大連港股份

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 2018

The board of directors (the "**Board**") 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 2018.

OPERATING RESULTS

The results for the six months ended 30 June 2018, which have been reviewed by the Group's auditors and the Company's audit committee, are as follows:

CONSOLIDATED BALANCE SHEET
FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	30 June 2018 Consolidated	31 December 2017 Consolidated
Current assets		
Cash at bank and in hand	6,299,116,395.29	7,507,917,166.59
Financial assets at fair value through profit or loss	—	5,050,497.50
Financial assets held for trading	538,954,313.80	—
Notes receivable and accounts receivable	1,279,767,219.86	1,201,883,882.80
Other receivables	559,754,692.54	606,274,255.10
Inventories	147,469,253.38	702,685,534.58
Advances to suppliers	94,449,291.53	159,435,191.83
Non-current assets due within one year	—	—
Other current assets	87,198,085.55	255,836,964.53
Total current assets	9,006,709,251.95	10,439,083,492.93

ASSETS	30 June 2018 Consolidated	31 December 2017 Consolidated
Non-current assets		
Available-for-sale financial assets	—	159,423,791.18
Long-term equity investments	4,221,897,246.61	4,181,438,137.97
Other investments in equity instruments	191,243,409.95	—
Investment properties	700,442,760.38	710,512,216.76
Fixed assets	16,458,273,725.35	16,860,925,657.87
Construction in progress	2,363,938,432.90	2,260,609,738.57
Intangible assets	1,719,131,739.58	1,637,141,745.38
Goodwill	20,433,690.59	20,433,690.59
Long-term prepayments	87,821,655.59	106,783,619.90
Deferred tax assets	71,952,388.25	66,000,514.39
Other non-current assets	29,652,496.10	142,923,200.38
Total non-current assets	25,864,787,545.30	26,146,192,312.99
TOTAL ASSETS	34,871,496,797.25	36,585,275,805.92

LIABILITIES AND OWNERS' EQUITY	30 June 2018 Consolidated	31 December 2017 Consolidated
Current liabilities		
Short-term borrowings	3,043,500,000.00	3,271,234,002.74
Financial assets at fair value through profit or loss	—	3,810,902.00
Notes receivable and accounts receivable	258,016,063.91	380,389,360.83
Advances from customers	7,675,297.61	192,230,201.10
Contract liabilities	30,997,736.03	—
Employee benefits payable	126,568,525.14	250,668,300.78
Taxes payable	62,483,369.50	127,314,759.93
Other payables	977,908,130.06	809,203,751.83
Non-current liabilities due within one year	3,319,140,168.79	4,158,328,072.94
Total current liabilities	7,826,289,291.04	9,193,179,352.15
Non-current liabilities		
Long-term borrowings	2,236,981,322.23	2,581,543,935.59
Bond payable	3,406,417,466.32	3,404,498,647.79
Deferred income	575,383,029.26	570,082,092.47
Deferred tax liabilities	119,357,461.60	117,258,611.27
Other non-current liabilities	103,248,985.00	98,915,093.00
Total non-current liabilities	6,441,388,264.41	6,772,298,380.12

LIABILITIES AND OWNERS' EQUITY	30 June 2018 Consolidated	31 December 2017 Consolidated
Total liabilities	14,267,677,555.45	15,965,477,732.27
Owners' equity		
Issued capital	12,894,535,999.00	12,894,535,999.00
Capital reserve	2,935,979,096.58	2,928,604,715.37
Other consolidated income	4,181,188.75	29,398,184.15
Special reserve	41,491,421.22	32,603,491.61
Surplus reserve	758,715,434.54	758,715,434.54
Unappropriated profit	1,308,535,676.39	1,416,071,539.76
Equity attribute to equity holders of the Company	17,943,438,816.48	18,059,929,364.43
Minority interest	2,660,380,425.32	2,559,868,709.22
Total equity	20,603,819,241.80	20,619,798,073.65
TOTAL LIABILITIES AND EQUITY	34,871,496,797.25	36,585,275,805.92

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)
(All amounts in RMB Yuan unless otherwise stated)

Item		For the six months ended 30 June 2018	For the six months ended 30 June 2017
		Consolidated	Consolidated
1. Revenue		3,651,188,686.81	4,318,003,378.42
Less:	Cost of sales	2,883,562,165.72	3,676,178,953.94
	Taxes and surcharges	24,898,081.87	24,720,606.43
	Selling and distribution expenses	490,579.80	285,811.00
	General and administrative expenses	331,847,950.61	292,059,119.02
	Research and development expenses	5,430,797.87	6,016,359.68
	Financial expenses	177,390,450.15	277,267,676.02
	Including: Interest expenses	294,799,858.27	231,388,770.84
	Interest income	(66,904,778.20)	(49,616,991.20)
	Asset impairment losses	—	(10,000.00)
	Credit impairment losses	12,222,786.44	—
Add:	Other income	19,137,522.57	88,472,117.35
	Investment income	91,004,995.48	170,592,661.04
	Including: Investment income from joint ventures and associates	86,125,589.44	157,280,007.84
	Profit arising from changes in fair value	5,770,988.00	(1,695,366.00)
	Gains on disposal of assets	(82,305.49)	6,726,128.67
2. Operating profit		331,177,074.91	305,580,393.39
Add:	Non-operating income	8,873,255.08	20,027,752.71
Less:	Non-operating expenses	2,396,119.75	751,664.38

Item		For the six months ended 30 June 2018	For the six months ended 30 June 2017
		Consolidated	Consolidated
3. Total profit		337,654,210.24	324,856,481.72
Less:	Income tax expenses	89,230,642.16	49,052,758.87
4. Net profit		248,423,568.08	275,803,722.85
Including: Net profit from continuing operations		248,423,568.08	275,803,722.85
Classified by ownership of the equity			
Net profit attributable to owners of the parent		176,180,847.60	238,539,731.50
Gains or losses of minority interest		72,242,720.48	37,263,991.35
5. Earnings per share			
	Basic earnings per share (RMB/share)	0.01	0.02
	Diluted earnings per share (RMB/share)	0.01	0.02
6. Other comprehensive income after tax — Net		—	—
	Attributable to equity holders of the Company	—	—
	Items that will not be reclassified to profit or loss	(2,995,803.67)	—
	Fair value change of other investments in equity instruments	—	—
	Items that will be classified to profit or loss	—	—
	Gain or loss from fair value change of available-for-sale financial assets	—	4,520,443.83
	Translation differences on foreign financial statements	378,956.85	(10,741,599.13)
	Attributable to minority interest	589,528.47	—

Item	For the six months ended 30 June 2018	For the six months ended 30 June 2017
	Consolidated	Consolidated
7. Total comprehensive income	246,396,249.73	269,582,567.55
Including: Attributable to the owners of the parent	173,564,000.78	232,318,576.20
Attributable to minority interest	72,832,248.95	37,263,991.35

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

(All amounts in RMB Yuan unless otherwise stated)

I. GENERAL INFORMATION

Dalian Port (PDA) Company Limited (the "**Company**") was established in Liaoning Province, the People's Republic of China (the "**PRC**") as a joint stock limited company by Dalian Port Corporation Limited ("**PDA**"), Dalian Rongda Investment Company Limited, Dalian Haitai Holdings Company Limited, Dalian Detai Holdings Company Limited and Dalian Bonded Zhengtong Company Limited with the approval by Da Zheng [2005] No.153 issued by the People's Government of Dalian City on 16 November 2005, Liaoning Province. Pursuant to the approval of the Administration for Industry and Commerce of Dalian City, Liaoning Province, the Company registered with the business licence number of 91210200782451606Q. The H shares and A shares which are ordinary shares and issued by the Company have been listed and traded on the Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange on 28 April 2006 and 6 December 2011, respectively. The Company's headquarter is situated at Xingang Commercial Building, Dayao Bay, Dalian Free Trade Zone, Dalian City, Liaoning Province, PRC.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as "**the Group**") include the provision of terminal business and logistics services such as international and domestic cargo loading and discharging, transportation, transsshipment, storage and etc.; providing facilities and services for passenger waiting, embarking and disembarking; 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%).

The Group's parent company and ultimate holding company is Dalian Port Group Co., Ltd. established in the PRC.

These financial statements were approved for issuance by the Company's Board of Directors on 27 August 2018.

These interim financial statements are unaudited.

II. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises No.32 — Interim Financial Reporting issued by the Ministry of Finance of the PRC. Apart from accounting policy changes, accounting policies adopted in these interim financial statements are consistent with those adopted in the 2017 annual financial statements prepared by the Group. These interim financial statements should be read in conjunction with the Group's 2017 annual financial statements.

The financial statements are prepared on a going concern basis.

Except for certain financial instruments, the financial statements have been prepared under the historical cost convention. If the assets are impaired, corresponding provisions for impairment shall be provided according to relevant provisions.

III. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax (VAT) — Prior to 1 May 2018, the Group's revenue from port operations, sales of goods, entrusted loans, building & construction, property leasing, labour dispatch and steam, water and natural gas provision businesses are subject to output VAT at a tax rate of 6%, 17%, 6%, 11%, 5%, 6% and 11%, respectively, which is levied after deducting deductible input VAT for the current period. After 1 May 2018, the abovementioned revenues are subject to output VAT at a tax rate of 6%, 16%, 6%, 10%, 5%, 6% and 10%, respectively, which is levied after deducting deductible input VAT for the current period.

City maintenance and construction tax — it is levied at 7% on the turnover taxes paid.

Education supplementary tax — it is levied at 5% on the turnover taxes paid.

Property tax — it is calculated at a tax rate of 1.2% based on 70% of costs of properties; or it is calculated at a tax rate of 12% based on rental income.

Corporate income tax — it is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences and those subsidiaries incorporated outside Mainland China which are subject to local income tax regulations.

Environmental protection tax — it is levied on the pollution equivalent of taxable pollutants; or it is levied at the emissions multiplied by applicable tax amount.

2. Tax preference

Land use tax

According to the Tentative Regulations of the People's Republic of China of Urban Land Use Tax and Regulation on Issue of Land Use Tax Exemption of Port Land of Transport Department (Guo Shui Di [1989] No. 123), certain land used for dock is exempted from land use tax. Accordingly, the land held by the Group used for dock are exempted from land use tax.

VAT

According to the Circular on Related Tax Policies of Encouraging Industry Development of Software and Integrated Circuit by the Ministry of Finance, State Administration of Taxation and General Administration of Customs (Cai Shui [2000] No. 25) and Clause 1.1 of the Circular on Policies of Further Encouraging Industry Development of Software and Integrated Circuit (Guo Fa [2011] No. 4), VAT paid by those VAT ordinary tax payers who sell self-developed software which are taxed at the statutory rate of 17% will be refunded for the portion exceeding 3% of the actual tax burden. The tax refund should be restricted to be used for software development and expanding reproduction, which is exempted from corporate income tax. Dalian Port Logistics Technology Co., Ltd. and Dalian Portsoft Technology Co., Ltd., both of which are the subsidiaries of the Group, are entitled to the aforesaid preferential tax policy.

Corporate income tax

Dalian Portsoft Technology Co., Ltd., a subsidiary of the Group, has obtained on 29 November 2017 the Certificate of the High and New Technological Enterprise (No. GR201721200282) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax and Dalian Municipal Bureau of Local Taxation, and the term of validity is three years.

Dalian Port Logistic Network Co., Ltd., a subsidiary of the Group, has obtained on 29 November 2017 the Certificate of the High and New Technological Enterprise (No. GR201721200058) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax and Dalian Municipal Bureau of Local Taxation, and the term of validity is three years.

Dalian Port Logistics Technology Co., Ltd., a subsidiary of the Group, has obtained on 21 September 2015 the Certificate of the High and New Technological Enterprise (No. GR201521200005) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax and Dalian Municipal Bureau of Local Taxation, and the term of validity is three years.

Under Article 28 of the Corporate Income Tax Law of the People's Republic of China, for the current period, the income tax rate applicable to the above companies is 15%.

IV. NOTES TO THE MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Financial assets held for trading

Financial assets at fair value through profit or loss	30 June 2018 (Unaudited)	Gains or losses recognised in current period
Investments in debt instruments (note 1)	532,976,186.30	4,164,261.12
Investments in equity instruments (note 2)	5,978,127.50	184,265.57
Total	538,954,313.80	4,348,526.69

Note 1:

Wealth management products purchased by the Group in the current period amounted to RMB100,000,000.00 from Harbin Bank. The capital was mainly used for investment in money market instruments. The estimated annual return for wealth management products was 4.80% with the maturity date on 16 July 2018.

Structural deposits purchased by the Group in the current period amounted to RMB50,000,000.00 from DBS Bank. The capital was mainly used for investment in money market instruments. The estimated annual return was 4.20% with the maturity date on 6 July 2018.

Structural deposits purchased by the Group in the current period amounted to RMB200,000,000.00 from Bank of Communications. The capital was mainly used for investment in money market instruments. The estimated annual return was 4.30% with the maturity date on 7 August 2018.

Structural deposits purchased by the Group in the current period amounted to RMB100,000,000.00 from China CITIC Bank. The capital was mainly used for investment in money market instruments. The estimated annual return was 4.00% with the maturity date on 20 July 2018.

Structural deposits purchased by the Group in the current period amounted to RMB80,000,000.00 from Harbin Bank. The capital was mainly used for investment in money market instruments. The estimated annual return was 4.28% with the maturity date on 13 August 2018.

Note 2:

Investments in equity instruments represented the socks of A-share listed companies, whose fair value was determined according to their closing prices as at the last trading day on the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

2. Notes and accounts receivable

	30 June 2018 (Unaudited)	31 December 2017
Notes receivable	180,327,019.46	175,462,684.29
Accounts receivable	1,128,505,578.02	1,051,870,438.86
Sub-total	1,308,832,597.48	1,227,333,123.15
Less: Provision for bad debts	29,065,377.62	25,449,240.35
Total	1,279,767,219.86	1,201,883,882.80

2.1 Notes receivable:

Notes receivable	30 June 2018 (Unaudited)	31 December 2017
Trade acceptance notes	900,000.00	900,000.00
Bank acceptance notes	179,427,019.46	174,562,684.29
Total	180,327,019.46	175,462,684.29

Notes receivable which have been endorsed or discounted but not mature yet at balance sheet date are as follows:

	30 June 2018 (Unaudited)		31 December 2017	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	38,423,818.43	—	51,950,634.95	—

As at 30 June 2018, the Group had no pledged notes receivable (31 December 2017: Nil).

As at 30 June 2018, the Group had no notes that were discounted or transferred into accounts receivable because of the drawer's inability to perform (31 December 2017: Nil).

2.2 *Accounts receivable:*

The credit period of accounts receivable is usually 3 months. The accounts receivable bears no interest.

The aging analysis of accounts receivable is as follows:

	30 June 2018 (Unaudited)	31 December 2017
Within 1 year	1,027,534,578.24	952,498,692.75
1 to 2 years	22,359,125.52	22,827,091.48
2 to 3 years	11,764,397.68	6,028,305.62
Over 3 years	66,847,476.58	70,516,349.01
Sub-total	1,128,505,578.02	1,051,870,438.86
Less: Provision for bad debts of accounts receivable	29,065,377.62	25,449,240.35
Total	1,099,440,200.40	1,026,421,198.51

The movements of provision for bad debts of notes and accounts receivable are as follows:

	Balance as at the beginning of the period/year	Provision for the period/year	Reversal during the period/year	Disposal of subsidiaries during the period/year	Write-off during the period/year	Balance as at the end of the period/year
From January to June 2018 (Note) (Unaudited)	46,720,189.36	7,771,217.79	—	(25,426,029.53)	—	29,065,377.62
2017	148,000.00	25,301,240.35	—	—	—	25,449,240.35

Note: The Group implemented new accounting standards relating to financial instruments from 1 January 2018. On the first implementation date, the Group's original impairment provision for financial assets as at December 31 2017 was re-measured according to the new accounting standards relating to financial instruments. For details, please refer to the 2018 Interim Report.

	30 June 2018(Unaudited)			
	Ending balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Provision (%)
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	65,078,231.28	5.77	6,156,983.30	9.46
With amounts that provision for bad debts has been made on group basis by credit risk characteristics	1,063,427,346.74	94.23	22,908,394.32	2.15
Total	1,128,505,578.02	100.00	29,065,377.62	—

Details of accounts receivable of which provision for bad debts is made according to aging analysis:

Age	30 June 2018 (Unaudited)		
	Ending balance estimated to be in default	Expected rate of credit loss	Lifetime expected credit loss
Within 1 year	1,027,534,578.24	0.7%	7,192,742.05
1–2 years	21,886,300.55	25.0%	5,471,575.14
2–3 years	10,369,146.72	70.0%	7,258,402.70
3–4 years	2,606,587.23	75.0%	1,954,940.43
4–5 years	—	90.0%	—
Over 5 years	1,030,734.00	100.0%	1,030,734.00
Total	1,063,427,346.74	—	22,908,394.32

As at 31 December 2017, the Group has made provision for bad debts for accounts receivable with amounts that were individually significant and insignificant of total RMB25,449,240.35.

As at 31 December 2017, accounts receivable with amounts that were individually significant and that the related provision for bad debts was provided on the individual basis were analysed as follows:

	Ending balance	Provision for bad debts	Provision (%)	Reasons
Dalian Bohui International Trade Co., Ltd.	40,440,207.80	20,220,103.90	50.00	Note
Dalian Jiuru Automobile Sales and Service Co., Ltd.	20,162,272.91	5,081,136.45	25.20	Note
Total	60,602,480.71	25,301,240.35		

Note: As at 31 December 2017, receivables due from Dalian Bohui International Trade Co., Ltd. ("**Dalian Bohui**") by Dalian United King Port Auto Trade Co., Ltd., the subsidiary of the Group ("**King Port Auto**") amounted to RMB40,440,207.80. Considering the uncertainty on the recoverability of the receivables, related provisions for bad debts were made at 50% of the balances.

As at 31 December 2017, receivables due from Dalian Jiuru Automobile Sales and Service Co., Ltd. by King Port Auto amounted to RMB20,162,272.91. The Company is out of business due to the legal person's death. After applying for property preservation of the assets valued RMB10,000,000.00 from Intermediate People's Court of Dalian Municipality, the Group considers that the recoverability of the remaining balance is uncertain which should be made provision for bad debts at a rate of 50%.

During the Period, the Group had transferred all equity interest in King Port Auto held by the Group to PDA. Since 30 June 2018, King Port Auto ceased to be included in the Group's consolidation scope.

For the first half of 2018, the provision for bad debts was RMB7,771,217.79 (2017: RMB25,301,240.35). There is neither reversed provision for written-off bad debts (2017: RMB10,000.00) nor written-off of accounts receivable (2017: nil).

As at 30 June 2018, the accounts receivable from the top five were as follows (unaudited):

	Balance	Provision for bad debts	% of total accounts receivable
Total balances of top five accounts receivable	330,820,250.49	7,033,901.23	29.31

As at 31 December 2017, the accounts receivable from the top five were as follows:

	Balance	Provision for bad debts	% of total accounts receivable
Total balances of top five accounts receivable	386,460,381.90	20,220,103.90	36.74

3. **Other receivables**

	30 June 2018 (Unaudited)	31 December 2017
Interest receivable	23,598,727.00	43,642,176.75
Fixed deposits	18,532,402.33	41,882,785.82
Current deposits	3,097,230.05	603,005.82
Interest of wealth management products	—	619,589.06
Entrusted loans	1,969,094.62	536,796.05
Dividends receivable	88,208,327.69	87,229,387.64
Dalian Port Container Terminal Co., Ltd. (Note 1)	47,518,215.15	47,518,215.15
Dalian Automobile Terminal Co., Ltd.	18,600,165.76	18,600,165.76
Dalian Port Yidu Cold Chain Co., Ltd	10,500,000.00	10,500,000.00
Dalian Singamas International Container Co., Ltd.	6,318,151.73	6,318,151.73
Dalian United International Shipping Agency Co., Ltd.	2,150,000.00	2,150,000.00
Others	3,121,795.05	2,142,855.00
Other receivables	472,767,445.88	504,035,866.50
Receivables of advances for automobile and bills of exchange (Note 2)	—	187,319,005.31
Receivables from income of entrusted management services	64,077,000.00	64,077,000.00
Receivables from project payment and guarantee deposit	37,470,892.20	57,299,576.97
Receivables from asset transfer	49,587,051.27	49,549,600.00
Entrusted loans	178,000,000.00	38,000,000.00
Port construction and miscellaneous expenses	44,063,981.72	25,681,188.92
Receivables from freights, deposit and security deposit	20,519,436.17	21,288,065.48
Government subsidies receivable	11,276,802.00	15,633,642.00
Public infrastructure maintenance expenses	6,034,200.33	6,784,970.63
Berth rentals receivable	3,439,764.76	857,070.41
Others	58,298,317.43	37,545,746.78
Subtotal	584,574,500.57	634,907,430.89
Less: Provision for bad debts	24,819,808.03	28,633,175.79
Total	559,754,692.54	606,274,255.10

Note 1: On 31 October 2017, Dalian Container Terminal Co., Ltd., a holding subsidiary of the Group, merged with Dalian Port Container Terminal Co., Ltd. not under common control. Due to restrictions in laws and regulations, Dalian Port Container Terminal Co., Ltd. still needs to retain equal funds for the payment of dividends before liquidation. In July 2018, the Group has received the payment.

Note 2: Receivables of advances for automobile and bills of exchange represent other receivables of King Port Auto. During the Period, The Group had transferred all equity interest in King Port Auto held by the Group to PDA. Since 30 June 2018, King Port Auto ceased to be included in the Group's consolidation scope.

The Group's management believed that no provision for impairment of interest receivable and dividends receivable were required at balance sheet date.

The ageing of other receivables is analysed as follows:

	30 June 2018 (Unaudited)	31 December 2017
Within 1 year	417,505,804.52	417,381,488.44
1 to 2 years	26,027,843.08	51,965,016.14
2 to 3 years	16,477,835.62	21,783,069.85
Over 3 years	12,755,962.66	12,906,292.07
Sub-total	472,767,445.88	504,035,866.50
Less: Provision for bad debts of other receivables	24,819,808.03	28,633,175.79
Total	447,947,637.85	475,402,690.71

Changes of provision for bad debts of expected credit loss in relation to other receivables throughout the period were as follows:

	Balance at the beginning of the period/year	Provision for the current period/year	Reversed during the current period/year	Disposal of subsidiaries during the current period/year	Write off during the current period/year	Balance at the end of the period/year
January to June 2018 (note) (unaudited)	48,234,211.19	4,451,568.65	–	(27,865,971.81)	–	24,819,808.03
2017	1,061,192.97	27,571,982.82	–	–	–	28,633,175.79

Note: The Group implemented new financial instrument standards from 1 January 2018. On the initial date, the amount of provision for impairment of original financial assets of the Group as at 31 December 2017 has been remeasured in accordance with the new financial instrument standards. Please refer to the interim report of 2018 for details.

	30 June 2018 (Unaudited)			
	Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision (%)
With amounts that the provision for bad debts of expected credit loss is individually assessed	1,061,192.97	0.22	1,061,192.97	100.00
With amounts that the provision for bad debts of expected credit loss is provided on credit risk characteristics grouping basis	471,706,252.91	99.78	23,758,615.06	5.04
Total	472,767,445.88	100.00	24,819,808.03	—

The use of provision for the bad debts of other receivables of the Group under the ageing analysis method was as follows:

	30 June 2018 (Unaudited)		
	Estimated ending balance in default	Expected credit loss rate	Expected credit loss throughout the period
Within 1 year	417,505,804.52	1.0%	4,175,058.05
1 to 2 years	26,027,843.08	15.0%	3,904,176.45
2 to 3 years	16,477,835.62	35.0%	5,767,242.47
3 to 4 years	4,883,149.33	75.0%	3,662,362.00
4 to 5 years	2,809,221.34	80.0%	2,247,377.07
Over 5 years	4,002,399.02	100.0%	4,002,399.02
Total	471,706,252.91	—	23,758,615.06

As at 31 December 2017, the Group has made provision for bad debts for other receivables with amounts that were individually significant and insignificant of total RMB28,633,175.79.

At as 31 December 2017, other receivables with amounts that were individually significant and that the related provision for bad debts was provided on the individual basis were as follows:

	Ending balance	Provision for bad debts	Provision (%)	Reasons
Dalian Bohui International Trade Co., Ltd.	157,920,105.67	27,571,982.82	17.46	Note

Note: As at 31 December 2017, RMB157,920,105.67 due from Dalian Bohui to King Port Auto, a subsidiary of the Group, was from automobile agency business, of which, RMB102,776,140.03 related to automobiles in litigation preservation as at the reporting date and the Group considered no provision was needed. Considered the uncertainty on the recoverability of other receivables, provisions for bad debts for the remaining RMB55,143,965.64 of other receivables were made at 50% of the balances. During the period, the Group has transferred all its equities in King Port Auto to PDA. King Port Auto will cease to be included in the Group's consolidation scope since 30 June 2018.

From January to June 2018, the provision for bad debts of the Group amounted to RMB4,451,568.65 (2017: RMB27,571,982.82). From January to June 2018 and in 2017, the Group did not recover or reverse any bad debts provision nor write off any other receivables.

As at 30 June 2018, the top five other receivables were summarised as below (unaudited):

	Balance at the end of the period	Percentage of provision for bad debts (%)	% of total other receivables
Total balances of top five other receivables	312,337,835.85	7,946,962.51	66.07

As at 31 December 2017, the top five balances of other receivables were as below:

	Balance	provision for bad debts	% of total other accounts receivable
Total balances of top five other accounts receivable	332,531,849.13	27,571,982.82	65.97

As at 30 June 2018, the government grants receivable were analysed as follows:

	Government grants	Amount	Ageing	Basis
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	4,617,610.00	Within 1 year	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
PDA Group Zhuanghe Terminal Co., Ltd.	Subsidy for container freight	3,000,000.00	Within 2 years	Application Report for Subsidy of Container Business in Zhuanghe Port in 2017
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Subsidy for operation	3,359,192.00	Within 3 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone
Dalian Container Terminal Co., Ltd.	Subsidy for education	300,000.00	Within 1 year	Notice on Highly Skilled Talents Studying Abroad in 2018* （《關於2018年高技能人才赴國外進修培訓的通知》）
Total		11,276,802.00		

As at 31 December 2017, government grant receivables were as below:

	Government grants	Amounts	Ageing	Basis
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	10,072,250.00	Within 1 year	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
PDA Group Zhuanghe Terminal Co., Ltd.	Subsidy for container freight	3,000,000.00	Within 1 year	Application Report for Subsidy of Container Business in Zhuanghe Port in 2017
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Refund of tax	2,561,392.00	Within 2 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone
Total		15,633,642.00		

4. Inventories

Item	Balance at the end of the period (Unaudited)			Balance at the beginning of the period		
	Ending balance	Provision for decline in the value of inventories	Carrying amount	Ending balance	Provision for decline in the value of inventories	Carrying amount
Raw materials	81,894,975.32	7,803,794.80	74,091,180.52	79,681,233.82	7,803,794.80	71,877,439.02
Finished goods	65,392,090.58	—	65,392,090.58	630,000,477.62	7,054,584.56	622,945,893.06
Turnover materials	7,985,982.28	—	7,985,982.28	7,862,202.50	—	7,862,202.50
Total	155,273,048.18	7,803,794.80	147,469,253.38	717,543,913.94	14,858,379.36	702,685,534.58

As at 30 June 2018, no inventories were pledged as collateral (31 December 2017: inventories with carrying amount of RMB327,114,425.81 and relevant documents of import business were pledged as collateral for the bank borrowings of RMB308,692,031.66).

The movements of provision for decline in the value of inventories is analysed as below:

Item	Balance at the beginning of the period	Increase in the current period		Decrease in current period		Balance at the end of the period
		Provision	Others	Reversal or written off	Disposal of subsidiaries	
Raw materials	7,803,794.80	—	—	—	—	7,803,794.80
Finished goods	7,054,584.56	—	—	—	7,054,584.56	—
Total	14,858,379.36	—	—	—	7,054,584.56	7,803,794.80

5. Investments in other equity instruments

For the six months ended 30 June 2018 (unaudited):

	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current period	
				Equity instruments derecognised in current period	Equity instruments held
Jinzhou New Age Container Terminal Co., Ltd.	52,843,634.00	28,280,979.97	81,124,613.97	—	—
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd.	60,000,000.00	(11,979,676.56)	48,020,323.44	—	—
Dalian Port Design & Research Institute (大連港設計研究院)	634,600.00	7,307,283.52	7,941,883.52	—	290,000.00
Da-In Ferry Co., Ltd.	1,900,057.50	5,375,307.46	7,275,364.96	—	—
Fujian Ninglian Port Co., Ltd.	12,000,000.00	(552,359.53)	11,447,640.47	—	—
Dalian Xin Bei Liang Co., Ltd.	16,184,400.00	2,608,539.49	18,792,939.49	—	—
Investments in other equity instruments — H shares	65,758,680.53	(49,118,036.43)	16,640,644.10	—	240,879.35
Total	209,321,372.03	(18,077,962.08)	191,243,409.95	—	530,879.35

6. Notes payable and accounts payable

Item	30 June 2018 (unaudited)	31 December 2017
Notes payable	—	—
Accounts payable	258,016,063.91	380,389,360.83
Vessel leasing fees and ocean freight	121,966,003.82	136,760,560.21
Purchase of goods	15,907,768.49	128,393,067.08
Purchase of auxiliary materials	120,142,291.60	115,235,733.54
Total	258,016,063.91	380,389,360.83

As at 30 June 2018, the Group had no notes payable (31 December 2017: Nil).

Accounts payable are non-interest-bearing.

The ageing of accounts payable is analysed as follows:

Item	30 June 2018 (unaudited)	31 December 2017
Within 1 year	239,363,542.65	363,505,931.24
1 to 2 years	7,822,215.14	10,213,922.34
2 to 3 years	9,515,470.69	5,347,996.82
Over 3 years	1,314,835.43	1,321,510.43
Total	258,016,063.91	380,389,360.83

As at 30 June 2018, major accounts payable with ageing over one year are as follows (unaudited):

	Amounts payable	Reason for outstanding amounts
Purchase of goods	2,631,773.60	unsettled
Purchase of auxiliary materials and guarantee deposit	4,382,378.15	unsettled
Total	7,014,151.75	

7. Contract liabilities

	Closing amount (unaudited)
Miscellaneous expenses	5,603,350.86
All-in charges for cargo handling due within one year	11,250,000.00
Freight	2,513,409.56
Advance deposits for fares	3,315,897.97
Others	8,315,077.64
Total	30,997,736.03

As at 31 December 2017, all advances from customers have been fully carried forward as income in current period, except all-in charges for cargo handling in advance. As at 31 December 2017, all-in charges for cargo handling in advance have been carried forward as income of RMB3,057,714.00 in current period.

8. Other payables

Item	30 June 2018 (unaudited)	31 December 2017
Interest payable	**153,573,381.37**	**182,382,996.32**
Interest of short-term borrowings	3,451,312.51	9,313,708.41
Interest of bonds	145,519,108.96	168,008,750.05
Interest of long-term borrowings with instalment payments and principal due for maturity	4,602,959.90	5,060,537.86
Dividends payable	**391,493,872.54**	**93,770,654.70**
Dalian Port Corporation Limited	138,745,686.73	—
China Merchants Port Holdings Co., Ltd.	62,605,820.60	—
Other shareholders of outstanding A shares	54,428,408.37	—
Other shareholders of outstanding H shares	39,434,829.38	—
Minority shareholders of subsidiaries	96,279,127.46	93,770,654.70
Other payables	**432,840,876.15**	**533,050,100.81**
Project expenses payable	242,647,156.25	264,072,609.65
Borrowings from related parties	—	48,000,000.00
Guaranty	29,877,594.22	35,459,014.35
Down payment	—	25,822,249.63
Port construction expenses collected for other companies	16,827,754.73	22,248,576.83
Freight charges	5,217,002.25	20,383,300.46
Security expenses payable to the Bureau of Port	15,594,052.70	13,594,052.70
Compensation received for other companies	8,653,219.90	10,870,828.55
Fares collected for other companies	19,966,778.73	4,018,468.45
River Maintenance charges	3,832,886.91	3,832,886.91
Repair payments and outstanding repair payments	9,321,008.28	5,622,770.27
Others	80,903,422.18	79,125,343.01
Total	977,908,130.06	809,203,751.83

As at 30 June 2018, major other payables with ageing over one year of the Group are as follows (unaudited):

Company name	Amounts	Reason for outstanding amounts
Project expenses payable and guarantee deposit	32,834,405.13	unsettled
Security expenses payable to the Bureau of Port	9,594,052.70	unsettled
Total	42,428,457.83	

9. Revenue and cost of sales

Item	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Revenue from main operations	3,516,038,358.59	4,123,371,592.47
Revenue from other operations	135,150,328.22	194,631,785.95
Total	3,651,188,686.81	4,318,003,378.42

Cost of sales is as follows:

Item	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Cost of sales from main operations	2,763,791,664.89	3,534,080,532.70
Cost of sales from other operations	119,770,500.83	142,098,421.24
Total	2,883,562,165.72	3,676,178,953.94

Revenue and cost of sales by business segments are as follows:

Item	For the six months ended 30 June 2018 (Unaudited)		For the six months ended 30 June 2017 (Unaudited)	
	Revenue	Cost	Revenue	Cost
Container terminal and related logistics services and trading services	1,706,217,273.06	1,379,845,367.38	892,731,692.17	726,499,398.47
Oil/liquefied chemicals terminal and related logistics services and trading services	579,802,848.18	411,884,297.46	1,629,561,166.13	1,371,646,151.88
General cargo terminal and related logistics and trading services	436,341,957.28	335,059,403.94	326,562,519.21	317,246,665.93
Grains terminal and related logistics and trading services	172,810,678.72	175,018,504.76	226,577,150.82	201,768,393.84
Passenger and roll-on, roll-off terminal and related logistics services	75,588,831.77	53,970,184.98	71,804,606.87	53,854,556.19
Port value-added and ancillary services	407,405,315.36	267,007,100.73	430,710,929.73	286,455,684.22
Automobile terminal and related logistics and trading services	231,701,424.69	225,039,957.34	696,382,273.57	681,784,573.14
Others	41,320,357.75	35,737,349.13	43,673,039.92	36,923,530.27
Total	3,651,188,686.81	2,883,562,165.72	4,318,003,378.42	3,676,178,953.94

The revenue is categorised as follows:

Item	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Commodity trading	836,642,920.97	1,846,255,008.97
Handling services	1,432,289,361.57	974,840,738.03
Storage services	268,235,847.22	263,976,191.40
Agency services	375,113,925.31	459,475,163.90
Transportation services	326,316,874.60	243,513,585.09
Leasing income	71,647,334.13	134,533,695.91
Port management services	116,935,211.09	120,168,723.95
Project construction and supervision services	27,555,334.44	31,523,431.75
Electric supply services	33,567,840.55	47,702,654.24
Information services	28,873,112.54	33,873,421.26
Tallying services	31,880,758.94	30,714,531.72
Sales of products	17,819,370.39	15,353,718.84
Others	84,310,795.06	116,072,513.36
Total	3,651,188,686.81	4,318,003,378.42

The revenue by timing of recognition is as follows:

Item	For the six months ended 30 June 2018 (Unaudited)
Goods (transfer at a single point in time)	836,642,920.97
Goods (provide over time)	51,387,210.94
Services (provide over time)	2,691,511,220.77
Leasing income	71,647,334.13
Total	3,651,188,686.81

10. Financial expenses

Item	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Interest costs	317,884,422.43	255,144,437.51
Of which: Interest on bank loans repayable within five years	298,996,146.30	240,252,062.80
Other interest	18,888,276.13	14,892,374.71
Less: Amounts capitalised on interest	23,084,564.16	23,755,666.67
Interest expenses	294,799,858.27	231,388,770.84
Less: Interest income	66,904,778.20	49,616,991.20
Exchange gains or losses	(52,700,029.85)	87,249,479.98
Others	2,195,399.93	8,246,416.40
Total	177,390,450.15	277,267,676.02

The Breakdown of interest income is as follows:

Item	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Cash at bank and on hand	66,904,778.20	49,616,991.20

11. Credit impaired loss

Item	For the six months ended 30 June 2018 (Unaudited)
Impairment losses on bad debts	12,222,786.44

12. Other income

Government grants that are related to ordinary activities are as follows:

Item	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)	Related to assets/ income
Relocation compensation	15,418,115.52	16,573,332.42	Related to assets
Operation subsidies	1,510,476.19	5,348,500.00	Related to income
Special fund for energy conservation and emission reduction	882,586.40	326,643.99	Related to assets
Vessel acquisition subsidies	388,108.78	395,608.78	Related to assets
Stable position subsidies	350,682.19	4,001,054.90	Related to income
Shipping centre construction subsidies	—	42,000,000.00	Related to income
International logistics corridor subsidies	—	18,000,000.00	Related to income
Others	587,553.49	1,826,977.26	—
Total	19,137,522.57	88,472,117.35	

13. Investment income

Item	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Income from long-term equity investments under equity method	86,125,589.44	157,280,007.84
Income earned during the holding period of financial assets at fair value through profit or loss	81,800.00	84,600.00
Income earned during the holding period of available-for-sale financial assets	—	13,047,772.79
Dividend income earned from investments in equity instrument at fair value through other comprehensive income	530,879.35	—
Income from disposal of financial assets at fair value through profit or loss	4,266,726.69	180,280.41
Total	91,004,995.48	170,592,661.04

14. Income tax expenses

Item	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Current income tax	90,730,382.72	44,510,393.06
Deferred income tax	(1,499,740.56)	4,542,365.81
Total	89,230,642.16	49,052,758.87

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

Item	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Total profit	337,654,210.24	324,856,481.72
Income tax calculated at applicable tax rates	84,413,552.56	81,214,120.43
Effect of different tax rates applicable to certain subsidiaries	1,504,566.08	3,310,465.51
Adjustments for current income tax of prior period	(7,405,485.98)	(3,192,389.91)
Income not subject to tax	(25,385,926.24)	(43,611,241.92)
Expenses not deductible	581,868.35	2,975,931.43
Utilisation of deductible losses in previous years	(408,729.76)	(2,051,584.88)
Effect of unrecognised deductible temporary difference and deductible losses	35,930,797.15	10,407,458.21
Income tax expenses	89,230,642.16	49,052,758.87

15. Earnings per share

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

Item	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the parent	176,180,847.60	238,539,731.50
Weighted average number of ordinary shares of the Company in issue	12,894,535,999.00	12,894,535,999.00
Basic earnings per share	0.01	0.02

16. Segment information

Operating segments

For management purposes, the Group is organized into business units based on their products and services and has seven reportable operating segments as follows:

(1) Oil and liquefied chemicals terminal and related logistics services and trading services, responsible for loading and discharging, storage and transhipment of oil and liquefied chemicals, port management and oil trade business;

(2) Container terminal and related logistics services and trading services, responsible for loading and discharging, storage and transshipment of containers, leasing of terminals, various container logistics services, port trading business and sale of properties;

(3) General cargo terminal and related logistics services, responsible for loading and unloading of ore and general cargo and provision of related logistics services, steel trading operation;

(4) Bulk grains terminal and related logistics services and trading services, responsible for loading and unloading of grains and provision of related logistics services, bulk grains trading operation;

(5) Passenger, roll-on, roll-off terminal and related logistics services, responsible for passenger transportation and general cargo roll-on and roll-off and provision of related logistics services;

(6) Port value-added and ancillary services, responsible for tallying, tugging, transportation, power supply, information technology and construction services;

(7) Automobile terminal and related logistics services 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 following reporting segments are the basis on which the Group reports its segment information and no operating segments have been aggregated to form the reportable segments.

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

During the period, the general cargo terminal and related logistics and trading services segment and ore terminal and related logistics services segment have been aggregated into general cargo terminal and related logistics services segment.

Segment information for the six months ended 30 June 2018 and as at that date is as follows (unaudited):

Item	Oil and liquefied chemicals terminal and related logistics services and trading services	Container terminal and related logistics services and trading services	General cargo terminal and related logistics services	Bulk grains terminal and related logistics services and trading services	Passenger, roll-on, roll-off terminal and related logistics services	Port value-added and ancillary services	Automobile terminal and related logistics services and trading services	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	579,803	1,706,217	436,342	172,811	75,589	407,405	231,701	41,320	—	3,651,188
Inter-segment revenue	36,104	353,035	2,810	1,990	1,449	57,330	—	46,214	(498,932)	—
Cost of sales	411,884	1,379,845	335,059	175,018	53,970	267,007	225,040	35,739	—	2,883,562
Investment income from associates and joint ventures	46,408	8,437	(3,919)	(1,475)	(3,767)	32,047	8,395	—	—	86,126
Credit impairment losses	876	5,500	6,805	46	471	(2,265)	151	639	—	12,223
Depreciation and amortisation expenses	109,693	217,598	91,881	29,744	15,961	29,900	601	13,660	—	509,038
Total profit/(loss)	189,543	154,170	49,127	(19,923)	1,333	112,132	7,941	(156,669)	—	337,654
Income tax expenses	34,167	55,806	12,481	(3,833)	1,129	17,098	75	(27,692)	—	89,231
Net profit/(loss)	155,376	98,364	36,646	(16,090)	204	95,034	7,866	(128,977)	—	248,423
Total assets	7,196,670	11,476,451	4,089,636	1,333,537	1,312,170	2,864,929	912,428	7,580,145	(1,894,469)	34,871,497
Total liabilities	1,229,005	4,929,152	102,228	131,309	113,685	133,097	12,254	9,511,417	(1,894,469)	14,267,678
Non-cash expenses other than depreciation and amortisation expenses	—	2,805	—	—	—	221	—	15,418	—	18,444
Long-term equity investments in associates and joint ventures	1,589,344	790,509	145,013	38,368	342,265	980,576	335,822	—	—	4,221,897
Increase in non-current assets	7,641	10,585	9,809	11,134	4,185	8,800	4,914	207,232	—	264,300

Segment information for the six months ended 30 June 2017 and as at that date is as follows (unaudited):

Item	Oil and liquefied chemicals terminal and related logistics services and trading services	Container terminal and related logistics services and trading services	General cargo terminal and related logistics services	Bulk grains terminal and related logistics services and trading services	Passenger, roll-on, roll-off terminal and related logistics services	Port value-added and ancillary services	Automobile terminal and related logistics services and trading services	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	1,629,561	892,732	326,563	226,577	71,805	430,711	696,382	43,672	—	4,318,003
Inter-segment revenue	616	1,565	185	—	338	56,469	—	17,166	(76,339)	—
Cost of sales	1,371,646	726,499	317,247	201,768	53,854	286,456	681,785	36,924	-	3,676,179
Investment income from associates and joint ventures	54,707	21,967	38,807	—	2,827	31,654	7,317	1	—	157,280
Asset impairment losses	—	—	(10)	—	—	—	—	—	—	(10)
Depreciation and amortisation expenses	110,445	97,826	93,971	33,151	16,346	35,450	(145)	13,600	—	400,644
Total profit/(loss)	283,497	157,461	10,161	9,663	6,209	107,217	14,895	(264,247)	—	324,856
Income tax expenses	56,556	33,238	(6,175)	2,374	737	10,546	1,752	(49,975)	—	49,053
Net profit/(loss)	226,941	124,223	16,336	7,289	5,472	96,671	13,143	(214,271)	—	275,804
Total assets	7,385,556	7,403,484	4,293,805	1,344,016	1,322,937	2,887,340	2,035,982	7,272,720	(959,547)	32,986,293
Total liabilities	1,714,405	1,950,964	134,788	36,439	66,983	199,298	1,145,735	9,508,966	(959,547)	13,798,031
Non-cash expenses other than depreciation and amortisation expenses	—	6,098	11	—	8	236	—	20,575	—	26,928
Long-term equity investments in associates and joint ventures	1,523,097	1,611,961	167,380	—	338,164	1,060,332	334,180	—	—	5,035,114
Increase in non-current assets	26,300	55,919	3,954	8,381	4,246	4,071	15,736	98,200	—	216,807

Other information

Geographical information

All operations and customers of the Group are located in Mainland China. Accordingly, revenues of segments are generated from Mainland China and the major non-current assets are also located in Mainland China.

Information about major customers

For the six months ended 30 June 2018, there was no revenue generated from one single customer reaching or exceeding 10% of the Group's total revenue (2017: nil).

20. EVENTS AFTER THE BALANCE SHEET DATE

On 25 June 2018, the Group's application for registration of medium-term notes with an amount not exceeding RMB2.5 billion was approved by the National Association of Financial Market Institutional Investors of the PRC. Such registration will be valid for a term of 2 years from the date of the Acceptance of Registration Notice, during which period the Company may issue medium-term notes. On 1 August 2018, the Group issued the first tranche medium-term notes for the year 2018 with an amount of RMB2,500,000,000.00 for a term of 5 years. The interest is accrued on a rate of 4.89% from 3 August 2018 and payable annually, with the principle repayable in one lump sum on the maturity date.

In accordance with the profit distribution scheme considered and approved at the 2017 annual general meeting, the Company distributed cash dividends of RMB0.023 (including tax) per share based on the total issued shares of 12,894,535,999 prior to the implementation of the scheme, and cash dividends with a total amount of RMB296,574,327.98 had been distributed to the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

Profound adjustments in the global economy and sustained recovery of the port and shipping industries across the globe continued in the first half of 2018, and the BDI index, which reflects shipping freight costs, rebounded year-on-year. Regarding the domestic environment, the economy has continued to revive, and the investment, consumption and import and export trade witnessed a continuous increase. In the first half of the year, China's GDP grew by 6.8% year-on-year, whereas the total value of import and export increased by 7.9% on year-on-year basis.

In the first half of the year, cargo throughput handled by China's large-scale ports amounted to 6.54 billion tonnes, representing a year-on-year increase of 2.4%. In particular, cargo throughput handled at coastal ports in China was 4.58 billion tonnes, representing a year-on-year increase of 4.3%.

During the reporting period, the Group principally engaged in following businesses: oil/liquefied chemical terminal and the related logistics services and trading services (Oil Segment); container terminal and related logistics services (Container Segment); automobile terminal and related logistics services and trading services (Automobile Terminal Segment); general cargo terminal and related logistics services and trading services (General Cargo Segment); bulk grain terminal and related logistics services and trading services (Bulk Grain Segment); passenger and roll-on, roll-off terminal and related logistics services (Passenger and Ro-Ro Segment) and value-added and ancillary port operations (Value-added Services Segment).

In the first half of 2018, details of the general information on the macro-economy and industries relevant to the Group's principal business are set out as follows:

Oil Segment: In the first half of 2018, subject to production curtailment of OPEC and international situation, international crude oil price has risen steadily. Moreover, as China continuously increased the quota of the right to import crude oil and the right to use imported crude oil (Dual Rights), as well as the authority of obtaining imported crude oil by private refineries, the import volume of crude oil continued to increase steadily. In the first half of the year, China imported 225 million tonnes of crude oil, an increase of 7.1% as compared to the same period last year.

Container Segment: Affected by the macro-economy, port production has shown signs of stable growth. In the first half of 2018, containers throughput handled by China's large-scale ports amounted to 120 million TEU, representing a year-on-year increase of 5.4%.

Automobile Terminal Segment: In the first half of 2018, the growth in the volume of automobile production and sales volume in China was higher than that of the same period last year. Automobiles output in the first half of the year was 14,057,700 vehicles, representing a year-on-year increase of 4.2%. Sales volume was 14,066,000 vehicles, representing a year-on-year increase of 5.6%.

General Cargo Segment: In the first half of 2018, supported by government policies and the capital market as well as other factors, the growth in overall iron ores import in China continued. During the first half of the year, estimated iron ore imports in China amount to 546 million tonnes, representing a year-on-year increase of 1.3%. In the first half of 2018, China's major ports handled a total of approximately 350 million tonnes of coal, increased 3.6% year-on-year. The output of crude steel across China in the first half of 2018 reached a total volume of approximately 440 million tonnes, increased 10% year-on-year.

Bulk Grain Segment: In the first half of 2018, the increased demand of corn by local areas contributed by enhancement of corn deep-processing capacity in inland China, which resulting in a decrease recorded in the volume of corn transshipment at Liaoning port. During the first half of the year, the volume of corn transshipment at Liaoning port totalled 15.112 million tonnes, representing a year-on-year decrease of 9.5%.

Passenger and Ro-Ro Segment: In the first half of 2018, the Group implemented precision marketing to stimulate the development of ticket office network and online ticketing. The total number of passengers during the first half of the year was higher than that of the same period of the previous year.

In the first half of 2018, the Group's major business segments achieved stable performance. In terms of throughput, the Group handled a total of 18.043 million tonnes of oil/liquefied chemicals at oil terminal, representing a year-on-year decrease of 26.05%, of which 10.857 million tonnes were imported crude oil, representing a year-on-year decrease of 31.15%. In the Container Segment, the Group handled 5.503 million TEUs, representing an increase of 3.85% on a year-on-year basis, of which 4.766 million TEUs were handled by the Group at Dalian port, representing an increase of 0.62% on a year-on-year basis. In the Automobile Terminal Segment, the Group handled 358,405 vehicles, representing an increase of 15.39% on a year-on-year basis. In the General Cargo, the Group handled 30.071 million tonnes, representing an increase of 15.04% on a year-on-year basis. In the Bulk Grain Segment, the Group handled 2.956 million tonnes of bulk grain, representing a decrease of 9.52% on a year-on-year basis. In the Passenger and Ro-Ro Segment, the Group transported 1.734 million passengers, representing a year-on-year increase of 5.54%, and 650,000 vehicles, representing a year-on-year decrease of 0.46%.

OVERALL RESULTS REVIEW

In the first half of 2018, the Group's profit attributable to owners of the Company amounted to RMB176,180,847.60, representing a decrease of RMB62,358,883.90 or 26.1% as compared with RMB238,539,731.50 in the first half of 2017.

In the first half of 2018, the gross profit of the Group increased significantly as compared with the corresponding period of last year, mainly attributable to the combined effects of the consolidation of container terminals and improvement of general cargo business which have driven the increase of gross profit partially offset by the decline of sales of oil product business and bulk grain business, the increase of currency exchange gains of the Group as a result of the exchange fluctuation in the capital market, the decrease of government grants as a result of policy factors and the increase of staff costs due to remuneration adjustment. In light of the above, the Group's net profit attributable to the parent for the first half of 2018 reported a decrease as compared with the corresponding period last year.

In the first half of 2018, the Group's basic earnings per share amounted to RMB1.37 cents, representing a decrease of RMB0.48 cent or 26.1% as compared with RMB1.85 cents in the first half of 2017.

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

Item	In first half of 2018 (RMB)	In first half of 2017 (RMB)	Changes (%)
Net profit attributable to owners of the parent	176,180,847.60	238,539,731.50	(26.1)
Including:			
Revenue	3,651,188,686.81	4,318,003,378.42	(15.4)
Cost of sales	2,883,562,165.72	3,676,178,953.94	(21.6)
Gross profit (Note 1)	767,626,521.09	641,824,424.48	19.6
Gross profit margin (Note 2)	21.0%	14.9%	Up by 6.1 percentage points
Administrative expenses	331,847,950.61	292,059,119.02	13.6
Finance costs	177,390,450.15	277,267,676.02	(36.0)
Credit impairment loss (Note 3)	12,222,786.44	—	100.0
Other revenue	19,137,522.57	88,472,117.35	(78.4)
Investment income	91,004,995.48	170,592,661.04	(46.7)
Net non-operating income (Note 4)	6,477,135.33	19,276,088.33	(66.4)
Income tax expense	89,230,642.16	49,052,758.87	81.9

Note 1: Gross profit = Revenue — Cost of sales

Note 2: Gross profit margin = (Revenue — Cost of sales)/Revenue

Note 3: Credit impairment loss : the impact of credit impairment on the profit or loss for the current period calculated using "expected credit loss" impairment model as required by the new accounting standards

Note 4: net non-operating income = non-operating income — non-operating expenses

In the first half of 2018, the Group's revenue decreased by RMB666,814,691.61 or 15.4% year-on-year, primarily attributable to the year-on-year decrease of 54.7% in the revenue from trading business, which was mainly due to the structural adjustments actively undertaken by the Company in relation to controlling risks and boosting trading business quality and profitability. Excluding the effect of trading business, revenue would have increased by 13.9% year-on-year, mainly due to the increase of revenue as a result of the consolidation of container terminals and the growth of our general cargo business and ore mixing business as well as the increase of container freight service, partially offset by the decline of sales of oil product business and bulk grain vehicle rental business.

In the first half of 2018, the Group's cost of sales decreased by RMB792,616,788.22 or 21.6% year-on-year, mainly due to the year-on-year decrease of 55.3% in costs of trading business. Excluding the effect of trading business, cost of sales would have increased by 12.1% year-on-year, mainly due to the increase of costs of sales which was in line with the increase of revenue arising from the consolidation of container terminals, operating cost increase from business scale expanding and staff cost increase caused by remuneration adjustment, partially offset by the decrease of costs of oil product business due to the tariff drop and the decline of sales.

In the first half of 2018, the gross profit of the Group increased by RMB125,802,096.61 or 19.6% year-on-year, with the gross profit margin up by 6.1 percentage points, mainly attributable to the consolidation of container terminals and improvement of our general cargo business which has driven the increase of gross profit margin, partially offset by the decline of sales of oil product business and bulk grain business.

In the first half of 2018, the Group's general and administrative expenses increased by RMB39,788,831.59 or 13.6% year-on-year, mainly due to the increase of expenses such as salaries, service fees and social insurances caused by the consolidation of container terminals and the carryover effect of remuneration adjustments together with increase of legal fees and consultancy fees incurred by new activities.

In the first half of 2018, the Group's finance costs decreased by RMB99,877,225.87 or 36.0% year-on-year, mainly due to currency exchange gains of RMB52,700,029.85 in for current year as compared to currency exchange loss of RMB87,249,479.98 for the corresponding period last year. The interest expense increased RMB48,362,337.42 due to the increased scale of debts resulting from the consolidation of container terminals.

In the first half of 2018, the credit impairment losses of the Group increased year-on-year by RMB12,222,786.44. The increase was mainly because the Group replaced the "incurred loss" model provided in the original accounting standard with "expected credit loss" impairment model provided in the new standards of financial instruments, according to which our provision for credit loss for the first half of the year increased. According to the standards, no adjustment was required for information of comparative periods.

In the first half of 2018, the Group's other income decreased year-on-year by RMB69,334,594.78 or 78.4%, mainly due to decrease of container subsidies during the year as a result of policy changes.

In the first half of 2018, the Group's investment income decreased year-on-year by RMB79,587,665.56 or 46.7%, which was mainly because upon the consolidation of container terminals, accounting of the revenue from DPCM and DICT has been transferred from investment income to income cost. In addition, our associate and joint venture received government grants in the corresponding period of last year.

In the first half of 2018, the Group's net non-operating income decreased year-on-year by RMB12,798,953.00 or 66.4%, mainly due to the impact of the allowance received for emergency buffer pool for new ports in the corresponding period of last year.

In the first half of 2018, the Group's income tax expenses increased year-on-year by RMB40,177,883.29 or 81.9%, mainly due to the increase of taxable profit resulting from increased exchange gain, and expansion in taxable profit scale arising from the consolidation of container terminals.

Assets and Liabilities

As at 30 June 2018, the Group's total assets and net assets amounted to RMB34,871,496,797.25 and RMB20,603,819,241.80, respectively. Net asset value per share was RMB1.39, basically unchanged compared with the net asset value per share as at 31 December 2017.

As at 30 June 2018, the Group's total liabilities amounted to RMB14,267,677,555.45, of which total outstanding borrowings amounted to RMB12,006,038,957.34. The gearing ratio was 40.92%, representing a decrease of 2.72 percentage points as compared with 43.64% as at 31 December 2017, which was mainly due to the effect of the reduced debt scale resulting from repaying RMB foreign debt and disposal of a subsidiary during the year.

Financial Resources and Liquidity

As at 30 June 2018, the Group had a balance of cash and cash equivalents of RMB5,919,526,700.69, representing a decrease of RMB1,006,271,273.90 as compared to that of 31 December 2017.

In the first half of 2018, the Group's net cash inflows generated from operating activities amounted to RMB764,202,537.23; net cash outflows for investing activities amounted to RMB330,338,652.72; and net cash outflows for financing activities amounted to RMB1,493,079,090.45.

Benefiting from the sufficient operating cash inflow contributed by positive result, our ability to raise capital through multiple financing channels such as bond issuance in capital market and bank borrowings, and the Group's prudent decision making in assets and equity investments, the Group maintained its solid financial position and capital structure.

As at 30 June 2018, the Group's outstanding borrowings amounted to RMB12,006,038,957.34, in which RMB6,362,640,168.79 were borrowings repayable within one year, and RMB5,643,398,788.55 were borrowings repayable after one year.

The Group's net debt-equity ratio was 24.8% as at 30 June 2018 (28.4% as at 31 December 2017), mainly due to the decrease in net liabilities as a result of repayment of debt fall due and disposing shareholdings in subsidiary. The Group has protected against solvency risk and maintained an overall healthy financial structure.

As of 30 June 2018, the Group's unutilized bank line of credit amounted to RMB18,177,612,565.39.

As an A-share and H-share dual-listed company, the Group enjoys access to both domestic and overseas capital markets for financing. China Chengxin International Credit Rating Co., Ltd. and China Chengxin Securities Rating Co., Ltd., both being external rating agencies, have assigned issuer credit composite ratings of AAA on the Group with stable credit rating outlook, indicating the Group's sound condition in capital market financing.

The Group continued to closely monitor its interest rate risk and exchange rate risk. As of 30 June 2018, the Group has not entered into any foreign exchange hedging contracts.

USE OF PROCEEDS

Net proceeds of the public offering of 762 million A Shares in 2010 obtained by the Company amounted to approximately RMB2,772,091,519.47. As at 30 June 2018, the Company had used approximately RMB2,409,097,400.00 of the proceeds and RMB362,994,100.00 of the proceeds remained unused. In March 2018, we made use of idle cash of RMB400,000,000.00 out of the proceeds to replenish the Company's working capital (including an interest income of RMB81,000,000.00), and the remaining account balance was RMB47,456,800.00 (including an interest income of RMB3,462,700.00).

Unit: RMB

Projects	Total proceeds	Use of proceeds as at 30 June 2018	Balance
Construction of oil storage tanks with a total capacity of 1,000,000 m^3 in Xingang	760,000,000.00	524,984,100.00	235,015,900.00
Construction of oil storage tanks with a total capacity of 600,000 m^3 in the Xingang resort area	550,000,000.00	550,000,000.00	0.00
Construction of phase II of the Shatuozi oil storage tanks project in the Xingang Shatuozi area	29,600,000.00	29,600,000.00	0.00
LNG Project	320,000,000.00	320,000,000.00	0.00
No.4 stacking yard for ore terminal	520,000,000.00	410,019,900.00	109,980,100.00
Purchase of gantry for ore terminal	37,200,000.00	37,200,000.00	0.00
Purchase of 300 bulk grain carriages	150,000,000.00	150,000,000.00	0.00
Ro-ro ships for carrying cars	230,000,000.00	212,001,900.00	17,998,100.00
Construction of railway siding in Muling	41,250,000.00	41,250,000.00	0.00
Construction of information systems	50,000,000.00	50,000,000.00	0.00
Investment in phase III of Dayao Bay Terminal	84,041,500.00	84,041,500.00	0.00
Total	2,772,091,500.00	2,409,097,400.00	362,994,100.00

Note: In order to reduce the amount of idle cash, achieve more efficient use of funds and lower capital costs for the Company, the second meeting of the five session of the Company's board of directors in 2018 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 authorised to use idle cash of RMB400,000,000.00 out of the proceeds (including an interest income of RMB81,000,000.00) to replenish the Company's working capital. Such an authorisation is valid for a period of not more than twelve months from the passing of the relevant Board resolution. The Company's independent directors, supervisory committee and sponsors expressed their respective opinions on the Board resolution, and the Company issued a relevant announcement on 26 March 2018.

CAPITAL EXPENDITURE

In the first half of 2018, the Group's capital expenditure amounted to RMB264,300,223.98, which was mainly funded by the surplus cash generated from operating activities, the proceeds from the public offering of A Shares and other external financing.

The performance analysis of each business segment in the first half of 2018 is as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in the first half of 2018 with comparative figures for the first half of 2017:

	For the six months ended 30 June 2018 ('0,000 tonnes)	For the six months ended 30 June 2017 ('0,000 tonnes)	Increase/ (Decrease)
Crude oil	1,804.3	2,439.6	(26.05%)
— Foreign trade imported crude oil	1,085.7	1,576.9	(31.15%)
Refined oil	540.0	507.2	6.47%
Liquefied Chemicals	76.1	70.3	8.25%
LNG	292.9	172.2	70.1%
Total	2,713.3	3,189.3	(14.93%)

In the first half of 2018, in terms of throughput of oil/liquefied chemicals, the Group handled a total of 27.133 million tonnes, representing a decrease of 14.93% on a year-on-year basis.

In the first half of 2018, the Group's crude oil throughput decreased by 26.05% year-on-year to 18.043 million tonnes, of which 10.857 million tonnes were imported crude oil, representing a year-on-year decrease of 31.15%, mainly attributable to the completion and commissioning of the surrounding ports and supporting storage and transportation facilities further reducing the transshipment supplies from our port, resulting in a decrease in the Group's crude oil and imported crude oil throughput in the first half of the year.

In the first half of 2018, the Group's refined oil throughput amounted to 5.40 million tonnes, representing a year-on-year increase of 6.47%, mainly attributable to higher transshipment demand from refineries in Northeast China and surrounding refineries, resulting in a larger growth as compared with the same period last year.

In the first half of 2018, the Group's liquefied chemicals throughput was 761 thousand tonnes, representing a year-on-year increase of 8.25%, mainly attributable to the Group's effort in expanding the inland liquefied chemicals market and expanding the breadth and width of cooperation with customers, resulting in a year-on-year increase in the transshipment of liquefied chemicals in the first half of the year.

In the first half of 2018, the Group's LNG throughput amounted to 2.929 million tonnes, representing a year-on-year increase of 70.1%, mainly attributable to the increase in domestic LNG demands and the increase in LNG consumption in Northeast and North China, resulting in a larger increase in LNG transshipment through our port as compared with the same period last year and thus a larger increase in the Group's LNG throughput in the first half of the year.

In the first half of 2018, the total imported crude oil throughput handled by the Group's ports accounted for 100% (100% in the first half of 2017) of the total amount of crude oil imported through the ports of Dalian and 51.2% (63.3% in the first half of 2017) of the total amount of crude oil imported through the ports in Northeast China. The Group's total oil products throughput accounted for 70.6% (79.9% in the first half of 2017) of the total market share of the Dalian port and 36.3% (45.7% in the first half of 2017) of the total market share of the ports in Northeast China. The decrease in the total oil products throughput was mainly attributable to the continuous increase and upgrading of terminals and storage and transportation facilities in the Bohai Rim area further reducing the transshipment supplies from our port, resulting in a year-on-year decrease in the oil products throughput.

The performance of the Oil Segment is set out as follows:

Items	In the first half of 2018 (RMB)	In the first half of 2017 (RMB)	Change (%)
Revenue	579,802,848.18	1,629,561,166.13	(64.4)
Share of the Group's revenue	15.9%	37.7%	Down by 21.8 percentage points
Gross profit	167,918,550.72	257,915,014.25	(34.9)
Share of the Group's gross profit	21.9%	40.2%	Down by 18.3 percentage points
Gross profit margin	29.0%	15.8%	Up by 13.2 percentage points

In the first half of 2018, the revenue from the Oil Segment decreased year-on-year by 64.4%, mainly due to the contraction of oil trading business and the decrease in the oil business. Excluding the effect of trading business, the revenue decreased year-on-year by 14.8%, mainly due to the drop in the revenue from loading services and the tank rental income, because the operation of the Sino-Russian crude oil pipelines and the commissioning of wharfs and storage and transportation facilities in the Bohai Rim region distributed the business of the Group's ports.

The gross profit margin of the segment increased year-on-year by 13.2 percentage points. Excluding the effect of trading business, the gross profit margin decreased year-on-year by 9.6 percentage points, mainly due to the decrease in the gross profit margin resulting from the decrease in business.

In the first half of 2018, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- Deepened cooperation with customers to meet their storage and transshipment needs and further increase the distribution of the crude oil.

- Proactively participated in the domestic futures business and became the first ports in China to handle crude oil futures.

- Deepened cooperation with private refineries in the hinterland of northeast China and improved the railway loading technology of cruel oil in ports to meet customers' demand for the railway loading of cruel oil and further promote throughput growth.

- Deepened cooperation with domestic and foreign oil traders to develop international crude oil transshipment business in Japan, South Korea and other regions.

Container Segment

The following table sets out the container throughput handled by the Group in the first half of 2018, with comparative figures for the first half of 2017:

		For the six months ended 30 June 2018 ('0,000 TEUs)	For the six months ended 30 June 2017 ('0,000 TEUs)	Increase/ (Decrease)
Foreign trade	Dalian port	262.9	260.7	0.85%
	Other ports (Note 1)	7.1	13.7	(48.18%)
	Sub-total	270.0	274.4	(1.61%)
Domestic trade	Dalian port	213.7	213.0	0.33%
	Other ports (Note 1)	66.6	42.5	56.71%
	Sub-total	280.3	255.5	9.71%
Total	Dalian port	476.6	473.7	0.62%
	Other ports (Note 1)	73.7	56.2	31.14%
	Sub-total	550.3	529.9	3.85%

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

In the first half of 2018, in terms of container throughput, the Group maintained steady growth and handled a total of 5.503 million TEUs, representing a year-on-year increase of 3.85%. At Dalian port, the Group handled 4.766 million TEUs, representing a year-on-year increase of 0.62%, of which container throughput for foreign trade increased by 0.85% year-on-year, and container throughput for domestic trade increased by 0.33% year-on-year.

In the first half of 2018, the Group's container terminal business accounted for 98.9% (98.7% in the first half of 2017) of the total market share of Dalian port and 50.4% (50.4% in the first half of 2017) of the ports in Northeast China. The Group's container throughput for foreign trade accounted for 100% (100% in the first half of 2016) of the total market share of Dalian port and 97.8% (97.3% in the first half of 2017) of the ports in Northeast China.

The performance of the Container Segment is set out as follows:

Items	In the first half of 2018 (RMB)	In the first half of 2017 (RMB)	Change (%)
Revenue	1,706,217,273.06	892,731,692.17	91.1
Share of the Group's revenue	46.7%	20.7%	Up by 26.0 percentage points
Gross profit	326,371,905.68	166,232,293.70	96.3
Share of the Group's gross profit	42.5%	25.9%	Up by 16.6 percentage points
Gross profit margin	19.1%	18.6%	Up by 0.5 percentage point

In the first half of 2018, the revenue from the Container Segment increased year-on-year by 91.1%. Excluding the effect of trading business, the revenue increased by 45.2% on a year-on-year basis, mainly attributable to the combined effects of the expansion of income scale as a result of the consolidation of container terminals and the increase in income from transportation business.

The gross profit margin of the segment increased year-on-year by 0.5 percentage point. Excluding the effect of trading business, the gross profit margin increased by 6.3 percentage points on a year on-year basis, mainly due to the business expansion resulting from the consolidation of container terminals and opening new routes.

In the first half of 2018, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- The Group deepened collaboration with major shipping alliances and shipping companies to promote the development of new routes and the stable operation of existing routes as well as expand new businesses, such as international transshipment, empty container allocation and ship shifting.

- Stabilizing the operation of the Japan-Korea line and comprehensively strengthening the development of foreign trade market to realize the transformation and upgrading of Bohai Rim feeder.

- Deepening the cooperation with railway bureaus and container companies and strengthening communication with customers to actively promote the layout in the hinterland of Northeast China and solicit supplies, meanwhile, leveraging policies of other regional platform to open new transit trains.

- Expanding port service functions in an effort to achieve transformation and upgrading of the port and accelerating the business development of specialised logistics. Warehouse I of Yi Du Project (Phase II) of cold chain logistics was officially put into operation. Automotive logistics, ground logistics and in-plant logistics projects were progressing smoothly. The standard audit work was fully promoted in timber logistics. The transformation and upgrading of rear logistics was accelerated to improve the comprehensive service functions.

Automobile Terminal Segment

The following table sets out the throughput handled by the Group's automobile terminal in the first half of 2018, with comparative figures for the first half of 2017:

		For the six months ended 30 June 2018	For the six months ended 30 June 2017	Increase/ (Decrease)
Vehicles (units)	Foreign trade	4,231	5,065	(16.47%)
	Domestic trade	354,174	305,550	15.92%
	Total	358,405	310,615	15.39%
Equipment (tonnes)		5,225	526	893.35%

In the first half of 2018, the Group handled a total of 358,405 vehicles, representing a year-on-year increase of 15.39%.

In the first half of 2018, the Group's vehicle throughput accounted for 100% (100% in the first half of 2017) of the total market share of the ports in Northeast China.

The performance of the Automobile Terminal Segment is set out as follows:

Items	In the first half of 2018 (RMB)	In the first half of 2017 (RMB)	Change (%)
Revenue	231,701,424.69	696,382,273.57	(66.7)
Share of the Group's revenue	6.3%	16.1%	Down by 9.8 percentage points
Gross profit	6,661,467.35	14,597,700.43	(54.4)
Share of the Group's gross profit	0.9%	2.3%	Down by 1.4 percentage points
Gross profit margin	2.9%	2.1%	Up by 0.8 percentage points

In the first half of 2018, the revenue from the Automobile Segment decreased year-on-year by 66.7%, which was mainly due to the decrease in revenue as a result of the fact that the operation of new business had not commenced because of the impact of economic dispute on King Port Auto, the subsidiary of automobile segment, which conducted comprehensive internal control and rectification from the aspect of risk control.

The gross profit margin of the segment increased year-on-year by 0.8 percentage point, mainly due to the increase in gross profit margin brought about by the contraction of trading business with lower gross profit margin.

In the first half of 2018, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- Through fully leveraging the advantages of railway siding, the container volume of sea-to-rail intermodal transportation rapidly developed, gradually expanding the scale of container volume of sea-to-rail intermodal transportation.

- Through continuing to deepen market development and promoting the opening of water transportation in Dalian Port by several new brands, the influence of the Port was further enhanced.

General Cargo Segment

The following table sets out the throughput handled by the Group's general cargo terminal in the first half of 2018, with comparative figures for the first half of 2017:

	For the six months ended 30 June 2018 ('0,000 tonnes)	For the six months ended 30 June 2017 ('0,000 tonnes)	Increase/ (Decrease)
Steel	353.7	322.5	9.68%
Coal	505.6	467.6	8.13%
Equipment	51.1	153.7	(66.76%)
Ore	1,479.2	1,125.2	31.47%
Others	617.5	545.1	13.29%
Total	3,007.1	2,614.1	15.04%

In the first half of 2018, the throughput of the Group's General Cargo Segment amounted to 30.071 million tonnes, representing a year-on-year increase of 15.04%.

In the first half of 2018, the throughput of the Group's Ore Segment amounted to 14.792 million tonnes, representing a year-on-year increase of 31.47%. Such increase was mainly due to the substantial increase in the Group's ore import and throughput after the Group enhanced its integrated logistics, improved service quality and further scaled up its ore mixing business.

In the first half of 2018, the Group's steel throughput was 3.537 million tonnes, representing a year-on-year increase of 9.68%, mainly due to the year-on-year increase in steel shipment volume as the Group strengthened its collaboration with railway enterprises, improved integrated logistics system and solicited steel plants in the hinterland for shipment.

In the first half of 2018, the Group's coal throughput was 5.056 million tonnes, representing a year-on-year increase of 8.13%, mainly due to the year-on-year increase in coal transshipment volume as a result of the formulation of personalized services by the Group according to different customer needs by closely following the needs of coal market.

In the first half of 2018, the Group's equipment throughput was 0.511 million tonnes, representing a year-on-year decrease of 66.76%, mainly due to the significant drop in equipment throughput in the first half of the year on a year-on-year basis caused by the lack of orders received by equipment manufacturers and the impact of port-based projects that not yet started.

In the first half of 2018, the Group's ore throughput, steel throughput and coal throughput accounted for 30.1% (29% in the first half of 2017), approximately 13.8% (16.2% in the first half of 2017) and 20.5% (17.3% in the first half of 2017), respectively, of the total throughput of the ports in Northeast China.

The performance of the General Cargo Segment is set out as follows:

Items	In the first half of 2018 (RMB)	In the first half of 2017 (RMB)	Change (%)
Revenue	436,341,957.28	326,562,519.21	33.6
Share of the Group's revenue	12.0%	7.6%	Up by 4.4 percentage points
Gross profit	101,282,553.34	9,315,853.28	987.2
Share of the Group's gross profit	13.2%	1.5%	Up by 11.7 percentage points
Gross profit margin	23.2%	2.9%	Up by 20.3 percentage points

In the first half of 2018, the revenue from the General Cargo Segment increased year-on-year by 33.6%, which was mainly attributable to the growth in imported iron ore and steel business and the full-fledged development of ore mixing business.

The gross profit margin of the segment increased year-on-year by 20.3 percentage points, which was mainly driven by the development of ore mixing business and the growth in imported iron ore business with higher rates.

In the first half of 2018, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- Deepened cooperation with customers and leveraged the Group's regional presence and the advantages of its ports to carry out port-based processing and marketing of mixed ore while promoting the construction of a port commodity hub and an ore blending base.

- Strengthened the construction of an integrated logistics system and intensified cooperation among its ports, railways and enterprises to lower the overall logistics costs of its ports and attract more transshipment customers for its ports.

- Proactively participated in the construction of logistics system, provided customers with tailored logistics solutions and built up an urban coal supply network to attract urban coal-consuming enterprises to transship coal at its ports, in a bid to boost coal transshipment.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in the first half of 2018, with comparative figures for the first half of 2017:

	For the six months ended 30 June 2018 ('0,000 tonnes)	For the six months ended 30 June 2017 ('0,000 tonnes)	Increase/ (Decrease)
Corn	98.7	122.3	(19.3%)
Soy bean	78.9	97.5	(19.08%)
Barley	29.0	21.8	33.03%
Others	89.0	85.1	4.59%
Total	295.6	326.7	(9.52%)

In the first half of 2018, the throughput of the Group's Bulk Grain Segment amounted to 2.956 million tonnes, representing a year-on-year decrease of 9.52%.

In the first half of 2018, the Group's corn throughput was 0.987 million tonnes, representing a year-on-year decrease of 19.3%. The decrease was mainly attributable to the deep process capacity of the hinterland has been improved, the local corn consumption has increased, such that the volume of corn shipment at Liaoning port decreased and the Group recorded a substantial decrease in terms of throughput in the first half of 2018.

In the first half of 2018, the Group's soybean throughput was 789,000 tonnes, representing a year-on-year decrease of 19.08%. The substantial year-on-year decrease of Group's soybean throughput in the first half of the year was mainly due to the global conditions.

In the first half of 2018, the Group's bulk grain throughput accounted for 8.7% (12.4% in the first half of 2017) of the total throughput of the ports in Northeast China.

The performance of the Bulk Grain Segment is set out as follows:

Items	In the first half of 2018 (RMB)	In the first half of 2017 (RMB)	Change (%)
Revenue	172,810,678.72	226,577,150.82	(23.7)
Share of the Group's revenue	4.7%	5.2%	Down by 0.5 percentage point
Gross profit	(2,207,826.04)	24,808,756.98	(108.9)
Share of the Group's gross profit	(0.3%)	3.9%	Down by 4.2 percentage points
Gross profit margin	(1.3%)	10.9%	Down by 12.2 percentage points

In the first half of 2018, the revenue from the Bulk Grain Segment decreased year-on-year by 23.7%. Excluding the effect of trading business, the revenue decreased year-on-year by 32.8%, which was mainly due to the decrease of revenue from port operations caused by the decrease of the throughput of corn and soy bean, together with the corresponding decrease of leasing income from bulk grain carriages.

The gross profit margin of the segment decreased year-on-year by 12.2 percentage points. Excluding the effect of trading business, the gross profit margin of the segment decreased year-on-year by 26.5 percentage points, which was mainly due to the decrease of gross profit margin caused by the decrease of the throughput of corn and soy bean.

In the first half of 2018, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- Deepened joint venture collaboration and cooperation with major customers in terms of capital and business operations, with a focus on cultivating the corn transshipment market for domestic trade.

- Stepped up efforts in attracting grain shipments for foreign trade to further improve the soy bean futures business.

Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on roll-off throughput handled by the Group in the first half of 2018, with comparative figures in the first half of 2017:

	For the Six months ended 30 June 2018	For the Six months ended 30 June 2017	Increase/ (Decrease)
Passengers ('0,000 persons)	173.4	164.3	5.54%
Vehicles ('0,000 units)	65.0	65.3	(0.46%)

In the first half of 2018, throughput of passengers in passenger, roll-on, roll-off terminal was 1.734 million persons, representing an increase of 5.54% as compared to the same period last year. Throughput of vehicles amounted to 650,000 units, representing a decrease of 0.46% as compared to the same period last year.

The performance of the Passenger and Ro-Ro Segment is set out as follows:

Items	In the first half of 2018 (RMB)	In the first half of 2017 (RMB)	Change (%)
Revenue	75,588,831.77	71,804,606.87	5.3
Share of the Group's revenue	2.1%	1.7%	Up by 0.4 percentage points
Gross profit	21,618,646.79	17,950,050.68	20.4
Share of the Group's gross profit	2.8%	2.8%	basically unchanged
Gross profit margin	28.6%	25.0%	Up by 3.6 percentage points

In the first half of 2018, the revenue from the Passenger and Ro-Ro Segment increased year-on-year by 5.3%, mainly due to the rise in passenger ticket income driven by the increased passenger voyage in the first half of the year.

Gross profit margin increased year-on-year by 3.6 percentage points, mainly attributable to the increase in the passenger throughput.

In the first half of 2018, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- In the first half of the year, the Group made 12 outgoing voyages of international cruise ships and received 3 international cruise ships, representing a total of inbound and outbound passenger throughput of 29,800 persons, up by 3,100 person year-on-year.

- The Company introduced e-commerce platforms to boost its online ticket sales; and increased the function of passenger car ticket sales on the WeChat public platform in an effort to gradually improve the Company's online ticketing business.

Value-added Services Segment

Tugging

In the first half of 2018, the Company's tugging division increased voyage charter and made reasonable resource allocation by taking a number of measures such as scientifically distributing tugboats and flexibly adjusting the number of tugboats and power ratios at each of the tugboat bases with a view to increasing sources of revenue, saving fuels and reducing mobilisation costs, resulting in an increase of 5.9% in throughput on a year-on-year basis.

Tallying

The total tallying throughput handled by the Group was approximately 23.719 million tonnes, representing a year-on-year increase of 12.2%.

Railway

In terms of the operation of railway transportation, the Group handled a total of approximately 332,000 carriages, representing a year-on-year decrease of 0.2%.

The performance of the Value-added Services Segment is set out as follows:

Items	In the first half of 2018 (RMB)	In the first half of 2017 (RMB)	Change (%)
Revenue	407,405,315.36	430,710,929.73	(5.4)
Share of the Group's revenue	11.2%	10.0%	Up by 1.2 percentage points
Gross profit	140,398,214.63	144,255,245.51	(2.7)
Share of the Group's gross profit	18.3%	22.5%	Down by 4.2 percentage points
Gross profit margin	34.5%	33.5%	Up by 1.0 percentage point

In the first half of 2018, the revenue from the Value-added Services Segment decreased year-on-year by 5.4%, mainly due to the decreased revenue balances of supervision service arising from the decrease in the balance of pilotage income and projects, whereas the increased revenue in the tugging businesses driven by the recovery of terminal business limited the decrease in revenue to a certain extent.

The gross profit margin of the segment increased year-on-year by 1.0 percentage points, mainly attributable to the combined effect of the growth of tugging services and the decreased cost of power purchase.

PROSPECTS OF THE SECOND HALF OF 2018

COMPETITIVE LANDSCAPE AND INDUSTRY TREND

In the second half of the year, the deep-seated problems of the global economy will linger, and economic growth will remain slow. Domestically, by holding on to structural reform at the supply side, China will continuously make progress in "de-capacity, de-stocking, de-leveraging, cost reduction and overcoming of weaknesses". In addition, guided by the development concepts of "innovation, coordination, green, openness and sharing", China will constantly adapt to, seize opportunities from and lead the new normal of economic development. As such, in the second half of the year, China's economy is expected to stably edge up with stronger internal driving force supported by robust domestic demands.

In the second half of the year, the Group's major initiatives for market development of its business segments are as follows:

Oil Segment

- Continue to leverage the Group's advantages in ports and concentration of storage tanks to deepen cooperation with port-based customers and traders for complementary strengths and coordinated development and to expand the crude oil bonded storage and transshipment business.

- Efforts should be made to promote the construction of LNG transshipment hub project so that it can have the functions of LNG loading and discharging, storage, automobile transshipment and pipeline gas transmission as soon as possible.

Container Segment

- Pay close attention to the change of cargo supply in shipping routes market, further strengthen the communication with major shipping companies, and promote shipping companies to increase their investment in route resources in the port. We will maintain the stable operation of existing routes, and continue to improve the service network of routes for foreign trades in the port.

- We will continue strengthening the feeder transshipment function in Bohai Rim, reinforce the development work on transshipped cargo in Bohai Rim region, and focus on the development of foreign trade cargo supply to provide strong support for the operation of routes in the port.

- Increase efforts in cargo sourcing, continue to promote the market-oriented operation of sea-to-rail intermodal transportation; constantly explore and optimise the integrated multimodal transportation system in the Three Northeastern Provinces, with an aim to achieve regional coordinated development. Continue to work with other platform companies across the country to develop cargo supply in cross-border train lines.

- Actively promote diversification and strive to develop high-end service industries. Continue to drive the development of logistics industry including cold chain, automobile, wood and logistics, and explore an innovative operation model, in an effort to build up an integrated supply chain service system and promote upgrading of the ports for better development.

Automobile Terminal Segment

- Strive to open more liner routes to facilitate south-north water transportation; and strengthen market development targeting other potential customers engaging in domestic trade in the hinterland of northeast China.

- Give full play to the advantages of railway integrated multimodal port and vigorously develop the sea-to-rail intermodal transportation business.

General Cargo Segment

- Using mixed ore sales to strengthen the construction of supply chain trading platform, increase the mixed ore sales and trade cooperation between small and medium steel mills in the hinterland, so as to achieve diversified mode of service.

- Carrying further its business philosophy of "running liner shipping routes", the Group will attract demand for cargo transport to the Group and strive to launch liner shipping routes for foreign steel trading.

- Cooperating with the smooth development of port-based projects, the Group will promptly understand the requirements of subsequent projects and further expand the aspects and scope of cooperation.

Bulk Grain Segment

- The Group will reinforce capital cooperation with customers to further expand the scope of cooperation.

- The Group will spare no effort in gaining patronage of grains by paying constant attention to changes in national policy and market news, and further improving the whole logistics service system.

Passenger and Ro-Ro Segment

- The Group will strive to enhance its departure services for international cruises, while accelerating marketing for its cruise service brand and establishing a cruise travelling brand by developing the "Cruise+" leisure travelling model.

- Entering the traditional peak season of the Passenger and Ro-Ro industry in the second half of the year, the Group will unite shipping companies to conduct market development and market price stabilization related work in three target markets of Passenger and Ro-Ro Segment, cruise and land-island, through the network promotion, in-depth field visits to target groups and other means, in order to further increase the market size.

Value-added Services Segment

- The Group will expand its voyage-charter and domestic coastal tugging services to expand revenue sources and increase revenue.

- The Company will devote greater effort into the development of services in the ports in order to acquire new opportunities for business cooperation.

- With respect to reducing operation costs, the Group will enhance the deployment of its tugboats in ports by making reasonable adjustment to the number of tugboats stationed at each base.

EFFECTS OF THE APPLICATION OF NEW FORMATS OF FINANCIAL STATEMENTS FOR PRESENTATION AND THE EFFECTIVENESS OF NEW ACCOUNTING STANDARDS IN THE FIRST HALF OF 2018

- As required by Notice on Revising and Issuing the Format of Financial Statements of General Enterprises in 2018 promulgated by the Ministry of Finance, the Group has applied new formats of financial statements in preparing the 2018 interim report

For the assets items, "notes receivable" and "accounts receivable" will be consolidated into the new item of "notes receivable and accounts receivable"; "dividends receivable" and "interest receivable" will be consolidated into the item of "other receivables"; "disposal of fixed assets" will be consolidated into the item of "fixed assets"; "construction materials" will be consolidated into the item of "construction in progress";

For the liabilities items, "notes payable" and "accounts payable" will be consolidated into the new item of "notes payable and accounts payable"; "dividends payable" and "interest payable" will be consolidated into the item of "other payables"; "special payables" will be consolidated into the item of "long-term payables";

In the statement of profit or loss, "research and development expenses" will be separated from the item of "construction materials", and "interest expense" and "interest income" will be separated from the item of "financial expenses";

The Group has restated the financial statements for the corresponding period retrospectively and application of the new formats of financial statements has no substantive impacts on the assets, profit and shareholders' equity of the Group.

- The Group has applied Accounting Standards for Business Enterprises No. 14 – Revenue (Revised) (the "New Revenue Standard") since 1 January 2018

The services provided by the Group includes the performance obligations such as port operations services and transportation services. Pursuant to the New Revenue Standard, the revenue was recognized at a single point in time, and now it turns to be recognized as performance obligations completed during a certain period based on the progress of performance, which was determined on basis of the input method. The requirements of the accounting policies of the Group are consistent with the New Revenue Standard in material aspects. The impacts of the application of the New Revenue Standard on the financial data of the Group are detailed in 2018 interim report of the Group, apart from which, the application of the New Revenue Standard has no material impacts on the other aspects of the Group.

- The Group has applied Accounting Standards for Business Enterprises No. 22–The Recognition and Measurement of Financial Instruments (Revised), Accounting Standards for Business Enterprises No. 23–Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24–Hedging and Accounting Standards for Business Enterprises No. 37–Presentation of Financial Instruments (Revised) (the "New Financial Instruments Standard") since 1 January 2018

For the classification and measurement of financial instruments, the Group selects to irrevocably designate non-trade equity investments, which was originally classified into "available-for-sale financial assets", as "at fair value through other comprehensive income" (which cannot be carried forward to the current profit or loss in the future) and consolidate the purchase of wealth management products issued by financial institutions or structure deposits into "financial assets at fair value through profit or loss". The measurement of each of remaining financial assets will not change after the application of New Financial Instruments Standard and the classification is in compliance with the new formats of financial statements.

For the impairment provision, New Financial Instruments Standard introduces a new "expected credit loss" model to replace the original "incurred loss" model. Upon the application of the new impairment model, the provision of the Group's credit loss increased and the impacts on the financial data of the Group are detailed in 2018 interim report of the Group, the presentation of which is in compliance with the new formats of financial statements.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018.

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

During the six months ended 30 June 2018, no further redemption of our Company's listed securities had been made by the Company. Neither the Company nor any of its subsidiaries had further purchased or sold any of its securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2018, the Company had 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, and so far as known to the Directors of the Company, there had been no material deviation from the code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2018, the Company had adopted a code of conduct governing director's and supervisor's dealings in the Company's securities on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuer ("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 dealings in the Company's securities during the relevant period.

AUDIT COMMITTEE

The audit committee of the Company consists of Mr. WANG Zhifeng and Mr. LAW Man Tat as independent non-executive Directors and Mr. YIN Shihui as a non-executive Director. Mr. WANG Zhifeng, an independent non-executive Director, acts as the chairman of the audit committee. The audit committee has reviewed the interim results for the six months ended 30 June 2018.

By Order of the Board of Directors
Dalian Port (PDA) Company Limited*
WANG Jilu LEE Kin Yu, Arthur
Joint Company Secretaries

Dalian City, Liaoning Province, the People's Republic of China
27 August 2018

As at the date of this announcement, the Directors of the Company are:
Executive Directors: ZHANG Yiming and WEI Minghui
Non-executive Directors: BAI Jingtao, XU Song, ZHENG Shaoping and YIN Shihui
Independent non-executive Directors: WANG Zhifeng, SUN Xiyun and LAW Man Tat

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

* *for identification purposes only.*