# 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 2015

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 2015.

## OPERATING RESULTS

**The results for the six months ended 30 June 2015, which have been reviewed by the Group's auditors and the Company's Audit Committee, are as follows:**

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2015 (Unaudited)
(All amounts in RMB Yuan unless otherwise stated)

| ASSETS | 30 June 2015 Consolidated | 31 December 2014 Consolidated |
|---|---|---|
| **Current assets** | | |
| Cash at bank and in hand | 2,377,809,696.50 | 2,440,913,405.21 |
| Financial assets at fair value through profit or loss | 9,040,903.00 | 15,445,634.60 |
| Notes receivable | 113,321,466.94 | 90,865,505.13 |
| Accounts receivable | 984,175,103.01 | 837,441,400.50 |
| Advances to suppliers | 248,671,637.99 | 354,973,853.25 |
| Interest receivable | 8,517,031.49 | 13,218,167.09 |
| Dividends receivable | 44,112,951.50 | 18,644,275.34 |
| Other receivables | 653,105,112.98 | 436,938,098.66 |
| Inventories | 1,007,113,846.05 | 965,168,857.46 |
| Current portion of non-current assets | 65,820,000.00 | - |
| Other current assets | 205,160,925.21 | 705,106,362.22 |
| **Total current assets** | 5,716,848,674.67 | 5,878,715,559.46 |
| | | |
| **Non-current assets** | | |
| Available-for-sale financial assets | 156,079,544.56 | 233,428,161.08 |
| Long-term receivables | 22,286,458.66 | 22,544,798.38 |
| Long-term equity investments | 4,093,571,233.02 | 3,873,207,058.31 |
| Investment properties | 672,535,723.42 | 681,660,028.98 |
| Fixed assets | 14,518,841,871.28 | 14,766,393,409.27 |
| Construction in progress | 2,297,686,708.83 | 1,555,093,364.31 |
| Fixed assets pending for disposal | 1,908,875.24 | 1,760,200.88 |
| Intangible assets | 710,582,923.68 | 729,050,736.49 |
| Goodwill | 16,035,288.74 | 16,035,288.74 |
| Long-term prepaid expenses | 23,236,302.80 | 23,592,159.31 |
| Deferred tax assets | 60,322,927.15 | 62,570,094.83 |
| Other non-current assets | 139,880,000.00 | - |
| **Total non-current assets** | 22,712,967,857.38 | 21,965,335,300.58 |
| | | |
| **TOTAL ASSETS** | 28,429,816,532.05 | 27,844,050,860.04 |

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2015 (Cont'd) (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

| LIABILITIES AND OWNERS' EQUITY | 30 June 2015 Consolidated | 31 December 2014 Consolidated |
|---|---|---|
| **Current liabilities** | | |
| Short-term borrowings | 592,069,382.85 | 907,302,821.28 |
| Notes payable | 7,400,000.00 | 12,714,000.00 |
| Accounts payable | 315,336,170.23 | 374,676,495.88 |
| Advances from customers | 386,838,342.92 | 357,410,116.97 |
| Employee benefits payable | 122,798,556.09 | 180,628,173.95 |
| Taxes payable | 39,489,778.97 | 67,389,593.27 |
| Interest payable | 165,041,110.64 | 132,295,618.54 |
| Dividends payable | 250,198,340.27 | 73,114,454.27 |
| Other payables | 783,347,039.70 | 669,983,218.09 |
| Current portion of non-current liabilities | 517,171,133.43 | 553,387,648.39 |
| Other current liabilities | 1,025,967,142.16 | 1,003,828,573.32 |
| **Total current liabilities** | 4,205,656,997.26 | 4,332,730,713.96 |
| **Non-current liabilities** | | |
| Long-term borrowings | 2,611,010,023.77 | 2,827,010,023.77 |
| Debentures payable | 5,754,922,752.00 | 4,971,625,629.16 |
| Long-term payables | 53,721,771.41 | 59,886,723.51 |
| Deferred income | 543,395,487.24 | 566,797,413.08 |
| Deferred tax liabilities | 9,304,043.31 | 10,086,937.73 |
| Other non-current liabilities | 97,036,185.00 | 97,036,185.00 |
| **Total non-current liabilities** | 9,069,390,262.73 | 8,532,442,912.25 |
| **Total liabilities** | 13,275,047,259.99 | 12,865,173,626.21 |
| **Owners' equity** | | |
| Share capital | 4,426,000,000.00 | 4,426,000,000.00 |
| Capital surplus | 6,118,025,204.90 | 6,117,277,019.87 |
| Other comprehensive income | 7,323,042.62 | 7,123,380.72 |
| Surplus reserve | 579,682,823.85 | 579,682,823.85 |
| Special reserve | 27,213,225.06 | 16,354,483.20 |
| Undistributed profits | 2,668,018,495.27 | 2,558,928,773.36 |
| **Total equity attributable to equity holders of the Company** | 13,826,262,791.70 | 13,705,366,481.00 |
| **Minority interest** | 1,328,506,480.36 | 1,273,510,752.83 |
| **Total owners' equity** | 15,154,769,272.06 | 14,978,877,233.83 |
| **TOTAL LIABILITIES AND OWNERS' EQUITY** | 28,429,816,532.05 | 27,844,050,860.04 |

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

| | **Item** | For the six months ended 30 June 2015 Consolidated | For the six months ended 30 June 2014 Consolidated |
|---|---|---|---|
| **1. Revenue** | | 4,097,541,481.48 | 3,297,872,554.47 |
| Less: | Cost of sales | (3,382,516,694.71) | (2,578,957,372.44) |
| | Taxes and surcharges | (18,812,455.14) | (17,578,344.00) |
| | Selling and distribution expenses | (525,075.34) | (47,980.00) |
| | General and administrative expenses | (276,858,410.87) | (247,461,042.33) |
| | Financial expenses-net | (266,159,428.87) | (236,242,751.54) |
| Add: | Profit arising from changes in fair value | 4,224,613.40 | 165,619.90 |
| | Investment income | 121,252,686.91 | 78,023,499.66 |
| Including: | Share of profit of associates and joint ventures | 62,510,171.74 | 38,224,323.02 |
| **2. Operating profit** | | 278,146,716.86 | 295,774,183.72 |
| Add: | Non-operating income | 125,418,244.68 | 145,571,150.73 |
| Including: | Gains on disposal of non-current assets | 343,876.19 | 892,471.08 |
| Less： | Non-operating expenses | (528,915.27) | (6,384,726.25) |
| Including: | Losses on disposal of non-current assets | (252,167.18) | (5,589,872.83) |
| **3. Total profit** | | 403,036,046.27 | 434,960,608.20 |
| Less: | Income tax expenses | (84,300,137.04) | (109,219,126.31) |
| **4. Net profit** | | 318,735,909.23 | 325,741,481.89 |
| Attributable to equity holders of the Company | | 286,129,721.91 | 284,418,933.05 |
| Minority interest | | 32,606,187.32 | 41,322,548.84 |
| **5. Earnings per share** | | | |
| | Basic earnings per share (RMB Yuan) | 0.06 | 0.06 |
| | Diluted earnings per share (RMB Yuan) | 0.06 | 0.06 |

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Cont'd) (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

| Item | For the six months ended 30 June 2015 Consolidated | For the six months ended 30 June 2014 Consolidated |
|---|---|---|
| **6. Other comprehensive income after tax -Net** | 199,661.90 | (6,397,826.15) |
| Attributable to equity holders of the Company | 199,661.90 | (6,397,826.15) |
| Items that will be reclassified subsequently to profit or loss | | |
| Share of investee's other comprehensive income that will be reclassified subsequently to profit or loss | 334,624.05 | - |
| Gain or loss from fair value change of available-for-sale financial assets | 376,267.24 | (4,597,300.25) |
| Translation differences on foreign financial statements | (511,229.39) | (1,800,525.90) |
| Attributable to minority interest | - | - |
| **7. Total comprehensive income** | 318,935,571.13 | 319,343,655.74 |
| Attributable to equity holders of the Company | 286,329,383.81 | 278,021,106.90 |
| Attributable to minority interest | 32,606,187.32 | 41,322,548.84 |

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**
(All amounts in RMB Yuan unless otherwise stated)

## 1. General information

Dalian Port (PDA) Co., Ltd. ("the Company") is a limited liability company jointly established by Port of Dalian Group Co., Ltd. ("PDA Group"), Dalian Rongda Investment Co., Ltd., Dalian Haitai Holding Co., Ltd., Dalian Detai Holding Co., Ltd. and Dalian Bonded Zhengtong Co., Ltd. on 16 November 2005, with its registered address and head office in Dalian, Liaoning Province of the People's Republic of China ("PRC"). The parent company and the ultimate parent company of the Company is PDA Group. The Company's original registered capital was RMB 1,960,000,000, with par value of RMB 1 each. On 21 March 2006 the Company issued 966,000,000 shares (H shares) to the public and on 28 April 2006 it was listed on the Stock Exchange of Hong Kong Limited, with total registered capital increased to RMB 2,926,000,000. On 11 November 2010 the Company issued 761,820,000 RMB ordinary shares (A shares) to the public and announced right issue of 738,180,000 RMB ordinary shares (A shares) to PDA Group. On 6 December 2010 it was listed on Shanghai Stock Exchange, with total registered capital increased to RMB 4,426,000,000.As at 30 June 2015, the Company's cumulative issuing shares were 4,426,000,000 shares.

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

These financial statements were approved and authorised for issue by the Company's Board of Directors on 18 August 2015.

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

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

## 3. Accounts receivable

| | 30 June 2015 (Unaudited) | 31 December 2014 |
|---|---|---|
| Accounts receivable | 987,207,332.55 | 840,473,630.04 |
| Less: Provision for bad debts | (3,032,229.54) | (3,032,229.54) |
| | 984,175,103.01 | 837,441,400.50 |

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

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

| | 30 June 2015 (Unaudited) | 31 December 2014 |
|---|---|---|
| Within 1 year | 902,137,290.19 | 763,462,567.08 |
| 1 to 2 years | 21,305,964.17 | 30,391,817.26 |
| 2 to 3 years | 17,863,857.80 | 38,966,795.19 |
| Over 3 years | 45,900,220.39 | 7,652,450.51 |
| | 987,207,332.55 | 840,473,630.04 |

Accounts receivable are analysed by categories as follows:

| | 30 June 2015 (Unaudited) | | | | 31 December 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | Ending balance | | Provision for bad debts | | Ending balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Percentage | Amount | % of total balance | Amount | Percentage |
| With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis | 4,589,839.02 | 0.46% | 1,491,504.33 | 32.50% | 5,553,656.87 | 0.66% | 1,491,504.33 | 26.86% |
| With amounts for that the related provision for bad debts is provided on the grouping basis | 981,076,768.32 | 99.38% | - | - | 833,379,247.96 | 99.16% | - | - |
| Whereby Group 1 | - | - | - | - | - | - | - | - |
| Group 2 | 981,076,768.32 | 99.38% | - | - | 833,379,247.96 | 99.16% | - | - |
| With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis | 1,540,725.21 | 0.16% | 1,540,725.21 | 100.00% | 1,540,725.21 | 0.18% | 1,540,725.21 | 100.00% |
| | 987,207,332.55 | 100.00% | 3,032,229.54 | 0.31% | 840,473,630.04 | 100.00% | 3,032,229.54 | 0.36% |

As at 30 June 2015, accounts receivable with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analyzed as follows (Unaudited):

| | Ending balance | Provision for bad debts | Percentage | Reason |
|---|---|---|---|---|
| Ansteel Co., Ltd. | 4,589,839.02 | 1,491,504.33 | 32.50% | (i) |

(i) As at 30 June 2015, receivables with amount of RMB 4,589,839.02 from Ansteel Co., Ltd., including withholding port construction fees by RMB 1,491,504.33. Due to the change of withholding entity to collect the port construction fees, it results in disagreement on the original terms of the business contract. Thus, the Group considers it is not able to collect the receivables and makes a provision for bad debts in full amount.

As at 30 June 2015, the top five balances of accounts receivable categorized by debtors are summarized for analyses below(Unaudited):

| | Amount | Provision for bad debts | % of total balance |
|---|---|---|---|
| Total balance of top five accounts receivable | 543,534,677.04 | - | 55.06% |

## 4. Other receivables

| | 30 June 2015<br>(Unaudited) | 31 December 2014 |
|---|---|---|
| Government subsidies Receivable | 305,130,075.00 | 177,717,395.00 |
| Receivables from freight charges, deposit and security deposit | 138,162,768.58 | 30,603,768.82 |
| Receivables from project payment and guarantee deposit | 60,060,279.38 | 59,043,764.77 |
| Entrusted loans | 58,032,800.00 | 43,042,800.00 |
| Bills of exchange | 30,690,012.08 | 59,832,121.88 |
| Port construction and miscellaneous expenses | 13,097,104.30 | 37,511,748.41 |
| Public infrastructure maintenance expenses | 4,316,520.00 | 1,508,059.45 |
| Others | 44,676,746.61 | 28,739,633.30 |
| | 654,166,305.95 | 437,999,291.63 |
| Less: Provision for bad debts | (1,061,192.97) | (1,061,192.97) |
| | 653,105,112.98 | 436,938,098.66 |

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

| | 30 June 2015<br>(Unaudited) | 31 December 2014 |
|---|---|---|
| Within 1 year | 633,536,867.18 | 405,958,707.23 |
| 1 to 2 years | 7,987,855.75 | 19,971,178.71 |
| 2 to 3 years | 5,286,871.27 | 5,903,146.39 |
| Over 3 years | 7,354,711.75 | 6,166,259.30 |
| | 654,166,305.95 | 437,999,291.63 |

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

| | 30 June 2015 (Unaudited) | | | | 31 December 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | Ending balance | | Provision for bad debts | | Ending balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | % | Amount | % of total balance | Amount | % |
| With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis | - | - | - | - | - | - | - | - |
| With amounts for that the related provision for bad debts is provided on the grouping basis | 646,304,696.14 | 98.80% | - | - | 434,696,576.66 | 99.25% | - | - |
| Whereby Group1 | - | - | - | - | - | - | - | - |
| Group2 | 646,304,696.14 | 98.80% | - | - | 434,696,576.66 | 99.25% | - | - |
| With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis | 7,861,609.81 | 1.20% | 1,061,192.97 | 13.50% | 3,302,714.97 | 0.75% | 1,061,192.97 | 32.13% |
| | 654,166,305.95 | 100.00% | 1,061,192.97 | 0.16% | 437,999,291.63 | 100.00% | 1,061,192.97 | 0.24% |

**5. Advances to suppliers**

**(a)** The aging of advances to suppliers is analysed below:

| | 30 June 2015 (Unaudited) | | 31 December 2014 | |
|---|---|---|---|---|
| | Amount | % of total balance | Amount | % of total balance |
| Within1 year | 248,090,722.81 | 99.77% | 353,979,711.67 | 99.72% |
| 1 to 2 years | 580,915.18 | 0.23% | 932,015.18 | 0.26% |
| 2 to 3 years | - | - | - | - |
| Over 3 years | - | - | 62,126.40 | 0.02% |
| | 248,671,637.99 | 100.00% | 354,973,853.25 | 100.00% |

As at 30 June 2015, advances to suppliers with aging over one year is RMB 580,915.18 (31 December 2014: RMB 994,141.58), which represents advances paid to gas station. Since the cooperation with the gas station is stable, these amounts have not been settled.

**6. Inventories**

**(a)** Inventories are summarized by categories as follows:：

| | 30 June 2015 (Unaudited) | | | 31 December 2014 | | |
|---|---|---|---|---|---|---|
| | Ending balance | Provision for decline in value of inventories | Carrying amount | Ending balance | Provision for decline in value of inventories | Carrying amount |
| Raw materials | 73,662,007.24 | (2,037,642.99) | 71,624,364.25 | 77,101,073.21 | (2,037,642.99) | 75,063,430.22 |
| Work in progress | 394,882.93 | - | 394,882.93 | 322,720.01 | - | 322,720.01 |
| Finished goods | 929,314,740.44 | - | 929,314,740.44 | 884,184,563.18 | - | 884,184,563.18 |
| Turnover materials | 5,779,858.43 | - | 5,779,858.43 | 5,598,144.05 | - | 5,598,144.05 |
| | 1,009,151,489.04 | (2,037,642.99) | 1,007,113,846.05 | 967,206,500.45 | (2,037,642.99) | 965,168,857.46 |

As at 30 June 2015, inventories and relevant notes of import business with carrying amount of RMB 637,622,352.06 (31 December 2014: RMB 347,391,525.41) are pledged as collateral for the collateralised borrowings of RMB 557,069,382.85 (31 December 2014: RMB 218,422,030.38).

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

| | 31 December 2014 | Increase in current year | | Decrease in current year | | 30 June 2015 (Unaudited) |
|---|---|---|---|---|---|---|
| | | Charged | Others | Reversal/ Write-off | Others | |
| Raw materials | 2,037,642.99 | - | - | - | - | 2,037,642.99 |

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

| | Specific basis to determine net realizable value | Reasons for provision for decline in the value of inventories reversal or write-off in current year |
|---|---|---|
| Raw materials | obsolete raw materials | N/A |

**7. Notes payable**

| | 30 June 2015 (Unaudited) | 31 December 2014 |
|---|---|---|
| Bank acceptance notes | 7,400,000.00 | 12,714,000.00 |

**8. Accounts payable**

| | 30 June 2015 (Unaudited) | 31 December 2014 |
|---|---|---|
| Subcontracting, materials and quality guarantee deposit | 165,243,157.25 | 160,629,740.14 |
| Purchase of goods | 88,757,682.70 | 133,889,045.71 |
| Vessel leasing and ocean freight | 61,335,330.28 | 80,157,710.03 |
| | 315,336,170.23 | 374,676,495.88 |

(a) As at 30 June 2015, accounts payable over 1 year amounted to RMB 6,606,956.03 (31 December 2014: RMB 12,841,919.71). Such accounts payable comprised payables for subcontracting, materials and quality guarantee deposit which had not been cleared finally for the overall project had not been completed and finally settled.

(b) The ageing of accounts payable is analyzed below:

| | 30 June 2015 (Unaudited) | 31 December 2014 |
|---|---|---|
| Within 1 year | 308,729,214.20 | 361,834,576.17 |
| 1 to 2 years | 4,903,243.57 | 10,615,746.25 |
| 2 to 3 years | 1,189,942.78 | 1,764,929.37 |
| Over 3 years | 513,769.68 | 461,244.09 |
| | 315,336,170.23 | 374,676,495.88 |

## 9. Revenue and cost of sales

| | For the six months ended 30 June 2015 (Unaudited) | For the six months ended 30 June 2014 (Unaudited) |
|---|---|---|
| Revenue from main operations | 3,923,824,016.69 | 3,128,749,280.81 |
| Revenue from other operations | 173,717,464.79 | 169,123,273.66 |
| | 4,097,541,481.48 | 3,297,872,554.47 |

| | For the six months ended 30 June 2015 (Unaudited) | For the six months ended 30 June 2014 (Unaudited) |
|---|---|---|
| Cost of sales from main operations | 3,258,746,653.01 | 2,457,754,346.98 |
| Cost of sales from other operations | 123,770,041.70 | 121,203,025.46 |
| | 3,382,516,694.71 | 2,578,957,372.44 |

(a) Analysis by industries is as follows:

| | For the six months ended 30 June 2015 (Unaudited) | | For the six months ended 30 June 2014(Unaudited) | |
|---|---|---|---|---|
| | Revenue | Cost of sales | Revenue | Cost of sales |
| Oil and liquefied chemicals terminal and related logistics services | 860,573,229.29 | 458,378,243.34 | 724,370,024.74 | 345,553,920.01 |
| Container terminal and related logistics services | 845,330,389.21 | 689,269,593.36 | 719,588,395.16 | 609,143,906.79 |
| General cargo terminal and related logistics and trading services | 189,531,378.43 | 197,417,622.40 | 210,437,852.69 | 217,224,663.26 |
| Ore terminal and related logistics services | 95,552,094.31 | 106,808,482.54 | 129,353,555.51 | 92,458,123.36 |
| Bulk grains terminal and related logistics and trading services | 768,877,114.05 | 786,676,682.63 | 250,942,736.46 | 245,541,578.58 |
| Passenger, roll-on, roll-off terminal and related logistics services | 57,740,439.65 | 44,394,546.90 | 55,412,188.64 | 40,028,686.98 |
| Port value-added and ancillary services | 420,124,294.69 | 266,782,607.28 | 407,715,213.98 | 272,721,760.50 |
| Automobile terminal and related logistics and trading services | 811,171,171.03 | 802,404,205.20 | 748,437,695.71 | 728,591,427.81 |
| Others | 48,641,370.82 | 30,384,711.06 | 51,614,891.58 | 27,693,305.15 |
| | 4,097,541,481.48 | 3,382,516,694.71 | 3,297,872,554.47 | 2,578,957,372.44 |

(b) The revenue is categorized as follows:

| | For the six months ended 30 June 2015 (Unaudited) | For the six months ended 30 June 2014 (Unaudited) |
|---|---|---|
| Commodity trading | 1,686,983,527.85 | 918,418,831.04 |
| Loading services | 825,441,971.02 | 925,694,227.95 |
| Storage services | 444,917,638.01 | 428,153,874.37 |
| Agency services | 335,065,416.74 | 287,360,899.07 |
| Logistics services | 269,545,832.41 | 236,979,270.03 |
| Leasing services | 117,467,760.19 | 117,814,312.08 |
| Port management services | 110,464,368.92 | 104,566,460.20 |
| Project construction and supervision services | 52,318,744.44 | 46,170,865.71 |
| Electric supply services | 49,442,664.97 | 50,241,107.70 |
| Sales of goods | 32,967,957.59 | 7,198,943.17 |
| Tallying services | 30,768,349.14 | 29,084,092.66 |
| Information services | 30,361,275.99 | 28,360,608.61 |
| Others | 111,795,974.21 | 117,829,061.88 |
| | 4,097,541,481.48 | 3,297,872,554.47 |

**10. Taxes and surcharges**

| | For the six months ended 30 June 2015 (Unaudited) | For the six months ended 30 June 2014 (Unaudited) | Tax base |
|---|---|---|---|
| Business tax | 10,824,834.87 | 10,124,150.50 | 5% of taxable income |
| City maintenance and construction tax and educational surcharges | 7,987,620.27 | 7,454,193.50 | 7% of business tax and VAT for city maintenance and construction tax, 3% there of for educational surcharges and 2% there of for local educational surcharges |
| | 18,812,455.14 | 17,578,344.00 | |

**11. Non-operating income**

| | For the six months ended 30 June 2015 (Unaudited) | For the six months ended 30 June 2014 (Unaudited) | Amount recognized in non-recurring profit or loss for the six months ended 30 June 2015 |
|---|---|---|---|
| Gains on disposal of non-current assets | 343,876.19 | 892,471.08 | 343,876.19 |
| Including: | | | |
| gains on disposal of fixed assets | 338,396.69 | 892,471.08 | 338,396.69 |
| gains on disposal of Intangible assets | 5,479.50 | - | 5,479.50 |
| Government grants (a) | 105,908,973.54 | 136,916,671.67 | 1,232,956.52 |
| Negative goodwill from equity acquisition | - | 24,533.89 | - |
| Others | 19,165,394.95 | 7,737,474.09 | 19,165,394.95 |
| | 125,418,244.68 | 145,571,150.73 | 20,742,227.66 |

(a) Details of government grants

| | For the six months ended 30 June 2015 (Unaudited) | For the six months ended 30 June 2014 (Unaudited) | Related to assets / income |
|---|---|---|---|
| Relocation compensation | 17,252,592.00 | 17,252,592.00 | Related to assets |
| Vessel construction subsidies | 395,608.80 | 395,608.80 | Related to assets |
| Equipment reconstruction subsidies | 7,563.00 | 90,545.34 | Related to assets |
| Energy conservation and Emission reduction special fund | 300,511.78 | - | Related to assets |
| Others | 20,650.26 | - | Related to assets |
| Container subsidies (i) | 80,827,400.00 | 111,254,300.00 | Related to income |
| Operation subsidies | 5,865,000.00 | 5,625,000.00 | Related to income |
| Refund of turnover taxes | 6,691.18 | 2,273,625.53 | Related to income |
| Others | 1,232,956.52 | 25,000.00 | Related to income |
| | 105,908,973.54 | 136,916,671.67 | |

(i) In accordance with ‘Circular on the Plan for 2014-2015 Container Subsidy Implementation Details’ (DaGangKouFa [2014] No.215) jointly issued by Dalian Bureau of Port and Dalian Bureau of Finance in 2014, government grants recognized by the Group for the six months ended 30 June 2015 amounted to RMB 80,827,400.00 Yuan (For the six months ended 30 June 2014: RMB 111,254,300.00 Yuan).

**12. Non-operating expenses**

| | For the six months ended 30 June 2015 (Unaudited) | For the six months ended 30 June 2014 (Unaudited) | Amount recognized in non-recurring profit or loss for the six months ended 30 June 2015 |
|---|---|---|---|
| Losses on disposal of non-current assets | 252,167.18 | 5,589,872.83 | 252,167.18 |
| Including: losses on disposal of fixed assets | 252,167.18 | 5,589,872.83 | 252,167.18 |
| Others | 276,748.09 | 794,853.42 | 276,748.09 |
| | 528,915.27 | 6,384,726.25 | 528,915.27 |

**13. Income tax expenses**

| | For the six months ended 30 June 2015 (Unaudited) | For the six months ended 30 June 2014 (Unaudited) |
|---|---|---|
| Current income tax calculated based on tax law and related regulations | 82,835,863.78 | 110,377,093.19 |
| Deferred income tax | 1,464,273.26 | (1,157,966.88) |
| | 84,300,137.04 | 109,219,126.31 |

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

| | For the six months ended 30 June 2015 (Unaudited) | For the six months ended 30 June 2014 (Unaudited) |
|---|---|---|
| Total profit | 403,036,046.27 | 434,960,608.20 |
| Income tax expenses calculated at applicable tax rates | 100,759,011.57 | 108,740,152.05 |
| Effect of different tax rates applicable to subsidiaries in Mainland China | (349,668.23) | (2,046,052.65) |
| Effect of different tax rates applicable to subsidiaries outside Mainland China | 144,388.45 | 2,784,248.88 |
| Adjustments for current income tax of prior year | (1,747,830.53) | 215,293.94 |
| Income not subject to tax | (25,276,257.95) | (14,989,727.53) |
| Expenses not deductible for tax purposes | 11,439,286.27 | 778,308.07 |
| Utilization of previously unrecognized tax losses | (10,937,614.55) | (64,331.36) |
| Deductible losses for which no deferred tax asset was recognized | 10,268,822.01 | 13,801,234.91 |
| Income tax expenses | 84,300,137.04 | 109,219,126.31 |

**14. 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 2015 (Unaudited) | For the six months ended 30 June 2014 (Unaudited) |
|---|---|---|
| Consolidated net profit attributable to ordinary shareholders of the Company | 286,129,721.91 | 284,418,933.05 |
| Weighted average number of ordinary shares outstanding | 4,426,000,000.00 | 4,426,000,000.00 |
| Basic earnings per share | 0.06 | 0.06 |
| Including: | | |
| - Basic earnings per share from continuing operations： | 0.06 | 0.06 |

(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 2015, there were no dilutive potential ordinary shares (For the six months ended 30 June 2014: nil), diluted earnings per share is equal to basic earnings per share.

**15. 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 and liquefied chemicals terminal and related logistics services, responsible for loading and discharging, storage and transhipment 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
- General cargo terminal and related logistics and trading services, responsible for loading and unloading of general cargo and provision of related logistics services, steel trading operation
- Ore terminal and related logistics services, responsible for loading and unloading of ore and provision of related logistics services
- Bulk grains terminal and related logistics and trading services, responsible for loading and unloading of grains and provision of related logistics services, bulk grains trading operation
- Passenger, 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
- Port value-added and ancillary services, responsible for tallying, tugging, transportation, power supply, information technology and construction services
- Automobile terminal and related logistics and trading services, responsible for loading and discharging of automobile and related logistics services, automobile trading operation

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 30 June 2015 and for the six months ended 30 June 2015 (unaudited) is as follows(unit:RMB'000)：

| | Oil and liquefied chemicals terminal and related logistics services | Container terminal and related logistics services | General cargo terminal and related logistics and trading services | Ore terminal and related logistics services | Bulk grains terminal and related logistics and trading services | Passenger, roll-on, roll-off terminal and related logistics services | Port value-added and ancillary services | Automobile terminal and related logistics and trading services | Others | Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue from external customers | 860,573 | 845,330 | 189,531 | 95,552 | 768,877 | 57,740 | 420,124 | 811,171 | 48,643 | - | 4,097,541 |
| Inter-segment revenue | 612,521 | 32 | 114,784 | 46,072 | 56,717 | 20,089 | 199,449 | 1,064 | 982,699 | (2,033,427) | - |
| Cost of sales from main operations | 452,239 | 643,097 | 187,634 | 106,044 | 774,881 | 42,339 | 234,972 | 800,786 | 16,755 | - | 3,258,747 |
| Interest income | 3,057 | 1,424 | 350 | 90 | 2,039 | 81 | 582 | 194 | 3,814 | - | 11,631 |
| Investment income from associates and joint ventures | 30,907 | 8,861 | (11,604) | 163 | - | (5,099) | 27,790 | 13,451 | 56,784 | - | 121,253 |
| Depreciation and amortization | 105,003 | 86,191 | 43,576 | 52,790 | 34,401 | 15,481 | 34,269 | 71 | 18,169 | - | 389,951 |
| Total profit | 396,104 | 162,353 | (36,109) | (26,413) | (31,523) | (1,355) | 109,119 | 12,103 | (181,243) | - | 403,036 |
| Income tax expenses | 96,453 | 31,212 | (4,262) | (6,642) | (7,712) | 1,001 | 15,110 | 212 | (41,072) | - | 84,300 |
| Net profit | 299,651 | 131,141 | (31,847) | (19,771) | (23,811) | (2,356) | 94,009 | 11,891 | (140,171) | - | 318,736 |
| Total assets | 6,888,830 | 6,661,171 | 3,021,497 | 2,459,424 | 2,120,524 | 1,170,046 | 2,373,572 | 1,987,005 | 1,747,748 | - | 28,429,817 |
| Total liabilities | 1,588,422 | 793,938 | 92,793 | 71,744 | 506,486 | 63,807 | 137,841 | 585,442 | 9,434,574 | - | 13,275,047 |

(a) Segment information as at 30 June 2015 and for the six months ended 30 June 2015 (unaudited) is as follows (Con’t d) (unit:RMB'000)：

| | Oil and liquefied chemicals terminal and related logistics services | Container terminal and related logistics services | General cargo terminal and related logistics and trading services | Ore terminal and related logistics services | Bulk grains terminal and related logistics and trading services | Passenger, roll-on, roll-off terminal and related logistics services | Port value-added and ancillary services | Automobile terminal and related logistics and trading services | Others | Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Non-cash expenses other than Depreciation and amortization | - | 6,412 | 11 | - | - | 18 | 3 | - | 17,398 | - | 23,842 |
| Long-term equity Investments in associates and joint ventures | 1,418,988 | 1,326,206 | 168,154 | 2,193 | - | 335,064 | 527,027 | 315,939 | - | - | 4,093,571 |
| Additions of non-current assets other than long-term equity investments | 41,069 | 11,596 | 4,811 | 1,238 | 337 | 850 | 1,920 | 39,663 | 758,470 | - | 859,954 |

(b) Segment information as at 30 June 2014 and for the six months ended 30 June 2014 (unaudited) is as follows(unit:RMB'000)：

| | Oil and liquefied chemicals terminal and related logistics services | Container terminal and related logistics services | General cargo terminal and related logistics and trading services | Ore terminal and related logistics services | Bulk grains terminal and related logistics and trading services | Passenger, roll-on, roll-off terminal and related logistics services | Port value-added and ancillary services | Automobile terminal and related logistics and trading services | Others | Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue from external customers | 724,370 | 719,588 | 210,438 | 129,354 | 250,943 | 55,412 | 407,715 | 748,438 | 51,615 | - | 3,297,873 |
| Inter-segment revenue | 643 | - | 5,459 | 97 | - | 338 | 46,674 | 1,438 | 20,888 | (75,537) | - |
| Cost of sales from main operations | 345,876 | 560,237 | 208,459 | 88,503 | 230,482 | 38,442 | 239,038 | 725,416 | 21,301 | - | 2,457,754 |
| 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 amortization | 96,681 | 84,428 | 41,323 | 44,746 | 35,218 | 15,718 | 30,273 | 4,045 | 17,461 | - | 369,893 |
| 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 |

(b) Segment information as at 30 June 2014 and for the six months ended 30 June 2014 (unaudited) is as follows (Con’t d) (unit:RMB'000)：

| | Oil and liquefied chemicals terminal and related logistics services | Container terminal and related logistics services | General cargo terminal and related logistics and trading services | Ore terminal and related logistics services | Bulk grains terminal and related logistics and trading services | Passenger, roll-on, roll-off terminal and related logistics services | Port value-added and ancillary services | Automobile terminal and related logistics and trading services | Others | Elimination | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Non-cash expenses other than depreciation and amortization | 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 |

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.

Information about major customers:

The revenue from oil/liquefied chemicals segment of RMB 228,082,955.69 is derived from a single customer, accounting for 5.57%of the Group’s total revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS

## SUMMARY

Global economy remained under significant adjustment in the first half of 2015, as proven by a slow pace of economic recovery and uneven economic development. Impacted by the increasing downward pressure on China's economy, the growth in consumption, investment and export slowed down. In the first half of the year, China's GDP grew by 7.0%, whereas the total value of import and export fell by 6.9%.

In the first half of the year, cargo throughput handled by China's large-scale ports amounted to 5.67 billion tonnes, a year-on-year increase of 2.6%, and a 2.6 percentage points lower than the same period last year. In particular, cargo throughput handled at coastal ports in China was 3.94 billion tonnes, up 1.6% year-on-year while cargo throughput handled by river ports was 1.73 billion tonnes, an increase of 5.0% year-on-year. Container cargo throughput was 92,102,000 TEU, a growth of 5.6% 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 segment and related logistics and trade services ("**Automobile Segment**"), ore terminal and related logistics services ("**Ore Segment**"), general cargo terminal and related logistics and trade services ("**General Cargo Segment**"), bulk grain terminal and related logistics and trade services ("**Bulk Grain Segment**"), passenger and roll-on, roll-off terminal and related logistics services ("**Passenger and Ro-Ro Segment**") and value-added and ancillary port operations ("**Value-added Services Segment**").

In the first half of 2015, the general information on the macro-economy and industries relevant to the Group's principal business were set out as follows:

**Oil Segment:** While international crude oil price remained low in the first half of 2015, China accelerated its pace in adding strategic reserves of crude oil, leading to a faster growth in the import volume of crude oil. In the first half of the year, China imported 163 million tonnes of crude oil, increased by 7.2% as compared with the same period last year.

**Container Segment:** In the first half of 2015, containers throughput handled by China's large-scale ports amounted to 102.728 million TEU, a year-on-year increase of 6.1%, which was a 0.4 percentage points higher than the same period last year. Port production showed a trend of "decreasing import and increasing export".

**Automobile Segment:** In the first half of 2015, the volume of automobile production and sales volume in China fell below the expectation at the beginning of the year, indicating a further slowdown in the growth of production and sales. Automobiles output during the first half of the year was 12,095,000 vehicles, an increase of 2.64% year-on-year. Sales volume was 11,850,300 vehicles, an increase of 1.43% year-on-year.

**Ore Segment:** In the first half of 2015, the slowdown of China's economic growth has reduced the demand for imported iron ore and coupled with the continuous fluctuation in the international ore prices, the market turnover fell. During the first six months of the year, accumulated iron ore imports in China amounted to 452.91 million tonnes, a decrease of 0.9% on year-on-year basis.

**General Cargo Segment:** In the first half of 2015, China's large-scale ports handled a total of 328 million tonnes of coal, which represented a decrease of 3.2% year-on-year. The output of the crude steel across China in the first half of 2015 reached a total volume of 410 million tonnes, which represented a decrease of 1.3% year-on-year.

**Bulk Grain Segment:** In the first half of 2015, under the influence of record-breaking volume of corns stored in temporary storage, replacement with imported grains and low demand for corn feed, volume of corn transshipment at Liaoning port recorded a fall as compared to the same period last year.

**Passenger and Ro-Ro Segment:** In the first half of 2015, due to the outbreak of MERS in Korea that affected the customer base and market of international shipping, as well as the diversion of maritime passenger transport towards aviation flights and high-speed rails, the total number of passengers during the first half of the year was lower than that of the same period of the previous year.

In the first half of 2015, the Group's major business segments had a stable performance. In terms of throughput, the Group handled a total of approximately 25.136 million tonnes of oil and liquefied chemicals, representing an increase of 9.6% as compared with the same period last year, of which 14.926 million tonnes were imported crude oil, representing an increase of 32.8% as compared with the corresponding period last year. In the Container Segment, the Group handled approximately 4.996 million TEUs, representing a decrease of 0.2% on a year-on-year basis, of which approximately 4.627 million TEUs were handled by the Group at Dalian port, representing an increase of 0.7% on a year-on-year basis. In the Automobile Segment, the Group handled 227,136 vehicles, representing an increase of 1.0% on a year-on-year basis. In the Ore Segment, the Group handled approximately 8.833 million tonnes, representing a decrease of 8.4% on a year-on-year basis. In the General Cargo Segment, the Group handled approximately 14.70 million tonnes of cargoes, representing a decrease of 8.8% on a year-on-year basis. In the Bulk Grain Segment, the Group handled approximately 1.869 million tonnes of bulk grain, representing a decrease of 41.6% on a year-on-year basis. In the Passenger and Ro-Ro Segment, the Group transported approximately 1.511 million passengers, representing a decrease of 3.7%, and approximately 756,000 vehicles, representing an increase of 18.3% year-on-year.

**OVERALL ANALYSIS OF RESULTS**

In the first half of 2015, the Group's profit attributable to owners of the Company amounted to RMB286,129,721.91, representing an increase of RMB1,710,788.86 or 0.6% as compared with RMB284,418,933.05 in the first half of 2014. The increase was due to the increase in gross profit of the Oil segment, the Container segment and the Value-added Services segment and the gains from transfer and holding of financial assets. However, the decrease in the gross profit of the Bulk Grain Segment and the Ore Segment resulting from the decrease in the Bulk Grain and Ore throughput have restrained the growth of the Group's profit attributable to owners of the Company.

In the first half of 2015, the Group's basic earnings were RMB6.46 cents per share, representing an increase of 0.6% from RMB6.43 cents in the first half of 2014.

Changes to the principal components of the net profit for the first half of 2015 against the comparable figures of the first half of 2014 are set out as follows:

| **Items** | **For the six months ended 30 June 2015 （RMB）** | **For the six months ended 30 June 2014 （RMB）** | **+/- (%)** |
|---|---|---|---|
| **Net profit attributable to owners of the Company** | 286,129,721.91 | 284,418,933.05 | **0.6** |
| Including: | | | |
| Revenue | 4,097,541,481.48 | 3,297,872,554.47 | 24.2 |
| Cost of sales | 3,382,516,694.71 | 2,578,957,372.44 | 31.2 |
| Gross profit ( *Note 1*) | 715,024,786.77 | 718,915,182.03 | -0.5 |
| Gross profit margin *(Note2)* | 17.45% | 21.80% | down 4.4 percentage points |
| General and administrative expenses | 276,858,410.87 | 247,461,042.33 | 11.9 |
| Financial expenses | 266,159,428.87 | 236,242,751.54 | 12.7 |
| Investment income | 121,252,686.91 | 78,023,499.66 | 55.4 |
| Income tax expense | 84,300,137.04 | 109,219,126.31 | -22.8 |

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

In the first half of 2015, the Group's revenue increased by 24.2%, mainly due to the increase in the port trading business. Excluding above factor, the Group's revenue increased by 0.5% as compared with that for the first half of 2014. The increase was mainly due to the increase in the income from oil handling resulting from the increase in throughput, the revenue from container agency business, the revenue from tugging business and information services. However, the growth in revenue was offset by the reduction of the Bulk Grain and Ore throughput.

In the first half of 2015, the Group's cost of sales increased by 31.2%. Excluding the factor of the increase in the port trading business costs, the cost of sales increased by 1.3%, mainly due to an increase in oil tanks leasing costs, depreciation expenses associated with the commissioning of new facilities, and labor costs, as well as the decrease in fuel costs.

In the first half of 2015, the Group's gross profit decreased by 0.5%, the Group's gross profit margin decreased by 4.4 percentage points. Excluding the factors of the development of the port trading business, the Group's gross profit margin decreased by 0.6 percentage point, which was mainly due to the decrease in the gross profit margin of the high-margin handling business resulting from the reduction of the Bulk Grain and Ore throughput. However, the decrease in gross profit margin was offset by an increase of the growth of the oil throughput.

In the first half of 2015, the Group's general and administrative expenses increased mainly due to the increase in labor costs and increase in taxation resulting from the cancellation of certain preferential tax policies.

In the first half of 2015, the Group's financial expenses increased mainly due to the increase in average liabilities balance.

In the first half of 2015, the Group's investments income increased, mainly due to gains from transfer of shares and equity and the accumulated dividend from the associates in the previous year.

**ASSETS AND LIABILITIES**

As of 30 June 2015, the Group's total assets and net assets attributable to the Company's shareholders amounted to RMB28,429,816,532.05 and RMB15,154,769,272.06, respectively, and its net asset value per share as of 30 June 2015 was RMB3.12, as compared with RMB3.10 as of the 31 December 2014.

As of 30 June 2015, the Group's total liabilities amounted to RMB13,275,047,259.99, of which total outstanding interest-bearing borrowings amounted to RMB10,554,862,205.62.

**FINANCIAL RESOURCES AND LIQUIDITY**

As at 30 June 2015, the Group had a balance of cash and cash equivalents of RMB2,182,849,815.37, representing a decrease of RMB59,123,002.63 as compared with 31 December 2014.

In the first half of 2015, the Group's net cash inflows generated from operating activities amounted to RMB619,576,737.92, the Group's net cash outflows for financing activities amounted to RMB43,300,540.21 and the Group's net cash outflows for investing activities amounted to RMB625,638,040.55. Benefited from stable cash flows from its operating activities, proceeds from issuance of bonds and borrowings, redemption of entrusted investments, 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 2015, the Group's bank and other borrowings amounted to RMB10,554,862,205.62 of which RMB8,419,654,547.18 was due after one year (of which the balance of loans with floating interest rate was RMB550,000,000.00) and RMB2,135,207,658.44 was due within one year. The Group's net gearing ratio was 52.0% as at 30 June 2015 (47.7% as at 31 December 2014).

As at 30 June 2015, the Group's unutilized banking facilities amounted to RMB17,687,990,000.00.

The group has already evaluated the interest rate risk, and considered that there is no significant impact in connection with the change in interest rate.

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

The group continued to pay close attention to the interest rate risk and exchange rate risk. In the first half of the year, the Group did not enter into any foreign exchange hedging contracts in connection with the exchange rate risk.

**USE OF PROCEEDS (A SHARE)**

Net proceeds of the public offering of 762 million A Shares in 2010 ("**A Shares IPO**") obtained by the Company amounted to approximately RMB2,772,091,500.00. As at 30 June 2015, the Company had utilized approximately RMB2,325,917,800.00 of the net proceeds and the balance of the net proceeds was RMB446,173,700.00. In March 2015, the Company was authorized to use idle cash of RMB400,000,000.00 out of the A Share IPO proceeds to supplement the Company's working capital. The A Share IPO bank account balance was RMB124,028,000.00 (including an interest income of RMB77,854,300.00 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, except for the changes announced by the Company on 31 December 2011. As at 30 June 2015, the details of the use of proceeds were as follows:

| **Projects** | **Proceeds from A Shares IPO (RMB)** | **Use of proceeds as of 30 June 2015 (RMB)** | **Balance as of 30 June 2015 (RMB)** |
| --- | --- | --- | --- |

| | | | |
|---|---|---|---|
| Construction of oil storage tanks with a total capacity of 1,000,000 $m^3$ in Xingang | 760,000,000.00 | 498,088,500.00 | 261,911,500.00 |
| Construction of oil storage tanks with a total capacity of 600,000 $m^3$ in the Xingang resort area | 550,000,000.00 | 549,900,000.00 | 100,000.00 |
| 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 | 353,837,800.00 | 166,162,200.00 |
| 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 | 2,325,917,800.00 | 446,173,700.00 |

*Note : In order to reduce the amount of idle cash and the financing cost and to manage cash efficiently, the third meeting of the fourth session of the Company's board of directors in 2015 passed a resolution regarding the temporary use of certain idle cash from the A Shares IPO proceeds to improve the liquidity of the Company's working capital. The Company was authorized to use idle cash of RMB400,000,000.00 out of the A Share IPO proceeds to supplement the Company's working capital. Such an authorization is valid for a period of twelve months commencing 27 March 2015 when the Board passed the relevant resolution. The Company's independent 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 27 March 2015.*

**CAPITAL EXPENDITURE**

In the first half of 2015, the Group's capital expenditure amounted to RMB859,953,920.49 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 2015 is as follows:**

**Oil Segment**

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

| | For the six months ended 30 June 2015 ('000 tonnes) | For the six months ended 30 June 2014 ('000 tonnes) | Increase/ (Decrease) |
|---|---|---|---|
| Crude oil | 19,851 | 15,536 | 27.8% |
| —Foreign trade imported crude oil | 14,926 | 11,237 | 32.8% |
| Refined oil | 3,312 | 5,037 | (34.2%) |
| Liquefied Chemicals | 595 | 478 | 24.5% |
| LNG | 1,378 | 1,886 | (26.9%) |
| Total | 25,136 | 22,937 | 9.6% |

In the first half of 2015, in terms of throughput of oil/liquefied chemicals, the Group handled a total of approximately 25.136 million tonnes, an increase of 9.6% on year-on-year basis.

In the first half of 2015, the Group's crude oil throughput increased by 27.8% to approximately 19.851 million tonnes, of which approximately 14.926 million tonnes were imported crude oil, an increase of 32.8% year-on-year. Due to the increase in the volume of crude oil imported by customers including Dalian Port Petrochemical Co., Ltd., the higher trans-shipment volume of crude oil imports handled at the Group's port from our key clients such as PetroChina Jinxi Petrochemical Company and the increase in bonded cargo transport volume driven by the bonded storage tanks of 3.305 million cubic meters, there was an increase in the volume of imported crude oil as compared with the same period last year.

In the first half of 2015, the Group's refined oil throughput amounted to approximately 3.312 million tonnes, a decrease of 34.2% year-on-year. The decrease was mainly attributable to the two-month suspension of operation of Dalian West Pacific Petrochemical Company Ltd for the purpose of maintenance.

In the first half of 2015, the Group's liquefied chemicals throughput was approximately 595,000 tonnes, an increase of 24.5% year-on-year. The increase in shipment of liquefied chemicals by customers resulted in the year-on-year growth of port trans-shipment volume of liquefied chemicals.

In the first half of the year, the Group's LNG throughput amounted to 1.378 million tonnes, a decrease of 26.9% year-on-year. The fall in throughput of the Group's LNG business during the first half of the year was attributable to a number of market factors.

In the first half of 2015, the total imported crude oil volume handled by the Group's ports accounted for 100% (100% in the first half of 2014) of the total amount of crude oil imported into Dalian and 72.3% (66.6% in the first half of 2014) of the total amount of crude oil imported into the Three Northeastern Provinces of China. The Group's oil products throughput accounted for 70.2% (78% in the first half of 2014) of the total market share in Dalian and 44.3% (45.5% in the first half of 2014) of the total market share in the Three Northeastern Provinces of China. The increase in total oil products throughput was mainly due to the Group's extended market development effort, the enhancement in quality and efficiency of logistic services, and the development of logistic system for trans-shipment business, which resulted in an increase in imported cargoes, bonded cargoes and trans-shipment cargoes as compared with the same period last year.

In the first half of 2015, the performance of the Oil Segment was as follows:

| **Items** | **For the six months ended 30 June 2015 (RMB)** | **For the six months ended 30 June 2014 (RMB)** | **+/- (%)** |
|---|---|---|---|
| Revenue | 860,573,229.29 | 724,370,024.74 | 18.8 |
| The share in the Group's revenue | 21.0% | 22.0% | down 1.0 percentage point |
| Gross profit | 402,194,985.94 | 378,816,104.73 | 6.2 |
| The share in the Group's gross profit | 56.2% | 52.7% | up 3.5 percentage points |
| Gross profit margin | 46.7% | 52.3% | down 5.6 percentage points |

In the first half of 2015, the revenue from the Oil Segment increased by 18.8% mainly due to the growth of the handling revenue driven by the increase in the throughput and the gradual development of trade business. The gross profit margin decreased 5.6 percentage points. Excluding the impact of the port trading business, the gross profit margin was 52.2%, which was roughly the same as last year.

In the first half of 2015, the Group's major measures taken and the progress of major projects related to the Group's Oil Segment were as follows:

● The Group reasonably relocated storage tanks resources to enhance service quality of operation, so as to provide customers safe, efficient and delicate customized logistic services at low costs while establishing a top brand of oil and liquefied chemicals related services.

● The Group successfully expanded the capacity of Phase II of Dalian North Petroleum

Logistics Co., Ltd., which owned public bonded storage tanks of 305,000 cubic meters. This laid a solid foundation for additional bonded crude oil storage and transshipment of the Group.

● The Group also closely monitored the trends in domestic and international oil products markets while explored new customers and markets for crude oil transshipment business, so as to expand the international transshipment business of our ports.

**Container Segment**

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

| | | For the six months ended 30 June 2015 ('000 TEUs) | For the six months ended 30 June 2014 ('000 TEUs) | Increase/ (Decrease) |
|---|---|---|---|---|
| Foreign Trade | Dalian | 2,470 | 2,455 | 0.6% |
| | Other ports *(Note 1)* | 99 | 89 | 11.2% |
| | Sub-total | 2,569 | 2,544 | 1.0% |
| Domestic Trade | Dalian | 2,150 | 2,131 | 0.9% |
| | Other ports *(Note 1)* | 277 | 332 | (16.6%) |
| | Sub-total | 2,427 | 2,463 | (1.5%) |
| Total | Dalian | 4,620 | 4,586 | 0.7% |
| | Other ports *(Note 1)* | 376 | 421 | (10.7%) |
| | Sub-total | 4,996 | 5,007 | (0.2%) |

*Note 1: Throughput at other ports handled by the Group refers to an aggregate 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 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 15% equity interest is owned by the Group.*

In the first half of 2015, in terms of container throughput, the Group handled a total of approximately 4.996 million TEUs, representing a decrease of 0.2% year-on-year. At Dalian port, the Group handled approximately 4.620 million TEUs, representing a year-on-year increase of 0.7%, of which container throughput for foreign trade increased by 0.6% year-on-year, and container throughput for domestic trade increased by 0.9% year-on-year. In the first half of 2015, as the Group took effective measures to conform to the national development strategy and to speed up the establishment of the comprehensive logistics system, the Group's container business has maintained a steady growth.

In the first half of 2015, the Group's container terminal business accounted for 98.5% (99.0% in the first half of 2014) of the total market share in Dalian and 53.6% (54.8% in the first half of 2014) of that in the Three Northeastern Provinces of China. The Group's container throughput for foreign trade accounted for 100% (100% in the first half of 2014) of the total market share in Dalian and 96.4% (96.0% in the first half of 2014) of the total market share in the Three Northeastern Provinces of China.

In the first half of 2015, the performance of the Container Segment was as follows:

| **Items** | **For the six months ended 30 June 2015 (RMB)** | **For the six months ended 30 June 2014 (RMB)** | **+/- (%)** |
|---|---|---|---|
| Revenue | 845,330,389.21 | 719,588,395.16 | 17.5 |
| The share in the Group's revenue | 20.6% | 21.8% | down 1.2 percentage points |
| Gross profit | 156,060,795.85 | 110,444,488.37 | 41.3 |
| The share in the Group's gross profit | 21.8% | 15.4% | up 6.4 percentage points |
| Gross profit margin | 18.5% | 15.3% | up 3.2 percentage points |

In the first half of 2015, the revenue from the Container Segment increased by 17.5% mainly attributable to the increase in agency revenue resulting from logistics business expansion and the gradual development of the trade business. The gross margin increased by 3.2 percentage points mainly due to the decrease in operating costs upon termination of leases by some of the ships as a result of the capacity integration of the container feeder.

In the first half of 2015, the Group's major measures taken and the progress of major projects relating to the Group's Container Segment were as follows:

- In term of opening new routes, the Group has newly introduced one cross-ocean route for refrigerated containers, six routes covering Southeast Asia and three domestic trade routes, which further enhanced our maritime network system.

- The Group strengthened the cooperation with major shipping companies and achieved tremendous progress in building international transshipment and domestic trade transshipment centres as well as repositioning of empty containers. Meanwhile, the Group stepped up the construction of branch network in Bohai-Huanghai Rim region (Huanghai and Bohai) at all-out endeavours in order to further enhance the coverage of the transshipment service.

● In terms of land logistics, the commissioning of “Liaoning-Mongolia-Europe” and “Harbin-Europe” cross border trains led to the rapid growth of cross border cargo volume. Our sea-rail joint transportation network covered Northeast China, Russia, Mongolia, the five Central Asian countries and European countries.

● In terms of project logistics, the Group focused on promoting the development of innovative businesses including cold chain logistics, automobile logistics and timber logistics, so as to enhance the quality and efficiency of the ports.

**Automobile Segment**

The following table sets out the throughput handled by the Group’s automobile terminal in the first half of 2015 and its comparative results in the first half of 2014.

| | | For the six months ended 30 June 2015 | For the six months ended 30 June 2014 | Increase/ (Decrease) |
|---|---|---|---|---|
| Vehicles (units) | Foreign trade | 7,470 | 15,785 | (52.7%) |
| | Domestic trade | 219,666 | 209,183 | 5.0% |
| | Total | 227,136 | 224,968 | 1.0% |
| Equipment (tonnes) | | 3,812 | 11,848 | （67.8%） |

In the first half of 2015, the Group handled a total of 227,136 vehicles, representing an increase of 1.0% year-on-year.

In the first half of 2015, the Group’s vehicle throughput accounted for 100% (100% in the first half of 2014) of the total market share in the Three Northeastern Provinces of China.

In the first half of 2015, the performance of the Automobile Segment was as follows:

| **Items** | **For the six months ended 30 June 2015 (RMB)** | **For the six months ended 30 June 2014 (RMB)** | **+/- (%)** |
|---|---|---|---|
| Revenue | 811,171,171.03 | 748,437,695.71 | 8.4 |
| The share in the Group’s revenue | 19.8% | 22.7% | down 2.9 percent |
| Gross profit | 8,766,965.83 | 19,846,267.90 | -55.8 |
| The share in the Group’s | 1.2% | 2.80% | down1.6 percentage |

| | | | |
|---|---|---|---|
| gross profit | | | points |
| Gross profit margin | 1.1% | 2.7% | down1.6 percentage points |
| Investment income (*Note 1*) | 13,451,141.54 | 7,279,558.81 | 84.8 |

*Note 1: investment income was based on the shares of the joint ventures associates of auto parts*

In the first half of 2015, the revenue from the Automobile Segment increased by 8.4% year-on-year attributable to the steady development of the automobile trading business. The gross profit margin decreased by 1.6 percentage points year-on-year mainly due to the decline in the gross profit from the sale of bicycles amid the slowdown of the automobile sales market. The Automobile Segment investment increased by 84.8% mainly due to the increase of the automobile logistics business, domestic car handling business, and exchange earnings from associates. However, such growth was offset by the decline of the equipment, auto loading and unloading of foreign trade businesses.

In the first half of 2015, the Group's major measures taken and the progress of major projects relating to the Group's Automobile Segment were as follows:

● The Group strived to maintain the stability of routes operating between north and south by strengthening the coordination with shipping companies and logistics companies.

● Leveraged on the commissioning of the Dalian plant of Dongfeng Nissan, the Group actively promoted the strength of waterborne logistics and achieved outstanding growth in transshipment volume for domestic trade.

● The Group optimized logistic services and value-added services provided at ports while enhanced the establishment of near-port industries and logistic services for finished automobiles, so as to further consolidate the influence of our ports.

**Ore Segment**

The following table sets out the throughput handled by the Group's ore terminal in the first half of 2015 and its comparative results in the first half of 2014.

| | For the six months ended 30 June 2015 ('000 tonnes) | For the six months ended 30 June 2014 ('000 tonnes) | Increase/ (Decrease) |
|---|---|---|---|
| Ore | 8,290 | 9,337 | (11.2%) |
| Others | 542 | 307 | 76.6% |
| Total | 8,833 | 9,644 | (8.4%) |

In the first half of 2015, the Group's ore terminal handled approximately 8.29 million tonnes of ore, a decrease of 11.2% as compared with the corresponding period in 2014, which was attributable to the rising road freight costs for the Group's ports due to hiking rail freight costs over years, which led to the decrease in transshipment of cargoes.
In the first half of 2015, the Group's ore throughput accounted for 20.6% (27.7% in the first half of 2014) of the total throughput in the Three Northeastern Provinces of China.

In the first half of 2015, the performance of the Ore Segment was as follows:

| **Items** | **For the six months ended 30 June 2015 (RMB)** | **For the six months ended 30 June 2014 (RMB)** | **+/- (%)** |
|---|---|---|---|
| Revenue | 95 ,552,094.31 | 129,353,555.51 | -26.1 |
| The share in the Group's revenue | 2.3% | 3.9% | down1.6 percentage points |
| Gross profit | -11,256,388.23 | 36,895,432.15 | -130.5 |
| The share in the Group's gross profit | -1.6% | 5.1% | down 6.7 percentage points |
| Gross profit margin | -11.8% | 28.5% | down 40.3percentage points |

In the first half of 2015, the revenue from the Ore Segment decreased by 26.1%, mainly due to the decline of the handling revenue resulting from the decrease in throughput. The gross profit margin decreased by 40.3 percentage points year-on-year due to the decrease in revenue which weakened the impact of dilution of fixed costs, and coupled with the impact of an increase in the additional depreciation costs for yards.

In the first half of 2015, the Group's major measures taken and the progress of major projects relating to the Group's Ore Segment were as follows:

● The Group strengthened cooperation with customers and implemented products and service innovation. Through the development of "2 in 1 ore mixing" operating model, the Group further enhanced its competitiveness in sourcing cargo.

● Leveraging on our deep-water berths and yards for bonded goods, the Group made progress in developing ore trading and bonded futures settlement business while expanding logistic service offerings provided at the ports.

**General Cargo Segment**

The following table sets out the throughput handled by the Group's general cargo terminal in the first half of 2015 and its comparative results in the first half of 2014.

| | For the six months ended 30 June 2015 ('000 tonnes) | For the six months ended 30 June 2014 ('000 tonnes) | Increase/ (Decrease) |
|---|---|---|---|
| Steel | 3,626 | 4,227 | (14.2%) |
| Coal | 4,490 | 5,879 | (23.6%) |
| Equipment | 1,620 | 890 | 82.0% |
| Others | 4,964 | 5,117 | (3.0%) |
| Total | 14,700 | 16,113 | (8.8%) |

In the first half of 2015, the Group's general cargo terminal handled approximately 14.70 million tonnes cargo, a decrease of 8.8% as compared with the corresponding period in 2014.

In the first half of 2015, the volume of steel handled by the Group was approximately 3.626 million tonnes, a decrease of 14.2% year-on-year.. Against the backdrop of continued sluggish demand in the steel market, pressure faced by major steel production plants intensified. As a result, some customers opted to carry out trans-shipment of cargo at self-owned ports to reduce the overall logistic costs, leading to the fall of transport volume of steel.

In the first half of 2015, the volume of coal handled by the Group was approximately 4.49 million tonnes, which represented a decrease of 23.6% year-on-year.. The year-on-year decrease in trans-shipment volume of coal was mainly due to the continued slump in the demand for coal in society and the impact of imported coal on domestic market.

In the first half of 2015, the volume of equipment handled by the Group was approximately 1.62 million tonnes, which represented an increase of 82.0% year-on-year. Such increase was attributable to the efforts of the Group in capitalizing on its port resources to establish itself as the "leading workshop" in the equipment manufacturing industry, as well as the Group's introduction of near-port industries which effectively increased cargo sources.

In the first half of 2015, the steel throughput handled by the Group's general cargo terminal accounted for 14.1% (16.3% in the first half of 2014) and the coal throughput accounted for 16.3% (19.8% in the first half of 2014) of the total market share in the Three Northeastern Provinces of China.

In the first half of 2015, the performance of the General Cargo Segment was as follows:

| **Items** | **For the six months ended 30 June 2015 (RMB)** | **For the six months ended 30 June 2014 (RMB)** | **+/- (%)** |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Revenue | 189,531,378.43 | 210,437,852.69 | -9.9 |
| The share in the Group's revenue | 4.6% | 6.4% | down1.8 percentage point |
| Gross profit | -7,886,243.97 | -6,786,810.57 | -16.2 |
| The share in the Group's gross profit | -1.1% | -0.9% | down 0.2 percentage point |
| Gross profit margin | -4.2% | -3.2% | down1.0 percentage point |

n the first half of 2015, the revenue from the General Cargo Segment decreased by 9.9%. Excluding the impact on the decrease of trading business, the revenue increased by 1.6%, mainly due to the growth of the handling revenue driven by the increase of high tariff rates throughput. The gross profit margin decreased by 1.0 percentage point attributable to the increase in depreciation expenses associated with the Dalian Bay Ro-Ro terminal upon transformation of fixed assets, and the increase in coal operation environmental protection outsourcing services fees.

In the first half of 2015, the Group's major measures taken and the progress of major projects relating to the Group's General Cargo Segment were as follows:

● While opening and optimizing steel liner routes, the Group also promoted the establishment of comprehensive steel logistics services system through developing steel trade and logistics finance.

● The Group actively developed near-port industries by soliciting ancillary equipment manufacturers in Dalian to set up processing and assembling facilities at the ports so as to stabilize and boost transshipment volume of equipment. The Group also endeavoured to acquire new cargo sources through various market development measures including establishment of a comprehensive logistics system as well as product and service innovation, in order to enhance operational efficiency and reduce operational risks.

**Bulk Grain Segment**

The following table sets out the throughput handled by the Group's bulk grain terminal in the first half of 2015 and its comparative results in the first half of 2014.

| | **For the six months ended 30 June 2015 ('000 tonnes)** | **For the six months ended 30 June 2014 ('000 tonnes)** | **Increase/ (Decrease)** |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Corn | 179 | 1,197 | (85.0%) |
| Soy bean | 796 | 1,120 | (28.9%) |
| Barley | 295 | 230 | 28.3% |
| Wheat | 0.0 | 7 | (100.0%) |
| Others | 599 | 646 | (7.3%) |
| Total | 1,869 | 3,200 | (41.6%) |

In the first half of 2015, the throughput handled by the Group's bulk grain terminal was approximately 1.868 million tonnes, a decrease of 41.6% year-on-year.

In the first half of 2015, the Group's corn throughput was approximately 0.179 million tonnes, a decrease of 85% year-on-year . The relatively significant decrease in corn trans-shipment volume for domestic trade was due to multiple factors, including a drastic increase in corns stored in temporary storage, the impact of imported grains in sales regions and the weak demand for corn feed, which led to a large decrease in total shipment volume of corns across all ports in the Northeastern Provinces of China.

In the first half of 2015, the Group's soy bean throughput was approximately 0.796 million tonnes, which represented a decrease of 28.9% year-on-year Due to the increase in inventories carried forward from last year and the low prices of soybean meal, the total volume of soy bean imported to the Northeastern Provinces of China reduced, which resulted in the drop in transshipment of imported soybeans for foreign trade handled by the Group as compared to the same period in 2014.

In the first half of 2015, the throughput handled by the Group's bulk grain terminal accounted for 8.9% (13.1% in the first half of 2014) of the total throughput in the Three Northeastern Provinces of China.

In the first half of 2015, the performance of the Bulk Grain Segment was as follows:

| **Items** | **For the six months ended 30 June 2015 (RMB)** | **For the six months ended 30 June 2014 (RMB)** | **+/- (%)** |
|---|---|---|---|
| Revenue | 768,877,114.05 | 250,942,736.46 | 206.4 |
| The share in the Group's revenue | 18.8% | 7.6% | up11.2 percentage points |
| Gross profit | -17,799,568.58 | 5,401,157.88 | -429.6 |
| The share in the Group's | -2.5% | 0.8% | down 3.3 |

| | | | |
|---|---|---|---|
| gross profit | | | percentage points |
| Gross profit margin | -2.3% | 2.2% | down 4.5 percentage points |

In the first half of 2015, the revenue from the Bulk Grain Segment increased by 206.4%. Excluding the impact of increase in revenue from the trading business, the revenue decreased by 49.3%. The decrease was mainly attributable to the decline in handling revenue resulting from the decrease of throughput. The gross profit margin decreased by 4.5 percentage points over that in the first half of 2014, mainly due to a significant decrease in the handling revenue that reduced the impact of the dilution of fixed costs.

In the first half of 2015, the Group's major measures taken and the progress of major projects relating to the Group's Bulk Grain Segment were as follows:

● In pursuit of a business breakthrough, the Group actively conducted research and site visits to study market trends, and communicated with customers and addressed their needs so as to improve its services.

● While maintaining its traditional customer base, the Group also focused on soliciting competitive cargo sources of imported grains.

● The Group enhanced internal management as well as its operating and organizational process while allocated logistics resources reasonably in order to upgrade service quality.

**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 2015 and its comparative results in the first half of 2014.

| | **For the six months ended 30 June 2015** | **For the six months ended 30 June 2014** | **Increase/ (Decrease)** |
|---|---|---|---|
| Passengers('000persons) | 1,511 | 1,569 | (3.7%) |
| Vehicles ('000 units) | 756 | 639 | 18.3% |

In the first half of 2015, throughput of passengers was 1.511 million persons, representing a year-on-year decrease of 3.7%. Throughput of vehicles amounted to 756,000 units, representing a year-on-year increase of 18.3%.

In the first half of 2015, there was a relatively large diversion of maritime passenger transport towards high-speed rails and aviation flights due to market conditions, which resulted in a fall in the number of passenger departing and arriving at Dalian port as compared with the same period last year. Meanwhile, the rapid development of sea-rail joint transportation for commodities automobiles led to an increase in business volume for roll-on, roll-off service as compared with the same period in 2014.

In the first half of 2015, the performance of the Passenger and Ro-Ro Segment was as follows:

| **Items** | **For the six months ended 30 June 2015 (RMB)** | **For the six months ended 30 June 2014 (RMB)** | **+/- (%)** |
|---|---|---|---|
| Revenue | 57,740,439.65 | 55,412,188.64 | 4.2 |
| The share in the Group's revenue | 1.4% | 1.7% | down 0.3 percentage point |
| Gross profit | 13,345,892.75 | 15,383,501.66 | -13.2 |
| The share in the Group's gross profit | 1.9% | 2.1% | down 0.2 percentage point |
| Gross profit margin | 23.1% | 27.8% | down 4.7 percentage points |

In the first half of 2015, the revenue from the Passenger and Ro-Ro Segment increased by 4.2%, mainly due to the increase of land and sea multimodal transportation business revenue. However, such growth was offset by the decline of the throughput of passengers. The gross profit margin decreased by 4.7 percentage points, mainly attributable to the decrease of the high-profit margin throughput of passengers.

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In the first half of 2015, the major measures taken and the progress of key projects related to the Group's Passenger and Ro-Ro Segment were as follow:

● The Group strengthened cooperation with shipping companies to actively develop new routes and promote marine tourism projects.

● The Group promoted the in-depth development of sea-rail joint transportation projects and expanded our sea-rail joint transportation services into three brands.

● The Group advanced the construction of e-commerce platform to actively expand into the upstream and downstream sectors and related fields of the Passenger and Ro-Ro Segment. The Group also extended coverage of its ticket-selling offices and diversified the offerings of tickets so as to explore more ways of ticket sales.

**Value-added Services Segment**

**Tugging**

In the first half of 2015, the Group secured stable income by voyage charter and reasonable resource allocation. At the same time, by taking a number of measures such as flexibly adjusting the number of tugboats and power ratios at each of the tugboat bases through scientific data analysis, the Group reduced mobilization costs, which helped maintained a promising development trend for the tugging business at the ports.

In respect of services in market outside Dalian, the Group extended greater marketing efforts. It also timely adjusted strategies and optimized resource allocation to maintain a stable market.

The Group has started building the two full-swing tugboats of 5,000 horsepower with icebreaking, firefighting and towing capabilities which it proposed to purchase previously.

**Tallying**

In the first half of 2015, the total tallying throughput handled by the Group was approximately 21.262 million tonnes, representing a year-on-year decrease of 5.4%.

**Railway**

In terms of the operation of railway transportation, the Group handled a total of approximately 277,000 carriages, representing a year-on-year decrease of 12.1%.

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

| **Items** | **For the six months ended 30 June 2015 (RMB)** | **For the six months ended 30 June 2014 (RMB)** | **+/- (%)** |
|---|---|---|---|
| Revenue | 420,124,294.69 | 407,715,213.98 | 3.0 |
| The share in the Group's revenue | 10.3% | 12.4% | down 2.1 percentage points |
| Gross profit | 153,341,687.41 | 134,993,453.48 | 13.6 |
| The share in the Group's gross profit | 21.4% | 18.8% | up 2.6 percentage points |
| Gross profit margin | 36.5% | 33.1% | up 3.4 percentage points |

In the first half of 2015, the revenue from the Value-added Services Segment increased by

3.0%. The gross profit margin increased 3.4 percentage points, mainly due to the increase in revenue from the tugging business and the increase in income from information services resulting from the development of relevant projects.

## CORE COMPETENCE STRENGTHS

In the first half of 2015, the Group, with transition and innovative development as its driving force, endeavoured to enhance quality and efficiency while it has also put in more efforts in product and service innovation and in the diversification of its service scope and offerings. The increase in international shipping routes, the opening of "Liaoning-Slovakia" and "Harbin-Europe" international railways, and the reopening of the Arctic Ocean route expanded the areas accessible by our ports and progressively enhanced our comprehensive logistics service network. Our efforts in the implementation of the Bohai Rim strategy, innovation of supply chain services and products, construction of iron ore logistics centre and establishment of integrated information service platform have also effectively enhanced the overall service capacity of our ports.

## PROSPECTS OF THE SECOND HALF OF 2015

## COMPETITIVE LANDSCAPE AND INDUSTRY TREND

It is expected that the global economy will stay on a moderate recovery path in the second half of the year. In terms of domestic economy, the economic growth in China may slow down but will remain stable, and the problem of insufficient valid demand will become prominent. In spite of pending rebound in export growth, with the decreasing growth potential in export under the new domestic and international environment, it is going to be difficult to avert the negative growth in import volumes in the short term and the economic growth would be increasingly driven by net exports.

## RISKS AND ADVERSE FACTORS

Firstly, China's economy will experience a slowdown in growth, an adjustment to the structural reform and a gradual digestion of previously implemented policies, which will subject the economy to uncertainties, imbalances and fragility. Secondly, issues including sluggish market demand and over-capacity will remain prominent, which will greatly impair the profitability of relevant industries. Thirdly, despite the improved international business environment faced by foreign trade enterprises in China, the rebound will be limited by the risks and uncertainties which have become more prominent.

## THE MAJOR DEVELOPMENT STRATEGY

In response to the changes in global economy and the economic transition in China, the Group will adhere to its principle of achieving progress through stability while enhancing quality and efficiency. It will aim at serving and conforming to the national strategies via implementing transition and upgrade brought about by reform and innovation. The Group will continue to promote the development of a comprehensive logistic system and the integration of industrial, trading and commercial sectors. Furthermore, it will establish itself as a brand of supply chain service and introduce near-port industries while develop new finance service model and expand the application of information technology. The Group will strive to integrate and promote the development of various industries including logistics, trade, finance and information industries, thereby boosting the transition and upgrade of ports.

In the second half of 2015, the Group's major measures to be taken for market development for its business segments are as follows:

**Oil Segment**

● Capitalizing on our deep-water berths and marine geographical advantage, we will continue to provide quality, low-cost and convenient storage logistics service.

● While fostering cooperation with major customers, the Group will also strengthen relationship with domestic and international customers to acquire new customers and markets for its crude oil trans-shipment business.

● The Group will develop new service model and diversify service offerings while timely promoting its bonded storage business for refined oil.

● The Group will seek to achieve progress in the application regarding the crude oil futures settlement base at the Dalian port.

**Container Segment**

● In relation to route development, the Group will continue to tie up stronger strategic cooperation with major shipping companies. The Group will strive to attract routes to the U.S. and other cross-ocean routes to set our ports as designations while developing major South-North marine domestic trade passages at Nansha and Shanghai.

● In respect of trans-shipment operations, the Group will continue to implement the Bohai Rim strategy, thereby further optimising the branch network at the rim of the two inner seas (Huanghai and Bohai).

● In terms of project logistics, the Group will intensify its efforts in developing special cargo types and improve services offered at ports so as to expand the scope of its logistics service and implement the transition and upgrade of ports.

**Automobile Segment**

● The Group will put in more resources to develop market and attract potential customers in order to achieve greater throughput growth.

● The Group will fully leverage on the agglomeration effect at the ports in fostering coordination and cooperation with automobile manufacturers and logistic companies, thereby enhancing stability of existing business.

● The Group will reinforce cooperation with automobile manufacturers in the hinterland, so as to attract more cargo sources for foreign trade.

● The Group will also optimise our value-added services for automobiles and actively develop near-port industries, auto-trading and logistic finance, thereby promoting the establishment of automobile logistics system and attracting more cargoes.

**Ore Segment**

● The Group will capitalise on the advantages from providing bonded trans-shipment, blending at ports, logistic finance and commerce logistics in providing customised comprehensive logistics solution and tailor-made logistic service products to customers.

● The Group will strive to achieve regular berthing of 400,000-tonne ships while attracting major steel cargo sources in the Three
Northeastern Provinces and Bohai Rim region leveraging on our deep-water ports.

● The Group will strengthen our brand building efforts and advance the commencement of operation of VALE Dalian Standard Mine. The Group will also expand the distribution function and service scope of its ore mixing business in order to establish the service brand of "personalized customization of ore mixing".

**General Cargo Segment**

● The Group will promote near-port industries and accelerate the development of near-port bulky equipment projects and the near-port timber industry at Changxing Island port area.

● The Group will strengthen cooperation with traders and e-commerce providers to step up the construction of steel logistic park.

● The Group will provide the best logistic solutions and customised services that could effectively reduce the comprehensive integrated logistics costs. Meanwhile, the Group will also promote the construction of comprehensive logistic system to enhance competitiveness of the ports.

**Bulk Grain Segment**

● The Group will seek to allocate more resources for corns which are subject to temporary storage to boost the trans-shipment volume for “bulk cargoes to containers”.

● The Group will enhance market development and maintain customer relationship to secure more cargo supply of imported corns for foreign trade.

● The Group will foster stronger collaboration with railway authorities and strengthen its cooperation with relevant customers in terms of business operations and financing to boost the transshipment of grains.

● The Group will closely monitor the national policy on grain circulation and maintain a good relationship with deep-processing industry. Meanwhile, the Group will push forward the cross-regions and cross-district cooperation between bulk grain carriages.

**Passenger and Ro-Ro Segment**

● The Group will accelerate the exploration of new routes and the development of routes for land-island transportation and roll-on roll-off transportation, so as to boost the transportation volume by addition of routes.

● The Group will seek to attract international cruises to set off at Dalian and designate Dalian as their home ports by developing more international cruise routes.

● The Group will speed up construction of information infrastructure and continue setting up the e-commerce platform.

**Value-added Services Segment**

● The Group will optimize resource allocation and assign the optimal number of tugboats to each base determined through scientific method.

● The Group will devote greater effort to the development of the Yangtze River and Shandong Peninsula in order to acquire new momentum for profit growth.

● The Group will endeavour to prepare for the commissioning of the two new tugboats and orchestrate the allocation strategy of tugboats at all our ports.

**INTERIM DIVIDEND**

The Board did not recommend the payment of an interim dividend for the six months ended

30 June 2015.

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

As disclosed in the Company's announcements dated 6 February 2015, 12 February 2015 and 17 February 2015, Asia Pacific Ports Development Company Limited, an indirect wholly-owned subsidiary of the Company, and the Company have entered into the subscription agreement with ABCI Capital Limited, Agricultural Bank of China Limited Hong Kong Branch, CCB International Capital Limited, China Minsheng Bank Corp. Ltd. Hong Kong Branch, China Merchants Securities (HK) Co., Limited, Huatai Financial Holdings (Hong Kong) Limited, Industrial and Commercial Bank of China, Singapore Branch, and Wing Lung Bank Limited on 11 February 2015 in connection with the issue of RMB800 million 4.50% credit enhanced bonds due 2018 (the "**Bonds**"). Listing of and permission to deal in the Bonds on The Stock Exchange of Hong Kong Limited became effective on 18 February 2015.

During the six months ended 30 June 2015, the Company has not redeemed any of its shares. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the aforesaid period.

**COMPLICANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2015, 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 2015.

**AUDIT COMMITTEE**

The Audit Committee consists of independent non-executive Director, namely Mr. WAN Kam To, Peter (as its chairman) and Mr. WANG Zhifeng and.non-executive Director, namely Mr. YIN Shihui, The Audit Committee has reviewed the interim results for the six months ended 30 June 2015.

By Order of the Board

**GUI Yuchan LEE, Kin Yu Arthur**
*Joint Company Secretaries*

Dalian City, Liaoning Province, the PRC
18 August 2015

As at the date of this announcement, the Directors are:

*Executive Directors:* HUI Kai, XU Song and SUN Benye
*Non-executive Directors:* XU Jian, DONG Yanhong and YIN Shihui
*Independent non-executive Directors:* WAN Kam To, Peter, WANG Zhifeng and SUN Xiyun

**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".*