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

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

(Stock Code: 2880)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2014

The Board （the "**Board**"）of Directors (the "**Directors**") of Dalian Port (PDA) Company Limited (the "**Company**") is pleased to announce the unaudited financial results of the Company and its subsidiaries (the Company and its subsidiaries, collectively, the "**Group**") prepared pursuant to China Accounting Standards for Business Enterprises for the six months ended 30 June 2014.

OPERATING RESULTS

The results for the six months ended 30 June 2014, which have been reviewed by the Group's auditors and the Company's Audit Committee, are as follows:

CONSOLIDATED BLANCE SHEETS (UNAUDITED)

AS AT 30 JUNE 2014

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	30 June 2014 Consolidated	31 December 2013 Consolidated
Current assets		
Cash at bank and in hand	1,997,628,832.80	2,339,398,061.70
Financial assets held for trading	14,288,449.89	12,412,829.99
Notes receivable	110,152,890.23	60,056,586.58
Accounts receivable	765,950,998.55	502,348,024.46
Advances to suppliers	47,116,681.60	67,102,980.29
Interest receivable	6,047,223.16	16,308,120.60

Dividends receivable	3,065,152.59	6,337,135.91
Other receivables	609,792,323.75	475,665,762.06
Inventories	656,545,733.30	414,139,590.18
Current portion of non-current assets	-	-
Other current assets	159,168,944.01	1,091,825,294.05
Total current assets	4,369,757,229.88	4,985,594,385.82
Non-current assets		
Available-for-sale financial assets	236,315,611.76	174,907,551.61
Long-term receivables	24,588,407.36	-
Long-term equity investments	3,847,380,840.48	3,892,666,681.01
Investment properties	689,232,146.99	697,137,339.31
Fixed assets	14,188,867,607.73	14,055,550,428.58
Construction in progress	2,252,007,356.34	2,547,712,504.06
Fixed assets pending for disposal	4,663,046.84	888,514.14
Intangible assets	733,174,369.80	748,697,778.95
Goodwill	16,035,288.74	16,035,288.74
Long-term prepaid expenses	20,947,468.95	22,627,890.05
Deferred tax assets	60,858,839.13	60,483,766.67
Other non-current assets	175,740,180.00	23,806,956.08
Total non-current assets	22,249,811,164.12	22,240,514,699.20
TOTAL ASSETS	26,619,568,394.00	27,226,109,085.02

LIABILITIES AND OWNERS' EQUITY	30 June 2014 Consolidated	31 December 2013 Consolidated
Current liabilities		
Short-term loans	457,410,516.55	394,592,844.90
Notes payable	30,040,190.20	31,680,000.00
Accounts payable	209,092,016.86	215,262,053.67
Advances from customers	380,357,348.08	297,003,288.14
Employee benefits payable	96,872,205.96	153,090,035.08
Taxes payable	54,834,913.82	65,815,804.00
Interest payable	151,732,298.49	188,015,798.98
Dividends payable	356,124,839.47	85,947,458.51
Other payables	748,552,158.19	844,444,268.52
Current portion of non-current liabilities	955,683,180.91	3,208,791,625.50
Total current liabilities	3,440,699,668.53	5,484,643,177.30
Non-current liabilities		
Long-term borrowings	2,782,010,023.77	1,393,401,245.21

Debentures payable	4,967,634,142.15	4,963,843,320.56
Long-term payables	16,365,409.24	12,666,979.84
Deferred tax liabilities	11,668,541.58	12,451,436.00
Other non-current liabilities	679,509,176.97	697,817,896.11
Total non-current liabilities	8,457,187,293.71	7,080,180,877.72
Total liabilities	11,897,886,962.24	12,564,824,055.02
Owners' equity		
Paid-in capital	4,426,000,000.00	4,426,000,000.00
Capital surplus	6,113,476,188.62	6,116,197,381.13
Surplus reserve	533,416,415.28	533,416,415.28
Special reserve	17,343,889.66	9,528,835.46
Undistributed profits	2,370,520,657.55	2,352,129,307.90
Difference on translation of foreign currency financial statements	5,671,728.94	7,472,254.84
Total equity attributable to equity holders of the Company	13,466,428,880.05	13,444,744,194.61
Minority interest	1,255,252,551.71	1,216,540,835.39
Total owners' equity	14,721,681,431.76	14,661,285,030.00
TOTAL LIABILITIES AND OWNERS' EQUITY	26,619,568,394.00	27,226,109,085.02

CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2014

(All amounts in RMB Yuan unless otherwise stated)

Item	For the six months ended 30 June 2014 Consolidated	For the six months ended 30 June 2013 Consolidated
Revenue	3,297,872,554.47	3,341,276,785.15
Less: Cost of sales	2,578,957,372.44	2,439,535,143.28
Taxes and surcharges	17,578,344.00	106,076,391.23
Selling and distribution expenses	47,980.00	199,960.29
General and administrative expenses	247,461,042.33	239,033,197.64
Financial expenses-net	236,242,751.54	202,422,195.93
Asset impairment losses	-	(1,148,013.87)
Add: Gains on changes in fair value	165,619.90	54,712.20
Investment income	78,023,499.66	96,520,109.40
Including: Share of profit of associates and joint ventures	38,224,323.02	50,619,226.36

Operating profit	295,774,183.72	451,732,732.25
Add: Non-operating income	145,571,150.73	121,533,706.50
Less: Non-operating expenses	6,384,726.25	1,038,907.35
Including: Losses on disposal of non-current assets	5,589,872.83	65,056.52
Total profit	434,960,608.20	572,227,531.40
Less: Income tax expenses	109,219,126.31	127,095,434.35
Net profit	325,741,481.89	445,132,097.05
Attributable to equity holders of the Company	284,418,933.05	387,276,213.09
Minority interest	41,322,548.84	57,855,883.96
Earnings per share		
Basic earnings per share (RMB Yuan)	0.06	0.09
Diluted earnings per share (RMB Yuan)	0.06	0.09
Other comprehensive income	(6,397,826.15)	(1,916,272.71)
Total comprehensive income	319,343,655.74	443,215,824.34
Attributable to equity holders of the Company	278,021,106.90	385,359,940.38
Minority interest	41,322,548.84	57,855,883.96

1. General information

Dalian Port (PDA) Company Limited (hereinafter, the "Company") was established in Liaoning Province, the People's Republic of China as a limited company by Dalian Port Corporation Limited (hereinafter, "PDA"), Dalian Rongda Investment Company Limited, Dalian Haitai Holdings Company Limited, Dalian Detai Holdings Company Limited and Dalian Bonded Zhengtong Company Limited with the approval by Da Zheng [2005] No.153 issued by the People's Government of Dalian City, Liaoning Province. Pursuant to the approval of the Administration for Industry and Commerce of Dalian City, Liaoning Province, the Company was registered with the business license number of 210200400039287. The operating period is 70 years. The H shares and A shares which are ordinary shares and issued by the Company have been listed and traded on main board of The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange since 28 April 2006 and 6 December 2010, respectively. The Company's registered office and headquarter are located at Xinyang Commercial Building, Dalian

International Logistics Park Zone, Liaoning Province. The Company and its subsidiaries (hereinafter collectively, the "Group") are principally engaged in the provision of oil/liquefied chemical terminal and the related logistics services, container terminal and the related logistics services, automobile terminal and the related logistics and trading services, ore terminal and the related logistics services, general cargo terminal and the related logistics and trading services, bulk grain terminal and the related logistics and trading services, passenger and roll-on/roll-off terminal and the related logistics services, and port value-added services and ancillary port operations, being part of transportation industry.

As at 30 June 2014, the Company has issued 4,426,000,000 shares in total.

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

These financial statements were approved and authorised for issue by the Company's Board of Directors on 28 August 2014.

These financial statements are unaudited.

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, the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of 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 (2010 Revision) promulgated by China Securities Regulatory Commission.

3. Business consolidation and consolidated financial statements

3.1 Entities newly included in the consolidated financial statements for current period

	Net assets at end of period	Net (loss)/profit in current period
Dalian Ganghong International Trade Co., Ltd. (a)	19,904,967.83	(95,032.17)
Dalian Assembling Transportation Logistics Co., Ltd. (b)	33,784,981.19	1,904,437.83

(a) Dalian Ganghong International Trade Co., Ltd. is a subsidiary newly incorporated in current period.

(b) Dalian Assembling Transportation Logistics Co., Ltd. is a subsidiary acquired through business combinations involving enterprises not under common control in the current period, and its net profit for current period is the net profit earned during the period from the acquisition date to 30 June 2014.

3.2 Business combinations involving enterprises not under common control

	Amount of goodwill	Calculation method for goodwill
Dalian Assembling Transportation Logistics Co., Ltd. (a)	(24,533.89)	The difference between the sum of combination cost and the fair value of interest originally held before acquisition date, and the fair value of the acquirer’s interest in the acquiree’s identifiable net assets, is recognized as goodwill, or in profit or loss for the current period, calculated as follows.

(a) Dalian Assembling Transportation Logistics Co., Ltd.

The Group originally held 70% equities of Dalian Assembling Transportation Logistics Co., Ltd. ("Assembling Transportation Logistics") and was accounted for as joint venture under equity method. As at 31 December 2013, the Group signed an equity transfer agreement with Dalian Customs Authority to purchase the remaining 30% equities of Assembling Transportation Logistics with a consideration of RMB 9,000,000. It was stipulated that the cut-off date was 31 December 2013, and the Group held 100% equities and 100% voting rights of Assembling Transportation Logistics thereafter, thus the acquisition date of this transaction was 1 January 2014.

(i) Details of cost of combination and goodwill recognition are as follows:

Cost of combination-cash consideration of 30% equities (*)	9,000,000.00
Fair value of 70% equities originally held on acquisition date(**)	22,798,662.64
Total	31,798,662.64
Less: Fair value of the identifiable net assets obtained	(31,823,196.53)
Goodwill	(24,533.89)

* This amount is within the payment term, thus it is unpaid yet.
**This amount is the fair value of 70% equities of Assembling Transportation Logistics held by the Group prior to the acquisition date.

(ii) Gain or loss arising from recalculation of fair value of 70% equities originally held prior to acquisition date

Fair value of 70% equities originally held	22,798,662.64
Less: Book value of 70% equities originally held	(22,798,662.64)
Gain or loss arising from recalculation	-

(iii) The assets and liabilities of Dalian Assembling Transportation Logistics Co., Ltd as at the acquisition date, and the cash flows relating to the acquisition are as follows:

	Acquisition date Fair value	Acquisition date and 31 December2013 Carrying amount
Cash at bank and on hand	7,107,219.40	7,107,219.40
Receivables	22,472,273.11	22,472,273.11
Other current assets	1,006,603.34	1,006,603.34
Fixed assets	2,836,002.59	2,836,002.59
Intangible assets	71,395.96	71,395.96
Less: Payables	(996,176.58)	(996,176.58)
Employee benefits payable	(674,121.29)	(674,121.29)
Net assets	31,823,196.53	31,823,196.53
Less: Minority interests	-	-
Net assets obtained	31,823,196.53	31,823,196.53

(iv) The revenue, net profit and cash flows of Dalian Assembling Transportation Logistics Co., Ltd. for the period from the acquisition date to 30 June 2014 are as follows:

Revenue	9,236,040.17
Net profit	1,904,437.83
Cash flows from operating activities	(1,820,456.49)
Net cash flows	(1,820,456.49)

4. Accounts receivable

The credit period of accounts receivable is generally 90 days, and accounts receivable are free of interest.

	30 June 2014 (Unaudited)	31 December 2013
Accounts receivable	767,474,475.76	507,339,218.41
Less: Provision for bad debts	(1,523,477.21)	(4,991,193.95)
	765,950,998.55	502,348,024.46

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

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

	30 June 2014 (Unaudited)	31 December 2013
Within 1 year	702,183,811.06	440,851,028.18
1 to 2 years	50,799,252.86	49,990,884.82
2 to 3 years	5,229,141.92	5,698,577.64
Over 3 years	9,262,269.92	10,798,727.77
	767,474,475.76	507,339,218.41

Movements of provision for bad debts of accounts receivable are as follows:

	For the six months ended 30 June 2014 (Unaudited)	2013
Balance at beginning of period / year	4,991,193.95	4,026,906.95

Provision in current period / year	-	1,525,712.16
Reversal in current period / year	-	(561,425.16)
Write-off in current period / year	(3,467,716.74)	-
Balance at end of period / year	1,523,477.21	4,991,193.95

5. Other receivables

	30 June 2014 (Unaudited)	31 December 2013
Government subsidies receivable	291,832,744.80	160,214,685.00
Bills of exchange	142,386,668.22	211,604,420.36
Entrusted Loan	43,042,800.00	-
Deposit and security deposit receivable	34,075,862.47	36,296,693.06
Reserves and advances receivable	10,684,697.42	23,511,196.77
Port construction and miscellaneous expenses	15,917,144.88	13,908,339.25
Public infrastructure maintenance expenses	4,067,382.00	4,004,604.49
Others	68,846,216.93	27,187,016.10
	610,853,516.72	476,726,955.03
Less: Provision for bad debts	(1,061,192.97)	(1,061,192.97)
	609,792,323.75	475,665,762.06

Movements of provision for bad debts of other receivables are as follows:

	For the six months ended 30 June 2014 (Unaudited)	2013
Balance at beginning of period / year	1,061,192.97	1,533,304.97
Reversal in current period / year	-	(472,112.00)
Balance at end of period / year	1,061,192.97	1,061,192.97

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

	30 June 2014	31 December 2013

	(Unaudited)	
Within 1 year	592,277,865.07	456,171,792.27
1 to 2 years	8,829,826.23	9,768,729.75
2 to 3 years	4,795,071.84	6,027,581.69
Over 3 years	4,950,753.58	4,758,851.32
	610,853,516.72	476,726,955.03

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

	30 June 2014 (Unaudited)				31 December 2013			
	Ending balance	% of total balance	Provision for bad debts	%	Ending balance	% of total balance	Provision for bad debts	%
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	485,951,235.52	79.55%	-	-	358,576,632.68	75.22%	-	-
With amounts for that the related provision for bad debts is provided on the grouping basis	-	-	-	-	-	-	-	-
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	124,902,281.20	20.45%	1,061,192.97	0.85%	118,150,322.35	24.78%	1,061,192.97	0.90%
	610,853,516.72	100.00%	1,061,192.97	0.17%	476,726,955.03	100.00%	1,061,192.97	0.22%

6. Advances to suppliers

The ageing of advances to suppliers is analysed below:

	30 June 2014 (Unaudited)		31 December 2013	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	46,929,806.20	99.60%	66,977,497.58	99.81%
1 to 2 years	92,100.00	0.20%	30,707.31	0.05%

2 to 3 years	94,775.40	0.20%	94,775.40	0.14%
	47,116,681.60	100.00%	67,102,980.29	100.00%

As at 30 June 2014, advances to suppliers over 1 year with a carrying amount of RMB 186,875.40 (31 December 2013: RMB 125,482.71) were mainly advances paid for servers and software, which were not fully settled due to instalment arrangement.

7. Inventories

(a) Inventories are summarised by categories as follows:

	30 June 2014 (Unaudited)			31 December 2013		
	Ending balance	Provision for decline in value of inventories	Carrying amount	Ending balance	Provision for decline in value of inventories	Carrying amount
Raw materials	95,180,105.22	(2,037,642.99)	93,142,462.23	93,506,680.70	(2,037,642.99)	91,469,037.71
Work in progress	3,809,502.12	-	3,809,502.12	555,128.22	-	555,128.22
Finished goods	559,593,768.95	-	559,593,768.95	322,115,424.25	-	322,115,424.25
	658,583,376.29	(2,037,642.99)	656,545,733.30	416,177,233.17	(2,037,642.99)	414,139,590.18

As at 30 June 2014, the bank borrowings of RMB 317,410,516.55 (31 December 2013: RMB 284,592,844.90) were secured by inventories with carrying amount of RMB 369,912,838.53 (31 December 2013: 246,722,313.39) and the related importing documents.

(b) Changes in ending balances of inventories for current year are analysed as follows:

	31 December 2013	Increase in current period	Decrease in current period	30 June 2014 (Unaudited)
Raw materials	93,506,680.70	243,887,477.98	(242,214,053.46)	95,180,105.22
Work in progress	555,128.22	3,450,022.17	(195,648.27)	3,809,502.12
Finished goods	322,115,424.25	1,493,782,391.59	(1,256,304,046.89)	559,593,768.95
	416,177,233.17	1,741,119,891.74	(1,498,713,748.62)	658,583,376.29

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

	31 December 2013	Depreciation charged in current period	Decrease in current period		30 June 2014 (Unaudited)	Basis for provision for decline in the value of inventories
			Reversal	Write-off		
Raw materials	2,037,642.99	-	-	-	2,037,642.99	Slow moving
	2,037,642.99	-	-	-	2,037,642.99	

8. Notes payable

	30 June 2014 (Unaudited)	31 December 2013
Bank acceptance notes	30,040,190.20	31,680,000.00

As at 30 June 2014, Bank acceptance notes that are estimated to be due within one year amounted to RMB 30,040,190.20 (31 December 2013: RMB 31,680,000.00).

9. Accounts payable

Accounts payable generally are paid off within 90 Days without interests.

	30 June 2014 (Unaudited)	31 December 2013
Vessel leasing	59,546,507.71	48,758,729.59
Purchase of goods	13,784,840.08	14,349,871.70
Purchase of auxiliary materials	135,760,669.07	152,153,452.38
	209,092,016.86	215,262,053.67

(a) Accounts payable to shareholders holding more than 5% (inclusive) of the voting rights of the Company are as follows:

As at 30 June 2014, there are no accounts payable to shareholders holding more than 5% (inclusive) of the voting rights of the Company (31 December 2013: Nil).

(b) As at 30 June 2014, accounts payable over 1 year amounted to RMB 6,018,281.28 (31 December 2013: RMB 5,564,412.71). Such accounts payable comprised payables for subcontracting and materials which had not been cleared finally for the overall project had not been completed and finally settled. As at the date on which these financial statements were authorised for issue, RMB 592,680.00 was repaid.

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

	30 June 2014 (Unaudited)	31 December 2013
Within 1 year	203,073,735.58	209,697,640.96
1 to 2 years	3,386,416.78	4,859,013.19
2 to 3 years	2,245,387.98	317,445.00
Over 3 years	386,476.52	387,954.52
	209,092,016.86	215,262,053.67

(d) Accounts payable denominated in foreign currencies are as follows:

	30 June 2014 (Unaudited)			31 December 2013		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
USD	394,947.80	6.1528	2,430,034.82	1,210,557.55	6.0969	7,380,648.33

10. Revenue and cost of sales

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Revenues from main operations	3,128,749,280.81	3,129,820,766.42
Revenue from other operations	169,123,273.66	211,456,018.73
	3,297,872,554.47	3,341,276,785.15

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Cost of sales from main operations	2,457,754,346.98	2,285,567,332.92
Cost of sales from other operations	121,203,025.46	153,967,810.36
	2,578,957,372.44	2,439,535,143.28

(a) Analysis by industries is as follows:

	For the six months ended 30 June 2014 (Unaudited)		For the six months ended 30 June 2013 (Unaudited)	
	Revenues	Cost of sales	Revenue	Cost of sales
Automobile terminal and related logistics services	748,437,695.71	728,591,427.81	241,851,209.78	232,883,075.43
Oil and liquefied chemicals terminal and related logistics services	724,370,024.74	345,553,920.01	543,919,494.43	258,470,785.16
Container terminal and related logistics services	719,588,395.16	609,143,906.79	606,947,970.85	386,896,343.90
Port value-added and ancillary services	407,715,213.98	272,721,760.50	421,913,005.20	287,719,149.57
Grains terminal and related logistics services	250,942,736.46	245,541,578.58	1,039,904,097.10	926,438,968.47
General cargo terminal and related logistics services	210,437,852.69	217,224,663.26	201,955,343.90	194,286,973.69

Ore terminal and related logistics services	129,353,555.51	92,458,123.36	143,044,855.16	87,799,729.97
Passenger, roll-on and roll-off terminal and related logistics services	55,412,188.64	40,028,686.98	61,631,785.13	43,390,388.70
Others	51,614,891.58	27,693,305.15	80,109,023.60	21,649,728.39
	3,297,872,554.47	2,578,957,372.44	3,341,276,785.15	2,439,535,143.28

(b) The revenue is categorised as follows

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Loading services	925,694,227.95	933,391,587.22
Commodity trading	918,418,831.04	1,114,011,568.19
Storage services	428,153,874.37	300,038,188.86
Agency services	287,360,899.07	39,278,490.24
Logistics services	236,979,270.03	301,878,747.17
Leasing services	117,814,312.08	196,441,483.34
Port management services	104,566,460.20	101,038,325.70
Electric supply services	50,241,107.70	53,564,453.40
Project construction and supervision services	46,170,865.71	53,642,273.96
Tallying services	29,084,092.66	29,982,927.12
Information services	28,360,608.61	31,111,554.00
Sales of goods	7,198,943.17	57,385,611.82
Others	117,829,061.88	129,511,574.13
	3,297,872,554.47	3,341,276,785.15

11. Taxes and surcharges

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)	Tax base
Business tax	10,124,150.50	82,810,478.95	3%-5% of taxable income
City maintenance and construction tax and educational surcharges	7,454,193.50	10,169,548.51	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	
	17,578,344.00	106,076,391.23	

12. Non-operating income

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)	Amount recognised in non-recurring profit or loss for the six months ended 30 June 2014
Gains on disposal of non-current assets	892,471.08	3,049,779.80	892,471.08
Including: gains on disposal of fixed assets	892,471.08	3,049,779.80	892,471.08
Government grants (a)	136,916,671.67	116,671,905.81	2,298,625.53
Negative goodwill from equity acquisition	24,533.89	250,000.00	24,533.89
Others	7,737,474.09	1,562,020.89	7,737,474.09
	145,571,150.73	121,533,706.50	10,953,104.59

(a) Details of government grants

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)	Related to assets / income
Container subsidies (i)	111,254,300.00	74,060,980.00	Related to income
Relocation compensation	17,252,592.00	41,907,334.67	Related to assets
Vessel construction subsidies	395,608.80	395,608.80	Related to assets
Equipment reconstruction subsidies	90,545.34	82,982.34	Related to assets
Operation subsidies	5,625,000.00	-	Related to income
Refund of turnover taxes	2,273,625.53	-	Related to income
Others	25,000.00	225,000.00	Related to income
	136,916,671.67	116,671,905.81	

(i) In accordance with comments of Dalian Municipal Government on Application for 2014-2015 Container Subsidies (Da Gang Kou Fa [2014] No. 39) on 14 April 2014, government grants recognised by the Group for the sixth months ended 30 June 2014 amounted to RMB 111,254,300.00 (For the sixth months ended 30 June 2013: RMB 74,060,980.00).

13. Non-operating expenses

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)	Amount recognised in non-recurring profit or loss in 2014
Losses on disposal of non-current assets	5,589,872.83	65,056.52	5,589,872.83
Including: losses on disposal of fixed assets	5,589,872.83	65,056.52	5,589,872.83
Others	794,853.42	973,850.83	794,853.42
	6,384,726.25	1,038,907.35	6,384,726.25

14. Income tax expenses

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Current income tax calculated based on tax law and related regulations	110,377,093.19	127,888,634.57
Deferred income tax	(1,157,966.88)	(793,200.22)
	109,219,126.31	127,095,434.35

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:

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Total profit	434,960,608.20	

		572,227,531.40
Income tax expenses calculated at applicable tax rates	108,740,152.05	143,056,882.85
Effect of different tax rates applicable to subsidiaries in Mainland China	(2,046,052.65)	(486,896.20)
Effect of different tax rates applicable to subsidiaries outside Mainland China	2,784,248.88	1,790,551.73
Adjustments for current income tax of prior periods	215,293.94	(1,352,576.64)
Income not subject to tax	(14,989,727.53)	(23,342,152.25)
Expenses not deductible for tax purposes	778,308.07	2,071,802.61
Utilisation of previously unrecognised tax losses	(64,331.36)	-
Deductible losses for which no deferred tax asset was recognised	13,801,234.91	5,357,822.25
Income tax expenses	109,219,126.31	127,095,434.35

15. 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:

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	284,418,933.05	387,276,213.09
Weighted average number of ordinary shares outstanding	4,426,000,000.00	4,426,000,000.00
Basic earnings per share	0.06	0.09
Including:		
- Basic earnings per share from continuing operations	0.06	0.09

(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 six months ended 30 June 2014, there were no dilutive potential ordinary shares (For the six months ended 30 June 2013: nil), diluted earnings per share is equal to basic earnings per share.

16. 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 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 services, responsible for loading and discharging of automobile and provision of related logistics services, automobile trading operation
- Ore terminal and related logistics services, responsible for loading and unloading of ore and provision of related logistics services
- Bulk terminal and related logistics services, responsible for loading and unloading of grains and provision of related logistics services, bulk grains trading operation
- General cargo terminal and related logistics services, responsible for loading and unloading of general cargo and provision of related logistics services, 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.

Intersegment revenue is eliminated on consolidation. Intersegment 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 six months ended 30 June 2014 (unaudited) is as follows (unit: RMB’000)

	Oil/liquefied chemicals terminal and related logistics services	Container terminal and related logistics services	General cargo terminal, related logistics services and trading business	Ore terminal and related logistics services	Bulk grains terminal, related logistics services and trading business	Passenger and roll-on, roll-off terminal and related logistics services	Port value-added services and related ancillary port operations	Automobile terminal, related logistics services and trading business	Others	Elimination	Total
Revenue from external customers	724,370	719,588	210,437	129,354	250,943	55,412	407,715	748,438	51,615	-	3,297,872
Inter-segment revenue	643	-	5,459	97	-	338	46,674	1,438	20,888	(75,537)	-
Interest income	289	2,349	230	32	2,210	34	608	203	4,260	-	10,215
Investment income from associates and joint ventures	33,421	3,626	(10,380)	-	-	(13,335)	17,612	7,280	-	-	38,224
Depreciation and	96,681	84,428	41,323	44,746	35,218	15,718	30,273	4,045	17,461	-	369,893

amortisation											
Total profit	381,861	164,608	(35,122)	21,114	3,629	(8,174)	87,262	9,003	(189,220)	-	434,961
Income tax expenses	90,819	40,864	(4,280)	5,298	958	1,061	12,885	1,489	(39,876)	-	109,218
Net profit	291,042	123,744	(30,842)	15,816	2,671	(9,235)	74,376	7,514	(149,344)	-	325,742
Total assets	6,646,529	6,210,631	2,577,506	2,550,193	1,702,153	1,169,357	2,364,685	1,635,765	2,167,842	(405,094)	26,619,567
Total liabilities	1,575,742	567,414	136,483	92,598	306,184	63,678	106,192	587,531	8,867,161	(405,094)	11,897,889
Non-cash expenses other than depreciation and amortisation	17,253	6,111	-	-	-	18	-	-	-	-	23,382
Long-term equity investments in associates and joint ventures	1,429,639	1,306,399	188,841	1,951	-	341,916	281,596	297,040	-	-	3,847,382
Additions of non-current assets other than long-term equity investments	112,909	44,411	14,840	4,520	1,118	2,100	12,449	177,923	3,863	-	374,133

(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 related logistics services	Container terminal and related logistics services	General cargo terminal, related logistics services and trading business	Ore terminal and related logistics services	Bulk grains terminal, related logistics services and trading business	Passenger and roll-on, roll-off terminal and related logistics services	Port value-added services and related ancillary port operations	Automobile terminal, related logistics services and trading business	Others	Elimination Offset	Total
Revenue from external customers	543,920	606,948	201,955	143,045	1,039,904	61,632	421,913	241,851	80,109	-	3,341,277
Inter-segment revenue	3,394	134	1,095	-	-	348	68,296	1,883	-	(75,150)	-
Interest income	357	2,045	184	126	1,142	39	643	211	9,476	-	14,223
Investment income from associates and joint ventures	49,188	(768)	(7,857)	(268)	-	(7,079)	13,559	3,844	-	-	50,619
Asset impairment loss	-	(667)	-	-	-	-	(481)	-	-	-	(1,148)
Depreciation and amortisation	90,016	76,108	37,102	43,036	33,076	15,170	29,569	4,868	17,710		346,655
Total profit	295,816	194,688	(21,240)	36,701	80,840	(2,332)	78,135	13,519	(103,899)		572,228
Income tax expenses	65,127	41,015	(1,318)	9,651	21,444	2,147	16,144	1,518	(28,632)		127,096

Net profit	230,689	153,673	(19,922)	27,050	59,396	(4,479)	61,991	12,001	(75,267)		445,132
Total assets	6,874,292	6,056,282	2,918,212	2,131,807	1,833,540	1,371,280	1,745,671	1,333,424	3,361,760	(383,811)	27,242,457
Total liabilities	1,524,057	601,743	164,464	83,633	522,407	72,391	94,647	313,207	9,854,497	(383,811)	12,847,235
Non-cash expenses other than depreciation and amortisation	17,253	479	-	-	-	18	-	-	-	-	17,750
Long-term equity investments in associates and joint ventures	1,435,695	1,360,464	202,498	1,768	-	341,450	242,003	283,655	-	-	3,867,533
Additions of non-current assets other than long-term equity investments	209,834	55,469	146,362	39,665	8,725	2,072	38,594	34,057	15,240		550,018

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 the first half of 2014, China’s economy is under a persistent downward pressure due to the backdrops of the complex and divers global economic environment, the continued but fragile recovery of the world economy with the lower-than-expected economic growth, and the combined effect of the slowing down economic growth and structural reform in China. In the first half of the year, China's GDP grew by 7.4%, whereas the total value of import and export fell by 0.9%.

In the first half of the year, cargo throughput handled by China’s large scale ports amounted to 5.49 billion tonnes, a year-on-year increase of 5.2%, a 4.9 percentage points lower than the same period last year. In particular, cargo throughput handled by China coastal ports was 3.84 billion tonnes, up 6.7% year-on-year while cargo throughput handled by river ports was 1.65 billion tonnes, an increase of 1.9% year-on-year. Container cargo throughput was 96,698,000 TEU, a growth of 5.7% compared with the same period of last year.

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 Terminal 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 the first half of 2014, the macro-economy and industries relevant to the Group's principal business were set out as follows:

Oil Segment: Albeit an overall slowdown in China's economic growth rate, there was relatively high energy consumption due to her current economic structure. Thanks to an adequate supply of international crude oil, China's crude oil imports sustained solid growth momentum. In the first half of the year, China imported 152 million tonnes of crude oil, jumped by 10.2% as compared with the same period last year.

Container Segment: In the first half of 2014, there was a slowdown in the growth rate of China's large-scale port container throughput. Overall, the growth rate of foreign trade container volume remained basically flat as compared with the same period last year. The slowing down growth in container volume during the first half of the year was mainly due to the significant decrease in the growth of domestic trade container volume.

Automobile Terminal Segment: In the first half of 2014, China's auto industry was blessed with relatively promising development, as marked by further increase in both auto production and sales volume. Auto output during the first half of the year was 11,783,400 vehicles, an increase of 9.6% year-on-year. Sales volume was 11,683,500 vehicles, an increase of 8.4% year-on-year.

Ore Segment: In the first half of 2014, in light of the increased demand for imported iron as a result of the gradual stabilization of China's economy, coupled with the substantial increase in scale of financing of mines as a result of the continued fall in international ore prices, the inventories of domestic ports stood at high level. During the first half of the year, ore imports in China's northeast regions amounted to 21.03 million tonnes, an increase of 25.0% on year-on-year basis.

General Cargo Segment: In the first half of 2014, due to the downturn in the industrial sector, China's large-scale ports handled a total of 339 million tonnes of coal, which represented an increase of 7.3% year-on-year. The output of the crude steel across China in the first half of 2014 maintained its growth pace and reached a total volume of 410 million tonnes, which represented an increase of 3% year-on-year.

Bulk Grain Segment: In the first half of 2014, affected by the supply and demand in the domestic market, there was a decrease in the volume of corn trans-shipment at the Liaoning ports as compared to [the same period] last year, contrasting to an increase in the throughput of grains such as imported soybeans and barley.

Passenger and Ro-Ro Segment: In the first half of 2014, due to economic slowdown in the country and the diversion of maritime passenger transport towards high-speed rails and aviation flights, the number of passengers and the volume of cargoes during the first half of the year were lower than those of the same period of the previous year.

In the first half of 2014, the Group's major business segments performed well. In terms of throughput, the Group handled a total of approximately 22.937 million tonnes of oil and liquefied chemicals, representing an increase of 9.9% as compared with the same period last year, of which 11.237 million tonnes were imported crude oil, representing an increase of 5.6% as compared with the corresponding period last year. In the Container Segment, the Group handled approximately 5.007 million TEUs, representing an increase of 1.7%, of which approximately 4.586 million TEUs were handled by the Group at Dalian port, representing an increase of 3.2%. In the Automobile Terminal Segment, the Group handled 224,968 vehicles, representing an increase of 40.8%. In the Ore Segment, the Group handled approximately 9.644 million tonnes, representing a decrease of 14.4%. In the General Cargo Segment, the Group handled approximately 16.113 million tonnes of cargoes, representing a decrease of 1.9%. In the Bulk Grain Segment, the Group handled approximately 3.200 million tonnes of bulk grain, representing a decrease of 21.6%. In the Passenger and Ro-Ro Segment, the Group transported approximately 1.569 million passengers, representing a decrease of 3.9% and approximately 639,000 vehicles, representing an increase of 23.6% as compared with the corresponding period in 2013.

OVERALL ANALYSIS OF RESULTS

In the first half of 2014, the Group's profit attributable to owners of the Company amounted to RMB 284,418,933.05, representing a decrease of RMB 102,857,280.04 or 26.6% as compared with RMB 387,276,213.09 in the first half of 2013. The decrease was due to the significant decrease of the Bulk Grain throughput, the decrease in profit of the Bulk Grain segment and the Container segment, the reduction in income from disposal of land and relocation compensations, and the increase of financial expenses and labor costs.

In the first half of 2014, the Group's basic earnings were RMB 6.43 cents per share, representing a decrease of 26.6% from RMB 8.75 cents in the first half of 2013.

Changes to the principal components of the net profit for the first half of 2014 against the comparable figures of the first half of 2013 are set out as follows：

Items	For the six months ended 30 June 2014 （RMB）	For the six months ended 30 June 2013 （RMB）	+/- (%)

Net profit attributable to owners of the Company	**284,418,933.05**	**387,276,213.09**	**-26.6**
Including:			
Revenue	3,297,872,554.47	3,341,276,785.15	-1.3
Cost of sales	2,578,957,372.44	2,439,535,143.28	5.7
Business taxes and surcharges	17,578,344.00	106,076,391.23	-83.4
Gross profit (less business taxes and surcharges) (*Note1*)	701,336,838.03	795,665,250.64	-11.9
Gross profit margin (less business taxes and surcharges) (*Note 2*)	21.3%	23.8%	Down 2.5 percent.
General and administrative expenses	247,461,042.33	239,033,197.64	3.5
Financial expenses	236,242,751.54	202,422,195.93	16.7
Investment income	78,023,499.66	96,520,109.40	-19.2
Non-operating income-net	139,186,424.48	120,494,799.15	15.5
Income tax expense	109,219,126.31	127,095,434.35	-14.1

Note 1：Gross profit (less business *taxes and surcharges) = Revenue - Cost of sales - Business taxes and surcharges*

Note 2：Gross profit margin (less business taxes and surcharges) = （Revenue - Cost of sales - Business taxes and surcharges）/ Revenue

In the first half of 2014, the Group’s revenue decreased, mainly due to the decrease in the trading business, and the impact of the VAT Reform on agency revenue. Excluding above factors, the Group’s revenue decreased by 1.4% as compared with that for the first half of 2013. The decrease was mainly due to the decrease of the Bulk Grain throughput and the decrease in the bulk grain carriage leasing business. However, the revenue decrease was offset by an increase of storage revenue resulting from the expansion of customer base in the oil business.

In the first half of 2014, the Group’s cost of sales increased by 5.7%. Excluding the factors of the decrease in the trading business and the impact of the VAT Reform on cost of sales of agency business, the cost of sales increased by 11.1%, mainly due to an increase in oil tanks and vessel leasing costs, depreciation expenses associated with the commissioning of new facilities, and labor costs.

In the first half of 2014, the Group’s business taxes and surcharges decreased which was mainly attributable to a decrease in business tax and charges caused by the VAT Reform.
In the first half of 2014, the Group’s gross profit (less business taxes and surcharges) decreased by 11.9%, the Group’s gross profit margin (less business taxes and surcharges) decreased by a 2.5 percentage points, which was due to the decrease of high margin handing business and bulk grain carriage leasing business. However, the Group’s gross profit decrease was offset by an increase of storage revenue resulting from the expansion of customer base in the oil business.

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

In the first half of 2014, the Group’s financial expenses increased. The increase was mainly due to that the relevant bank loan interest was expensed as finance cost during the reporting period instead of being capitalized with the commissioning of new facilities, and exchange losses resulting from fluctuations of RMB exchange rate.

In the first half of 2014, the Group's investments income decreased. Such decrease was mainly due to the decrease of investment income of the financial products.

In the first half of 2014, the Group's non-operating income-net increased. Such increase was mainly attributable to the government subsidies for the Group's Container Segment.

In the first half of 2014, the Group's income tax expenses decreased. Such decrease was mainly caused by the decrease of gross profit.

ASSETS AND LIABILITIES

As of 30 June 2014, the Group's total assets and net assets attributable to the Company's shareholders amounted to RMB26,619,568,394.00 and RMB13,466,428,880.05, respectively, and its net asset value per share as of 30 June 2014 was RMB 3.04, representing flat compared with that as of 31 December 2013.

As of 30 June 2014, the Group's total liabilities amounted to RMB 11,897,886,962.24, of which total outstanding bank and other borrowings amounted to RMB 9,179,103,272.62.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2014, the Group had a balance of cash and cash equivalents of RMB 1,954,994,854.16, representing a decrease of RMB 348,930,060.66 as compared with 31 December 2013.

In the first half of 2014, the Group's net cash inflows generated from operating activities amounted to RMB 329,127,771.99. The Group's net cash inflows for investing activities amounted to RMB 513,940,265.18, and the Group's net cash outflows from financing activities amounted to RMB 1,188,692,351.66. Benefited from stable cash inflows from its operating activities, repayment from investments, repayment of the medium-term notes upon maturity, and the Group's prudent approach for fixed assets and equity investments, the Group had maintained its strong financial position and a good debt profile.

As at 30 June 2014, the Group's bank and other borrowings amounted to RMB 9,179,103,272.62 of which RMB 7,766,009,575.16 was due after one year and RMB 1,413,093,697.46 was due within one year. The Group's net gearing ratio was 47.2% as at 30 June 2014 (44.8% as at 31 December 2013).

As at 30 June 2014, the Group's unutilized banking facilities amounted to RMB 17,422,780,000.00.

As at 30 June 2014, the Group did not have any significant exposure to exchange rates fluctuation, therefore did not enter into any foreign exchange hedging contracts.

USE OF PROCEEDS (A SHARE)

The Company's net proceeds from the public offering of 762 million A Shares in 2010 ("**A Shares IPO**") amounted to approximately RMB2,772,091,500.00. As at 30 June 2014, the Company had utilized approximately RMB2,247,633,300.00 of the net proceeds and the balance of the net proceeds was RMB524,457,900.00. 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 RMB192,412,700.00 (including an interest income of RMB 67,954,800.00 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 30 June 2014, the details of the use of proceeds were as follows:

Projects	**Proceeds from A Shares IPO（RMB ）**	**Use of proceeds as of 30 June 2014（RMB ）**	**Balance as of 31 December 2014（RMB ）**
Construction of oil storage tanks with a total capacity of 1,000,000 m^3 in Xingang	760,000,000.00	486,432,600.00	273,567,400.00
Construction of oil storage tanks with a total capacity of 600,000 m^3 in the Xingang resort area	550,000,000.00	492,947,000.00	57,053,000.00
Construction of phase II of the Shatuozi oil storage tanks project in the Xingang Shatuozi area	29,600,000.00	29,600,000.00	-
LNG project	320,000,000.00	320,000,000.00	-
No.4 stacking yard for ore terminal	520,000,000.00	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	2,247,633,600.00	524,457,900.00

Note : In order to avoid idling cash, reduce financing cost and to improve capital utilization efficiency, the third meeting of the third session of the Company's board of directors passed a resolution on 29 April 2014 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 authorization is valid for a period of twelve months commencing on 2 April 2014 when the Board passed the relevant resolution. The Company's independent non-executive 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 the first half of 2014, the Group's capital expenditure amounted to RMB 374,133,598.53 which was mainly funded by the surplus cash generated from operating activities, the proceeds from the public offering of A Shares and corporate bonds.

The performance analysis of each business segment in the first half of 2014 is as follows:

Oil Segment

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

	For the six months ended 30 June 2014 ('000 tonnes)	For the six months ended 30 June 2013 ('000 tonnes)	Increase/ (Decrease)
Crude oil	15,536	12,976	19.7%
—Foreign trade imported crude oil	11,237	10,643	5.6%
Refined oil	5,037	4,767	5.7%
Liquefied Chemicals	478	592	(19.3%)
LNG	1,886	2,545	(25.9%)
Total	22,937	20,880	9.9%

In the first half of 2014, in terms of throughput of oil/liquefied chemicals, the Group handled a total of approximately 22.937 million tonnes, an increase of 9.9% on year-on-year basis.

In the first half of 2014, the Group's crude oil throughput increased by 19.7% to approximately 15.536 million tonnes, of which approximately 11.237 million tonnes were imported crude oil, an increase of 5.6% as compared with the corresponding period in 2013. Due to multiple factors, including the increased level of crude oil imports among western refinery plants, higher trans-shipment volume of crude oil imports handled at the Group's port from our key clients such as PetroChina Jinzhou Petrochemical Company and PetroChina Jinxi Petrochemical Company, and the increase in bonded cargo transport volume along with the commission of the production of No.9 storage tanks, there was an increase in the trans-shipment volume of imported crude oil over the same period last year.

In the first half of 2014, the Group’s refined oil throughput amounted to approximately 5.037 million tonnes, an increase of 5.7% as compared with the corresponding period last year. The increase in the throughput during the first half of the year was mainly attributable to the expansion of production and the increase in trans-shipment volume handled at our port from the Group's new and existing customers.

In the first half of 2014, the Group’s liquefied chemicals throughput was approximately 478,000 tonnes, a decrease of 19.3% as compared with the corresponding period in 2013. The decrease in port trans-shipment volume was mainly due to the impact of market supply and demand, and the limitation over the capacity of the major customers of the Company.

In the previous year, the Group’s LNG throughput amounted to 1.886 million tonnes, a decrease of 25.9% as compared with the corresponding period in 2013. Due to a number of market factors, there was a fall in the throughput of the Group's LNG business during the first half of the year.

In the first half of 2014, the Group’s imported crude oil business accounted for 100% (100% in the first half of 2013) of the total market share in Dalian and 66.6 % (66.8% in the first half of 2013) of that in the Three North-eastern Provinces of China. The Group’s oil/liquefied chemicals throughput accounted for 78.0% (70.1% in the first half of 2013) of the total market share in Dalian and 45.5% (42.0% in the first half of 2013) of the total market share in the Three North-eastern Provinces of China. The increase in proportion of total oil handling throughput was mainly due to the increase in oil trans-shipment volume from customers of the Group resulting from the Group’s efforts in market exploration, innovative development of logistics mode and expansion of logistics services and functions.

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

Items	For the six months ended 30 June 2014 （RMB）	For the six months ended 30 June 2013 （RMB）	+/- (%)
Revenue	724,370,024.74	543,919,494.43	33.2
The share in the Group’s revenue	22.0%	16.3%	up 5.7 percent.
Gross profit (less Business taxes and surcharges)	374,402,377.22	261,654,940.99	43.1

The share in the Group's gross profit (less Business taxes and surcharges)	53.4%	32.9%	up 20.5 percent.
Gross profit margin (less Business taxes and surcharges)	51.7%	48.1%	up 3.6 percent.

In the first half of 2014, the revenue from the Oil Segment increased 33.2% as compared with that in the first half of 2013. The increase was mainly due to the increase of throughput, sublet third-party-owned oil tanks, and an increase in oil tanks occupancy rate, leading to a growth of handling and storage revenue. The gross profit margin (less business taxes and surcharges) increased 3.6 percentage points. The increase in the gross profit margin was mainly attributable to the increase in revenue.

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

- We stayed ahead of the latest developments of the international crude oil market and made analyses in relation thereto. With adherence to time-to-market philosophy, we dedicated stepped up efforts to extend our market reach and build bridges to our customers, so as to solicit trans-shipment cargo sources on the basis of the existing cargo trans-shipment volume.

- Following the completion of the acceptance inspection and receiving the relevant qualification for No.9 crude oil storage tanks, an additional capacity of 600,000 cubic meters was successfully added to the public bonded storage tanks, thus paving a solid path for the expansion of bonded warehousing and the trans-shipment of crude oil business.

- We expanded the scale of the Dalian Port - Laizhou Bay crude oil trans-shipment project. Through a number of ways, for instance, reverse rental of storage tanks and optimization of business processes, we provided warehousing solutions to key customers in respect of their needs for different kinds of oil. We envisage a further expansion of the scale of our trans-shipment business in the second half of the year.

- By capitalizing on the advantages of the bonded functions of the newly built storage tanks at the Changxing Island, and cementing close cooperation relationship with the relevant trading centers, we pushed forward the development of crude oil futures delivery business in joint forces.

Container Segment

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

		For the six months ended 30 June 2014 ('000 TEUs)	For the six months ended 30 June 2013 ('000 TEUs)	Increase/ (Decrease)
Foreign Trade	Dalian	2,455	2,373	3.5%
	Other ports (note 1)	89	70	27.1%
	Sub-total	2,544	2,443	4.1%
Domestic Trade	Dalian	2,131	2,069	3.0%
	Other ports (note 1)	332	410	(19.0%)
	Sub-total	2,463	2,479	(0.6%)
Total	Dalian	4,586	4,442	3.2%
	Other ports (note 1)	421	480	(12.3%)
	Total	5,007	4,922	1.7%

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.), in which a 15% equity interest is owned 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.), in which a 15% equity interest is owned by the Group.

In the first half of 2014, in terms of container throughput, the Group handled a total of approximately 5.007 million TEUs, representing an increase of 1.7% as compared to the corresponding period in 2013. At Dalian port, the Group handled approximately 4.586 million TEUs, representing a year-on-year increase of 3.2%, of which container throughput for foreign trade increased by 3.5%, and container throughput for domestic trade increased by 3.0% year-on-year. In the first half of 2014, as the Group took effective measures to speed up the construction of the comprehensive logistics system, the Group's container business has grown at a steady pace.

In the first half of 2014, the Group's container terminal business accounted for 99.0% (99.4% in the first half of 2013) of the total market share in Dalian and 54.8% (59.1% in the first half of 2013) of that in the Three North-eastern Provinces of China. The Group's container throughput for foreign trade accounted for 100% (100% in the first half of 2013) of the total market share in Dalian and 96.0% (96.2% in the first half of 2013) of the total market share in the Three North-eastern Provinces of China.

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

Items	For the six months ended 30 June 2014 （RMB）	For the six months ended 30 June 2013 （RMB）	+/- (%)
Revenue	719,588,395.16	606,947,970.85	18.6
The share in the Group's revenue	21.8%	18.2%	up 3.6 percent.
Gross profit (less Business taxes	101,508,934.13	179,383,850.42	-43.4

and surcharges)			
The share in the Group's gross profit (less Business taxes and surcharges)	14.5%	22.5%	down 8.0 percent.
Gross profit margin (less Business taxes and surcharges)	14.1%	29.6%	down 15.5 percent.

In the first half of 2014, the revenue from the Container Segment was up 18.6%. Excluding the impact on agency revenue after 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 ("**VAT Reform**"), the revenue decreased by 8.3%, and such decrease was due to a decrease in income from disposal of land use right. The gross profit margin (less business taxes and surcharges) decreased 15.5 percentage points over that in the first half of 2013. The decrease was due to the increase in vessel leasing costs, venue leasing costs and depreciation expenses.

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

- In term of opening new routes, by riding on the preferential policies, strengthening market development efforts and teaming up with shipping companies, the Group has newly introduced one near-ocean route and two domestic trade routes. Thus, our maritime network system was further improved.

- The Group stepped up the construction of sub-line network in Bohai-Huanhai Rim region (Bohai Sea and Yellow Sea) at all-out endeavors. Through the development of self-owned shipping capacity and cooperation with various parties, we gradually optimized the Bohai feeder service network, thus further extending the horizon of our trans-shipment business.

- In terms of land logistics, relying on inland ports, we focused on the development of logistic system in the whole course, with an emphasis on stepping up the construction of highway-sea-rail integrated network systems. In the first half of 2014, the Group delivered greater extent of efforts to tap into cargo sources in the terminal market. Through the development of passenger train and cross-border train services, we extended the scope of our port services. In terms of road transportation, with the integration of our self-owned logistics resources, we integrated the resources of other vehicles for the development of inland highway transportation.

Automobile Segment

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

		For the six months ended 30 June 2014	For the six months ended 30 June 2013	Increase/ (Decrease)
Vehicles (unites)	Foreign Trade	15,785	9,047	74.5%
	Domestic Trade	209,183	150,780	38.7%
	Total	224,968	159,827	40.8%
Equipments (tonnes)		11,848	1,373	762.9%

In the first half of 2014, the Group handled a total of 224,968 vehicles, representing an increase of 40.8% as compared to the corresponding period in 2013.

In the first half of 2014, the Group's vehicle throughput accounted for 100% (100% in the first half of 2013) of the total market share in the Three North-eastern Provinces of China.

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

Items	For the six months ended 30 June 2014 （RMB）	For the six months ended 30 June 2013 （RMB）	+/- (%)
Revenue	748,437,695.71	241,851,209.78	209.5
The share in the Group's revenue	22.7%	7.2%	up 15.5 percent.
Gross profit (less Business taxes and surcharges)	19,116,361.70	8,065,379.46	137.0
The share in the Group's gross profit (less Business taxes and surcharges)	2.7%	1.0%	up 1.7 percent.
Gross profit margin (less Business taxes and surcharges)	2.6%	3.3%	down 0.7 percent.

In the first half of 2014, the revenue from the Automobile Terminal Segment increased by 2.1 times as compared to that in the first half of 2013 and the increase was attributable to the increase in sales brought about by the port-related trading business. Excluding the impact of the trading business, the increase in revenue was 0.9%. The gross profit margin (less business taxes and surcharges) decreased 0.7 percentage points. Excluding the impact of the trading business, the gross profit margin (less business taxes and surcharges) was 61.4%, representing an increase of 8.2 percentage points over that in the first half of 2013. The increase was attributable to the high-margin vehicle inspection services.

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

- The Group strengthened cooperation with major customers and shipping companies, and joined forces with them to strengthen the construction of the routes running from north to south.

- Taking the opportunity of the production of Qishui Dalian factory, we strengthened market exploration, expanded logistics services, and promoted the construction of near-port industries.

- Through the development of business lines including commodity automobiles logistics and finance, we increased cargo sources supply, thereby significantly beefing up the trans-shipment volume handled at the Group’s port from its major customers.

Ore Segment

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

	For the six months ended 30 June 2014 (’000 tonnes)	For the six months ended 30 June 2013 (’000 tonnes)	Increase/ (Decrease)
Ore	9,337	10,971	(14.9%)
Others	307	293	4.8%
Total	9,644	11,264	(14.4%)

In the first half of 2014, the Group’s ore terminal handled approximately 9.337 million tonnes of ore, a decrease of 14.9% as compared with the corresponding period in 2013. Due to a couple of factors such as the disperse of cargo supply as a result of the commission of new docks in neighboring ports, the fall in international ore prices, and the decrease in trans-shipment volume of ore trading, we recorded a decrease in ore throughput during the first half of the year.

In the first half of 2014, the Group’s imported ore throughput accounted for 27.7% (30.0% in the first half of 2013) of the total throughput in the Three North-eastern Provinces of China.

Items	For the six months ended 30 June 2014 （RMB）	For the six months ended 30 June 2013 （RMB）	+/- (%)
Revenue	129,353,555.51	143,044,855.16	-9.6
The share in the Group’s revenue	3.9%	4.3%	down 0.4 percent.
Gross profit (less Business taxes	36,490,990.97	50,026,675.19	-27.1

and surcharges)			
The share in the Group's gross profit (less Business taxes and surcharges)	5.2%	6.3%	down 1.1 percent.
Gross profit margin (less Business taxes and surcharges)	28.2%	35.0%	down 6.8 percent.

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

In the first half of 2014, the revenue from the Ore Segment decreased by 9.6% and such decrease was mainly due to the decrease in throughput, and the separation of price and tax after the VAT Reform. The gross profit margin (less business taxes and surcharges) decreased 6.8 percentage points as compared with that in the first half of 2013. The decrease was due to the decrease in revenue which weakened the fixed costs dilute influence, and an increase in the proportion of low margin cargoes.

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

- We devoted reinforced efforts on innovation of products, optimization of working progress and enhancement of working efficiency. Through the building of the service brand of Zero-Loss, the Group enhanced its ability of soliciting cargo supply.

- We made substantial progress in the building of an ore distribution center and a trade value-added services center. With a full range of value-added services including iron ore bonded warehousing, ore mixing, crude ore screening/crushing, the Group further optimized its port logistics services and functions.

General Cargo Segment

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

	For the six months ended 30 June 2014 ('000 tonnes)	For the six months ended 30 June 2013 ('000 tonnes)	Increase/ (Decrease)
Steel	4,227	4,267	(0.9%)
Coal	5,879	6,458	(9.0%)
Equipment	890	1,005	(11.4%)
Others	5,117	4,691	9.1%
Total	16,113	16,421	(1.9%)

In the first half of 2014, the Group's general cargo terminal handled approximately 16.113 million tonnes cargo, a decrease of 1.9% as compared with the corresponding period in 2013.

In the first half of 2014, the volume of steel handled by the Group was approximately 4.227 million tonnes, a slight decrease of 0.9% for the same period of 2013. Against the background of the continued sluggishness in the demand in the steel market, through the opening new shipping routes, improving the Longzu transport efficiency and the development of the steel trade, we increase cargo supply by leveraging on our overall edges.

In the first half of 2014, the volume of coal handled by the Group was approximately 5.879 million tonnes, which represented a decrease of 9.0% from the same period of 2013. The year-on-year decrease in trans-shipment volume of coal was mainly due to the slowing down in the country’s economy and the continued slump in the demand in the coal market.

In the first half of 2014, the volume of equipment handled by the Group was approximately 890,000 tonnes, which represented a decrease of 11.4% year-on-year. The year-on-year decline in the Group's trans-shipment volume was mainly due to a decrease in export orders from the Group's major customers in the world economic situation.

In the first half of 2014, the steel throughput handled by the Group’s general cargo terminal accounted for 16.3% (18.2% in the first half of 2013) and the coal throughput accounted for 19.8% (17.2% in the first half of 2013) of the total market share in the Three North-eastern Provinces of China.

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

Items	For the six months ended 30 June 2014 （RMB）	For the six months ended 30 June 2013 （RMB）	+/- (%)
Revenue	210,437,852.69	201,955,343.90	4.2
The share in the Group’s revenue	6.4%	6.0%	up 0.4 percent.
Gross profit (less Business taxes and surcharges)	-7,712,943.67	1,344,742.40	-673.6
The share in the Group’s gross profit (less Business taxes and surcharges)	-1.1%	0.2%	down 1.3 percent.
Gross profit margin (less Business taxes and surcharges)	-3.7%	0.7%	down 4.4 percent.

In the first half of 2014, the revenue from the General Cargo Segment increased by 4.2% and such increase was attributable to the increase in sales brought about by the cargo agency business. The gross profit margin (less business taxes and surcharges) decreased 1.3 percentage points as compared to that in the first half of 2013. The decrease was attributable to an increase in depreciation expenses associated with the commissioning of Dalian Bay Ro-Ro terminal relocation project.

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

- By delivering greater market development efforts and focusing on the development of a comprehensive logistics system and trade service system, we endeavored to solicit cargo trans-shipment supply.
- While opening and optimizing steel liner routes, we expanded the scale of Longzu steel transportation, developed the steel trade and logistics finance, and promoted the the comprehensive steel logistics services system.

- We stepped up the construction of near-port processing base for exported equipment at Dalian Bay. The equipment components for our major customers have arrived at the port and assembling has started.

- The construction of the phase 1 of the near-port industrial timber industrial project at the Changxing Island has been completed. The related formalities, optimization processes and investment solicitation are progressing steadily.

Bulk Grain Segment

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

	For the six months ended 30 June 2014 (’000 tonnes)	For the six months ended 30 June 2013 (’000 tonnes)	Increase/ (Decrease)
Corn	1,197	2,000	(40.2%)
Soy bean	1,120	1,089	2.8%
Barley	230	100	130.0%
Wheat	7	6	16.7%
Others	646	888	(27.3%)
Total	3,200	4,083	(21.6%)

In the first half of 2014, the throughput handled by the Group’s bulk grain terminal was approximately 3.200 million tonnes, a decrease of 21.6% as compared with the corresponding period in 2013.

In the first half of 2014, the Group’s corn throughput was approximately 1.197million tonnes, a decrease of 40.2% as compared with the same period last year. The relatively bigger decrease in corn trans-shipment volume within the Group's domestic trade was due to multiple factors, including poor quality of the corns from the main production areas in

Heilongjiang province, the rise in rail freight costs, the decrease in circulation of corns in temporary storage and eliminating the restriction on the building of self-owned bulk grain carriages.

In the first half of 2014, the Group's soy bean throughput was approximately 1.120 million tonnes, which represented an increase of 2.8% as compared with the same period last year. In the first half of the year, the Group stepped up its marketing efforts and established close relationships with its customers. By optimizing operating and organizational processes and bolstering the quality of port services, we maintained a year-on-year growth in the throughput of imported soybeans in the foreign trade.

In the first half of 2014, the throughput handled by the Group's bulk grain terminal accounted for 13.1% (19% in the first half of 2013) of the total throughput in the Three North-eastern Provinces of China.

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

Items	For the six months ended 30 June 2014 （RMB）	For the six months ended 30 June 2013 （RMB）	+/- (%)
Revenue	250,942,736.46	1,039,904,097.10	-75.9
The share in the Group's revenue	7.6%	31.1%	down 23.5 percent.
Gross profit (less Business taxes and surcharges)	5,077,385.33	105,857,621.27	-95.2
The share in the Group's gross profit (less Business taxes and surcharges)	0.7%	13.3%	down 12.6 percent.
Gross profit margin (less Business taxes and surcharges)	2.0%	10.2%	down 8.2 percent.

In the first half of 2014, the revenue from the Bulk Grain Segment decreased by 75.9%. Excluding the impact of the trading business, the revenue decreased by 8.7%. The decrease was mainly attributable to the decrease of throughput, a decline in the portion of cargoes with high-profit margin, and decrease in the bulk grain carriage rental income. The gross profit margin (less business taxes and surcharges) decreased 8.2 percentage points over that in the first half of 2013, excluding the impact of the trading business, the gross profit margin decreased 44.0 percentage points as compared to that in the first half of 2013, mainly due to a significant decrease in the handing fees and leasing business that reduced the effect of the fixed costs dilute influence.

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

- The Group stepped up its marketing efforts through visiting, cooperation and communication with customers at the origins of grain production, large-scale traders, adjacent ports and relevant functional units. We were proactively seeking cooperation opportunities.

- Securing new customers and new cargo resources was another key task taken by the Group, while adjusting the resource procurement strategy in response to the market conditions. With our solid long-term customer base of foreign traders as a cornerstone, we explored new customer base and engineered a year-on-year increase in the throughput of exported soybeans in the foreign trade.

- Through the optimization of working processes, and with an innovative service model, we have offered our customers access to a wide range of one-stop near-port services stretching from sophisticated management to door-to-door trans-shipment.

Passenger and Ro-Ro Segment

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

	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Increase/ (Decrease)
Passengers (’000 persons)	1,569	1,633	(3.9%)
Vehicles (’000 units) (Note 1)	639	517	23.6%

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.

In the first half of 2014, throughput of passengers was 1.569 million persons, representing a year-on-year decrease of 3.9%. Throughput of vehicles amounted to 639,000 units, representing a year-on-year increase of 23.6%.

In the first half of 2014, affected by the market environment, there was a relatively large diversion of maritime passenger transport towards high-speed rails and aviation flights, resulting in a fall in the number of passenger departures and arrivals at Dalian port as compared with the same period last year.

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

Items	For the six months ended on 30 June 2014 （RMB）	For the six months ended on 2013（RMB）	+/- (%)

Revenue	55,412,188.64	61,631,785.13	-10.1
The share in the Group's revenue	1.7%	1.8%	down 0.1 percent.
Gross profit (less Business taxes and surcharges)	14,951,426.16	15,710,477.31	-4.8
The share in the Group's gross profit (less Business taxes and surcharges)	2.1%	2.0%	up 0.1 percent.
Gross profit margin (less Business taxes and surcharges)	27.0%	25.5%	up 1.5 percent.

In the first half of 2014, the revenue from the Passenger and Ro-Ro Segment decreased by 10.1%, mainly due to the decrease in number of passengers and shared revenue from the vehicle transportation. The gross profit margin (less business taxes and surcharges) increased 1.5 percentage points over that in the first half of 2013, the increase was mainly attributable to the reduction of the operating costs upon an internal restructuring.

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

- We tied up stronger partnership with shipping companies and actively promoted the land-island transportation for the purposes of jointly developing marine tourism projects.

- By reinforcing the solicitation of capital investment, we facilitated the development of Drop and Pull (甩掛) transportation business with the support of neighbouring-port Logistics Park Project at Dalian Bay from a number of enterprises.

- We improved our ticketing systems and ticketing methods through the development of online and offline ticketing systems with focus on online ticketing, mobile terminals and network e-ticket booking.

Value-added Services Segment

Tugging

In the first half of 2014, the Group secured an increase in income by voyage charter and reasonable resource allocation. At the same time, by taking a number of measures such as the reasonable adjustment of the number of tugboats at each of the tugboat bases and their power ratio in an effort to reduce disposal costs, we explored a prominent development prospect for our tugging business.

In respect of the services in the ex-Dalian market, the Group extended greater marketing efforts. In the first half of the year, building on our edges on professionals, equipment, management and technology, we continued to expand our market share by adding four tugboats to ex-Dalian ports.

Tallying

In the first half of 2014, the total tallying throughput handled by the Group was approximately 22.457 million tonnes, an increase of 8.1% over the same period last year.

Railway

In terms of the operation of railway transportation, the Group handled a total of 278,000 carriages, a decrease of 6.5% as compared with the corresponding period in 2013.

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

Items	For the six months ended 30 June 2014 （RMB）	For the six months ended 30 June 2013 （RMB）	+/- (%)
Revenue	407,715,213.98	421,913,005.20	-3.4
The share in the Group’s revenue	12.4%	12.6%	down 0.2 percent.
Gross profit (less Business taxes and surcharges)	132,235,556.78	120,246,048.26	10.0
The share in the Group’s gross profit (less Business taxes and surcharges)	18.9%	15.1%	up 3.8 percent.
Gross profit margin (less Business taxes and surcharges)	32.4%	28.5%	up 3.9 percent.

In the first half of 2014, the revenue from the Value-add Services Segment decreased by 3.4%, as compared with that in the first half of 2013, mainly due to the decrease of revenue in information services and communication project services. The gross profit margin (less business taxes and surcharges) increased 3.9 percentage points over that in the first half of 2013. The increase was mainly attributable to a decrease in sales of low profit margin information services business.

CORE COMPETENCE STRENGTHS

During the first half of 2014, centering on port logistics, the Group accelerated the construction of a platform integrating the logistics services system along the logistics services chain as well as covering the industry, commerce and trading areas. With record-breaking achievements in an array of spectrums, mainly related to the expansion of logistics functions, the innovation of trading models and the development of near-port industries, we enhanced our core competitiveness. We remained committed to the development of container passenger trains, the transit and distribution of bonded crude oil, and the establishment of the comprehensive steel logistics system. As such, we were constantly optimizing the comprehensive logistics services system. We vigorously promoted the grain, automobile, cold chain and steel trading related business, thereby further fostering the development of the industry, commerce and trading services system. Along with the development of the port information platform and the optimization of the dispatching system, the quality of a comprehensive range of port services has been improved significantly.

FUTURE DEVELOPMENT

COMPETITIVE LANDSCAPE AND INDUSTRY TREND

In the second half of 2014, as the world economy is gradually returning to a firmer footing, the global trade atmosphere is going to show signs of broad-based recovery, which is especially apparent in the developed economies. As such, we envisage a favorable turnaround in the economic situation of developed countries. Domestically, China's economy will maintain steady, speedy growth momentum. Benefiting from the reform and the investment in infrastructure, China will see a solid economic growth. However, new problems and issues in the economy will exert increased downward pressure on the economy. Generally, the prospect of steady growth in domestic and world economy will improve the foreign trade situation, paving the way for a steady growth in China's foreign trade and facilitating the development of the import and export trade at a steady pace.

The recovery in domestic economy and the improvement in foreign trade environment are picking up, that will positively affect the cargo supply in the hinterland of the Group. With continued increase in the throughput of cargo types transited by the Group such as crude oil, containers, automobiles and commodity vehicles, the trend of decrease in the throughput of cargo types ranging from grains, ores to coal year-on-year is set to be changed. In addition, with the issue of the "Guidance on the Promotion of the Transformation and Upgrading of Ports" by the Ministry of Communications, the government provided the important support to the transformation and development of port industries and the innovation of services, which will in turn enable us to step up the integration and development of the Group's related industries including port logistics as well as trade and finance.

RISKS AND ADVERSE FACTORS

Firstly, China's economy is exposed to relatively greater extent of downward pressure due to the combination of cyclical problems and structural issues as well as entwinement of short-term problems and long-term issues. Secondly, given the slowing down in fixed asset investment and only a few of consumption hot spots, the resumption of exports to rapid growth presents a big challenge. "Three-facet drivers" stimulating economic growth are in shortage of sufficient momentum. Thirdly, the inherited cost advantages of Chinese enterprises has been weakened due to the rise in labor costs, the appreciation of RMB and the increase in environmental costs in China, and the foreign trade costs for domestic enterprises will increase accordingly.

Regionally, in face of the slower economic growth in the Northeast region, the needs for optimization of industrial structure and the increase in labor costs, the cargo supply in the Group's hinterland is in shortage of driven force, which would pose a great challenge to the Group's cargo supply solicitation. Also, due to the impact of Sino-Japanese relations, there is a remote chance for Sino-Japanese trade amount to pick up in the short term, which will in turn exert greater impact on cargo supply volume traded with Japan at Dalian port.

THE DEVELOPMENT STRATEGY OF THE GROUP

In response to the changes in the prevailing world economic situation and the adjustments in the domestic industrial structure, the Group will remain focused on its core port business. Emphasizing on transformation and development, we will map out a development goal to build us into a multi-functional, all-round, modernized and internationalized port, so as to establish a platform integrating a comprehensive logistics system along the logistics services chain as well as covering the industry, commerce areas, and to develop a comprehensive range of near-port industries in order to transforming and upgrading Dalian port.

In the second half of 2014, the Group's major measures to be taken for market development for its business segments are as follows:

Oil Segment

- Boasting on deep-water berths and marine geographical advantage, we will boost the overall quality of our services. Focusing on market development, we will make every effort to solicit transportation volume of imported crude oil and refined oil.

- We will reinforce the solicitation of bonded cargo supply, and further enhance bonded services and functions.

- We will establish a close business partnership with relevant customers in the spectrum of crude oil trans-shipment business. Through reasonable allocation of logistics resources and expansion of logistics services, we will expand the scale of our crude oil trans-shipment in the Bohai Rim region.

- We will continue to strengthen cooperation with relevant parties, so as to foster the development of bonded crude futures business.

Container Segment

- In relation to route development, we will continue to tie up stronger strategic cooperation with major shipping companies. While maintaining stable foreign trade trunks, we will focus on strengthening the shipping capacity of domestic trade trunks and the frequency of trunk schedules.

- In respect of trans-shipment operations, we will continue to uphold the "Bohai" strategy, whereby we will deepen our cooperation with the Bohai Sea ports. By increasing the shipping capacity of internal branch routes, we will also step up the construction of branch network within the two inner seas (Bohai and Huang hai) rims.

- In connection with the construction of inland systems, we will promote the further development of logistics services system. In respect of railways, we will cement tighter cooperation with parties concerned. With an innovative service model, we will work intensively on soliciting terminal cargo supply and ensuring the stable operation of passenger trains and cross-border trains. On the front of road transport, we will accelerate the development of road transport cloud services platform project. With the specification of container trucks alliance service standards, we will expand the scale of container truck alliance, thereby improving the operational efficiency of vehicles and the road logistics service systems.

Automobile Terminal Segment

- The Group will continue to enhance its cooperation with automobile manufacturers in the hinterland, so as to expand north-south automobile supply in the hinterland and beef up the stability of the existing routes, thus striving for a further increase in of the share of water transportation in the market.

- We will strengthen the development of foreign trade routes and cargo supply solicitation, in an effort to increase automobile trans-shipment volume in the foreign trade and bolster up the profitability of the segment.

- We will expand value-added services for transportation of commodity vehicles, and continue to promote the development of auto trading and near-port auto industries.

Ore Segment

- While strengthening market development efforts and building bridges to customers, we will reinforce the solicitation of trans-shipment cargo supply with the support of a "zero loss" service brand.

- We will offer premium quality services to our customers. With an innovative business model in place, we will accelerate the development of bonded mixed ore business.

- We will extend more efforts to solicit ashore coal supply to achieve a growth in both volume and income.

General Cargo Segment

- We will continue to promote the building up of a comprehensive logistics service system along the logistics service chain as well as covering the industry, commerce and trade areas. Leverage on overall advantages in multi-ports and capability in providing professional services, we will strengthen the solicitation of cargo supply of steel, coal and bulky equipment.

- We will step up the construction of a bulk equipment trans-shipment base at Dalian Bay port, in order to expand the scale of trans-shipment business.

- We will vigorously expand steel trading and logistics park business, so as to fuel a growth in trans-shipment volume at the port.

- We will step up the development of near-port industries, with a focus on promoting the development of timber near-port industries in the port area the the Changxing Island.

Bulk Grain Segment

- We will keep abreast of the changes in the market. In response to the market situation, we will put in place cargo source adjustment strategy. Meanwhile, leveraging on our edges in logistics and resources, with reasonable allocation of resources, we will ensure a steady growth in cargo supply volume in both the domestic trade and the foreign trade.

- The Group will continue to integrate the operations of auto transportation and shipment. We will take great leaps in enhancing the quality of logistics services, with a focus on the "bulk grain containerization transportation mode" for corn trans-shipment.

- We will take full advantages of our strengths in three folds including logistics system, the trade system and finance, to improve the quality of the logistics services at all aspects. On this basis, we will strengthen the solicitation of trans-shipment cargo supply.

Passenger and Ro-Ro Segment

- The Group will continue to improve its business cooperation with relevant authorities and corporations. We will extend great efforts on route development and maintenance while adjusting marketing strategies, so as to solicit more cargo supply and enhance the loading rates of main routes.

- We will speed up the development of port logistics park at Dalian Bay, and actively develop the drop and pull transportation model.

- We will expand our business scope. With an innovative service model, we will accelerate the development of commodity vehicle logistics services in whole course and land-island transportation, in order to achieve a growth in both volume and income.

Value-added Service Segment

- Through the optimization of resources allocation, we put in place rational distribution of the number of tugboats at each base. Also, we will explore into new markets, in order to seek new profit growth point.

- We will reinforce our efforts on maintaining our share in the ex-Dalian market. With timely adjustment of strategies and optimization of allocation, we will ensure the stability of the market.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2014.

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

During the six months ended 30 June 2014, the Company has not redeemed any of its listed shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the aforesaid period.

COMPLICANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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 during the six months ended 30 June 2014, and so far as known to the Directors of the Company, there has been no material deviation from the code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct governing director's and supervisor's dealings in the Company's securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code"). **Upon specific enquiries, all Directors and supervisors have confirmed that they had complied with the provisions of the Model Code and the code of conduct governing their dealing in the Company's securities transactions during the six months ended 30 June 2014.

AUDIT COMMITTEE

The Audit Committee consists of two independent non-executive Directors, namely Mr. Wan Kam To, Peter and Mr. Guo Yu, one non-executive Director, namely Mr. Zhang Zuogang. The chairman of the Audit Committee is Mr. Wan Kam To, Peter. The Audit Committee has reviewed the interim results for the six months ended 30 June 2014.

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

Dalian City, Liaoning Province, the PRC
28 August 2014

Executive Directors: HUI Kai, XU Song and SU Chunhua
Non-executive Directors: XU Jian, ZHANG Zuogang and DONG Yanhong
Independent non-executive Directors: WAN Kam To, Peter and Guo Yu

**The Company is registered as 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".*