year due to a drop in the throughput and, thus, a decrease in the gross profit of the Bulk Grain and Ore Segments, which are more affected by the economic conditions. In 2015, the Group's basic earnings were RMB10.94 cents per share, representing a decrease of 7.0% as compared with RMB11.77 cents in 2014.

Changes in the principal components of the net profit are as follows:

Items	**2015**	**2014**	**+/- (%)**
	(RMB)	**(RMB)**	
Net profit attributable to owners of the parent	484,333,281.47	520,774,580.07	-7.0
Including:			
Revenue	8,886,167,093.15	7,942,458,597.74	11.9
Cost of sales	7,431,655,456.89	6,567,561,921.15	13.2
Business taxes and surcharges	41,221,065.09	41,876,474.97	-1.6
Gross profit**(note 1)**	1,454,511,636.26	1,374,896,676.59	5.8
Gross profit margin **(note 2)**	16.4%	17.3%	down by 0.9 percentage point
Administrative expenses	622,366,106.34	582,564,328.04	6.8
Sales expenses	1,457,374.14	3,741,535.20	-61.0
Financial expenses	520,637,995.03	462,011,084.16	12.7
Investment income	189,328,170.46	175,480,145.22	7.9
Net non-operating revenue	268,626,642.95	336,221,964.93	-20.1
Income tax expenses	160,606,843.64	190,237,709.62	-15.6

Note 1:Gross profit = Revenue – Cost of sales
Note 2:Gross profit margin = (Revenue - Cost of sales)/Revenue

In 2015, the Group's revenue increased by 11.9%, mainly due to the growth of the trading business. In particular, port trading income increased by 33.9% on a year-on-year basis. Excluding the trading income, revenue decreased by 1.0% on a year-on-year basis, mainly due to the drop in throughput of the Bulk Grain, Ore and General Cargo Segments, partly offset by an increase in income from the Oil, Container and Value-added Services Segments.

In 2015, the Group's cost of sales increased by 13.2%. Excluding the increase in costs of the port trading business, cost of sales decreased by 2.6% mainly due to the drop in fuel, material and other costs, and the increase in labor costs and part of the depreciation charges associated with the commissioning of new facilities.

In 2015, the Group's gross profit increased by 5.8% while gross profit margin dropped by 0.9 percentage points. Excluding the influence of the port trading business, gross profit margin would have risen by 3.3 percentage points. The change in gross profit was mainly due to the rise in gross profit margins of the Oil and Container Segments, partly offset by the drop in gross profit margins of the Bulk Grain and Ore Segments.

In 2015, the Group's administrative expenses increased by 6.8%, mainly due to the increase in labor costs.

In 2015, the Group's sales expenses plummeted by 61.0%, mainly due to a low base and the decrease in transportation fees of grains included in sales expenses due to falling grain sales.

In 2015, the Group's financial expenses increased by 12.7%, mainly due to an increase in average debt balance for the year.

In 2015, the Group's investment income increased by 7.9%, mainly due to the recognition of income from the transfer of stocks and equities during the year and the receipt of retained profits distributed by investees.

In 2015, the Group's net non-operating revenue dropped by 20.1%, mainly due to the decrease in subsidies of the Cargo Segment.

In 2015, the Group's income tax expenses dropped by 15.6%, mainly due to the decreases in taxable income resulting from less revenue and net non-operating revenue.

Assets and liabilities

As at 31 December 2015, the Group's total assets and net assets were RMB29,129,889,617.94 and RMB15,369,285,889.59, respectively. Net asset value per share was RMB3.17, representing an increase of 2.26% from RMB 3.10 per share as at 31 December 2014. Equity attributable to the owners of the Group increased in tandem with the accrued net profits from the rise in retained profits and surplus reserve funds. As at 31 December 2015, the Group's total liabilities amounted to RMB13,760,603,728.35, in which RMB11,303,901,178.04were total outstanding borrowings. The gearing ratio was 47.2%, representing a slight increase as compared with the corresponding period last year.

With strong financial strength and a decrease in investment and construction expenses from the port logistic business, the Group maintained a sound and stable financial position.

Financial resources and liquidity

As at 31 December 2015, the Group had a balance of cash and cash equivalents of RMB2,728,928,183.51, representing an increase of RMB481,852,592.73 as compared with 31 December 2014.

In 2015, the Group's net cash inflows generated from operating activities amounted to RMB1,930,698,354.79, net cash inflow generated from financing activities amounted to RMB233,923,653.18, and net cash outflow for investing activities amounted to RMB1,686,795,542.39. Benefited from strong cash flows from operating activities, proceeds from issuance of bonds and borrowings, recovery of entrusted investments and the Group's prudent approach to fixed asset and equity investments, the Group had maintained good financial position and capital structure.

As at 31 December 2015, the Group's outstanding borrowings amounted to RMB11,303,901,178.04, in which RMB8,164,765,743.03 were long-term borrowings repayable after one year (including a balance of borrowings with floating rates of RMB300,000,000), and RMB3,139,135,435.01 were borrowings repayable within one year. As the Group's debts were mainly long-term debts, it has a reasonable debt maturity profile, which is conducive to medium to long-term development and stable financial resources.

As at 31 December 2015, net debt-to-equity ratio was 54.0% (31 December 2014: 47.7%).

As at 31 December 2015, the Group's unutilized bank line of credit amounted to RMB17,767,566,700.00.

Being a company with both listed A Shares and H Shares, the Company enjoys invaluable access to both domestic and overseas capital markets.

The Group has already evaluated its interest rate risk, and considered that changes in interest rates did not have any material impact on it.

As the principal businesses of the Group were conducted in mainland China, and settlement was mostly in RMB, the Group did not have any significant exposure to exchange rate fluctuation.

The Group continued to closely monitor its interest rate risk and exchange rate risk. In 2015, the Group did not enter into any foreign exchange hedging contracts in connection with its exchange rate risk.

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 RMB2,772,091,519.47. As at 31 December 2015, the Company had utilized approximately RMB2,352,636,500.00 of the net proceeds and the balance of the net proceeds was RMB419,455,000.00. In March 2015, 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 RMB98,161,787.76 (an interest income of RMB5,706,800.00was 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 2015, the details of the use of proceeds were as follows:

Projects	**Proceeds from A Shares IPO**	**Accumulated use of proceeds as of 31 December 2015**	**Balance**
Construction of oil storage tanks with a total capacity of 1,000,000 m^3 in Xingang	760,000,000.00	508,703,400.00	251,296,600.00
Construction of oil storage tanks with a total capacity of 600,000 m^3 in the Xingang resort area	550,000,000.00	550,000,000.00	0
Construction of phase II of the Shatuozi oil storage tanks project in the Xingang Shatuozi area	29,600,000.00	29,600,000.00	0
LNG project	320,000,000.00	320,000,000.00	0
No.4 stacking yard for ore terminal	520,000,000.00	369,841,200.00	150,158,800.00
Purchase of gantry for ore terminal	37,200,000.00	37,200,000.00	0
Purchase of 300 bulk grain carriages	150,000,000.00	150,000,000.00	0
Ro-ro ships for carrying cars	230,000,000.00	212,000,400.00	17,999,600.00
Construction of new railway siding in Muling	41,250,000.00	41,250,000.00	0
Construction of information systems	50,000,000.00	50,000,000.00	0
[Investment in phase II of Dayao Bay Terminal]	84,041,500.00	84,041,500.00	0
Total	2,772,091,500.00	2,352,636,500.00	419,455,000.00

Note : In order to use the idle cash effectively and reduce the financing cost, the third meeting of the fourth session of the Company's board of directors in 2015 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 27 March 2015 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 27 March 2015.

Capital expenditure

In 2015, the Group's capital expenditure for fixed assets amounted to RMB835,923,658.28, which 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 2015 was as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2015 and its comparative results in 2014:

	2015 ('000 tons)	2014 ('000 tons)	+/- (%)
Crude oil	40,802	30,103	35.5%
- Foreign trade imported crude oil	30,040	21,952	36.8%
Refined oil	7,748	9,728	(20.4%)
Liquefied chemicals	1,160	908	27.8%
Others (including LNG)	2,738	3,362	(18.6%)
Total	52,448	44,101	18.9%

In 2015, in terms of oil/liquefied chemicals throughput, the Group handled a total of 52.448 million tons, representing an increase of 18.9%on a year-on-year basis.

In 2015, the Group's crude oil throughput was 40.802 million tons, representing an increase of 35.5% on a year-on-year basis, of which imported crude oil throughput was 30.04 million tons, representing an increase of 36.8%on a year-on-year basis. Against the backdrop of low international oil prices and gradual liberalization of crude oil importation to China, the Group took advantage of its geographical location, port and storage capacities to solicit business of crude oil transshipment, and actively expanded business into bonded crude oil storage and international transshipment that highly elevated crude oil throughput of the Group.

In 2015, the Group's liquefied chemicals throughput amounted to 1.16 million tons, representing an increase of 27.8%on a year-on-year basis. The significant increase in throughput demonstrated the Group's efforts to explore new markets and embrace new customers on the basis of stable oil supply.

In 2015, the Group's refined oil throughput amounted to 7.748 million tons, representing a decrease of 20.4% on a year-on-year basis. Affected by the continuous decrease in volume of "North-South Oil Transfer", transshipment throughput of refined oil recorded a significant fall.

In 2015, liquefied natural gases (LNG) throughput handled by the Group amounted to 2.738 million tons, representing a decrease of 18.6 %on a year-on-year basis. Due to economic downturn in Northeast China, LNG sales remained at a depressed level, and the Group's LNG throughput decreased significantly.

In 2015, the share of crude oil volume imported to Dalian and Northeast China handled by the Group were 100% (2014: 100%) and 73.6% (2014: 69.3%) respectively. The increase in market share was due to the facts that (i) crude oil price remained at low level; (ii) the number of regional refineries granted with the right to use imported crude oil increased; (iii) the Group took advantages of its geographical location, and port and bonded storage capacities to seize market opportunities and increased its imported crude oil throughput.

The performance of the Oil Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/-(%)
Revenue	2,078,019,028.41	1,909,118,078.18	8.8
Share in the Group's revenue	23.4%	24.0%	Down by 0.6 percentage point
Gross profit	809,150,573.33	690,043,389.15	17.3
Share in the Group's gross profit	55.6%	50.2%	Up by 5.4 percentage points
Gross profit margin	38.9%	36.1%	Up by 2.8 percentage points

In 2015, revenue from the Oil Segment increased by 8.8%, mainly due to an increase in handling revenue brought by the increased throughput as well as the new oil trading business. Gross profit margin increased by 2.8 percentage points. Excluding the impact of the trading business, the gross profit margin would be 51.8%, representing an increase of 5.1 percentage points year-on-year. The increase was mainly attributable to a year-on-year increase in volume in foreign oil supply, transshipment and bonded business, offset by increased depreciation expenses and operating costs as compared with 2014.

Container Segment

The following table sets out the container throughput handled by the Group in 2015 and its comparative results in 2014:

		2015 ('000 TEUs)	2014 年 ('000 TEUs)	+/- (%)
Foreign trade	Dalian	5,103	5,250	(2.8%)
	Other ports (note 1)	227	179	26.9%
	Sub-total	5,330	5,429	(1.8%)
Domestic trade	Dalian	4,197	4,761	(11.8%)
	Other ports	625	615	1.6%
	Sub-total	4,822	5,376	(10.3)
Total	Dalian	9,300	10,011	(7.1%)
	Other ports (note 1)	852	79.4	7.3%
	Total	10,153	1,080.5	(6.0%)

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 2015, in terms of container throughput, the Group handled a total of 10.153 million TEUs, representing a decrease of 6.0% on a year-on-year basis. In Dalian port, container throughput was 9.3 million TEUs, representing a decrease of 7.1% on a year-on-year basis.

In 2015, the Group adopted proactive measures to maintain container throughput at a stable level by developing foreign trade transshipment market in the Bohai Rim region and in overseas markets in order to compensate the slip in the hinterland of Northeast China where both import and export trade experienced dramatic slump. Following the "One Belt, One Road" initiative of the central government, the Group initiated international container routes and transformed Dalian Port into a part of the international logistics chain.

The performance of the Container Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/-(%)
Revenue	1,692,339,086.99	1,568,307,307.03	7.9
Share in the Group's revenue	19.0%	19.7%	Down by 0.7 percentage point
Gross profit	341,195,242.12	237,717,219.53	43.5
Share in the Group's gross profit	23.5%	17.3%	Up by 6.2 percentage points
Gross profit margin	20.2%	15.2%	Up by5.0 percentage points

In 2015, revenue from the Container Segment was up 7.9%. The increase was mainly attributable to the comprehensive logistics services provided to the customers with the help of good allocation of logistics elements and resources, and the new sea-land co-development and the refrigerated container operation of the trading business. Gross profit margin increased by 5.0 percentage points. The increase was mainly due to the decrease in operating costs as the Group integrated some sub-routes among container routes by following the "One Belt, One Road" initiative.

Automobile Segment

The following table sets out the throughput handled by the Group's Automobile Segment in 2015 and its comparative results in 2014.

		2015	2014	+/-(%)
Vehicles (units)	Foreign trade	16,593	30,135	(44.9%)
	Domestic trade	463,495	424,084	9.3%
	Total	480,088	454,219	5.7%
Equipment (tons)		5737	12,905	(55.5%)

In 2015, the Group handled a total of 480,088 vehicles, representing an increase of 5.7% on a year-on-year basis, since domestic trade customers increased their transshipment volume with the Group. The year-on-year increase in domestic finished automobile trading led to the increase in the overall throughput.

In 2015, the units of vehicles handled by the Group maintained a 100% market share in Northeast China.

The performance of the Automobile Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/-(%)
Revenue	1,866,027,173.77	1,639,882,258.40	13.8
Share in the Group's revenue	21.0%	20.6%	Up by 0.4 percentage point
Gross profit	44,544,236.02	29,445,712.65	51.3
Share in the Group's gross profit	3.1%	2.1%	Up by 1.0 percentage point
Gross profit margin	2.4%	1.8%	Up by 0.6 percentage point

In 2015, revenue from the Automobile Segment increased by 13.8%, mainly due to the steady launch of the automobile trading business. Gross profit and gross profit margin recorded increases of 51.3% and 0.6 percentage point respectively. The increases were attributable to extended routes developed for automobile trading and enhanced value-added services.

Ore Segment

The following table sets out the throughput handled by the Group's Ore Segment in 2015 and its comparative results in 2014.

	2015 ('000 tons)	2014 ('000 tons)	+/-(%)
Ore	14,298	16,330	(12.4%)
Others	1,176	1,193	(1.4%)
Total	15,474	17,523	(11.7%)

In 2015, the Group's Ore Segment handled 15.474 million tons of ores, representing a decrease of 11.7% on a year-on-year basis.

Mainly affected by the downturn in iron ore markets around the world, declining domestic demand, and improved handling and transporting capabilities of nearby ports, the Group's iron ore throughput recorded a significant decrease.

The performance of the Ore Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/-(%)
Revenue	349,865,498.15	255,881,586.33	36.7
Share in the Group's revenue	3.9%	3.2%	Up by 0.7 percentage point
Gross profit	-47,677,521.74	54,398,752.07	-187.6
Share in the Group's gross profit	-3.3%	4.0%	Down by 7.3 percentage points
Gross profit margin	-13.6%	21.3%	Down by 34.9 percentage points

In 2015, revenue from the Ore Segment increased by 36.7%, mainly due to the commencement of trading business. Excluding the revenue from the trading business, revenue and gross profit would drop by 33.5% and 187.6%, respectively, on a year-on-year basis, mainly due to insufficient market demand and reduced throughput resulted from stronger competition among nearby ports. Gross profit margin decreased by 34.9 percentage points mainly due to a significant decrease in the logistics revenue, high fixed costs and increase in depreciation expenses of the new stacking yard added during the year.

General Cargo Segment

The following table sets out the throughput handled by the Group's General Cargo Segment in 2015 and its comparative results in 2014:

	2015 ('000 tons)	**2014 ('000 tons)**	**+/-(%)**
Steel	6,589	7,722	(14.7%)
Coal	9,076	10,796	(15.9%)
Equipment	4,099	2,934	39.7%
Others	9,763	10,603	(7.9%)
Total	29,527	32,055	(7.9%)

The throughput handled at the Group's General Cargo Segment in 2015 amounted to 29.527 million tons, representing a decrease of 7.9% on a year-on-year basis.

In 2015, the Group handled 6.589 million tons of steel, representing a decrease of 14.7% on a year-on-year basis. Due to the market downturn in the domestic steel market and the anti-dumping policies imposed by foreign markets on China's steel products, steel plants faced greater operating pressures. The Group was severely impacted due to the geographical location of the ports where major steel plants reduced their transshipment volume.

In 2015, the volume of coal handled by the Group was 9.076 million tons, representing a decrease of 15.9% on a year-on-year basis. Due to excessive production capacity, a high level of inventory, over-supply and the impacts from imported coal, the coal prices in China were persistently low. As the majority of coal suppliers and traders have been selling coal at loss for a prolonged period, their desires to carry on coal transaction were worn out so that the transshipment volume they consigned at the Group's ports declined on a year-on-year basis.

In 2015, the volume of equipment handled by the Group was 4.099 million tons, representing an increase of 39.7% on a year-on-year basis. Through boosting near-port industries, "front workshops" of equipment plants at the port were established. More large equipment manufacturers were attracted by tailor-made high quality services, and advanced cargo handling processes and technologies of the port. As the Group's port has become their transshipment center in Northeast China, the equipment throughput of the port increased significantly.

The steel throughput and coal throughput handled by the Group's General Cargo Segment in 2015 accounted for 20.1% (2014: 20.5%) and 17.9% (2014: 18.1%), respectively, of the total market share among all ports in Northeast China.

The performance of the General Cargo Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/-(%)
Revenue	374,123,523.09	418,361,343.64	-10.6
Share in the Group's revenue	4.2%	5.3%	Down by 1.1 percentage points
Gross profit	-6,513,748.02	-11,684,392.57	44.3
Share in the Group's gross profit	-0.4%	-0.8%	Up by 0.4 percentage point
Gross profit margin	-1.7%	-2.8%	Up by 1.1 percentage points

In 2015, revenue from the General Cargo Segment decreased by 10.6%. Excluding the impact of the decreased revenue from the trading business, revenue would remain at approximately the same level as that in 2014. Gross profit margin increased by 1.1 percentage points, mainly attributable to lower labor costs, pound load fees and railway fees(including port railway and national railway) resulting from the reduction of general cargo carriages in handling coal and steel. Nevertheless, a portion of the reduced costs was offset by the increased depreciation expense after the reclassification of the Dalian Bay terminal as fixed asset as well as the increased outsourcing environmental protection service charge for the coal operation.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's Bulk Grain Segment in 2015 and its comparative results in 2014:

	2015 ('000 tons)	2014 ('000 tons)	+/- (%)
Corn	626	2,414	(74.1%)
Soybean	1,959	2,264	(13.5%)
Barley	310	469	(33.9%)
Wheat	19	42	(54.8%)
Others	1,296	1,219	6.4%
Total	4,210	6,408	(34.3%)

In 2015, the throughput handled by the Group's Bulk Grain Segment was 4.21 million tons, representing a year-on-year decrease of 34.3%.

In 2015, corn throughput handled by the Group's Bulk Grain Segment was 0.626 million tons, representing a decrease of 74.1% on a year-on-year basis. In 2015, the corn market was substantially impacted by imported corn and its substitutes, the decline in downstream demand and massive inventory of corn, resulting in shrinking liquidity in the corn market. Therefore, the Group recorded a year-on-year decrease in corn throughput.

In 2015, the Group's soybean throughput was 1.959 million tons, representing a decrease of 13.5% on a year-on-year basis. The decrease was due to sluggish soybean importation for processing caused by the sluggish domestic demand and persistently low prices of soybean and soybean meal.

In 2015, the Group's barley throughput was 0.31 million tons, representing a decrease of 33.9% on a year-on-year basis. Affected by centralized procurement implemented at the end of 2014, the total volume of barley purchased by the major customers of the Group dropped in 2015.

The performance of the Bulk Grain Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/-(%)
Revenue	1,361,492,366.50	1,000,851,533.24	36.0
Share in the Group's revenue	15.3%	12.6%	Up by 2.7 percentage points
Gross profit	-39,280,782.78	27,349,877.10	-243.6
Share in the Group's gross profit	-2.7%	2.0%	Down by 4.7 percentage points
Gross profit margin	-2.9%	2.7%	Down by 5.6 percentage points

In 2015, revenue from the Bulk Grain Segment increased by 36.0%. Excluding the impact of the trading business, the revenue would drop by 48.0%. The decrease was mainly caused by the decrease in handling fees due to the reduced throughput. Gross profit decreased by 243.6% and gross profit margin decreased by 5.6 percentage points, mainly due to a significant decrease in the transshipment throughput of bulk grain such as corn, reduced revenue from the utilization of the Group's bulk grain carriages subsequent to the liberalization of the bulk grain carriage rental market, and the rising share of fixed costs.

Passenger and Ro-Ro Segment

	2015	2014	+/-%
Passengers ('000 persons)	3,485	3,668	(5.0%)
Vehicles ('000 units) (note 2)	1,074	1,092	(1.7%)

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

In 2015, the Group transported 3.485 million passengers, representing a decrease of 5% on a year on year basis, and handled 1.074 million vehicles, representing a decrease of 1.7% on a year-on-year basis.

The performance of the Passenger and Ro-Ro Segment was as follows:

Items	2015 (RMB)	2014 年 (RMB)	+/-(%)
Revenue	128,759,441.77	130,682,437.91	-1.5
Share in the Group's revenue	1.4%	1.6%	Down by 0.2 percentage point
Gross profit	30,972,107.11	34,588,174.46	-10.5
Share in the Group's gross profit	2.1%	2.5%	Down by 0.4 percentage point
Gross profit margin	24.1%	26.5%	Down by 2.4 percentage points

In 2015, revenue from the Passenger and Ro-Ro Segment fell 1.5%, mainly due to a decrease in passenger throughput. Gross profit margin decreased by 2.4 percentage points, mainly due to the decreases in both passenger and vehicle throughput, especially vehicle throughput which is a higher profit margin business.

Value-added Services Segment

Tugging

In 2015, the Group secured steady income by voyage-charter and reasonable resource allocation. At the same time, by flexibly adjusting the number of tugboats and power ratios at each of the tugboat bases through scientific data analysis, the Group effectively reduced mobilization costs, which helped maintain a promising development momentum for the tugging business.

Tallying

Total tallying throughput handled by the Group was 45.001 million tons, representing a decrease of 3.7% on a year-on-year basis.

Railway

In terms of railway operation, the Group handled a total of 513,000 carriages, representing a decrease of 18.2% on a year-on-year basis.

In 2015, the performance of the Value-added Services Segment was as follows:

Items	2015 (RMB)	2014 (RMB)	+/-(%)
Revenue	940,030,013.54	914,102,400.25	2.8
Share in the Group's revenue	10.6%	11.5%	Down by 0.9 percentage points
Gross Profit	293,841,158.42	280,998,221.33	4.6
Share in the Group's gross profit	20.2%	20.4%	Down by 0.2 percentage points
Gross profit margin	31.3%	30.7%	Up by 0.6 percentage points

In 2015, revenue from the Value-add Services Segment was up 2.8%, mainly due to an increase in revenue from the tugging business and information service income from IT projects. Gross profit margin increased by 0.6 percentage point, mainly attributable to the steady quantitative and qualitative growth of the Value-added Services Segment.

Core Competitive Strengths

In 2015, the Group's port operation continued to show a stable growth momentum and maintained its competitive advantage in the Bohai Rim region notwithstanding adverse macro-economic and industrial conditions.

1. Advantageous Comprehensive Logistics System

In 2015, the Group continued to establish the comprehensive logistics system in the Bohai Rim region while further expanding its service network coverage. The scale of Laizhou Bay crude oil transshipment continued to expand, the container feeder service transportation system was optimized, and the Group's position in serving the region was further consolidated.

2. Advantageous Supply Chain Development Model

While optimizing services of every business segment, the port took advantage of the logistics system established through years of operation, and continued to develop the bulk commodity supply chain business and expand multi-directionally into peripheral sectors.

3. Advantageous Innovative Development

The Group utilized the port's advantageous comprehensive logistics system to strengthen innovation in service, model, collaboration, integration, cross-business development and other strategies, thus laid the solid foundation for innovative development of various business segments in the future.

4. Advantageous Close Collaboration

The Group strengthened its collaboration with logistics enterprises and corporate customers, and formulated a "One Rim, One Belt, One Road" strategy. The Group took advantage of the governmental support to establish syndicates, work closely and share its edges with different partners from diversified industries.

5. Advantageous Financial Services

In addition to innovative development in port services and near-port industries, the Group also provided comprehensive support to related financial business with its own advantages in trading. Interaction among logistics, trading and financial industries has been facilitated, which was conducive to the internal growth of the logistics and trading industries.

DISCUSSION AND ANALYSIS OF THE BOARD ON THE COMPANY'S FUTURE DEVELOPMENT

(I) Competition Landscape and Industry Trend

In 2016, global economy recovery will remain arduous, and since it is unlikely to change the slowdown of macro-economy within a short-term, the global economy will continue to face greater downward pressure.

It is expected that the domestic economic growth will continue to slow down and the macro-control will shift towards supply-side and structural reforms. With the challenges of both domestic and global economy, the central government aims at stabilizing economic growth, adjusting the economic structure and implementing moderate reforms.

The Group's major hinterland includes the Three Northeastern Provinces of China, the eastern region of Inner Mongolia and the Bohai Rim region. Cargo supply mainly relates to oil products, containers, automobiles, bulk commodities such as iron ores, coal, steel and grain, as well as passenger and roll-on and roll-off operations. With a comprehensive range of cargo types in its operations, the Group has a stronger risk-resisting capability. The Group expects that the total throughput will continue to maintain a stable growth. In particular, the oil and chemical business and the automobile business will continue to maintain a steady growth.

(II) Possible Risk Exposures

Against the backdrop of slow global economic recovery and the "New Normal" of the domestic economy, the Chinese economy will continue to restructure, transform and upgrade. Labor costs will also continue to rise. Meanwhile, China's export trade is also facing challenges, and the risks and uncertainties impose pressure on the operations of the port under such complicated global economic conditions. Firstly, global economic uncertainties are still prominent and the changes of international trading pattern affect the development of the port. Secondly, the domestic economy is facing "New Normal" which dramatically influences cargo trading at port. Thirdly, the economy in the Group's hinterland, namely Northeast China, lacks momentum, resulting in keener competition in cargo supply. Fourthly, sizing-up of vessels and forming alliances among different transportation service providers reduce the number of ports available to choose. On the other hand, large-scale ports at home are generally just large in sizebut not strong in operations, and their structures are also not optimized. Affected by the aforementioned risks and uncertainties, throughput and operating revenue of domestic ports will show sluggish growth.

(III) Development Strategies of the Group

The Group will continue to focus on building its comprehensive logistics service platform and integrated industrial, commerce and trading platform, and positioning itself to tap into economic trends. By facilitating the construction of supply chain service system, strengthening the collaboration with both upstream and downstream enterprises such as railway enterprises and port service enterprises to enrich its chain value, the Group will customize all-in-one solutions including logistics, trading and financial services for customers by making use of the port's own advantages. Supply chain and logistics chain systems will be further consolidated by continuous extension into new business segments and exploration of new cargoes.

Major market development measures taken by the Group in 2015 are as follows:

Oil Segment

Capitalizing on low oil prices and gradual liberalization of crude oil importation to China, the Group secured additional crude oil transshipment clients by integrating resources to provide them with more effective and convenient logistics port services.

The construction of the 305,000 m^3 bonded storage tanks under Phase II of Dalian North Petroleum Logistics Co. Ltd. and the 1,200,000 m^3 bonded crude oil tanks in Changxing Island completed.

Container Segment

The Group enhanced its strength to develop transshipment market by initiating logistics collaboration with key domestic and foreign shipping companies on their trading networks, ensuring the smooth operation of foreign trading routes of Dalian Port, and pushing forward the establishment of domestic trading center in Dalian.

To construct an international sea-to-rail transportation network and foster inter-connected mutual development of Northeast Asia, the Group collaborated with railway authorities and logistics service providers to expand the international railway network and build a new economic Silk Road across Northeast China reaching east to Japan and Korea, west to Europe and Russia, and south to ASEAN.

The Group facilitated specialized logistics development and extended port services in order to speed up transformation and upgrade of the port. Also the Group expanded port trading business, improved services of the port and fostered the transformation and upgrade of the port according to the development of the hinterland and demand of the market.

Automobile Segment

Frequent and proactive communication with shipping companies enabled timely information collection and development of roll-on, roll-off routes; improved port facilities and diversified cargo varieties enhanced customers' loyalty; joint venture collaboration and concentration of cargo supply escalated overall competitiveness of the port.

Ore Segment

In 2015, fully loaded vessel "VALEMAX" arrived at our port with her virgin voyage. With the core capabilities of our specialized port facilities for 400,000 tons ore carriers and the upgrade of our stacking yard, a comprehensive supply chain extended from port services, and a Bohai Rim regional ore distribution center was established.

Near-port ore mixing business has been further enhanced in 2015. Quality of mixed ore was highly regarded by customers due to the greatly improved efficiency of our techniques. The brand of "Asian (Dalian) Standard Ore" began to come into effect and laid the solid foundation for port transformation and regional economic growth.

General Cargo Segment

The Longzu steel transportation services substantially stabilized the steel transportation operation. The operation of the port developed steadily by commencing more domestic and foreign trade routes.

Resources were poured into the development of near-port industries in order to attract near-port projects to be developed in Dalian Port.

Bulk Grain Segment
Through triangular collaboration among the port, railway companies and cargo owners, the Group strived to develop a new model of dual bulk grain carriages circulation system to reduce operating costs and attract business from domestic corn trade.

Passenger and Ro-Ro Segment
The Group successfully procured the cruise vessel "Chinese Taishan" to depart from Dalian Port and entered the international cruise business.

The Group developed cross-regional passenger and roll-on, roll-off business by improving routes between the mainland and islands

The Group endeavored to push forward the establishment of e-commerce platform, further improved the official website and mobile phone application, and implemented the strategy of "Internet + Port" by collaborating with third-party e-commerce platforms such as Ctrip and Tencent based on the current ticket-selling model in WeChat.

Value-added Services Segment
In respect of the services in markets outside Dalian, the Group made greater marketing efforts in response to the dynamic changes in market conditions. To maintaining its leading position among its domestic peers, the Group has expanded the market, timely adjusted strategies and optimized resource allocation to maintain a stable market using its edges in terms of professionals, equipment, management and technology.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE
The Company has complied with 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 2015.

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 [2015].

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES
During the year ended 31 December 2015, save for the following transactions in relation to the Company's securities, or securities of its subsidiaries, the Company did not redeem any of its listed shares, and neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares.

1. Placing of new H Shares under specific mandate

The placing agreement dated 31 December 2015 was entered into among the Company, GF Securities (Hong Kong) Brokerage Limited and GF Capital (Hong Kong) Limited (the "Placing Agreement") in relation to the placing of up to 1,475,400,000 new H Shares, representing, if fully issued, approximately 33.33% of the then total issued share capital of the Company at the date of the Placing Agreement ("Placing Shares").

On 12 January 2016, the Company entered into a subscription agreement with GF Securities (Hong Kong) Brokerage Limited (the “Subscription Agreement”) with respect to the first tranche of the placing for an aggregate of 1,180,320,000 Placing Shares (“First Tranche Placing Shares”) at the price of HK$3.67 per First Tranche Placing Share.

The conditions of the Subscription Agreement were fulfilled and completion of the first tranche placing took place on 1 February 2016 in accordance with the terms of the Subscription Agreement.

2. Issuance of short-term commercial paper

On 10 August 2015, the Company issued the first tranche of short-term commercial paper at the amount of a RMB1 billion for a term of 366 days at a coupon rate of 3.15%, with China Everbright Bank Co., Ltd and China Minsheng Banking Corp. Ltd. acting as the joint lead underwriters.

On 19 October 2015, the Company issued the second tranche of short-term commercial paper at the amount of RMB1 billion for a term of 366 days at a coupon rate of 3.2%, with China Everbright Bank Co., Ltd and China Minsheng Banking Corp. Ltd. acting as the joint lead underwriters.

3. Issuance of RMB800 million 4.50% credit enhanced bonds due 2018

The Company entered into a subscription agreement with ABCI Capital Limited, Agricultural Bank of China Limited Hong Kong Branch, CCB International Capital Limited, China Minsheng Banking Corp., Ltd. Hong Kong Branch, China Merchants Securities (HK) Co., Limited, Huatai Financial Holdings (Hong Kong) Limited, Industrial and Commercial Bank of China, Singapore Branch and Wing Lung Bank Limited on 11 February 2015 (the “Bonds Subscription Agreement”) in connection with the issue of RMB800 million 4.50% credit enhanced bonds due 2018 (the “Bonds”).

On 17 February 2015, all the conditions to the issuance of the Bonds as set out in the Bonds Subscription Agreement have been met and the Bonds have been successfully issued and completed.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company’s audit committee has reviewed the accounting standards and practices adopted by the Group and the annual results for the year ended 31 December 2015.

FINAL DIVIDEND

Such proposal is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting. The record date and closure of books for determining entitlement to the 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 2015 annual report containing all information including this financial results for the year ended 31 December 2015 will be published on the Company's website at www.dlport.cn and the website of the Stock Exchange at www.hkex.com.hk in due course.

By Order of the Board of Directors
WANG Jilu, LEE, Kin Yu Arthur

Joint Company Secretaries

Dalian City, Liaoning Province, the PRC
24 March 2016

As at the date of this announcement, the Directors of the Company are:
Executive Directors: HUI Kai, WEI Minghui
Non-executive Directors: XU Song, XU Jian and YIN Shihui
Independent non-executive Directors: WAN Kam 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"