大連港股份

大連港股份有限公司

Dalian Port (PDA) Company Limited*

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

(Stock Code: 2880)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2020

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 2020.

OPERATING RESULTS

The results for the six months ended 30 June 2020, 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 2020 (UNAUDITED)
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	30 June 2020 Consolidated	31 December 2019 Consolidated
Current assets		
Cash at bank and in hand	2,887,993,854.24	4,051,413,174.71
Financial assets held for trading	1,352,792,833.70	304,951,193.83
Notes receivable	239,963,218.44	248,851,749.33
Accounts receivable	1,760,176,282.90	1,322,772,566.55
Other receivables	456,132,855.25	756,834,129.39
Inventories	90,865,468.75	105,065,586.94
Contract assets	–	–
Advances to suppliers	44,175,886.49	34,353,478.37
Non-current assets due within one year	–	–
Other current assets	45,339,666.38	66,743,698.10
Total current assets	6,877,440,066.15	6,890,985,577.22

ASSETS	30 June 2020 Consolidated	31 December 2019 Consolidated
Non-current assets		
Available-for-sale financial assets	–	–
Long-term receivables	54,724,611.59	–
Long-term equity investments	4,148,162,733.03	4,146,454,686.56
Other investments in equity instruments	183,587,895.38	189,782,564.95
Investment properties	198,824,573.48	193,819,795.94
Fixed assets	16,240,339,853.94	16,633,125,202.39
Construction in progress	1,918,527,748.94	1,969,780,788.67
Right-of-use assets	3,068,087,665.06	3,126,927,918.95
Intangible assets	1,695,601,367.91	1,717,519,475.31
Goodwill	20,433,690.59	20,433,690.59
Long-term prepayments	71,638,376.57	66,308,928.28
Deferred income tax assets	107,441,166.31	100,709,875.21
Other non-current assets	44,710,421.52	42,426,036.58
Total non-current assets	27,752,080,104.32	28,207,288,963.43
TOTAL ASSETS	34,629,520,170.47	35,098,274,540.65

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2020 Consolidated	31 December 2019 Consolidated
Current liabilities		
Short-term borrowings	150,129,166.67	497,660,595.83
Notes payable	–	–
Accounts payable	193,378,043.84	189,817,515.63
Advances from customers	4,844,498.40	7,070,884.59
Contract liabilities	61,899,731.45	34,297,750.03
Employee benefits payable	157,112,772.60	240,218,522.22
Taxes payable	118,605,627.93	96,991,071.20
Other payables	854,458,885.28	910,581,896.50
Non-current liabilities due within one year	2,650,563,522.16	400,779,150.69
Total current liabilities	4,190,992,248.33	2,377,417,386.69
Non-current liabilities		
Long-term borrowings	1,352,771,220.00	1,508,698,814.40
Bond payable	3,542,889,235.03	5,884,379,767.90
Lease liabilities	3,111,387,206.77	3,132,442,496.82
Long-term payables	66,552,555.56	32,500,000.00
Deferred income	522,656,560.98	549,490,699.73
Deferred income tax liabilities	109,251,453.59	113,385,648.38
Other non-current liabilities	90,655,959.58	95,544,136.00
Total non-current liabilities	8,796,164,191.51	11,316,441,563.23

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2020 Consolidated	31 December 2019 Consolidated
Total liabilities	12,987,156,439.84	13,693,858,949.92
Shareholders' equity		
Share capital	12,894,535,999.00	12,894,535,999.00
Capital reserve	2,941,409,901.37	2,938,747,542.52
Other comprehensive income	64,275,133.90	70,943,358.93
Special reserve	50,461,317.11	38,503,545.54
Surplus reserve	896,529,171.28	896,529,171.28
Undistributed profit	2,078,182,045.78	1,930,530,105.98
Equity attribute to shareholders of the parent company	18,925,393,568.44	18,769,789,723.25
Minority interests	2,716,970,162.19	2,634,625,867.48
Total shareholders' equity	21,642,363,730.63	21,404,415,590.73
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	34,629,520,170.47	35,098,274,540.65

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020（UNAUDITED)
(All amounts in RMB Yuan unless otherwise stated)

Item		For the six months ended 30 June 2020	For the six months ended 30 June 2019
		Consolidated	Consolidated
1. Revenue		3,188,017,017.27	3,221,965,028.15
Less:	Cost of sales	2,113,736,025.67	2,340,452,073.92
	Taxes and surcharges	26,115,865.65	27,619,854.29
	Selling and distribution expenses	–	160,580.24
	Administrative expenses	273,275,698.17	324,747,194.49
	Research and development expenses	5,890,491.17	7,066,880.96
	Financial expenses	263,330,949.73	288,048,192.02
	Including: Interest expenses	284,602,677.76	344,671,817.46
	Interest income	19,093,387.13	43,549,350.83
Add:	Other income	46,461,926.10	34,306,321.49
	Investment income	111,996,156.13	184,445,959.72
	Including: Investment income from joint ventures and associates	99,703,865.21	158,233,958.30
	Profit arising from changes in fair value	(571,730.00)	1,825,840.00
	Asset impairment losses	(38,021,871.85)	–
	Credit impairment losses	(14,916,894.04)	(786,089.62)
	Gains on disposal of assets	4,347.78	(946,305.78)
2. Operating profit		610,619,921.00	452,715,978.04
Add:	Non-operating income	8,469,206.29	2,571,565.12
Less:	Non-operating expenses	522,206.94	304,679.29

Item		For the six months ended 30 June 2020	For the six months ended 30 June 2019
		Consolidated	Consolidated
3. Total profit		618,566,920.35	454,982,863.87
Less:	Income tax expenses	150,636,446.58	101,224,219.27
4. Net profit		467,930,473.77	353,758,644.60
Including: Net profit from continuing operations		467,930,473.77	353,758,644.60
Classified by ownership of the equity			
Net profit attributable to shareholders of the parent company		418,437,195.78	288,235,814.81
Gains or losses of minority interests		49,493,277.99	65,522,829.79
5. Earnings per share			
	Basic earnings per share (RMB/yuan)	0.03	0.02
	Diluted earnings per share (RMB/yuan)	0.03	0.02
6. Other comprehensive income after tax – Net		(6,544,441.22)	28,571,223.73
	Other comprehensive net income after tax attributable to shareholders of the parent company	(6,668,225.03)	29,049,014.85
	Other comprehensive income that will not be reclassified to profit or loss	(4,769,785.99)	29,239,786.96
	Fair value change of other investments in equity instruments	(4,769,785.99)	29,239,786.96
	Other comprehensive income that will be reclassified to profit or loss	(1,898,439.04)	(190,772.11)
	Other comprehensive income to be reclassified into the profit or loss under the equity method	–	–
	Translation differences on foreign financial statements	(1,898,439.04)	(190,772.11)
	Other comprehensive net income after tax attributable to minority interests	123,783.81	(477,791.12)

	Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
		Consolidated	Consolidated
7. Total comprehensive income		461,386,032.55	382,329,868.33
Including: Attributable to the shareholders of the parent company		411,768,970.75	317,284,829.66
Attributable to minority interests		49,617,061.80	65,045,038.67

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

(All amounts in RMB yuan unless otherwise stated)

I. GENERAL INFORMATION

Dalian Port (PDA) Company Limited (hereinafter referred to as the "**Company**") is a limited liability company incorporated in Liaoning Province, the People's Republic of China. It was approved by Dazheng [2005] No. 153 of the People's Government of Dalian City, Liaoning Province, and was jointly established by Dalian Port Corporation Limited ("**PDA Group**"), Dalian Rongda Investment Co., Ltd., Dalian Haitai Holdings Co., Ltd., Dalian Detai Holdings Co., Ltd. and Dalian Bonded Zhengtong Co., Ltd. on 16 November 2005. The Company has been approved by the Dalian Administration for Industry and Commerce of Liaoning Province, with the enterprise unified social credit code: 91210200782451606Q. The H shares and RMB ordinary shares (A-share) issued by the Company were listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange on 28 April 2006 and 6 December 2010, respectively. The Company is headquartered in Xingang Commercial Building, Dayao Bay, Dalian Free Trade Zone, Liaoning Province.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") include the provision of terminal business and logistics services such as international and domestic cargo loading and discharging, transportation, transshipment, storage and etc.; 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; engaged in crude oil storage in port area (operating with the permit); 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 distribution of imported goods and 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 parent company and ultimate parent company of the Group is Dalian Port Corporation Limited and China Merchants Group Limited, both of which were established in the PRC.

These financial statements were approved by the Company's Board of Directors on 27 August 2020.

The scope of consolidation of the consolidated financial statements is determined on the basis of control. The changes of the scope of consolidation during the accounting period as of six months ended 30 June 2020 are as follows:

1. Business consolidation involving entities not under common control

Company name	Business scope	Consolidation date	Shareholding percentage	Book value of net assets	Fair value of the identifiable net assets		Consideration	Acquiree's revenue from acquisition date to the end of the period	Acquiree's net profit from acquisition date to the end of the period
					Amount	Determination method			
Dalian Harbour ECL Logistics Co., Ltd. (Note)	Warehousing, port loading and discharging	1 January 2020	50%	63,863,337.63	63,863,337.63	Income method	–	7,337,117.26	274,416.24

Note: The Company signed a parties acting in concert agreement with Shenzhen Merchants Ro-Ro Transportation Co., Ltd. (深圳招商滾裝運輸有限公司) (hereinafter referred to as "**Merchants Ro-Ro**"), which owns 25% of Dalian Harbour ECL Logistics Co., Ltd. (hereinafter referred to as "**Harbour ECL**") during this period. Since 1 January 2020, the decisions of Merchants Ro-Ro have been consistent with those of the Company on the resolutions of the board of directors and the general meeting involving the major operation and management decisions of Harbour ECL. Since 1 January 2020, the Company essentially owns 75% of the voting rights of Harbour ECL and thus can exercise control over it. Therefore, the combination date is determined as 1 January 2020, and Harbour ECL will be included in the consolidation scope of the Group from that date.

2. Disposal of subsidiaries

Company name	Place of registration	Nature of business	Total shareholding percentage of the Group (%)	Total voting right percentage of the Group (%)	Reason for not being subsidiary
Dalian Port Oulu International Logistics Co., Ltd.	Dalian	Freight services	60	60	Note

Note: Dalian Port Oulu International Logistics Co., Ltd., a subsidiary of the Company, was cancelled in February 2020. Because this company has ceased operations since 1 January 2020, its cancellation had no significant impact on the consolidation and the financial position of Company as of 30 June 2020 and the consolidation and operating results and cash flows of the Company for the six months ended 30 June 2020.

II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises – Basic Standards" promulgated by the Ministry of Finance and the specific accounting standards, application guidelines, interpretations and other relevant regulations subsequently announced and revised (collectively "**ASBEs**").

The financial statements are prepared on a going concern basis.

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

III. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax (VAT) – Prior to 1 April 2019, the Group's revenue from port operations, sales of goods, entrusted loans, project construction, property leasing and labour dispatch businesses are subject to output VAT at a tax rate of 6%, 16%, 6%, 11%, 5% and 6%, respectively, which is levied after deducting deductible input VAT for the current period. After 1 April 2019, the abovementioned revenues are subject to output VAT at a tax rate of 6%, 13%, 6%, 10%, 5% and 6%, 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 pollutional equivalent or the emissions of taxable pollutants multiplied by applicable tax amount.

2. Tax preference

Property tax and 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 lands held by the Group used for dock are exempted from land use tax.

According to the Tentative Regulations of the People's Republic of China of Urban Land Use Tax, the land reclaimed from hill excavating and offshore filling and the reclaimed waste land will be exempted from land use tax for 5 to 10 years starting from the month of use. Accordingly, all lands reclaimed from offshore filling held by the Group are exempted from land use tax.

According to the Tentative Regulations of the People's Republic of China of Urban Land Use Tax and the Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of the Urban Land Use Tax Preferential Policies regarding the Land Used by Logistics Enterprises for Bulk Commodity Storage Facilities (Cai Shui [2020] No. 16), from 1 January 2020 to 31 December 2022, the urban land use tax on the lands for bulk commodity storage facilities owned by the logistics enterprises (including for self-use and lease purpose) shall be calculated based on 50% of the applicable tax for the relevant grade of the land. Accordingly, the land use tax on the lands for bulk commodity storage facilities held by the Group is calculated at half of the relevant tax rate.

Pursuant to the "Policies and Measures of Dalian to Support the Stable Production and Operation of Small and Medium-sized Enterprises in Response to the Novel Coronavirus Infected Pneumonia" (Da Zheng Fa [2020] No. 3), some subsidiaries of the Group, as taxpayers which are engaged in transportation service industry, life service industry (including star class hotels) and logistics auxiliary service industry, are exempted from property tax and urban land use tax in the first quarter of 2020; some subsidiaries of the Group, which lease properties, halve the property tax and urban land use tax in the first quarter of 2020.

VAT

According to the "Notice on Policies Related to Deepening Value-Added Tax Reform" issued by the Ministry of Finance, State Administration of Taxation and General Administration of Customs (No. 39 Notice of the Ministry of Finance, State Administration of Taxation and General Administration of Customs in 2019), the Group shall, from 1 April 2019 to 31 December 2021, deduct additional 10% of current deductible input tax from VAT payable.

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 the Circular on Certain Policies of Further Encouraging Industry Development of Software and Integrated Circuit (Guo Fa [2011] No. 4, Section 1.1), VAT paid by those VAT ordinary taxpayers who sell their 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. and Dalian Port Logistics Network Co., Ltd., subsidiaries of the Group, have obtained on 29 November 2017 the Certificate of the High and New Technological Enterprise (No. GR201721200282 and No. GR201721200058 respectively) 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 of both certificates 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. In September 2018, with the approval of Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax, the expiry time of the Certificate of the High and New Technological Enterprise granted to Dalian Port Logistics Technology Co., Ltd. was postponed to 15 November 2021.

Under Article 28 of the Corporate Income Tax Law of the People's Republic of China, for the current year, 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 2020 (Unaudited)	31 December 2019
Investments in debt instruments (note 1)	1,351,643,013.70	303,229,643.83
Investments in equity instruments (note 2)	1,149,820.00	1,721,550.00
Total	1,352,792,833.70	304,951,193.83

Note 1:

The Group purchased structured deposits of RMB150,000,000 from Bank of China during this period, with an expected annual yield rate of 3.4% and a maturity date on 17 July 2020.

The Group purchased structured deposits of RMB300,000,000 from Bank of Communications during this period, with an expected annual yield rate of 3.2% and a maturity date on 21 August 2020.

The Group purchased structured deposits of RMB300,000,000 from SPD Bank during this period, with an expected annual yield rate of 3.15% and a maturity date on 2 September 2020.

The Group purchased structured deposits of RMB200,000,000 from CITIC Bank during this period, with an expected annual yield rate of 3.15% and a maturity date on 18 September 2020.

The Group purchased structured deposits of RMB200,000,000 from Agricultural Bank during this period, with an expected annual yield rate of 3.2% and a maturity date on 25 September 2020.

The Group purchased structured deposits of RMB200,000,000 from Agricultural Bank during this period, with an expected annual yield rate of 3.3% and a maturity date on 8 January 2021.

Note 2:

Investments in equity instruments represented the stocks 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 receivable

Notes receivable	30 June 2020 (Unaudited)	31 December 2019
Trade acceptance notes	–	–
Bank acceptance notes	239,963,218.44	248,851,749.33
Total	239,963,218.44	248,851,749.33

As at the balance sheet date, notes receivable which have been endorsed or discounted but not mature yet are as follows:

Item	30 June 2020		31 December 2019	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	17,504,711.77	2,300,000.00	26,504,560.53	7,568,413.36

As at 30 June 2020, the Group had no pledged notes receivable (31 December 2019: Nil).

As at 30 June 2020, there were no discounted notes or notes that were recognised as accounts receivable due to the drawer's failure to perform (31 December 2019: Nil).

3. Accounts receivable

The credit terms of accounts receivable are usually 3 months. Accounts receivable are interest-free.

The ageing analysis of accounts receivable based on the recording date is as follows:

Age	30 June 2020 (Unaudited)	31 December 2019
Within 1 year	1,267,870,152.45	1,186,574,172.87
1 to 2 years	497,391,950.61	137,145,331.46
2 to 3 years	7,229,723.23	7,392,745.38
Over 3 years	70,176,549.77	68,664,078.61
Sub-total	1,842,668,376.06	1,399,776,328.32
Less: Provision for bad debts of accounts receivable	82,492,093.16	77,003,761.77
Total	1,760,176,282.90	1,322,772,566.55

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

Item	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
For the six months ended 30 June 2020	77,003,761.77	5,488,331.39	–	–	–	82,492,093.16
2019	60,304,951.81	16,698,809.96	–	–	–	77,003,761.77

Item	30 June 2020			
	Closing balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Provision (%)
Provision for bad debts made on an individual basis	–	–	–	–
Provision for bad debts made on a group basis by credit risk characteristics	1,842,668,376.06	100	82,492,093.16	4.48
Total	1,842,668,376.06	100	82,492,093.16	4.48

As at 30 June 2020, details of accounts receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

Rank	Book balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
Portfolio A	486,528,615.70	0.00%-0.10%	54,802.43
Portfolio B	1,260,936,041.26	0.10%-0.30%	2,246,523.14
Portfolio C	13,088,400.37	0.30%-50.00%	2,902,370.99
Portfolio D	82,115,318.73	50.00%-100.00%	77,288,396.60
Total	1,842,668,376.06		82,492,093.16

As at 31 December 2019, details of accounts receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

Rank	Book balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
Portfolio A	375,331,160.41	0.00%-0.10%	107,555.09
Portfolio B	929,320,552.16	0.10%-0.30%	1,283,168.15
Portfolio C	22,089,630.21	0.30%-50.00%	4,131,418.57
Portfolio D	73,034,985.54	50.00%-100.00%	71,481,619.96
Total	1,399,776,328.32		77,003,761.77

As at 30 June 2020, the top five accounts receivable were summarised as below (unaudited):

Item	Balance	Provision for bad debts	Percentage (%) of total accounts receivable
Total balances of top five accounts receivable	1,263,182,026.80	50,970,576.37	68.55

4. Other receivables

Item	30 June 2020 (Unaudited)	31 December 2019
Interest receivable	**4,663,092.86**	**3,425,024.59**
Fixed deposits	–	–
Current deposits	–	–
Entrusted loans	4,663,092.86	3,425,024.59
Dividends receivable	**144,246,110.67**	**297,341,498.52**
Dalian Port Yidu Cold Chain Co., Ltd.	92,189,824.35	92,189,824.35
Dalian Jilong Logistics Co., Ltd.	22,507,539.23	22,507,539.23
Dalian Singamas International Container Co., Ltd.	8,911,730.60	8,911,730.60
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	8,724,682.64	–
Dalian Automobile Terminal Co., Ltd.	6,400,000.00	6,400,000.00
Taicang Xinggang Tug Co., Ltd.	2,142,855.00	–
Dalian Dagang China Shipping Container Terminal Co., Ltd.	1,382,375.33	1,382,375.33
Jinzhou New Age Container Terminal Co., Ltd.	–	8,149,773.00
Dalian Port Group Financial Co., Ltd.	–	153,604,658.42
Others	1,987,103.52	4,195,597.59
Other receivables	**374,898,504.64**	**514,368,675.94**
Receivables from agency purchase	23,100,939.87	194,460,417.91
Receivables from income of entrusted management services	76,324,199.59	76,324,199.59
Receivables from project payment and guarantee deposit	37,569,345.21	53,245,335.49
Entrusted loans	74,527,187.50	49,530,570.84
Port construction and miscellaneous expenses	29,970,358.44	26,559,385.30
Receivables from freights, deposit and security deposit	28,684,933.90	26,265,259.77
Government subsidies receivable	48,158,521.65	47,293,451.37
Public infrastructure maintenance expenses	15,672,803.87	5,935,683.83
Others	40,890,214.61	34,754,371.84
Less: Provision for credit loss	**67,674,852.92**	**58,301,069.66**
Total	456,132,855.25	756,834,129.39

The Group's management believed that provision for impairment of interest receivable and dividends receivable as at balance sheet date was not necessary.

The ageing analysis of other receivables is as follows:

Item	30 June 2020 (Unaudited)	31 December 2019
Within 1 year	189,294,575.86	346,839,983.85
1 to 2 years	83,253,324.73	123,835,736.93
2 to 3 years	70,111,349.85	20,770,756.68
Over 3 years	32,239,254.20	22,922,198.48
Sub-total	374,898,504.64	514,368,675.94
Less: Provision for bad debts of other receivables	67,674,852.92	58,301,069.66
Total	307,223,651.72	456,067,606.28

Movements in provision for bad debts of expected credit loss in relation to other receivables over the next 12 months and the entire duration are as follows:

30 June 2020

	Stage I	Stage II	Stage III	Total
	Expected credit loss over the next 12 months	Expected credit loss over the entire duration (no credit impairment occurred)	Expected credit loss over the entire duration (credit impairment occurred)	
Opening balance	143,151.87	32,686,515.09	25,471,402.70	58,301,069.66
Opening balance during the period that				
– transferred to stage II	–	–	–	–
– transferred to stage III	(139,583.20)	–	139,583.20	–
Provision in the period	81,597.47	10,487,596.03	–	10,569,193.50
Reversal in the period	–	–	1,195,410.24	1,195,410.24
Closing balance	85,166.14	43,174,111.12	24,415,575.66	67,674,852.92

For the six months ended 30 June 2020, the provision for bad debts amounted to RMB10,569,193.50 (2019: RMB23,799,905.93), and the bad debt provision recovered or reversed amounted to RMB1,195,410.24 (2019: RMB12,370,474.06).

As at 30 June 2020, the top five other receivables were summarised as below (unaudited):

Item	Closing balance	Provision for bad debts	Percentage (%) of total other receivables
Total balances of top five other receivables	195,969,797.19	38,054,096.88	52.27

As at 30 June 2020, the receivables from government grants were as follows:

Item	Government grants	Amount	Aging	Basis
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	28,344,810.56	Within 1 year	Reply of Keerqin District People's Government on Subsidy to China-Europe Railway Lines
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Subsidy for warehouse construction and operation	13,359,192.00	1-2 years, 2-3 years and 3-4 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone and Meeting Minutes on Solving Major Difficulties of Suimu Dalian Port Logistics
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	6,454,519.09	Within 1 year and 1-2 years	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
Total		48,158,521.65		

5. Inventories

Item	Closing balance			Opening balance		
	Book balance	Provision for decline in the value of inventories	Carrying amount	Book balance	Provision for decline in the value of inventories	Carrying amount
Raw materials	55,228,103.77	7,803,794.80	47,424,308.97	59,928,735.27	7,803,794.80	52,124,940.47
Finished goods	27,318,011.24	–	27,318,011.24	36,753,425.79	–	36,753,425.79
Turnover materials	9,580,168.47	–	9,580,168.47	8,470,223.04	–	8,470,223.04
Others	6,542,980.07	–	6,542,980.07	7,716,997.64	–	7,716,997.64
Total	98,669,263.55	7,803,794.80	90,865,468.75	112,869,381.74	7,803,794.80	105,065,586.94

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

Item	Opening balance	Increase in the period		Decrease in the period		Closing balance
		Provision	Others	Reversal or written off	Others	
Raw materials	7,803,794.80	–	–	–	–	7,803,794.80
Total	7,803,794.80	–	–	–	–	7,803,794.80

6. Investments in other equity instruments

For the six months ended 30 June 2020:

Item	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in the period	
				Equity instruments derecognised in the period	Equity instruments still held
Jinzhou New Age Container Terminal Co., Ltd.	52,843,634.00	47,514,161.02	100,357,795.02	–	–
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd.	60,000,000.00	(14,012,493.98)	45,987,506.02	–	–
Dalian Port Design & Research Institute (大連港設計研究院)	634,600.00	7,382,146.03	8,016,746.03	–	–
Da-In Ferry Co., Ltd.	1,900,057.50	5,121,307.60	7,021,365.10	–	–
Fujian Ninglian Port Co., Ltd.	12,000,000.00	(1,070,293.26)	10,929,706.74	–	–
Dalian Xin Bei Liang Co., Ltd.	16,184,400.00	(4,909,623.53)	11,274,776.47	–	–
Total	143,562,691.50	40,025,203.88	183,587,895.38	–	–

7. Accounts payable

Item	30 June 2020 (unaudited)	31 December 2019
Purchase of goods	5,294,626.61	6,968,059.69
Vessel leasing fees and ocean freight	76,258,755.29	77,398,031.78
Purchase of auxiliary materials and guarantee deposit	111,824,661.94	105,451,424.16
Total	193,378,043.84	189,817,515.63

The aging analysis of accounts payable based on the recording date is as follows:

Item	30 June 2020 (unaudited)	31 December 2019
Within 1 year	161,682,358.56	168,579,375.94
1 to 2 years	20,291,157.23	11,362,810.29
2 to 3 years	3,226,544.46	3,145,657.50
Over 3 years	8,177,983.59	6,729,671.90
Total	193,378,043.84	189,817,515.63

As at 30 June 2020, major accounts payable with aging over one year are as follows:

Item	Amounts payable	Reason for outstanding amounts
Purchase of goods	8,000,000.00	Unsettled
Purchase of auxiliary materials and guarantee deposit	–	–
Total	8,000,000.00	Unsettled

8. Contract liabilities

Item	30 June 2020 (unaudited)	31 December 2019
Miscellaneous expenses	39,193,451.65	11,114,219.32
All-in charges for cargo handling due within one year	6,266,500.00	8,850,000.00
Freight	8,305,471.07	6,631,684.70
Others	8,134,308.73	7,701,846.01
Total	61,899,731.45	34,297,750.03

9. Other payables

Item	30 June 2020 (unaudited)	31 December 2019
Interest payable	**2,269,138.86**	**1,003,902.03**
Interest of short-term borrowings	129,375.64	–
Interest of bonds	–	–
Interest of long-term borrowings with instalment payments and principal due upon maturity	2,139,763.22	1,003,902.03
Dividends payable	**394,066,995.79**	**241,653,084.84**
Singapore Dalian Port Investment Pte. Ltd.	58,408,460.62	134,380,881.40
China Shipping Terminal Development Co., Ltd.	24,688,807.01	24,688,807.01
Nippon Yusen Kabushiki Kaisha	15,388,382.89	35,404,193.75
COSCO SHIPPING Ports (Dalian) Limited	9,772,184.76	22,482,955.16
COSCO SHIPPING Ports Development Co., Ltd.	8,222,114.07	18,916,693.30
Dalian Bonded Zhengtong Company Limited	6,193,340.32	5,779,554.22
Shenzhen Merchants Ro-Ro Transportation Co., Ltd.	511,118.12	–
Dalian Port Corporation Limited	126,680,844.40	–
Liaoning Bay Financial Holding Group Co., Ltd.	1,413,501.39	–
Dalian Rongyuan Investment Project Management Co., Ltd.	827,572.20	–
Dalian Detai Holdings Company Limited	413,786.10	–
Dalian Haitai Holdings Company Limited	413,786.10	–
Team Able International Limited	57,009,456.00	–
Broadford Global Limited	17,983,280.60	–
Other shareholders of outstanding A shares	47,454,429.71	–
Other shareholders of outstanding H shares	18,174,813.38	–
Others	511,118.12	–

Item	30 June 2020 (unaudited)	31 December 2019
Other payables	**458,122,750.63**	**667,924,909.63**
Insurance claims	2,283,547.25	2,074,165.31
Port Construction and security fees	25,487,769.08	34,539,492.24
Project payment and guarantee deposit	250,204,743.46	305,199,654.88
Land compensation	35,070,000.00	35,070,000.00
Borrowings from related parties	–	163,679,156.00
Deposit and security deposit	34,673,193.65	22,335,161.23
Freight	27,809,143.42	29,565,710.74
Others	82,594,353.77	75,461,569.23
Total	854,458,885.28	910,581,896.50

As at 30 June 2020, major other payables with aging over one year of the Group are as follows:

Unit name	Amounts	Reason for outstanding amounts
Ocean Harvest Container Co., Ltd.	49,662,386.75	Payment conditions are not met
Muling Economic Development District Infrastructure Construction and Investment Co., Ltd.	14,006,954.00	Payment conditions are not met
Port of Dalian Authority	17,594,052.70	Payment conditions are not met
Dalian Beiliang Enterprise Group Co., Ltd.	7,500,000.00	Payment conditions are not met
Total	88,763,393.45	Payment conditions are not met

10. Revenue and cost of sales

Revenue is as follows:

Item	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue from main operations	3,068,335,466.02	3,097,014,669.66
Revenue from other operations	119,681,551.25	124,950,358.49
Total	3,188,017,017.27	3,221,965,028.15

Cost of sales is as follows:

Item	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Cost of sales from main operations	2,007,280,932.85	2,220,910,687.11
Cost of sales from other operations	106,455,092.82	119,541,386.81
Total	2,113,736,025.67	2,340,452,073.92

Breakdown of revenue from contracts with customers

For the six months ended 30 June 2020 (unaudited)

Reporting segment	Commodity	Labour or services	Others	Total
Container terminal and related logistics services and trading business	7,087,805.40	1,181,635,396.60	52,544,747.68	1,241,267,949.68
Oil/liquefied chemicals terminal and related logistics services and trading business	16,738,239.35	733,043,730.82	14,743,821.06	764,525,791.23
Bulk and general cargo terminal and related logistics services	313,746.95	523,933,918.15	6,652,685.28	530,900,350.38
Grains terminal and related logistics and trading business	–	84,724,636.93	4,328,179.53	89,052,816.46
Passenger and roll-on, roll-off terminal and related logistics services	130,896.39	50,827,842.11	3,692,103.31	54,650,841.81
Port value-added and ancillary services	24,282,563.21	380,921,242.47	45,829,742.72	451,033,548.40
Automobile terminal and related logistics and trading business	6,316,814.23	17,688,657.25	882,858.48	24,888,329.96
Others	–	22,285,449.62	9,411,939.73	31,697,389.35
Total	54,870,065.53	2,995,060,873.95	138,086,077.79	3,188,017,017.27

Item	Commodity	Labour or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	17,021,666.60	–	–	17,021,666.60
Revenue from electric supply services	24,919,867.51	–	–	24,919,867.51
Revenue from commodity trading	12,928,531.42	–	–	12,928,531.42
Recognised over a certain period				
Revenue from agency services	–	337,874,167.77	–	337,874,167.77
Revenue from project construction and inspection services	–	26,457,996.75	–	26,457,996.75
Revenue from logistics services	–	494,470,439.64	–	494,470,439.64
Revenue from port handling services	–	1,991,193,732.43	–	1,991,193,732.43
Revenue from port management services	–	99,257,494.61	–	99,257,494.61
Revenue from tallying services	–	29,172,355.28	–	29,172,355.28
Revenue from information services	–	16,634,687.47	–	16,634,687.47
Revenue from others	–	–	78,524,697.62	78,524,697.62
Others				
Revenue from leasing services	–	–	59,561,380.17	59,561,380.17
Total	54,870,065.53	2,995,060,873.95	138,086,077.79	3,188,017,017.27

Revenue by type is as follows:

Item	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Revenue from sales of products	17,021,666.60	14,976,617.72
Revenue from electric supply services	24,919,867.51	25,976,768.96
Revenue from commodity trading	12,928,531.42	180,903,223.14
Revenue from agency services	337,874,167.77	354,722,288.74
Revenue from project construction and supervision services	26,457,996.75	29,614,508.93
Revenue from logistics services	494,470,439.64	398,090,509.76
Revenue from port handling services	1,991,193,732.43	1,973,881,323.39
Revenue from port management services	99,257,494.61	50,524,917.76
Revenue from tallying services	29,172,355.28	28,935,553.46
Revenue from information services	16,634,687.47	17,318,973.22
Revenue from leasing services	59,561,380.17	63,601,720.11
Others	78,524,697.62	83,418,622.96
Total	3,188,017,017.27	3,221,965,028.15

11. Financial expenses

Item	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Interest costs	285,916,578.72	368,388,194.35
Of which: Interest on bank loans repayable within five years	202,564,535.34	281,115,074.16
Other interest	–	–
Less: Amounts capitalised on interest	1,313,900.96	23,716,376.89
Interest expenses	284,602,677.76	344,671,817.46
Less: Interest income	19,093,387.13	43,549,350.83
Exchange gains or losses	(2,364,451.43)	(13,682,837.99)
Others	186,110.53	608,563.38
Total	263,330,949.73	288,048,192.02

The breakdown of interest income is as follows:

Item	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Cash at bank and on hand	19,093,387.13	43,549,350.83

12. Credit impairment loss

Item	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Bad debt provision for accounts receivable	(5,488,331.39)	(10,790,107.76)
Bad debt provision for other receivables	(9,373,783.26)	(2,383,381.86)
Impairment losses on contract assets	–	12,387,400.00
Impairment losses on long-term receivables	(54,779.39)	–
Total	(14,916,894.04)	(786,089.62)

13. Other income

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

Item	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)	Related to assets/ income
Relocation compensation	13,515,987.84	14,781,008.40	Related to assets
Production safety	635,989.28	635,989.28	Related to assets
Vessel acquisition subsidies	–	388,108.80	Related to assets
Special fund for energy conservation and emission reduction	431,004.85	562,046.39	Related to assets
Equipment reconstruction subsidies	252,644.44	272,355.58	Related to assets
Subsidies for sea-railway transportation	1,095,515.46	1,095,515.46	Related to assets
Transportation junction passenger station project	1,706,442.72	1,706,442.72	Related to assets
Others related to assets	785,347.92	980,807.64	Related to assets
Operation subsidies	14,034,944.00	3,368,475.28	Related to income
Stable position subsidies	5,676,461.08	–	Related to income
Others related to income	69,196.47	3,296,553.42	Related to income
Total	38,203,534.06	27,087,302.97	

14. Investment income

Item	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Income from long-term equity investments under equity method	99,703,865.21	158,233,958.30
Investment income from disposal of long-term equity investments	–	295.00
Dividend income from other investments on hand in equity instruments	–	290,000.00
Investment income from disposal of financial assets held for trading	9,171,391.43	25,826,548.42
Others	3,120,899.49	95,158.00
Total	111,996,156.13	184,445,959.72

15. Income tax expenses

Item	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Current income tax	159,953,265.08	112,385,603.12
Deferred income tax	(9,316,818.50)	(11,161,383.85)
Total	150,636,446.58	101,224,219.27

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

Item	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Total profit	618,566,920.35	454,982,863.87
Income tax calculated at applicable tax rates	154,641,730.09	113,745,715.97
Effect of different tax rates applicable to certain subsidiaries	(214,301.51)	542,385.58
Adjustments for current income tax of prior period	(1,320,598.14)	327,408.22
Income not subject to tax	(28,304,963.26)	(39,558,563.33)
Expenses not deductible	2,077,559.83	1,877,015.94
Utilisation of deductible losses in previous years	(2,898,821.89)	(70,025.64)
Effect of unrecognised deductible temporary difference and deductible losses	26,655,841.46	24,360,282.53
Income tax expenses	150,636,446.58	101,224,219.27

16. Earnings per share

Basic earnings per share are 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 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
Current net profit attributable to ordinary shareholders of the parent company	418,437,195.78	288,235,814.81
Weighted average number of ordinary shares of the Company outstanding	12,894,535,999.00	12,894,535,999.00
Basic earnings per share	0.03	0.02

17. 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 and trading services, responsible for loading and discharging, storage and transshipment of oil and liquefied chemicals, port management and oil trade business;

(2) Container terminal and related logistics 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) 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;

(4) Automobile terminal and related logistics and trading services, responsible for loading and discharging of automobile and related logistics services, automobile trading operation;

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

(6) Bulk and 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;

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profit. The adjusted total profit is measured consistently with the Group's total profit except for certain revenue and expenses attributable to headquarters. Segment assets and liabilities exclude certain assets and liabilities attributable to headquarters as these assets and liabilities are managed by the Group.

The above reporting segments are the basis on which the Group reports its segment information and no operating segments have been aggregated to form the reportable segments.

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

Segment information for the six months ended 30 June 2020 and as at 30 June 2020 is as follows:

Item	Oil/liquefied chemicals terminal and related logistics services and trading business	Container terminal and related logistics services and trading business	Bulk and general cargo terminal and related logistics services	Bulk grains terminal and related logistics services and trading business	Passenger, roll- on, roll-off terminal and related logistics services	Port value- added and ancillary services	Automobile terminal and related logistics services and trading business	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	764,526	1,241,268	530,900	89,053	54,651	451,034	24,888	31,697	–	3,188,017
Revenue from intersegment transactions	594	158	633	1,010	–	86,513	–	4,094	(93,002)	–
Cost of sales	433,614	878,143	347,056	73,596	67,871	272,651	27,370	13,435	–	2,113,736
Investment income from associates and joint ventures	80,144	9,143	5,425	(1,997)	(11,095)	32,471	(14,387)	–	–	99,704
Credit impairment losses	1,038	3,620	1,469	(1,898)	(176)	(489)	5	11,348	–	14,917
Depreciation and amortisation expenses	135,418	193,115	97,856	30,881	21,738	34,421	5,890	26,724	–	546,043
Total profit/(loss)	355,004	215,447	135,077	(108)	(37,310)	145,598	25,266	(169,876)	–	618,566
Income tax expenses	69,721	68,740	32,146	834	(4,733)	18,689	254	(35,015)	–	150,636
Net profit/(loss)	286,444	148,499	102,930	(931)	(32,577)	(126,911)	(25,052)	(138,294)	–	467,930
Total assets	8,634,801	10,179,787	4,128,111	1,444,579	1,544,161	2,837,213	910,819	6,944,178	(1,994,129)	34,629,520
Total liabilities	2,236,818	4,299,248	729,146	192,578	43,231	501,160	24,270	6,954,834	(1,994,129)	12,987,156
Long-term equity investments in associates and joint ventures	1,665,558	727,950	150,721	35,321	328,937	943,300	296,376	–	–	4,148,163
Increase in non-current assets (i)	1,630	11,315	–	4,959	2,698	2,383	35,730	23,967	–	82,682

(i) Non-current assets do not include financial assets, long-term equity investments, deferred income tax assets, investments in other equity instruments and other non-current assets.

Other information

Geographical information

All operations and customers of the Group are located in Mainland China. Accordingly, revenues of segments are all 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 2020, there was no revenue generated from one single customer reaching or exceeding 10% of the Group's total revenue (2019: nil).

18. EVENTS AFTER THE BALANCE SHEET DATE

The Company plans to merge with Yingkou Port by absorption through share swap

On 7 July 2020, the Company held the second extraordinary meeting of the sixth session of the Board in 2020, to review and approve the Resolution in respect of the Proposal on Merger by Absorption through Share Swap between Dalian Port (PDA) Company Limited and Yingkou Port Liability Co., Ltd. and Connected Transaction and Fundraising (hereinafter referred to as "**Merger by Absorption Resolution**"). The Company will exchange 1.5030 A shares of the Company for each A share of Yingkou Port based on the share swap price of A shares of the Company at RMB1.69 per share and the share swap price of A shares of Yingkou Port at RMB2.54 per share, to exchange all existing issued shares of Yingkou Port and merge with Yingkou Port. The said share swap prices and share swap ratio have been adjusted according to the 2019 profit distribution plans of the Company and Yingkou Port, and except for this circumstance, if there are ex-rights and ex-dividends actions such as distribution of cash dividends, share dividends, capital surplus transfers to share capital, rights issue, etc. in respect of the shares of the Company or Yingkou Port from the pricing benchmark date to the share swap day (both days inclusive), the said share swap prices and share swap ratio will be adjusted accordingly. Meanwhile, the Company plans to raise funds of not exceeding RMB2.1 billion through non-public issuance of A shares to no more than 35 particular investors by way of inquiry.

The aforesaid Merger by Absorption Resolution is still subject to the approval or verification by the general meetings of both parties to the merger, shareholders' class meeting of the Company, CSRC and other approval authorities.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

In the first half of 2020, due to the spread of "COVID-19 epidemic" on an ongoing basis, each of the major economies in the world experienced a downfall of varying degree in its development momentum. On 24 June, the International Monetary Fund predicted that the global economy may decline by 4.9% in 2020, and defined the current crisis as a most serious one since the Great Depression in 1930s. Domestically, the epidemic also materially impacted the economic development in the PRC. In the first quarter, the gross domestic product (GDP) decreased significantly, with a lower growth rate in both consumption and investment. In the second quarter, given China's effective prevention and control of the epidemic, the resumption of work and production continued to improve, and the decreases in consumption, investment, profit of industrial enterprises, etc. were all narrowed to a different degree. Economic development recovered while gaining its stability but still dragged by the epidemic repeatedly in some places in the PRC. In the first half of the year, China's GDP dropped by 1.6% year-on-year, and the total value of import and export decreased by 3.2% on a year-on-year basis.

In the first half of the year, cargo throughput handled by China's large-scale ports amounted to 6.75 billion tonnes, representing a year-on-year increase of 0.6%. In particular, cargo throughput handled at coastal ports in China was 4.50 billion tonnes, representing a year-on-year decrease of 0.1%. (Source from "Chineseport Website")

During the reporting period, the Group principally engaged in the following businesses: oil/liquefied chemical terminal and related logistics services (Oil Segment); container terminal and related logistics services (Container Segment); automobile terminal and related logistics services (Automobile Terminal Segment); bulk and general cargo terminal and related logistics services (Bulk and General Cargo Segment); bulk grain terminal and related logistics 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 2020, details of the general information on the macro-economy and industries relevant to the Group's principal business were set out as follows:

Oil Segment: In the first half of 2020, significant fluctuations in international oil prices encouraged refineries and traders in import of crude oil and increased warehousing business needs, and low oil prices also stimulated the processing of refineries, which resulted in an increase in needs for import of crude oil. In the first half of the year, China imported 269 million tonnes of crude oil, representing an increase of 9.9% as compared to the same period of last year.

Container Segment: Affected by COVID-19 epidemic, containers throughput handled by overall ports in China amounted to 120.19 million TEUs for the six months ended 30 June 2020, representing a year-on-year decrease of 5.4%.

Automobile Terminal Segment: Affected by the epidemic in the first half of 2020, automobile production and sales volume in China witnessed a substantial decrease. For the six months ended 30 June 2020, automobile production and sales volume was 10,112,000 vehicles and 10,257,000 vehicles, representing a year-on-year decrease of 16.8% and 16.9%.

Bulk and General Cargo Segment: In the first half of 2020, iron ore terminal demands in China were relatively robust, with a year-on-year increase in outputs of pig iron, crude steel and steel. Affected by COVID-19 epidemic, major iron ore exporting countries closed part of mining areas, which gave rise to a staged decrease in output of iron ore and therefore a rise of international iron ore prices. However, to maintain the output of steel, iron ore imports in China increased year-on-year in the first half of the year. During the first half of the year, iron ore imports in China amounted to 546 million tonnes, representing a year-on-year increase of 9.6%.

Bulk Grain Segment: In the first half of 2020, corn terminal demands were relatively weak as affected by COVID-19 epidemic in the first quarter, and accomplished by the interruptions in logistics, transportation and other links, the corn market was sluggish. As the epidemic was gradually contained in China, the terminal demands gradually picked up, and the market continued to improve.

Passenger and Ro-Ro Segment: Affected by COVID-19 epidemic, Passenger and Ro-Ro Segment was significantly impacted. In the first half of 2020, passengers of the inter-provincial routes of Dalian Port decreased by 62.9%; Ro-Ro vehicles decreased by 21.4%.

In the first half of 2020, COVID-19 epidemic caused a certain effect on each of the principal businesses of the Group. In terms of throughput, the Group handled a total of 30.792 million tonnes of oil/liquefied chemicals, representing a year-on-year increase of 4.4%, of which 13.838 million tonnes were imported crude oil, representing a year-on-year increase of 21.1%. In the Container Segment, the Group handled 3.601 million TEUs, representing a decrease of 28.9% on a year-on-year basis, of which 2.934 million TEUs were handled by the Group at Dalian port, representing a decrease of 31.8% on a year-on-year basis, of which container throughput for foreign trade decreased year-on-year by 18.2%, and container throughput for domestic trade decreased year-on-year by 53.3%. In the Automobile Terminal Segment, the Group handled 325,000 vehicles, representing a decrease of 16.2% on a year-on-year basis. The Group handled 33.063 million tonnes, representing an increase of 9.6% on a year-on-year basis at the relevant bulk and general cargo terminal. In the Bulk Grain Segment, the Group handled 3.091 million tonnes of bulk grain, representing an increase of 48.5% on a year-on-year basis. In the Passenger and Ro-Ro Segment, the Group transported 684,000 passengers, representing a year-on-year decrease of 64.3%, and 312,000 vehicles, representing a year-on-year decrease of 21.4%.

OVERALL RESULTS REVIEW

In the first half of 2020, the Group's net profit attributable to shareholders of the parent company amounted to RMB418,437,195.78, representing an increase of RMB130,201,380.97 or 45.2% as compared with RMB288,235,814.81 in the first half of 2019.

In the first half of 2020, the growth of the business volume of the Group's bulk and general cargo, grain and tugging drove the growth of revenue. The reduction and exemption of social security policies and the effectiveness of cost control have reduced cost of sales. The decline in the scale of interest-bearing debt has saved financial expenses. The government subsidies received by subsidiaries increased, which effectively drove the growth of performance in the first half of the year. However, due to the impact of the epidemic, the performance of automobiles and Passenger and Ro-Ro Segment has declined, cargo harbour dues have been reduced by policy, the performance of some associates and joint ventures has declined, and subsidiaries have accrued asset impairment losses and other factors, restricting the growth of performance in the first half of the year. In light of the above, the Group's net profit attributable to the parent company reported a year-on-year increase of 45.2%.

In the first half of 2020, the Group's basic earnings per share amounted to RMB3.25 cents, representing an increase of RMB1.01 cents or 45.2% as compared with RMB2.24 cents in the first half of 2019.

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

Item	In first half of 2020 (RMB)	In first half of 2019 (RMB)	Changes (%)
Net profit attributable to shareholders of the parent company	418,437,195.78	288,235,814.81	45.2
Including:			
Revenue	3,188,017,017.27	3,221,965,028.15	(1.1)
Cost of sales	2,113,736,025.67	2,340,452,073.92	(9.7)
Gross profit	1,074,280,991.60	881,512,954.23	21.9
Gross profit margin	33.7%	27.4%	Up by 6.3 percentage points
Administrative expenses	273,275,698.17	324,747,194.49	(15.8)
Finance costs	263,330,949.73	288,048,192.02	(8.6)
Assets impairment loss	(38,021,871.85)	–	(100.0)
Credit impairment loss	(14,916,894.04)	(786,089.62)	(1,797.6)
Other income	46,461,926.10	34,306,321.49	35.4
Investment income	111,996,156.13	184,445,959.72	(39.3)
Net non-operating income (Note 1)	7,946,999.35	2,266,885.83	250.6
Income tax expense	150,636,446.58	101,224,219.27	48.8

Note 1: Net non-operating income = Non-operating income – Non-operating expenses

In the first half of 2020, the Group's revenue decreased by RMB33,948,010.88 year-on-year, or 1.1%, of which trade service income decreased by RMB168 million, or 92.9%, and the main income of port logistics increased by RMB134 million or 4.4%. The main reason is that the throughput of iron ore, coal, grain and other cargoes has increased significantly, driving the growth of revenue. Affected by the epidemic, the volume of Passenger and Ro-Ro business and the branch line business in Bohai Rim region have been reduced, and the policy reduction of port charges has restrained the growth of revenue.

In the first half of 2020, the Group's cost of sales decreased by RMB226,716,048.25 year-on-year, or 9.7%, of which the cost of trading business decreased by RMB153 million, or 89.6%, and the main cost of port logistics decreased by RMB74 million, or 3.4%. The main reason is that the operating costs of the branch line in the Bohai Rim region have been declining simultaneously with revenue, the social security policy reductions have saved labour costs, and the effectiveness of cost control has become effective.

In the first half of 2020, the Group's gross profit increased by RMB192,768,037.37 year-on-year, or 21.9%, and the gross profit margin was 33.7%, an increase of 6.3 percentage points. This is mainly due to the increase in the business volume of high-margin iron ore, coal, soybeans and other cargoes, and the improved business structure of branch lines in the Bohai Rim region transportation and sea-railway transportation, which enhanced the profitability of the Group.

In the first half of 2020, the Group had no sales expenses.

In the first half of 2020, the Group's administrative expenses decreased by RMB51,471,496.32 year-on-year, or 15.8%, mainly due to the state's social security reduction and exemption policy during the epidemic, and the reduction in the provident fund withholding ratio this year, resulting in a decrease in labour costs.

In the first half of 2020, the Group's research and development expenses decreased by RMB1,176,389.79 year-on-year, or 16.6%, mainly due to factors such as social security reduction and exemption policy and reduction in the withholding ratio of provident funds, which reduced labour costs for research and development personnel.

In the first half of 2020, the Group's financial expenses decreased by RMB24,717,242.29 year-on-year, or 8.6%, mainly due to the decline in the Group's debt scale and reduced interest expenses. At the same time, the interest income from deposits also decreased. In the same period last year, it achieved USD exchange gains.

In the first half of 2020, the Group's other income increased by RMB12,155,604.61 year-on-year, or 35.4%, which was mainly due to the receipt of government subsidies from the local government by inland ports and enterprises of branch line in Bohai Rim.

In the first half of 2020, the Group's investment income decreased by RMB72,449,803.59 year-on-year, or 39.3%, mainly due to the decline in the handling and warehousing business volume of associates and joint ventures in the oil and LNG business, and the decline in performance of associates and joint ventures in the automobile and passenger transportation business affected by the epidemic. At the same time, financial income has also decreased.

In the first half of 2020, the Group's asset impairment loss was RMB38,021,871.85, mainly due to the assets held by subsidiaries in the period showed signs of asset impairment, and asset impairment reserves were made in accordance with regulations.

In the first half of 2020, the Group's credit impairment losses increased by RMB14,130,804.42 year-on-year, or 1,797.6%, mainly due to the fact that the branch company recovered contract assets and offset credit impairment losses during the same period of last year.

In the first half of 2020, the Group's net non-operating income increased by RMB5,680,113.52 year-on-year, or 250.6%, mainly due to the receipt of government subsidies by subsidiaries in the first half of the year and deferred payment penalty from customers, etc.

In the first half of 2020, the Group's income tax expenses increased by RMB49,412,227.31 year-on-year, or 48.8%, mainly due to the increase in operating gross profit.

ASSETS AND LIABILITIES

As at 30 June 2020, the Group's total assets and net assets amounted to RMB34,629,520,170.47 and RMB21,642,363,730.63 respectively. Net asset value per share was RMB1.47, slightly increased from RMB1.46 as at 31 December 2019.

As of 30 June 2020, the Group's total liabilities were RMB12,987,156,439.84, of which the total outstanding borrowings were RMB7,531,886,411.10 (this part of borrowings carries a fixed interest rate), and the gearing ratio was 37.50% (the total liabilities amounted to RMB12,987,156,439.84/ the total assets amounted to RMB34,629,520,170.47), a decrease of 1.52 percentage points from 39.02% as of 31 December 2019, mainly because the repayment of bank borrowings during the period reduced the overall debt scale.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2020, the Group had a balance of cash and cash equivalents of RMB2,882,681,900.14, representing a decrease of RMB1,159,657,764.36 as compared to that of 31 December 2019.

In the first half of 2020, the Group's net cash inflows generated from operating activities amounted to RMB948,970,920.50, net cash outflows for investing activities amounted to RMB954,716,522.99, and net cash outflows for financing activities amounted to RMB1,155,813,468.03.

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

As at 30 June 2020, the Group's outstanding borrowings amounted to RMB7,531,886,411.10 (this part of borrowings carries a fixed interest rate), in which RMB2,602,225,956.07 were borrowings repayable within one year, and RMB4,929,660,455,03 were borrowings repayable after one year.

As of 30 June 2020, the Group's net debt-equity ratio was 31.1% (31 December 2019: 33.4%), mainly due to the reduction in the scale of the Company's debt due to debt repayment this year. The Group protected itself against solvency risk and maintained an overall healthy financial structure.

As of 30 June 2020, the Group's unutilized bank line of credit amounted to RMB9.027 billion.

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., being an external rating agency, has assigned issuer credit composite ratings of AAA to 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 2020, the Group has not entered into any foreign exchange hedging contracts.

CONTINGENT LIABILITIES

Guarantee

The Company's associate, Dalian North Oil Petroleum Logistics Co., Ltd. ("**DNPL**"), financed RMB116 million by means of finance leasing from Zhongbing Financial Leasing Co., Ltd. ("**Lessor**") for a term of 5 years starting from 25 July 2016. As the substantial shareholder (29% equity interests) of DNPL, China Zhenhua Oil Co., Ltd. provided full guarantee with joint and several liability for the rental to be paid by DNPL.

Pursuant to the related resolutions approved at the fifth meeting of the fourth session of the Board of Directors of the Company in 2016, the Company provided a counter guarantee for 20% of the guarantee liability and other necessary expenses and losses actually assumed by China Zhenhua Oil Co., Ltd. to the Lessor for DNPL. The counter guarantee was unconditional, non-cancellable and with joint liability and the relevant counter guarantee contract was signed on 11 November 2016. The counter guarantee period shall be two years since the date when China Zhenhua Oil Co., Ltd. has the guarantee responsibility to the Lessor according to the guarantee contract. If China Zhenhua Oil Co., Ltd. fulfils its guarantee obligation to the Lessor according to the guarantee contract more than once, the counter guarantee period provided by the Company will have to be calculated separately. As of 30 June 2020, DNPL had made rental payments of RMB96 million.

USE OF PROCEEDS

Use of Proceeds for A Shares

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 2020, the Company had used approximately RMB2,418,261,300.00 of the proceeds and RMB353,830,200.00 of the proceeds remained unused. In March 2020, we made use of idle cash of RMB400,000,000.00 out of the proceeds to temporarily replenish the Company's working capital (including an interest income of RMB81,000,000.00), and the remaining account balance was RMB39,503,000.00 (including an interest income of RMB4,672,800.00).

Unit: RMB'0,000

Projects	Total proceeds	Use of proceeds as at 30 June 2020	Balance
Construction of oil storage tanks with a total capacity of 1,000,000 cubic metres in Xingang	76,000.00	52,644.71	23,355.29
Construction of oil storage tanks with a total capacity of 600,000 cubic metres in the Xingang resort area	55,000.00	55,000.00	0.00
Construction of phase II of the Shatuozi oil storage tanks project in the Xingang Shatuozi area	2,960.00	2,960.00	0.00
LNG Project	32,000.00	32,000.00	0.00
No.4 stacking yard for ore terminal	52,000.00	41,771.96	10,228.04
Purchase of ship unloader for ore terminal	3,720.00	3,720.00	0.00
Purchase of 300 bulk grain carriages	15,000.00	15,000.00	0.00
Ro-ro ships for carrying cars	23,000.00	21,200.31	1,799.69
Construction of railway siding in Muling	4,125.00	4,125.00	0.00
Construction of information systems	5,000.00	5,000.00	0.00
Investment in phase III of Dayao Bay Terminal	8,404.15	8,404.15	0.00
Total	277,209.15	241,826.13	35,383.02

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 2020 reviewed and passed a resolution regarding the temporary use of certain idle cash from the A Shares IPO proceeds to replenish the Company's working capital. The Company was authorised to continue to use idle cash of RMB400,000,000.00 out of the proceeds (including an interest income of RMB81,000,000.00) to temporarily 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 2020.

Use of Proceeds for H Shares

The Company completed a targeted, additional H-share issuance of 1,180,320,000 shares at HKD3.67 per H share on 1 February 2016. All net proceeds of approximately HK$4,283 million were remitted to Mainland China, and exchanged into approximately US$550 million and deposited in the H shares' proceeds account of the Company in Mainland China. In 2018-2019, the Company exchanged the above US$550 million of proceeds into RMB4,040 million (inclusive of interest) at an average exchange rate of US$1 to RMB6.879. The use of proceeds for H shares changed into repaying the loan and replenishing the working capital, which was approved by the Company's shareholders at the general meeting on 27 June 2019. As of 30 June 2020, the proceeds that have been used were RMB3.465 billion, and the proceeds remained unused were approximately RMB632 million (inclusive of interest).

CAPITAL EXPENDITURE

In the first half of 2020, the Group's capital expenditure amounted to RMB33,937,701.39, 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 of the Group in the first half of 2020 is as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in the first half of 2020 with comparative figures for the first half of 2019:

	For the six months ended 30 June 2020 ('0,000 tonnes)	For the six months ended 30 June 2019 ('0,000 tonnes)	Increase/ (decrease)
Crude oil	2,084.1	1,984.6	5.0%
– Foreign trade imported crude oil	1,383.8	1,142.9	21.1%
Refined oil	588.6	541.9	8.6%
Liquefied chemicals	71.6	75.6	(5.3%)
LNG	334.9	346.9	(3.5%)
Total	3,079.2	2,949.0	4.4%

In the first half of 2020, in terms of throughput of oil/liquefied chemicals, the Group handled a total of 30.792 million tonnes, representing an increase of 4.4% on a year-on-year basis.

In the first half of 2020, the Group's crude oil throughput increased by 5.0% year-on-year to 20.841 million tonnes, of which 13.838 million tonnes were imported crude oil, representing a year-on-year increase of 21.1%, mainly attributable to the fact that significant fluctuations in international oil prices encouraged refineries and traders in import of crude oil and warehousing, and low oil prices also stimulated the processing of refineries, which resulted in an increase in the Group's crude oil throughput.

In the first half of 2020, the Group's refined oil throughput amounted to 5.886 million tonnes, representing a year-on-year increase of 8.6%. Affected by the epidemic in the first half of the year, overseas refined oil demands recorded a prominent decrease, suppressing partial export of refined oil. As major refineries in the hinterland had maintenance shutdowns in the same period of last year, refined oil throughput still showed an upward trend in the first half of the year.

In the first half of 2020, the Group's liquefied chemicals throughput was 716 thousand tonnes, representing a year-on-year decrease of 5.3%. Affected by COVID-19 epidemic at the beginning of the year, inter-regional transportation of dangerous chemicals was limited, impacting the chemicals transshipment and resulting in a year-on-year decrease in the Group's liquefied chemicals transshipment in the first half of the year.

In the first half of 2020, the Group's LNG throughput amounted to 3.349 million tonnes, representing a year-on-year decrease of 3.5%, mainly due to the commencement of operation of Sino-Russia natural gas pipeline, which offset part of imported offshore LNG, coupled with a decrease in demands for LNG as a result of a low manufacturing capacity in various places affected by COVID-19 epidemic at the beginning of the year, which led to a year-on-year decrease in the Group's LNG throughput in the first half of the year.

In the first half of 2020, the total imported crude oil throughput handled by the Group's ports accounted for 53.1% (74.3% in the first half of 2019) and 36.4% (42.5% in the first half of 2019) of the total amount of crude oil imported through the ports of Dalian and Northeast China, respectively. The Group's total oil products throughput accounted for 55.5% (64.1% in the first half of 2019) and 31.9% (35.2% in the first half of 2019) of the total market share of the ports of Dalian and Northeast China, respectively. With the continuous improvement of storage and transportation facilities in the Bohai Rim region, constant upgrading of terminal capacity at all ports in Liaoning Port, and the successive completion and operation of cargo terminals of private refineries in the hinterland, the source of some crude oil and refined oil has gradually been diverted, which resulted in a decrease in the proportions of imported crude oil and oil products handled by the Group's Liaoning port.

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

Item	In the first half of 2020 (RMB)	In the first half of 2019 (RMB)	Change (%)
Revenue	764,525,791.23	868,990,299.07	(12.0)
Share of the Group's revenue	24.0%	27.0%	Down by 3.0 percentage points
Gross profit	330,911,872.44	321,354,968.65	3.0
Share of the Group's gross profit	30.8%	36.5%	Down by 5.7 percentage points
Gross profit margin	43.3%	37.0%	Up by 6.3 percentage points

In the first half of 2020, the revenue from oil segment decreased by RMB104.46 million or 12% year-on-year, of which trading business revenue decreased by RMB96.92 million, and port logistics main revenue decreased by RMB7.54 million. The decrease in the main revenue of port logistics was mainly due to the decrease of RMB19.42 million in crude oil storage revenue, but the increase of RMB14.39 million in handling and port revenue.

In the first half of 2020, the gross profit margin of oil segment increased by 6.3 percentage points year-on-year; excluding the impact of trade services, the gross profit margin increased by 1.7 percentage points year-on-year, mainly due to the increase in crude oil handling and port revenue.

In the first half of 2020, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- Capturing the opportunities from international crude oil market and flexibly allocating storage tank resources to achieve an increase in crude oil transshipment throughput.
- Giving full play to the advantages of the collection and distribution capacity and meeting customers' targeted needs by combination of tanking and lightering.
- Facilitating near-port customers to successfully apply for the delivery point for the settlement of crude oil futures to create a crude oil futures storage base in North China.
- Leveraging on the new policy on low-sulphidation of ship fuel and strengthening cooperation with ship fuel suppliers to create a ship fuel supply base radiating Northeast Asia.

Container Segment

The following table sets out the container segment's throughput handled by the Group in the first half of 2020, with comparative figures for the first half of 2019:

		For the six months ended 30 June 2020 ('0,000 TEUs)	For the six months ended 30 June 2019 ('0,000 TEUs)	Increase/ (decrease)
Foreign trade	Dalian port	216.0	264.1	(18.2%)
	Other ports (Note 1)	3.4	2.8	21.4%
	Sub-total	219.4	266.9	(17.8%)
Domestic trade	Dalian port	77.4	165.9	(53.3%)
	Other ports (Note 1)	63.3	73.8	(14.2%)
	Sub-total	140.7	239.7	(41.3%)
Total	Dalian port	293.4	430.0	(31.8%)
	Other ports (Note 1)	66.7	76.6	(12.9%)
	Total	360.1	506.6	(28.9%)

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 2020, in terms of container throughput, the Group handled a total of 3.601 million TEUs, representing a year-on-year decrease of 28.9%. At Dalian port, the Group handled 2.934 million TEUs, representing a year-on-year decrease of 31.8%, of which container throughput for foreign trade decreased year-on-year by 18.2%, and container throughput for domestic trade decreased year-on-year by 53.3%.

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

Item	In the first half of 2020 (RMB)	In the first half of 2019 (RMB)	Change (%)
Revenue	1,241,267,949.68	1,330,431,489.48	(6.7)
Share of the Group's revenue	38.9%	41.3%	Down by 2.4 percentage points
Gross profit	363,123,442.07	343,705,692.87	5.6
Share of the Group's gross profit	33.8%	39.0%	Down by 5.2 percentage points
Gross profit margin	29.3%	25.8%	Up by 3.5 percentage points

In the first half of 2020, the revenue from the container segment decreased by RMB89.16 million or 6.7% year-on-year, of which the revenue from trading business decreased by RMB62.05 million and the main revenue from port logistics decreased by RMB27.11 million, mainly due to the impact of the decrease in revenue from container terminal handling and agency.

In the first half of 2020, the gross profit margin of the container segment increased by 3.5 percentage points year-on-year, mainly due to the decrease in trading business with lower gross profit margin and the adjustment of the business model of branch line business in Bohai Rim region that increased profitability.

In the first half of 2020, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- Overcoming impacts from the epidemic to ensure the stable production and operation at terminals, and by virtue of efficient terminal service and perfect feeder network layout of the Group, 5 new foreign trade routes and 2 new domestic trade routes were added, further optimizing network layout of shipping routes in Southeast Asia to meet the differentiated logistics needs of different customers.

- Uniting feeder business and improving operation models, focusing on strengthening development of routes and customers for foreign trade and focusing on expansion of co-load cabin cooperation for domestic trade to effectively reduce operational costs, and improve customer service satisfaction, which further manifested the pivotal role of Bohai Rim region.

- Responding actively to national strategies on multimodal transportation development, enhancing business collaboration and cooperation with shipping companies, and railway bureaus in various links of sea-to-rail intermodal transportation, adding several freight trains for domestic and foreign trade, to promote a continuous increase in container volume of sea-to-rail intermodal transportation.

Automobile Terminal Segment

The following table sets out the throughput handled by the Group's automobile terminal in the first half of 2020, with comparative figures for the first half of 2019:

		For the six months ended 30 June 2020	For the six months ended 30 June 2019	Increase/ (decrease)
Vehicles (units)	Foreign trade	6,706	6,496	3.2%
	Domestic trade	318,616	381,776	(16.5%)
	Total	325,322	388,272	(16.2%)
Equipment (tonnes)		10,523	12,115	(13.1%)

In the first half of 2020, the Group handled a total of 325,322 vehicles in automobile terminal, representing a year-on-year decrease of 16.2%.

In the first half of 2020, the Group's vehicle throughput accounted for 100% (100% in the first half of 2019) of the total market share of the ports in Northeast China.

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

Item	In the first half of 2020 (RMB)	In the first half of 2019 (RMB)	Change (%)
Revenue	24,888,329.96	6,081,222.15	309.3
Share of the Group's revenue	0.8%	0.2%	Up by 0.6 percentage point
Gross profit	(2,481,294.78)	(64,764.38)	(3,731.3)
Share of the Group's gross profit	(0.2%)	0.0%	Down by 0.2 percentage point
Gross profit margin	(10.0%)	(1.1%)	Down by 8.9 percentage points

In the first half of 2020, the revenue from the automobile terminal segment increased by RMB18.81 million year-on-year, an increase of 309.3%, mainly due to the increase in revenue of the newly consolidated Harbour ECL of RMB6.23 million, the increase in revenue from RV trading, the influence of the operation of Haijia automobile terminal and the increase of vehicle logistics business.

In the first half of 2020, the gross profit margin of automobile terminals decreased by 8.9 percentage points year-on-year. Excluding the impact of trade services, the gross profit margin increased by 17.4 percentage points year-on-year, mainly due to the increase in the business volume of newly consolidated companies and terminal operations.

In the first half of 2020, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- Actively coping with the epidemic, maintaining close contacts and cooperation with main engine factories and logistics suppliers in the hinterland and strengthening competitive advantages of sea-to-rail intermodal transportation of commercial vehicles to promote the rapid recovery of business.

- Leveraging on terminal advantages in warehousing resources and actively developing warehousing business with main engine factories in the hinterland, securing port-entry and stocking of a total of over 34,000 commercial vehicles.

- Seizing opportunities from growth of foreign trade imports and actively connecting logistics and shipping companies, thereby recording a year-on-year increase by 3.2% in foreign trading of commercial vehicles despite the epidemic.

Bulk and General Cargo Segment

The following table sets out the throughput handled by the Group's bulk and general cargo terminal in the first half of 2020, with comparative figures for the first half of 2019:

	For the six months ended 30 June 2020 ('0,000 tonnes)	For the six months ended 30 June 2019 ('0,000 tonnes)	Increase/ (decrease)
Steel	298.5	297.6	0.3%
Coal	520.2	466.3	11.6%
Equipment	27.3	75.1	(63.6%)
Ore	1,785.5	1,429.1	24.9%
Others	674.8	747.5	(9.7%)
Total	3,306.3	3,015.6	9.6%

In the first half of 2020, the throughput of the Group's Bulk and General Cargo Segment amounted to 33.063 million tonnes, representing a year-on-year increase of 9.6%.

In the first half of 2020, the throughput of the Group's ore segment amounted to 17.855 million tonnes, representing a year-on-year increase of 24.9%. Such increase was mainly due to the fact that given the orderly prevention and control of the epidemic in China, the production of steel plants in Northeast China was effected to a controllable extent, so iron ore was in sound terminal demands, meanwhile the Group actively coordinated with the railway departments to ensure the smooth collection and distribution capacity of railways and improve turnover efficiency, which resulted in a year-on-year increase in the Group's ore throughput.

In the first half of 2020, the Group's steel throughput was 2.985 million tonnes, representing a year-on-year increase of 0.3%. Affected by the epidemic abroad, steel terminal demands continued to slacken, resulting in a decrease in transshipment of steel in foreign trade. However, as the epidemic was gradually contained in China, enterprises accelerated their pace of work and production resumption, meanwhile the government issued relevant policies on stimulating the economy, which boosted the domestic needs for steel and therefore enabled the Group's steel transshipment to remain stable year-on-year.

In the first half of 2020, the Group's coal throughput was 5.202 million tonnes, representing a year-on-year increase of 11.6%, mainly due to the fact that affected by the epidemic in the first half of the year, coal enterprises resumed their work at a quicker pace than the downstream enterprises, causing a greater conflict in supply and demand of coal, and therefore leading to a decline of coal prices, during which period, coal customers replenished their coal reserve in advance, and meanwhile given a limited quota for imported coal, coal customers sought to secure such quota, which resulted in a year-on-year increase in the Group's coal throughput in the first half of the year.

In the first half of 2020, the Group's equipment throughput was 273,000 tonnes, representing a year-on-year decrease of 63.6%, mainly due to a suspension of certain foreign trade projects of equipment customers given the impact of the epidemic overseas in the first half of the year, which resulted in a year-on-year decrease in the Group's equipment throughput in the first half of the year.

In the first half of 2020, the Group's ore throughput accounted for 38.9% (35.1% in the first half of 2019) of the total throughput of the ports in Northeast China.

In the first half of 2020, the Group's steel throughput accounted for 11.9% (11.6% in the first half of 2019) of the total throughput of the ports in Northeast China.

In the first half of 2020, the Group's coal throughput accounted for 14.4% (16.5% in the first half of 2019) of the total throughput of the ports in Northeast China.

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

Item	In the first half of 2020 (RMB)	In the first half of 2019 (RMB)	Change (%)
Revenue	530,900,350.38	425,514,453.10	24.8
Share of the Group's revenue	16.7%	13.2%	Up by 3.5 percentage points
Gross profit	183,844,203.44	69,956,326.64	162.8
Share of the Group's gross profit	17.1%	7.9%	Up by 9.2 percentage points
Gross profit margin	34.6%	16.4%	Up by 18.2 percentage points

In the first half of 2020, the revenue from the bulk and general cargo segment increased by RMB105.39 million or 24.8% year-on-year. This was mainly due to the significant increase in the throughput of foreign trade iron ore and coal in the first half of the year, as well as the restoration of rate increases, which led to an increase in revenue of RMB129.41 million. However, storage fees have been reduced.

In the first half of 2020, the gross profit margin of the bulk and general cargo segment increased by 18.2 percentage points year-on-year, mainly due to the increase in foreign trade iron ore and coal businesses with higher gross profit margins.

In the first half of 2020, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- Actively visiting many customers in the hinterland and strengthening the cooperation with customers continuously.

- Deepening the cooperation with Vale to promote construction of mixed ore transhipment and distribution center in Northeast Asia and expand the scale of mixed ore transhipped to Japan and South Korea.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in the first half of 2020, with comparative figures for the first half of 2019:

	For the six months ended 30 June 2020 ('0,000 tonnes)	For the six months ended 30 June 2019 ('0,000 tonnes)	Increase/ (decrease)
Corn	101.0	92.1	9.7%
Soybean	83.8	30.5	174.8%
Barley	32.8	26.3	24.7%
Others	91.5	59.2	54.6%
Total	309.1	208.1	48.5%

In the first half of 2020, the throughput of the Group's Bulk Grain Segment amounted to 3.091 million tonnes, representing a year-on-year increase of 48.5%.

In the first half of 2020, the Group's corn throughput was 1.01 million tonnes, representing a year-on-year increase of 9.7%. Such increase was mainly attributable to the fact that affected by the African Swine Fever in the same period of last year, corn terminal consumption decreased significantly, so port transshipment also decreased, meanwhile the Group deepened cooperation with relevant customers to enrich corn transshipment modes, which resulted in a year-on-year increase in the Group's corn transshipment in the first half of the year.

In the first half of 2020, the Group's soybean throughput was 838,000 tonnes, representing a year-on-year increase of 174.8%. Such substantial increase was due to the active procurement of imported goods by traders as a result of a lower price caused by an increase in output of soybean in North and South Americas, coupled with the weakening impacts of the Sino-U.S. trade friction.

In the first half of 2020, the Group's bulk grain throughput accounted for 11.6% (8.9% in the first half of 2019) of the total throughput of the ports in Northeast China.

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

Item	In the first half of 2020 (RMB)	In the first half of 2019 (RMB)	Change (%)
Revenue	89,052,816.46	68,962,056.05	29.1
Share of the Group's revenue	2.8%	2.1%	Up by 0.7 percentage point
Gross profit	15,457,175.57	(14,041,525.49)	210.1
Share of the Group's gross profit	1.4%	(1.6%)	Up by 3.0 percentage points
Gross profit margin	17.4%	(20.4%)	Up by 37.8 percentage points

In the first half of 2020, the revenue from the bulk grains segment increased by RMB20.09 million or 29.1% year-on-year, of which trading business revenue decreased by RMB13.29 million, and the main revenue of port logistics increased by RMB33.38 million year-on-year, mainly due to the increase in the throughput of imported soybeans and coal, driving income increase.

In the first half of 2020, the gross profit margin of the bulk grain segment increased by 37.8 percentage points year-on-year. Excluding the impact of the trading business, the gross profit margin increased by 43.0 percentage points year-on-year, mainly driven by the increase in high-margin soybean and coal business.

In the first half of 2020, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- Cooperating with customers to jointly promote transportation of Heilongjiang-Dalian bulk grain train and improving the efficiency of transporting grains from inland to the port.

- Cooperating with shipping companies to add routes for transporting grains from Dalian to Shandong, East China and South China, to improve the network layout of routes.

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 2020, with comparative figures in the first half of 2019:

	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Increase/ (decrease)
Passengers ('0,000 persons)	68.4	191.4	(64.3%)
Vehicles ('0,000 units)	31.2	39.7	(21.4%)

Throughput of passengers in passenger, roll-on, roll-off terminal was 684,000 persons, representing a year-on-year decrease of 64.3%. Throughput of vehicles amounted to 312,000 units, representing a year-on-year decrease of 21.4%, mainly due to a significant decrease in the voyages of ro-ro passenger ships affected by the epidemic, which resulted in a decrease in passenger and roll-on roll-off throughput.

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

Item	In the first half of 2020 (RMB)	In the first half of 2019 (RMB)	Change (%)
Revenue	54,650,841.81	83,458,420.62	(34.5)
Share of the Group's revenue	1.7%	2.6%	Down by 0.9 percentage point
Gross profit	(13,220,022.91)	19,282,063.33	(168.6)
Share of the Group's gross profit	(1.2%)	2.2%	Down by 3.4 percentage points
Gross profit margin	(24.2%)	23.1%	Down by 47.3 percentage points

In the first half of 2020, the revenue of passenger and ro-ro segment decreased by RMB28.81 million or 34.5% year-on-year, mainly due to the obvious impact of the epidemic on passenger and ro-ro business, the cancellation of all international cruise plans, the reduction of domestic routes, which resulted in the significant decline in passenger and ro-ro business volume and business revenue.

In the first half of 2020, the gross profit margin of the passenger and ro-ro segment decreased by 47.3 percentage points year-on-year, mainly due to the sharp decline in revenue due to the impact of the epidemic.

In the first half of 2020, 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, working on prevention and control of the epidemic with all efforts and strictly implementing prevention and control plans and measures to ensure a safe and controllable anti-epidemic work in operation of the terminals.

- Advancing passenger and ro-ro berth renovation project and handling of procedures, and actively introducing large passenger and ro-ro ships with a capacity of 30,000 tonnes to dock.

Value-added Services Segment

Tugging

In the first half of 2020, the Group strengthened expansion of the market, and therefore recorded a rapid increase in tugging business by 21.3% year-on-year.

Tallying

In the first half of 2020, the Group's tallying business was relatively stable through active market development. The total tallying throughput handled by the Group was approximately 18.169 million tonnes, representing a year-on-year decrease of 3.9%.

Railway

In the first half of 2020, benefiting from the rapid growth of import demands for oil, ore, grain and other bulk and general cargoes, the increment of integrated multimodal transportation was significant. In terms of the operation of railway transportation, the Group handled a total of 415,000 carriages.

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

Item	In the first half of 2020 (RMB)	In the first half of 2019 (RMB)	Change (%)
Revenue	451,033,548.40	402,254,637.03	12.1
Share of the Group's revenue	14.1%	12.5%	Up by 1.6 percentage points
Gross profit	178,382,807.05	118,636,049.56	50.4
Share of the Group's gross profit	16.6%	13.5%	Up by 3.1 percentage points
Gross profit margin	39.5%	29.5%	Up by 10.0 percentage points

In the first half of 2020, the revenue from the value-added services segment increased by RMB48.78 million or 12.1% year-on-year, mainly due to the increase in tugging business, which led to the increase in the revenue of the tugging & barging company, and the increase in the iron ore blending business to boost the revenue of the railway company.

In the first half of 2020, the gross profit margin of value-added services increased by 10.0 percentage points year-on-year, mainly due to the increase in tugging business with higher gross profit.

PROSPECTS OF THE SECOND HALF OF 2020

COMPETITIVE LANDSCAPE AND INDUSTRY TREND

Currently, given global spread of the epidemic, the world economy is undergoing a serious recession with a significant downfall in international trade and investment. China's foreign trade develops amid increasing uncertainties and instabilities. Coupled with impacts from the economic and trade frictions between China and the U.S., import and export will still remain complicated in the second half of the year. Domestically, with China's effective containing of the epidemic, vigorous advancement of work and production resumption, and effective driving of national macro-regulation, the economy will become better in the second half than in the first half of the year. During the year, China's economy is expected to recover to the pre-epidemic level.

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

Oil Segment

- To coordinate with port entities to promote the implementation of bonded crude oil mixture business.

- To strengthen cooperation through joint ventures with international oil traders to facilitate development of crude oil transshipment market in Northeast Asia.

- To advance handling of qualifications for loading and discharging and warehousing of diluted asphalt, improve port service functions and drive the improvement in throughout.

- To develop the business of crude oil transshipped to Hebei and north of Shandong; explore potential customers, develop whole-process imported crude oil logistics system in Bohai Rim and consolidate crude oil transshipment sources.

Container Segment

- To stabilize operation of foreign trade routes, intensively develop routes in Southeast Asia and other emerging markets, and actively strive for domestic trade of North-South trunk routs at the Group's terminals.

- To unit transshipment strategies, improve cooperation ability and reduce operational costs to promote transformation and development of feeders in Bohai Rim and consolidate position of a transshipment port.

- To strengthen business synergy, promote resource integration and constantly explore and optimize the inland collection and distribution system in the Three Northeastern Provinces, with an aim to further increase development of cargo supply in cross-border train lines.

- To actively promote business diversification and continuously develop comprehensive logistics industry including cold chain, automobile, and rear logistics to realize parallel development of main and auxiliary industry.

Automobile Terminal Segment

- To stabilize the existing routes and endeavor to develop new routes for some commercial vehicles.

- To focus on promoting development and construction of foreign trade route to achieve launch and operation of a foreign trade route with Dalian as the basic port.

Bulk and General Cargo Segment

- To enhance the linkage with customers to jointly develop international market and expand international transshipment scale of mixed ore.

- To deepen the cooperation with customers, enrich and improve the construction of collection and distribution system, enhance operating efficiency of the whole-process logistics links to achieve mutual benefit and win-win.

Bulk Grain Segment

- To open grain transshipment routes between East China and Shandong, develop grain markets in East China and Shandong to drive inter-regional cargo transshipment.

- To continuously conduct operation and organization of ports to improve service efficiency, and solicit supplies and improve shares with excellent services.

Passenger and Ro-Ro Segment

- To get fully prepared for the launch of large passenger and ro-ro ships with a capacity of 30,000 tonnes, and work on marketing jointly with shipping companies.

- To conduct various production, operation and organization during the summer shipment period, and cooperate with shipping companies in marketing for inter-provincial routes, and strive to minimize the adverse impacts on the passenger and ro-ro market from the epidemic.

Value-added Services Segment

- Tugging

  The Company will expand revenue sources and reduce costs and expenditures by developing tugging business in surrounding markets, increasing throughput of tugging outside the port and expanding domestic coastal tugging services.

- Tallying

  The Company will accelerate the development of intelligent tallying system to reduce labour costs. It will insist on diversified development model of tallying business, and actively expand inspection and verification business including draft survey, measurement, loading and discharging supervision.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020.

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

During the six months ended 30 June 2020, 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 listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2020, 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 deviation from the code provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2020, 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

As at the date of this announcement, the audit committee of the Company consists of Mr. LI Zhiwei as an independent non-executive Director, Mr. YUAN Yi as a non-executive Director and Mr. LAW Man Tat as an independent non-executive Director. Mr. LI Zhiwei, an independent non-executive Director, acts as the chairman of the audit committee. The audit committee has reviewed the unaudited interim results for the six months ended 30 June 2020.

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

Dalian City, Liaoning Province, the PRC
27 August 2020

As at the date of this announcement, the board of directors of the Company comprises:
Executive Directors: WEI Minghui and SUN Dequan
Non-executive Directors: CAO Dong, QI Yue, YUAN Yi and NA Danhong
Independent Non-executive Directors: LI Zhiwei, LIU Chunyan 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*