大連港股份

Dalian Port (PDA) Company Limited*

大連港股份有限公司

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

(Stock Code: 2880)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2016

The Board (the "**Board**") of Directors (the "**Directors**") of Dalian Port (PDA) Company Limited (the "**Company**") is pleased to announce the unaudited financial results of the Company and its subsidiaries (the Company and its subsidiaries, collectively, the "**Group**") prepared pursuant to China Accounting Standards for Business Enterprises for the six months ended 30 June 2016.

OPERATING RESULTS

The results for the six months ended 30 June 2016, which have been reviewed by the Group's auditors and the Company's audit committee, are as follows:

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2016 (UNAUDITED)
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	30 June 2016 Consolidated	31 December 2015 Consolidated
Current assets		
Cash at bank and in hand	6,070,802,142.10	2,933,297,517.35
Financial assets at fair value through profit or loss	33,973,849.59	16,179,169.50
Notes receivable	71,502,992.10	81,250,783.25
Accounts receivable	933,237,865.00	821,726,759.91
Advances to suppliers	307,887,630.82	310,199,461.71
Interest receivable	10,889,507.31	10,165,145.48
Dividends receivable	27,758,839.44	22,956,917.66
Other receivables	1,016,936,293.71	968,861,537.41
Inventories	700,292,102.07	936,271,014.10
Current portion of non-current assets		65,820,000.00
Other current assets	443,609,867.92	91,954,813.36
Total current assets	9,616,891,090.06	6,258,683,119.73

ASSETS	30 June 2016 Consolidated	31 December 2015 Consolidated
Non-current assets		
Available-for-sale financial assets	153,586,303.99	154,014,686.92
Long-term receivables	6,000,000.00	18,018,915.80
Long-term equity investments	4,834,099,716.15	4,731,659,905.46
Investment properties	654,533,061.46	663,610,456.30
Fixed assets	14,167,253,965.60	14,333,551,893.37
Construction in progress	1,625,792,151.17	1,837,213,589.39
Fixed assets pending for disposal	3,977,940.99	3,100,470.31
Intangible assets	1,012,857,579.21	881,523,132.83
Goodwill	16,035,288.74	16,035,288.74
Long-term prepaid expenses	49,018,590.31	52,028,185.59
Deferred tax assets	62,286,283.81	61,839,973.50
Other non-current assets	135,051,514.89	118,610,000.00
Total non-current assets	22,720,492,396.32	22,871,206,498.21
TOTAL ASSETS	32,337,383,486.38	29,129,889,617.94

LIABILITIES AND OWNERS' EQUITY	30 June 2016 Consolidated	31 December 2015 Consolidated
Current liabilities		
Short-term borrowings	512,379,841.05	601,694,492.83
Notes payable		12,940,000.00
Accounts payable	322,659,350.81	233,398,574.75
Advances from customers	454,218,658.54	448,542,346.12
Employee benefits payable	109,707,178.02	214,209,719.42
Taxes payable	63,543,760.76	61,070,098.34
Interest payable	159,116,843.26	143,719,858.67
Dividends payable	487,819,064.20	67,388,950.20
Other payables	524,670,710.71	585,807,063.52
Current portion of non-current liabilities	1,740,307,082.76	527,771,479.16
Other current liabilities	2,050,023,790.24	2,014,689,463.02
Total current liabilities	6,424,446,280.35	4,911,232,046.03
Non-current liabilities		
Long-term borrowings	652,010,023.77	2,351,010,023.77
Debentures payable	5,772,174,214.90	5,763,754,605.64
Long-term payables	50,248,936.66	55,021,113.62
Deferred income	541,486,403.43	565,081,808.69
Deferred tax liabilities	11,975,130.02	11,731,632.17
Other non-current liabilities	76,161,909.86	102,772,498.43
Total non-current liabilities	7,104,056,618.64	8,849,371,682.32

LIABILITIES AND OWNERS' EQUITY	30 June 2016 Consolidated	31 December 2015 Consolidated
Total liabilities	13,528,502,898.99	13,760,603,728.35
Owners' equity		
Share capital	5,606,320,000.00	4,426,000,000.00
Capital surplus	8,532,742,627.94	6,117,565,754.62
Other comprehensive income	32,011,889.19	27,023,577.28
Surplus reserve	623,925,889.68	623,925,889.68
Special reserve	32,171,034.99	23,729,633.11
Undistributed profits	2,620,842,368.57	2,820,227,405.53
Total equity attributable to equity holders of the Company	17,448,013,810.37	14,038,472,260.22
Minority interest	1,360,866,777.02	1,330,813,629.37
Total owners' equity	18,808,880,587.39	15,369,285,889.59
TOTAL LIABILITIES AND OWNERS' EQUITY	32,337,383,486.38	29,129,889,617.94

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)
(All amounts in RMB Yuan unless otherwise stated)

Item		For the six months ended 30 June 2016	For the six months ended 30 June 2015
		Consolidated	Consolidated
1.	Revenue	6,480,216,397.27	4,098,342,144.48
Less:	Cost of sales	5,768,556,814.06	3,383,245,327.71
	Taxes and surcharges	14,150,603.39	18,856,891.30
	Selling and distribution expenses	722,609.09	525,075.34
	General and administrative expenses	299,623,883.73	277,057,668.19
	Financial expenses-net	202,873,286.85	266,084,929.94
Add:	Profit arising from changes in fair value	17,862,135.09	4,224,613.40
	Investment income	55,648,126.15	121,252,686.91
Including: Share of profit of associates and joint ventures		47,176,370.19	62,510,171.74
2.	Operating profit	267,799,461.39	278,049,552.31
Add:	Non-operating income	63,906,343.40	125,418,244.68
	Including: Gains on disposal of non-current assets	99,742.51	343,876.19
Less:	Non-operating expenses	98,097.32	528,915.27
Including: Losses on disposal of non-current assets		31,747.48	252,167.18
3.	Total profit	331,607,707.47	402,938,881.72
Less:	Income tax expenses	78,480,730.47	84,300,137.04
4.	Net profit	253,126,977.00	318,638,744.68
Attributable to equity holders of the Company		221,088,963.04	286,032,557.36
Minority interest		32,038,013.96	32,606,187.32

Item		For the six months ended 30 June 2016	For the six months ended 30 June 2015
		Consolidated	Consolidated
5.	Earnings per share		
	Basic earnings per share (RMB Yuan)	0.02	0.03
	Diluted earnings per share (RMB Yuan)	0.02	0.03
6.	Other comprehensive income after tax -Net	4,988,311.91	199,661.90
	Attributable to equity holders of the Company	4,988,311.91	199,661.90
	Items that will be reclassified subsequently to profit or loss		
	Share of investee's other comprehensive income that will be reclassified subsequently to profit or loss		334,624.05
	Gain or loss from fair value change of available-for-sale financial assets	-2,515,639.28	376,267.24
	Translation differences on foreign financial statements	7,503,951.19	-511,229.39
	Attributable to minority interest		
7.	Total comprehensive income	258,115,288.91	318,838,406.58
Attributable to equity holders of the Company		226,077,274.95	286,232,219.26
Attributable to minority interest		32,038,013.96	32,606,187.32

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

(All amounts in RMB Yuan unless otherwise stated)

1. GENERAL INFORMATION

Dalian Port (PDA) Co., Ltd. ("the **Company**") is a limited liability company jointly established by Port of Dalian Group Co., Ltd. ("**PDA Group**"), Dalian Rongda Investment Co., Ltd., Dalian Haitai Holding Co., Ltd., Dalian Detai Holding Co., Ltd. and Dalian Bonded Zhengtong Co., Ltd. on 16 November 2005, with its registered address and head office in Dalian, Liaoning Province of the People's Republic of China ("**PRC**"). The parent company and the ultimate parent company of the Company is PDA Group. On 6 December 2010, the Company was listed on the Shanghai Stock Exchange. On 21 March 2006, the Company issued shares to overseas investors of 966,000,000 shares (H share), and the Company was listed on the Stock Exchange of Hong Kong Limited on 28 April 2006. As at 30 June 2016, the Company's share capital totalled RMB5,606,320,000 with a par value of RMB1.00 each.

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

The subsidiaries newly included in the scope of consolidation in the current period are Dalian Jifa South Coast International Logistics Limited, Dalian Hongyang International Logistics Limited and Dalian Port Lianheng Supply Chain Management Co., Ltd.. The subsidiaries no longer included in the scope of consolidation in the current period are Dalian GangHang Tendering & Bidding Agency Co., Ltd. and Dalian Gangyue Car-carrying Vessel Management Co., Ltd..

These financial statements were approved and authorized for issue by the Company's Board of Directors on 25 August 2016.

These financial statements are unaudited.

2. BASIS OF PREPARATION

The financial statements were prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance and other relevant regulations (hereinafter collectively referred to as the "**Accounting Standards for Enterprises**" or "**CAS**"), and Information Disclosure by the Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2014 Revision) issued by the China Securities Regulatory Commission (the "**CSRC**").

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

Certain disclosures in these financial statements have been adjusted according to the requirements under the new Hong Kong Companies Ordinance effective in 2015.

3. ACCOUNTS RECEIVABLE

	30 June 2016	31 December 2015
	(Unaudited)	
Accounts receivable	933,621,883.00	823,602,282.24
Less: Provision for bad debts	384,018.00	1,875,522.33
	933,237,865.00	821,726,759.91

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

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

	30 June 2016	31 December 2015
	(Unaudited)	
Within 1 year	852,251,342.53	683,272,280.43
1 to 2 years	19,145,846.59	74,971,816.13
2 to 3 years	6,039,106.23	20,154,482.34
Over 3 years	56,185,587.65	45,203,703.34
	933,621,883.00	823,602,282.24

Accounts receivable are analyzed by category as follows:

	30 June 2016 (Unaudited)				31 December 2015			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Percentage	Amount	% of total balance	Amount	Percentage
With amounts that were individually significant and that the related provision for bad debts was provided on the individual basis	–	–	–	–	5,319,057.65	0.65%	1,491,504.33	28.04%
With amounts for that the related provision for bad debts was provided on the grouping basis	933,237,865.00	99.96%	–	–	817,899,206.59	99.30%	–	–
Whereby Group 1	–	–	–	–	–	–	–	–
Group 2	933,237,865.00	99.96%	–	–	817,899,206.59	99.30%	–	–
With amounts that were not individually significant but that the related provision for bad debts was provided on the individual basis	384,018.00	0.04%	384,018.00	100.00%	384,018.00	0.05%	384,018.00	100.00%
	933,621,883.00	100.00%	384,018.00	0.04%	823,602,282.24	100.00%	1,875,522.33	0.23%

For the six months ended 30 June 2016, the Group did not make a provision for bad debts of accounts receivable.

As at 30 June 2016, the top five balances of accounts receivable categorized by debtors are summarised for analyses below (unaudited):

	Amount	Provision for bad debts	% of total balance
Total balance of top five accounts receivable	475,263,221.54	–	50.91%

4. OTHER RECEIVABLES

	30 June 2016	31 December 2015
	(Unaudited)	
Berth rentals receivable	17,833,300.00	13,375,000.00
Refund of land-transferring fees receivable	491,032,200.00	491,032,200.00
Government subsidies receivable	159,180,357.00	132,479,357.00
Receivables from freight charges, deposit and security deposit	68,411,834.62	39,867,642.11
Receivables from project payment and guarantee deposit	47,056,271.76	41,857,174.02
Entrusted loans	85,032,800.00	162,032,800.00
Bills of exchange	80,592,057.29	27,771,142.03
Port construction and miscellaneous expenses	11,894,959.37	9,882,131.44
Public infrastructure maintenance expenses	3,175,338.00	411,410.70
Others	53,788,368.64	51,213,873.08
	1,017,997,486.68	969,922,730.38
Less: Provision for bad debts	1,061,192.97	1,061,192.97
	1,016,936,293.71	968,861,537.41

(a) The aging of other receivables is analyzed as follows:

	30 June 2016	31 December 2015
	(Unaudited)	
Within 1 year	894,896,497.87	936,531,985.48
1 to 2 years	106,382,625.65	17,963,945.74
2 to 3 years	8,109,607.52	5,418,371.15
Over 3 years	8,608,755.64	10,008,428.01
	1,017,997,486.68	969,922,730.38

(b) Other receivables are analyzed by category as follows:

	30 June 2016 (Unaudited)				31 December 2015			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	%	Amount	% of total balance	Amount	%
With amounts that were individually significant and that the related provision for bad debts was provided on the individual basis	–	–	–	–	–	–	–	–
With amounts for that the related provision for bad debts was provided on the grouping basis	1,010,800,898.11	99.29%	–	–	963,884,103.01	99.38%	–	–
Whereby Group 1	–	–	–	–	–	–	–	–
Group 2	1,010,800,898.11	99.29%	–	–	963,884,103.01	99.38%	–	–
With amounts that were not individually significant but that the related provision for bad debts was provided on the individual basis	7,196,588.57	0.71%	1,061,192.97	14.75%	6,038,627.37	0.62%	1,061,192.97	17.57%
	1,017,997,486.68	100.00%	1,061,192.97	0.10%	969,922,730.38	100.00%	1,061,192.97	0.11%

5. ADVANCES TO SUPPLIERS

The aging of advances to suppliers is analyzed below:

	30 June 2016 (Unaudited)		31 December 2015	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	225,844,058.14	73.35%	308,476,143.94	99.44%
1 to 2 years	81,503,411.85	26.47%	1,101,276.19	0.36%
2 to 3 years	464,009.43	0.15%	559,915.18	0.18%
Over 3 years	76,151.40	0.02%	62,126.40	0.02%
	307,887,630.82	100.00%	310,199,461.71	100.00%

6. INVENTORIES

(a) Inventories are summarized by category as follows:

	30 June 2016 (Unaudited)			31 December 2015		
	Ending balance	Provision for decline in value of inventories	Carrying amount	Ending balance	Provision for decline in value of inventories	Carrying amount
Raw materials	77,372,747.46	-2,037,642.99	75,335,104.47	75,159,083.83	-2,037,642.99	73,121,440.84
Work in progress	–	–	–	–	–	–
Finished goods	618,681,154.32	–	618,681,154.32	856,982,556.21	–	856,982,556.21
Turnover materials	6,275,843.28	–	6,275,843.28	6,167,017.05	–	6,167,017.05
	702,329,745.06	-2,037,642.99	700,292,102.07	938,308,657.09	-2,037,642.99	936,271,014.10

As at 30 June 2016, inventories and relevant notes of import business with carrying amount of RMB492,364,760.00 (31 December 2015: RMB772,498,330.38) are pledged as collateral for the collateralised borrowings of RMB506,379,841.05 (31 December 2015: RMB566,694,492.83).

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

	31 December 2015	Increase in current year		Decrease in current year		30 June 2016 (Unaudited)
		Charged	Others	Reversal/ Write-off	Others	
Raw materials	2,037,642.99	–	–	–	–	2,037,642.99

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

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

7. NOTES PAYABLE

	30 June 2016	31 December 2015
	(Unaudited)	
Bank acceptance notes	–	12,940,000.00

8. ACCOUNTS PAYABLE

	30 June 2016	31 December 2015
	(Unaudited)	
Purchase of auxiliary materials and quality guarantee deposit	232,629,791.84	144,802,114.91
Purchase of goods	18,049,793.58	1,947,574.59
Vessel leasing and ocean freight	71,979,765.39	86,648,885.25
	322,659,350.81	233,398,574.75

(a) As at 30 June 2016, accounts payable with ageing over one year amounted to RMB14,944,139.49 (31 December 2015: RMB15,406,894.42), mainly comprised payables for subcontracting, materials and quality guarantee deposit, which were not cleared finally for the overall project had not been completed and finally settled.

(b) The aging of accounts receivable based on their recording dates is analyzed as follows:

	30 June 2016	31 December 2015
	(Unaudited)	
Within 1 year	307,715,211.32	217,991,680.33
1 to 2 years	12,745,949.98	11,688,206.75
2 to 3 years	1,505,484.41	2,224,709.90
Over 3 years	692,705.10	1,493,977.77
	322,659,350.81	233,398,574.75

9. REVENUE AND COST OF SALES

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Revenue from main operations	6,324,438,817.21	3,924,624,679.69
Revenue from other operations	155,777,580.06	173,717,464.79
	6,480,216,397.27	4,098,342,144.48

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Cost of sales from main operations	5,646,642,014.91	3,259,475,286.01
Cost of sales from other operations	121,914,799.15	123,770,041.70
	5,768,556,814.06	3,383,245,327.71

(a) Analysis by industry is as follows:

	For the six months ended 30 June 2016 (Unaudited)		For the six months ended 30 June 2015 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil and liquefied chemicals terminal and related logistics services	2,852,423,517.82	2,452,895,202.62	860,573,229.29	458,378,243.34
Container terminal and related logistics services	704,417,713.80	553,561,499.00	845,330,389.21	689,269,593.36
General cargo terminal and related logistics and trading services	246,975,713.35	254,855,811.29	189,531,378.43	197,417,622.40
Ore terminal and related logistics services	107,805,008.45	115,633,658.68	95,552,094.31	106,808,482.54
Bulk grains terminal and related logistics and trading services	491,736,600.24	478,224,037.77	768,877,114.05	786,676,682.63
Passenger, roll-on, roll-off terminal and related logistics services	55,162,878.67	47,635,054.76	57,740,439.65	44,394,546.90
Port value-added and ancillary services	392,960,626.54	272,220,402.12	420,924,957.69	267,511,240.28
Automobile terminal and related logistics and trading services	1,589,415,004.15	1,562,603,735.38	811,171,171.03	802,404,205.20
Others	39,319,334.25	30,927,412.44	48,641,370.82	30,384,711.06
	6,480,216,397.27	5,768,556,814.06	4,098,342,144.48	3,383,245,327.71

(b) The revenue is categorized as follows:

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Commodity trading	4,174,342,451.47	1,686,983,527.85
Loading services	825,930,807.42	825,441,971.02
Storage services	418,339,886.08	444,917,638.01
Agency services	325,838,853.86	335,065,416.74
Logistics services	236,897,759.25	269,545,832.41
Leasing services	101,443,497.06	117,467,760.19
Port management services	112,891,297.85	110,464,368.92
Project construction and supervision services	56,063,227.08	52,318,744.44
Electric supply services	48,079,148.80	49,442,664.97
Sales of goods	20,970,408.39	32,967,957.59
Tallying services	32,176,907.95	30,768,349.14
Information services	27,098,552.10	30,361,275.99
Others	100,143,599.96	112,596,637.21
	6,480,216,397.27	4,098,342,144.48

10. TAXES AND SURCHARGES

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)	Tax base
Business tax	8,093,425.84	10,864,510.02	5% of taxable income
City maintenance and construction tax and educational surcharges	6,057,177.55	7,992,381.28	7% of business tax and VAT for city maintenance and construction tax, 3% thereof for educational surcharges and 2% thereof for local educational surcharges
	14,150,603.39	18,856,891.30	

11. NON-OPERATING INCOME

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)	Amount recognized in non-recurring profit or loss for the six months ended 30 June 2016 (Unaudited)
Gains on disposal of non-current assets	99,742.51	343,876.19	99,742.51
Including: gains on disposal of fixed assets	99,742.51	338,396.69	99,742.51
gains on disposal of intangible assets	–	5,479.50	–
Government grants (a)	60,254,231.52	105,908,973.54	2,300.00
Negative goodwill from equity acquisition	–	–	–
Others	3,552,369.37	19,165,394.95	3,552,369.37
	63,906,343.40	125,418,244.68	3,654,411.88

(a) Details of government grants

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)	Related to assets/income
Relocation compensation	16,810,556.88	17,252,592.00	Related to assets
Vessel construction subsidies	395,608.78	395,608.80	Related to assets
Equipment reconstruction subsidies	7,563.00	7,563.00	Related to assets
Energy conservation and emission reduction special fund	300,511.79	300,511.78	Related to assets
Others	87,650.28	20,650.26	Related to assets
Container subsidies	37,482,400.00	80,827,400.00	Related to income
Operation subsidies	5,164,000.00	5,865,000.00	Related to income
Refund of turnover taxes	3,640.79	6,691.18	Related to income
Others	2,300.00	1,232,956.52	Related to income
	60,254,231.52	105,908,973.54	

12. NON-OPERATING EXPENSES

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)	Amount recognized in non-recurring profit or loss for the six months ended 30 June 2016 (Unaudited)
Losses on disposal of non-current assets	31,747.48	252,167.18	31,747.48
Including: losses on disposal of fixed assets	31,747.48	252,167.18	31,747.48
Others	66,349.84	276,748.09	66,349.84
	98,097.32	528,915.27	98,097.32

13. INCOME TAX EXPENSES

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Current income tax calculated based on tax law and related regulations	78,683,542.82	82,835,863.78
Deferred income tax	-202,812.35	1,464,273.26
	78,480,730.47	84,300,137.04

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

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Total profit	331,607,707.47	402,938,881.72
Income tax expenses calculated at applicable tax rates	82,901,926.87	100,734,720.43
Effect of different tax rates applicable to subsidiaries in Mainland China	-274,980.82	-349,668.23
Effect of different tax rates applicable to subsidiaries outside Mainland China	2,777,154.05	144,388.45
Adjustments for current income tax of prior year	-3,238,748.36	-1,747,830.53
Income not subject to tax	-16,937,619.62	-25,276,257.95
Expenses not deductible for tax purposes	1,175,225.26	11,439,286.27
Utilization of previously unrecognized tax losses	-1,852,754.76	-10,937,614.55
Deductible losses for which no deferred tax asset was recognized	13,930,527.85	10,293,113.15
Income tax expenses	78,480,730.47	84,300,137.04

14. EARNINGS PER SHARE

(a) Basic earnings per share

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

	For the six months ended 30 June 2016 (Unaudited)	For the six months ended 30 June 2015 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	221,088,963.04	286,032,557.36
Weighted average number of ordinary shares outstanding	12,697,816,000.00	10,179,800,000.00
Basic earnings per share	0.02	0.03
Including:		
– Basic earnings per share from continuing operations:	0.02	0.03

During the period from the balance sheet date to the date on which the financial report was approved to be issued, the number of outstanding ordinary shares was increased due to share dividends and a transfer from the capital reserve to share capital. Where it does not affect the amount of owners' equity, the earnings per share were restated for the period indicated based on the adjusted number of shares.

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. For the six months ended 30 June 2016, there were no dilutive potential ordinary shares (For the six months ended 30 June 2015: nil), and diluted earnings per share were equal to basic earnings per share.

15. SEGMENT INFORMATION

The reportable segments of the Group are the business units that provide different products or service, or operate in the different areas. Different businesses or areas require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified eight reportable segments as follows:

– Oil and liquefied chemicals terminal and related logistics services, responsible for loading and discharging, storage and transhipment of oil products and liquefied chemicals, port management and oil trading services

– Container terminal and related logistics services, responsible for loading and discharging, storage and transshipment of containers, leasing of terminals and related facilities and various container logistics services and sale of properties

– General cargo terminal and related logistics and trading services, responsible for loading and unloading of general cargo and provision of related logistics services, steel trading operation

– Ore terminal and related logistics services, responsible for loading and unloading of ore and provision of related logistics services

– Bulk grains terminal and related logistics and trading services, responsible for loading and unloading of grains and provision of related logistics services, bulk grains trading operation

– Passenger, roll-on, roll-off terminal and related logistics services, responsible for passenger transportation and general cargo roll-on and roll-off provision of related logistics services

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

– Automobile terminal and related logistics and trading services, responsible for loading and discharging of automobile and related logistics services, automobile trading operation

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profit. The adjusted total profit is measured consistently with the Group's total profit except for certain revenue and expenses attributable to headquarters. Segment assets and liabilities exclude certain assets and liabilities attributable to headquarters as these assets and liabilities are managed by the Group.

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

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

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

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

(a) Segment information for the six months ended 30 June 2016 and as at 30 June 2016 (unaudited) is as follows (unit: RMB'000):

	Oil and liquefied chemicals terminal and related logistics services	Container terminal and related logistics services	General cargo terminal and related logistics and trading services	Ore terminal and related logistics services	Bulk grains terminal and related logistics and trading services	Passenger, roll-on, roll-off terminal and related logistics services	Port value-added and ancillary services	Automobile terminal and related logistics and trading services	Others	Elimination	Total
Revenue from external customers	2,852,423	704,418	246,976	107,805	491,736	55,163	392,961	1,589,415	39,319	–	6,480,216
Inter-segment revenue	551	856	172	–	–	338	43,172	–	25,270	-70,359	–
Cost of sales from main operations	2,443,332	530,643	244,974	115,634	467,275	45,033	223,073	1,562,604	14,074	–	5,646,642
Interest income	10,101	1,626	361	138	1,680	63	533	1,305	12,496	–	28,303
Investment income from associates and joint ventures	34,502	7,529	-17,418	-34	–	-7,493	34,756	-4,666	–	–	47,176
Depreciation and amortization	109,593	91,963	42,752	52,934	34,017	15,462	30,662	1,796	21,912	0	401,091
Total profit	400,761	112,676	-43,081	-23,205	-236	-13,237	85,674	2,713	-190,457	–	331,608
Income tax expenses	95,344	34,637	-5,750	-5,756	1	-407	9,406	1,297	-50,291	–	78,481
Net profit	305,417	78,039	-37,331	-17,449	-237	-12,830	76,268	1,416	-140,166	–	253,127
Total assets	7,663,123	6,868,922	2,524,752	1,914,113	1,392,118	1,302,353	2,688,217	1,800,176	9,683,008	-3,499,399	32,337,383
Total liabilities	1,507,226	642,197	138,063	52,867	99,505	59,401	135,394	917,441	13,475,808	-3,499,399	13,528,503
Non-cash expenses other than depreciation and amortization	–	5,775	11	–	–	18	148	–	16,811	–	22,763
Long-term equity Investments in associates and joint ventures	1,462,917	1,599,050	135,716	4,411	–	328,823	992,938	310,244	–	–	4,834,099
Additions of non-current assets other than long-term equity investments	3,770	9,073	3,724	3,411	136	1,807	2,462	25,525	101,632	–	151,540

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

	Oil and liquefied chemicals terminal and related logistics services	Container terminal and related logistics services	General cargo terminal and related logistics and trading services	Ore terminal and related logistics services	Bulk grains terminal and related logistics and trading services	Passenger, roll-on, roll-off terminal and related logistics services	Port value-added and ancillary services	Automobile terminal and related logistics and trading services	Others	Elimination	Total
Revenue from external customers	860,573	845,330	189,531	95,552	768,877	57,740	420,925	811,171	48,643	–	4,098,342
Inter-segment revenue	612,521	32	114,784	46,072	56,717	20,089	199,449	1,064	982,699	-2,033,427	–
Cost of sales from main operations	452,239	643,097	187,634	106,044	774,881	42,339	235,700	800,786	16,755	–	3,259,475
Interest income	3,057	1,424	350	90	2,039	81	582	194	3,814	–	11,631
Investment income from associates and joint ventures	30,907	8,861	-11,604	163		-5,099	27,790	13,451	56,784	–	121,253
Depreciation and amortization	105,003	86,191	43,576	52,790	34,401	15,481	34,269	71	18,169	–	389,951
Total profit	396,104	162,353	-36,109	-26,413	-31,523	-1,355	109,022	12,103	-181,243	–	402,939
Income tax expenses	96,453	31,212	-4,262	-6,642	-7,712	1,001	15,110	212	-41,072	–	84,300
Net profit	299,651	131,141	-31,847	-19,771	-23,811	-2,356	93,912	11,891	-140,171	–	318,639
Total assets	6,888,830	6,661,171	3,021,497	2,459,424	2,120,524	1,170,046	2,378,606	1,987,005	1,747,748	–	28,434,851
Total liabilities	1,588,422	793,938	92,793	71,744	506,486	63,807	137,869	585,442	9,434,574	–	13,275,075
Non-cash expenses other than Depreciation and amortization	–	6,412	11	–	–	18	3	–	17,398	–	23,842
Long-term equity Investments in associates and joint ventures	1,418,988	1,326,206	168,154	2,193	–	335,064	527,027	315,939	–	–	4,093,571
Additions of non-current assets other than long-term equity investments	41,069	11,596	4,811	1,238	337	850	1,920	39,663	758,470	–	859,954

Geographical information:

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

Information about major customers:

The revenue from oil/liquefied chemicals segment of RMB1,599,851,086.71 is derived from a single customer, accounting for 24.69% of the Group's total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

Due to signs of stabilization in the global economy, the confidence in financial markets rebounded in the first half of 2016 with rallying bulk commodity prices. However, the real economy remained weak with sluggish market demand. Impacted by the continuing downward pressure on China's economy, the growth in investment, consumption, and import and export trade slowed down. In the first half of the year, China's GDP grew by 6.7% year on year, whereas the total value of import and export fell by 3.3% year on year.

In the first half of the year, cargo throughput handled by China's large-scale ports amounted to 5.8 billion tonnes, a year-on-year increase of 2.2%, and a 0.6 percentage point lower than the same period last year. In particular, cargo throughput handled at coastal ports in China was 4.0 billion tonnes, a year-on-year increase of 1.7% while cargo throughput handled by river ports was 1.79 billion tonnes, a year-on-year increase of 3.2%. Container cargo throughput handled by river ports was 94,272,000 TEU, a growth of 2.4% compared to the same period of last year.

The Group is principally engaged in the provision of oil/liquefied chemical terminal and the related logistics services ("**Oil Segment**"), container terminal and related logistics services ("**Container Segment**"), automobile terminal and related logistics services ("**Automobile Terminal Segment**"), ore terminal and related logistics services ("**Ore Segment**"), general cargo terminal and related logistics services ("**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 2016, 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 2016, international crude oil price remained lingering at low levels. China gradually liberalized the importation of crude oil from local oil refineries, leading to faster growth in the import volume of crude oil. In the first half of the year, China imported 180 million tonnes of crude oil, an increase of 14.7% as compared to the same period last year.

Container Segment: In the first half of 2016, containers throughput handled by China's large-scale ports amounted to 105.326 million TEU, a year-on-year increase of 2.5%, which was 3.6 percentage points lower than the same period last year. Affected by the macro-economy, port production showed a trend of growth slowdown.

Automobile Terminal Segment: In the first half of 2016, the growth in the volume of automobile production and sales volume in China was higher than that of the same period last year but fell below the expectation at the beginning of the year. Automobiles output in the first half of the year was 12,892,000 vehicles, a year-on-year increase of 6.4%. Sales volume was 12,829,000 vehicles, a year-on-year increase of 8.1%.

Ore Segment: In the first half of 2016, there was no substantial improvement in the fundamentals of oversupply for iron ores in China. However, affected by factors such as policies, seasonality and the capital market, prices became more elastic, returning to a rational range after a large rebound for a quarter. During the first half of the year, accumulated iron ore imports in China amounted to 490 million tonnes, a year-on-year increase of 9.1%.

General Cargo Segment: In the first half of 2016, China's large-scale ports handled a total of 280 million tonnes of coal, basically unchanged year-on-year. The output of the crude steel across China in the first half of 2016 reached a total volume of 390 million tonnes, which represented a year-on-year decrease of 4.9%.

Bulk Grain Segment: In the first half of 2016, under the influence of national policies and low demand for bulk grain carriages, the volume of corn transshipment at Liaoning port recorded a huge fall of 51% as compared to the same period last year.

Passenger and Ro-Ro Segment: In the first half of 2016, due to the continual diversion of maritime passengers towards high-speed rails and airlines, the total number of passengers during the first half of the year was lower than that of the same period of the previous year.

In the first half of 2016, the Group's major business segments had a stable performance. In terms of throughput, the Group handled a total of approximately 29.264 million tonnes of oil and liquefied chemicals, representing an increase of 16.4% as compared to the same period last year, of which 14.735 million tonnes were imported crude oil, representing a decrease of 1.3% as compared to the same period last year. In the Container Segment, the Group handled approximately 5.092 million TEUs, representing an increase of 1.9% on a year-on-year basis, of which approximately 4.691 million TEUs were handled by the Group at Dalian port, representing an increase of 1.5% on a year-on-year basis. In the Automobile Terminal Segment, the Group handled 228,688 vehicles, representing an increase of 0.7% on a year-on-year basis. In the Ore Segment, the Group handled approximately 6.891 million tonnes, representing a decrease of 16.9% on a year-on-year basis. In the General Cargo Segment, the Group handled approximately 14.531 million tonnes of cargoes, representing a decrease of 4.7% on a year-on-year basis. In the Bulk Grain Segment, the Group handled approximately 2.316 million tonnes of bulk grain, representing an increase of 23.9% on a year-on-year basis. In the Passenger and Ro-Ro Segment, the Group transported approximately 1.444 million passengers, representing a year-on-year decrease of 4.4%, and approximately 680,000 vehicles, representing a year-on-year decrease of 10.1%.

OVERALL ANALYSIS OF RESULTS

In the first half of 2016, the Group's profit attributable to owners of the Company amounted to RMB221,088,963.04, representing a decrease of RMB64,943,594.32 or 22.70% as compared with RMB286,032,557.36 in the first half of 2015. The gross profit of the Bulk Grain Segment, the Ore Segment and General Cargo Segment increased this year with a year-on-year decrease in total financial expenses. However, affected by economic condition and policies, the gross profit of the Oil Segment, the Container Segment, the Passenger and Ro-Ro Segment and the Value-added Services segment decreased year on year. The gains from transfer and holding of financial assets also decreased this year on a year-on-year basis. As a result, the net profit attributable to owners of the Company decreased year on year.

In the first half of 2016, the Group's basic earnings were RMB1.74 cents per share, representing a decrease of 38.03% from RMB2.81 cents in the first half of 2015.

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

Items	For the six months ended 30 June 2016 (RMB)	For the six months ended 30 June 2015 (RMB)	+/- (%)
Net profit attributable to owners of the Company	221,088,963.04	286,032,557.36	-22.7%
Including:			
Revenue	6,480,216,397.27	4,098,342,144.48	58.1%
Cost of sales	5,768,556,814.06	3,383,245,327.71	70.5%
Gross profit (Note 1)	711,659,583.21	715,096,816.77	-0.5%
Gross profit margin (Note 2)	11.0%	17.4%	down 6.4 percentage points
General and administrative expenses	299,623,883.73	277,057,668.19	8.1%
Financial expenses	202,873,286.85	266,084,929.94	-23.8%
Investment income	55,648,126.15	121,252,686.91	-54.1%
Income tax expense	78,480,730.47	84,300,137.04	-6.9%

Note 1: Gross profit = Revenue – Cost of sales

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

In the first half of 2016, the Group's revenue increased by 58.1%, mainly due to the growth of the trading business. In particular, port trading income increased by 144.7% on a year-on-year basis. Excluding the trading income, revenue decreased by 3.6% on a year-on-year basis, mainly due to the drop in throughput of the Container, General Cargo and Value-added Services Segments and influence of seasonality and policy changes, partly offset by an increase in income from the Oil, Bulk Grain and Ore Segments.

In the first half of 2016, the Group's cost of sales increased by 70.5%, mainly due to the growth of the trading business. In particular, costs of the port trading business increased by 144.3% on a year-on-year basis. Excluding the increase in costs of the port trading business, cost of sales decreased by 3.5%, mainly due to the drop in fuel, oil tanks leasing and other costs.

In the first half of 2016, the Group's gross profit decreased by 0.5% while gross profit margin dropped by 6.4 percentage points. Excluding the influence of the port trading business, gross profit decreased by 4.0% while gross profit margin decreased by 0.12 percentage point. The change in gross profit was mainly due to the drop in business volume of the General Cargo and Value-added Services Segments and the decrease in income from port construction, supervision and management services, partly offset by the increase in gross profit of the Ore and Bulk Grain Segments.

In the first half of 2016, the Group's general and administrative expenses increased by 8.1%, mainly due to the increase in labor costs.

In the first half of 2016, the Group's financial expenses decreased by 23.8%, mainly due to the increase in the Group's capital stock upon the completion of H shares private placement this year and the increases in interest income and exchange earnings, partly offset by the decrease in interest expenses due to the size of debt. As a result, the financial expenses decreased year-on-year in general.

In the first half of 2016, the Group's investments income decreased by 54.1%, mainly due to gains from holding and transfer of shares and equity for the same period last year.

In the first half of 2016, the Group's income tax expenses dropped by 6.9%, mainly due to the decreases in taxable income resulting from less revenue and net non-operating revenue.

ASSETS AND LIABILITIES

As of 30 June 2016, the Group's total assets and net assets amounted to RMB32,337,383,486.38 and RMB18,808,880,587.39, respectively. Net asset value per share was RMB3.11, representing an decrease of 1.9% from RMB3.17 per share as at 31 December 2015. The gearing ratio was 41.8%, which decreased by 5.4 percentage points as compared with 47.2% as at 31 December 2015.

As of 30 June 2016, the Group's total liabilities amounted to RMB13,528,502,898.99, of which total outstanding borrowings amounted to RMB10,777,143,889.38.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2016, the Group had a balance of cash and cash equivalents of RMB5,851,419,265.85, representing an increase of RMB3,122,491,082.34 as compared to 31 December 2015.

In the first half of 2016, the Group's net cash inflows generated from operating activities amounted to RMB775,046,538.70; the Group's net cash inflows for financing activities amounted to RMB2,719,909,345.72; and the Group's net cash outflows for investing activities amounted to RMB430,899,093.80. Benefiting from the proceeds from H shares private placement, stable cash flows from its operating activities, redemption of entrusted investments, and the Group's prudent approach for fixed assets and equity investments, the Group had maintained its strong financial position and a good debt profile.

As at 30 June 2016, the Group's outstanding borrowings amounted to RMB10,777,143,889.38, in which RMB6,474,433,175.33 were borrowings repayable after one year (including a balance of borrowings with floating rates of RMB312,010,023.77), and RMB4,302,710,714.05 were borrowings repayable within one year. The Group's net gearing ratio was 24.0% as at 30 June 2016 (54.0% as at 31 December 2015).

As at 30 June 2016, the Group's unutilized banking facilities amounted to RMB19,062,990,000.00. China Cheng Xin International Credit Rating Co. Ltd., an external rating agency of the Company, issued an annual rating report for the Company. The corporate credit rating was AAA grade and the credit rating outlook was stable, indicating the Company's sound qualification of market financing and diversified financing channels.

The Group continued to closely monitor its interest rate risk and exchange rate risk. In the first half of 2016, the Group did not enter into any foreign exchange hedging contracts in connection with its exchange rate risk. The specific details of interest rate risk and exchange rate risk are set out in Section 10 Financial Reporting.

USE OF PROCEEDS (A SHARES)

Net proceeds of the public offering of 762 million A Shares in 2010 ("**A Shares IPO**") obtained by the Company amounted to approximately RMB2,772,091,500.00. As at 30 June 2016, the Company had utilized RMB23,432,000.00 of the proceeds during the year and utilized RMB2,776,068,500.00 of the gross proceeds in aggregate (including the use of idle cash of RMB400,000,000.00 out of the A Share IPO proceeds to replenish the Company's working capital (including an interest income from the A Share IPO bank account balance of RMB73,000,000.00) and the A Share IPO proceeds actually used in the projects of RMB2,376,068,500.00). The balance of the net proceeds was RMB79,386,300.00 (including an interest income from the A Share IPO bank account balance of RMB10,363,300.00). An interest income of RMB83,363,300.00 was earned from the A Share IPO proceeds in aggregate.

Unit: Yuan Currency: RMB

Projects	Proceeds from A Shares IPO	Use of proceeds as of 30 June 2016	Balance
Construction of oil storage tanks with a total capacity of 1,000,000 m^3 in Xingang	760,000,000.00	517,584,300.00	242,415,700.00
Construction of oil storage tanks with a total capacity of 600,000 m^3 in the Xingang resort area	550,000,000.00	550,000,000.00	0
Construction of phase II of the Shatuozi oil storage tanks project in the Xingang Shatuozi area	29,600,000.00	29,600,000.00	0
LNG project	320,000,000.00	320,000,000.00	0
No.4 stacking yard for ore terminal	520,000,000.00	384,392,100.00	135,607,900.00
Purchase of gantry for ore terminal	37,200,000.00	37,200,000.00	0
Purchase of 300 bulk grain carriages	150,000,000.00	150,000,000.00	0
Ro-ro ships for carrying cars	230,000,000.00	212,000,600.00	17,999,400.00
Construction of railway siding in Muling	41,250,000.00	41,250,000.00	0
Construction of information systems	50,000,000.00	50,000,000.00	0
Investment in phase III of Dayao Bay Terminal	84,041,500.00	84,041,500.00	0
Total	2,772,091,500.00	2,376,068,500,00	396,023,000.00

Note: In order to reduce the amount of idle cash and the financing cost and to manage cash efficiently, the second meeting of the fourth session of the Company's board of directors in 2016 passed a resolution regarding the temporary use of certain idle cash from the A Shares IPO proceeds to improve the liquidity of the Company's working capital. The Company was authorized to use idle cash of RMB400,000,000.00 out of the A Share IPO proceeds (including interest income from A Shares IPO of RMB73,000,000.00) to replenish the Company's working capital. Such an authorization is valid for a period of twelve months when the Board passed the relevant resolution. The Company's independent non-executive directors, supervisors, and sponsors expressed their respective opinions on the board resolution. The Company made a public announcement in relation to the above board resolution on 24 March 2016.

CAPITAL EXPENDITURE

In the first half of 2016, the Group's capital expenditure amounted to RMB151,540,489.38, which was mainly funded by the surplus cash generated from operating activities, the proceeds from the public offering of A Shares and corporate bonds.

The performance analysis of each business segment in the first half of 2016 is as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in the first half of 2016 and its comparative results in the first half of 2015.

	For the six months ended 30 June 2016 ('0000 tonnes)	For the six months ended 30 June 2015 ('0000 tonnes)	Increase/ (Decrease)
Crude oil	2,240.3	1,985.1	12.9%
– Foreign trade imported crude oil	1,473.5	1,492.6	(1.3%)
Refined oil	468.1	331.2	41.3%
Liquefied Chemicals	63.2	59.5	6.2%
LNG	154.8	137.8	12.3%
Total	2,926.4	2,513.6	16.4%

In the first half of 2016, in terms of throughput of oil/liquefied chemicals, the Group handled a total of approximately 29.264 million tonnes, an increase of 16.4% on a year-on-year basis.

In the first half of 2016, the Group's crude oil throughput increased by 12.9% to approximately 22.403 million tonnes, of which approximately 14.735 million tonnes were imported crude oil, a slight year-on-year decrease of 1.3%. Due to factors such as the increase in Russian pipeline oil supply and deficiency in storage tanks, there was a slight decrease in the volume of imported crude oil as compared to the same period last year. With the loosening of eligibility for the right to use imported crude oil, the Group expanded its cooperation with customers and provided more capacity to regional refineries, resulting in a higher increase in throughput for the first half of the year.

In the first half of 2016, the Group's refined oil throughput amounted to approximately 4.681 million tonnes, a year-on-year increase of 41.3%, mainly attributable to higher demand from surrounding refineries.

In the first half of 2016, the Group's liquefied chemicals throughput was approximately 632,000 tonnes, a year-on-year increase of 6.2%, mainly attributable to the Group's effort in expanding in the liquefied chemicals market of the northeast inland and expanding the breadth and width of cooperation with customers.

In the first half of the year, the Group's LNG throughput amounted to 1.548 million tonnes, a year-on-year increase of 12.3%, mainly attributable to the merge of the northeastern and North China pipeline networks.

In the first half of 2016, the total imported crude oil volume handled by the Group's ports accounted for 100% (100% in the first half of 2015) of the total amount of crude oil imported into Dalian and 63.1% (72.3% in the first half of 2015) of the total amount of crude oil imported into the Three Northeastern Provinces of China. The Group's oil products throughput accounted for 72.5% (70.2% in the first half of 2015) of the total market share in Dalian and 43.8% (44.3% in the first half of 2015) of the total market share in the Three Northeastern Provinces of China. The increase in total oil products throughput was mainly due to the fact that the Group deepened cooperation with customers and further promoted the development of a comprehensive logistic system.

The performance of the Oil Segment was as follows:

Items	For the six months ended 30 June 2016 (RMB)	For the six months ended 30 June 2015 (RMB)	+/- (%)
Revenue	2,852,423,517.82	860,573,229.29	231.5%
The share in the Group's revenue	44.0%	21.0%	up 23.0 percentage points
Gross profit	399,528,315.20	402,194,985.94	-0.7%
The share in the Group's gross profit	56.1%	56.2%	down 0.1 percentage point
Gross profit margin	14.0%	46.7%	down 32.7 percentage points

In the first half of 2016, the revenue from the Oil Segment increased by 231.5% mainly due to the in-depth development of oil/liquefied chemicals trading. Gross profit decreased by 0.7% and the gross profit margin decreased by 32.7 percentage points as compared to the same period last year. Excluding the impact of the oil/liquefied chemicals trading business, gross profit decreased by 1.7% and the gross profit margin by 1.3 percentage points as compared to the same period last year, mainly attributable to the combined effect of certain reduced storage rates and an increase in staff costs and additional asset depreciation.

In the first half of 2016, the Group's major measures taken and the progress of major projects related to the Group's Oil Segment were as follows:

- To strengthen cooperation with shippers and build up a full logistic system for the Bohai Rim, and to increase allocation of crude oil to regional refineries.

- To relocated storage tanks resources to enhance service quality of operation, and to provide storage tanks to customers under lease-back arrangements to further drive throughput growth.

- To coordinate relevant onshore units to enhance berthing capacity so that the 22# berth became able to accommodate 450,000-tonne supertankers.

Container Segment

The following table sets out the container throughput handled by the Group in the first half of 2016 and its comparative results in the first half of 2015:

		For the six months ended 30 June 2016 ('0000 TEUs)	For the six months ended 30 June 2015 ('0000 TEUs)	Increase/ (Decrease)
Foreign Trade	Dalian	253.6	247.0	2.6%
	Other ports (Note 1)	12.0	9.9	21.2%
	Sub-total	265.6	256.9	3.4%
Domestic Trade	Dalian	215.5	215.0	0.2%
	Other ports (Note 1)	28.1	27.7	1.4%
	Sub-total	243.6	242.7	0.4%
Total	Dalian	469.1	462.0	1.5%
	Other ports (Note 1)	40.1	37.6	6.7%
	Total	509.2	499.6	1.9%

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

In the first half of 2016, in terms of container throughput, the Group maintained steady growth and handled a total of approximately 5.092 million TEUs, representing an increase of 1.9% as compared to the same period last year. At Dalian port, the Group handled approximately 4.691 million TEUs, representing an increase of 1.5% as compared to the same period last year, of which container throughput for foreign trade increased by 2.6% as compared to the same period last year, and container throughput for domestic trade increased by 0.2% as compared to the same period last year.

In the first half of 2016, the Group's container terminal business accounted for 98.6% (98.5% in the first half of 2015) of the total market share in Dalian and 55.3% (53.6% in the first half of 2015) of that in the Three Northeastern Provinces of China. The Group's container throughput for foreign trade accounted for 100% (100% in the first half of 2015) of the total market share in Dalian and 96.6% (96.4% in the first half of 2015) of the total market share in the Three Northeastern Provinces of China.

The performance of the Container Segment was as follows:

Items	For the six months ended 30 June 2016 (RMB)	For the six months ended 30 June 2015 (RMB)	+/- (%)
Revenue	704,417,713.80	845,330,389.21	-16.7%
The share in the Group's revenue	10.9%	20.6%	down 9.8 percentage points
Gross profit	150,856,214.80	156,060,795.85	-3.3%
The share in the Group's gross profit	21.2%	21.8%	down 0.6 percentage point
Gross profit margin	21.4%	18.5%	up 3.0 percentage points

In the first half of 2016, the revenue from the Container Segment decreased by 16.7% and, excluding effect of container trading, 7.8% as compared to the same period last year, mainly attributable to the market environment unfavorable to revenue from container transportation. The increase in gross margin of 3.0 percentage points mainly benefited from the optimized capacity allocation and the resulting overall cost reduction.

In the first half of 2016, the Group's major measures taken and the progress of major projects relating to the Group's Container Segment were as follows:

- In term of opening new routes, the Group has deepened cooperation with major domestic and foreign shippers and shipping alliances and newly introduced two cross-ocean routes for international trading and one domestic trade route, which further enhanced our container route network system.

- The Group put its Bohai Rim strategy into full implementation and carried on to step up the construction of branch network in the Rim and a transshipment system centering around Dalian. It strengthened and expanded the scope of cooperation with regional ports to underpin its port strategy. It also built on its own capacity for development of the branch network to boost its transshipment services capabilities.

- In terms of land logistics, the Group continued to construct its inland integrated multimodal transportation by adding five inland service points and four trains. The inland network currently has four centers, 12 terminals and 31 service points connecting over 50 points in Northeast China as well as Russia, Mongolia, the five Central Asian countries and European countries. Furthermore, following the "One Belt, One Road" initiative, the Group aimed to develop its brand into logistics chain services spanning China, Korea and Russia.

- In terms of specialized logistics, innovative intermodal transportation products were developed mainly for cold chain logistics, automobile logistics and timber logistics. The top level of the cold chain logistics was finished and obtained the first international seafood transshipment certificate in China, with the port environment and functionality improving. Through cooperation with railways and car manufacturers, the multimodal exportation segment was developed to cater for automobile parts and components and finished vehicles, which was a step towards a fully integrated logistic service system for finished vehicles.

Automobile Terminal Segment

The following table sets out the throughput handled by the Group's automobile terminal in the first half of 2016 and its comparative results in the first half of 2015.

		For the six months ended 30 June 2016	For the six months ended 30 June 2015	Increase/ (Decrease)
Vehicles (units)	Foreign trade	4,670	7,470	(37.5%)
	Domestic trade	224,018	219,666	2%
	Total	228,688	227,136	0.7%
Equipment (tonnes)		1,589	3,812	(58.3%)

In the first half of 2016, the Group handled a total of 228,688 vehicles, representing a year-on-year increase of 0.7%.

In the first half of 2016, the Group's vehicle throughput accounted for 100% (100% in the first half of 2015) of the total market share in the Three Northeastern Provinces of China.

The performance of the Automobile Terminal Segment was as follows:

Items	For the six months ended 30 June 2016 (RMB)	For the six months ended 30 June 2015 (RMB)	+/- (%)
Revenue	1,589,415,004.15	811,171,171.03	95.9%
The share in the Group's revenue	24.5%	19.8%	up 4.7 percentage points
Gross profit	26,811,268.77	8,766,965.83	205.8%
The share in the Group's gross profit	3.8%	1.2%	up 2.6 percentage points
Gross profit margin	1.7%	1.1%	up 0.6 percentage point

In the first half of 2016, the revenue from the Automobile Segment increased by 95.9% as compared to the same period last year attributable to the steady development of the automobile trading business. Gross profit increased by 205.8% and gross profit margin 0.6 percentage point as compared to the same period last year mainly driven by development in automobile trading, which was partly offset by increase in staff costs and others.

In the first half of 2016, the Group's major measures taken and the progress of major projects relating to the Group's Automobile Segment were as follows:

- The Group continued to put effort in developing markets and potential domestic demand with shippers to increase transshipment volume for domestic trade.

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

Ore Segment

The following table sets out the throughput handled by the Group's ore terminal in the first half of 2016 and its comparative results in the first half of 2015.

	For the six months ended 30 June 2016 ('0000 tonnes)	For the six months ended 30 June 2015 ('0000 tonnes)	Increase/ (Decrease)
Ore	689.1	829.0	(16.9%)

In the first half of 2016, the ore terminal handled approximately 6.891 million tonnes of ore, a decrease of 16.9% as compared to the same period last year, which was attributable to the rapid development of nearby ports and the decrease in demand for ore transshipment.

In the first half of 2016, the Group's ore throughput accounted for 19.2% (20.6% in the first half of 2015) of the total throughput in the Three Northeastern Provinces of China.

The performance of the Ore Segment was as follows:

Items	For the six months ended 30 June 2016 (RMB)	For the six months ended 30 June 2015 (RMB)	+/- (%)
Revenue	107,805,008.45	95,552,094.31	12.8
The share in the Group's revenue	1.7%	2.3%	down 0.6 percentage point
Gross profit	-7,828,650.23	-11,256,388.23	30.5
The share in the Group's gross profit	-1.1%	-1.6%	up 0.5 percentage point
Gross profit margin	-7.3%	-11.8%	up 4.5 percentage points

In the first half of 2016, the revenue from the Ore Segment increased by 12.8% as compared to the same period last year, mainly due to the increase in ore import volume under foreign trade and the steady development of the ore trading business. Gross profit increased by 30.5% and gross profit margin by 4.5 percentage points as compared to the same period last year mainly due to the increase in ore handling revenue resulting from the increase in import throughput.

In the first half of 2016, the Group's major measures taken and the progress of major projects relating to the Group's Ore Segment were as follows:

- The Group further strengthened cooperation with customers and commenced near-port ore mixing and relevant marketing, which further developed port commodity centers and blending bases.

- The Group captured favorable opportunities brought by the increasing market demand for imported coal to develop new customers so as to expand its onshore coal transshipment.

General Cargo Segment

The following table sets out the throughput handled by the Group's general cargo terminal in the first half of 2016 and its comparative results in the first half of 2015.

	For the six months ended 30 June 2016 ('0000 tonnes)	For the six months ended 30 June 2015 ('0000 tonnes)	Increase/ (Decrease)
Steel	308.7	362.6	(14.9%)
Coal	508.1	449.0	13.2%
Equipment	157.4	162	(2.8%)
Others	478.9	550.7	(13.0%)
Total	1,453.1	1,524.3	(4.7%)

In the first half of 2016, the Group's general cargo terminal handled approximately 14.531 million tonnes cargo, a decrease of 4.7% as compared to the same period last year.

In the first half of 2016, the volume of steel handled by the Group was approximately 3.087 million tonnes, a decrease of 14.9% as compared to the same period last year, mainly due to the continued sluggish demand in the domestic steel market and anti-dumping policies in force in European and American countries and regions against China's steel exports, resulting in intensified pressure faced by major steel production plants.

In the first half of 2016, the volume of coal handled by the Group was approximately 5.081 million tonnes, which represented an increase of 13.2% as compared to the same period last year, mainly due to, firstly, cooperation with nearby ports in commencing a new model of railway-river combined transportation of coal drawing shiftwork orders from eastern Mongolia, and, secondly, active effort in developing unloading markets among coal users surrounding Dalian such as power plants and cement plants.

In the first half of 2016, the volume of equipment handled by the Group was approximately 1.574 million tonnes, which represented a decrease of 2.8% as compared to the same period last year, mainly attributable to the sluggish overseas demand resulting in lower dispatched vehicle throughput, whose adverse effect was, however, partly offset by near-port items.

In the first half of 2016, the steel throughput handled by the Group accounted for 14.7% (14.1% in the first half of 2015) and the coal throughput accounted for 17.8% (16.3% in the first half of 2015) of the total market share in the Three Northeastern Provinces of China.

The performance of the General Cargo Segment was as follows:

Items	For the six months ended 30 June 2016 (RMB)	For the six months ended 30 June 2015 (RMB)	+/- (%)
Revenue	246,975,713.35	189,531,378.43	30.3
The share in the Group's revenue	3.8%	4.6%	down 0.8 percentage point
Gross profit	-7,880,097.94	-7,886,243.97	0.1
The share in the Group's gross profit	-1.1%	-1.1%	stable
Gross profit margin	-3.2%	-4.2%	up 1.0 percentage point

In the first half of 2016, the revenue from the General Cargo Segment increased by 30.3%, mainly due to the stride made in steel trading. Gross profit increased by 0.1% and gross profit margin increased by 1.0 percentage point as compared to the same period last year. Excluding the impact of steel trading business, gross profit decreased by 67.5% and gross profit margin decreased by 4.8 percentage points as compared to the same period last year, mainly due to the combined effect of domestic and overseas sluggish market demand resulting in lower throughput and a decreased in staff costs and external costs.

In the first half of 2016, the Group's major measures taken and the progress of major projects relating to the Group's General Cargo Segment were as follows:

- The Group promoted the construction of the comprehensive logistic system by strengthening cooperation among ports, railways and user companies to obtain preferential railway freight rates for steel, coal and other cargoes and lower overall logistic costs of ports in order to boost usage.

- Upon the cooperation of "two ports connected by one shipping route", the Group drew coal handling demand from eastern Mongolia to its ports to boost coal transshipment volume.

- The Group actively developed near-port industries by further soliciting ancillary equipment manufacturers in Dalian to set up processing and assembling facilities at the ports so as to boost transshipment volume of bulk equipment.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in the first half of 2016 and its comparative results in the first half of 2015.

	For the six months ended 30 June 2016 ('0000 tonnes)	For the six months ended 30 June 2015 ('0000 tonnes)	Increase/ (Decrease)
Corn	13.5	17.9	(24.6%)
Soy bean	107.1	79.6	34.5%
Barley	25.5	29.5	(13.6%)
Wheat	1.9	0.0	100%
Others	83.6	59.9	39.8%
Total	231.6	186.9	23.9%

In the first half of 2016, the throughput handled by the Group's bulk grain terminal was approximately 2.316 million tonnes, an increase of 23.9% as compared to the same period last year.

In the first half of 2016, the Group's corn throughput was approximately 0.135 million tonnes, a decrease of 24.6% as compared to the same period last year, mainly due to, firstly, changes in procurement policies with respect to corns stored in temporary storage, and, secondly, the gaining popularity of imports and changes in the logistic market.

In the first half of 2016, the Group's soy bean throughput was approximately 1.071 million tonnes, which represented an increase of 34.5% as compared to the same period last year, mainly due to the Group's focused effort in gaining usage for soy bean imported and deepening cooperation with customers.

In the first half of 2016, the throughput handled by the Group's bulk grain terminal accounted for 14.9% (8.9% in the first half of 2015) of the total throughput in the Three Northeastern Provinces of China.

The performance of the Bulk Grain Segment was as follows:

Items	For the six months ended 30 June 2016 (RMB)	For the six months ended 30 June 2015 (RMB)	+/- (%)
Revenue	491,736,600.24	768,877,114.05	-36.0
The share in the Group's revenue	7.6%	18.8%	down 11.2 percentage points
Gross profit	13,512,562.47	-17,799,568.58	175.9
The share in the Group's gross profit	1.9%	-2.5%	up 4.4 percentage points
Gross profit margin	2.7%	-2.3%	up 5.0 percentage points

In the first half of 2016, the revenue from the Bulk Grain Segment decreased by 36.0% as compared to the same period last year, mainly due to a decrease in grain trading volume. Excluding the impact of the grain trading business, the revenue increased by 74.0% as compared to the same period last year, mainly due to an increased in grain throughput and revenue from bulk grain carriages. Gross profit increased by 175.9% and gross profit margin by 5.0 percentage points over that in the first half of last year, mainly due to an increase in throughput of soy bean and other grains and revenue from bulk grain carriages.

In the first half of 2016, the Group's major measures taken and the progress of major projects relating to the Group's Bulk Grain Segment were as follows:

- The Group deepened cooperation with major strategic customers in terms of both capital and business and exerted focused effort in developing the corn transshipment market for domestic trading.

- The Group solicited more demand of imported cargoes including soy bean and barley to gain further share in the imported cargo market.

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 2016 and its comparative results in the first half of 2015.

	For the six months ended 30 June 2016	For the six months ended 30 June 2015	Increase/ (Decrease)
Passengers ('0000 persons)	144.4	151.1	(4.4%)
Vehicles ('0000 units)	68.0	75.6	(10.1%)

In the first half of 2016, throughput of passengers was 1.444 million persons, representing a decrease of 4.4% as compared to the same period last year. Throughput of vehicles amounted to 680,000 units, representing a decrease of 10.1% as compared to the same period last year.

In the first half of 2016, the number of passenger departing and arriving at Dalian port, affected by factors such as passengers shifting towards high-speed rails and aviation flights, experienced a fall as compared to the same period last year. Affected by domestic route deviations, business volume for roll-on, roll-off service decreased as compared to the same period last year.

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

Items	For the six months ended 30 June 2016 (RMB)	For the six months ended 30 June 2015 (RMB)	+/- (%)
Revenue	55,162,878.67	57,740,439.65	-4.5%
The share in the Group's revenue	0.9%	1.4%	down 0.5 percentage point
Gross profit	7,527,823.91	13,345,892.75	-43.6%
The share in the Group's gross profit	1.1%	1.9%	down 0.8 percentage point
Gross profit margin	13.6%	23.1%	down 9.5 percentage points

In the first half of 2016, the revenue from the Passenger and Ro-Ro Segment decreased by 4.5% as compared to the same period last year, mainly due to the decline in the throughput of passengers and cargoes. Gross profit decreased by 43.6% and gross profit margin by 9.5 percentage points as compared to the same period last year, mainly attributable to unfavorable conditions.

In the first half of 2016, the major measures taken and the progress of key projects related to the Group's Passenger and Ro-Ro Segment were as follow:

- In order to meet the requirements of the Ministry of Transport on real-name sales and checking of tickets, the Group upgraded its ticket sales and checking system to ensure the safe operation of the passenger ro-ro transportation.

- The Group constructed an e-commerce platform as a new portal for ticket sales. It also made use of the open platform WeChat for advertising its latest travelling products and promotions.

- The Group successfully completed the departure of the international cruise vessel "Chinese Taishan" and recorded a passenger turnover of 140,000 persons.

Value-added Services Segment

Tugging

In the first half of 2016, the Group's tugging division increased voyage charter while made reasonable resource allocation in Dalian by taking a number of measures such as flexibly adjusting the number of tugboats and power ratios at each of the tugboat bases with a view to increasing sources of revenue and reduced mobilization costs. However, affected by decline in business of nearby shipyards, throughput decreased by 5.9% as compared to the same period last year.

The Group continued to increase effort in developing markets outside Dalian and made adjustments to its strategies and allocation to cope with the stagnant tugging market.

Tallying

In the first half of 2016, the total tallying throughput handled by the Group was approximately 20.256 million tonnes, representing a year-on-year decrease of 4.7%.

Railway

In terms of the operation of railway transportation, the Group handled a total of approximately 260,000 carriages, representing a year-on-year decrease of 6.1%.

The performance of the Value-added Services Segment was as follows:

Items	For the six months ended 30 June 2016 (RMB)	For the six months ended 30 June 2015 (RMB)	+/- (%)
Revenue	392,960,626.54	420,924,957.69	-6.6%
The share in the Group's revenue	6.1%	10.3%	down 4.2 percentage points
Gross profit	120,740,224.42	153,413,717.41	-21.3%
The share in the Group's gross profit	17.0%	21.5%	down 4.5 percentage points
Gross profit margin	30.7%	36.4%	down 5.7 percentage points

In the first half of 2016, the revenue from the Value-added Services Segment decreased by 6.6%, mainly due to a decrease in the tugging division and the port construction supervision and management services. Gross profit decreased by 21.3% and gross profit margin by 5.7 percentage points as compared to the same period last year, mainly due to nearby stagnant tugging markets, policy-based reduction in tugging rates and the shrinking port construction supervision and management market.

PROSPECTS OF THE SECOND HALF OF 2016

COMPETITIVE LANDSCAPE AND INDUSTRY TREND

In the second half of the year, the recovery of the global economy will remain slow. In China, the economy will have steady growth and continue its restructuring, while downward pressure will remain. At present, the series of policies coming into force to facilitate growth, restructuring and efficiency are stimulating the pace of investment. However, the enduring sluggish domestic and overseas demand, the low commodity prices and other factors are expected to drag down the growth rate of total imports and exports of China.

RISKS AND ADVERSE FACTORS

Firstly, the international environment will continue to be complex and in turmoil while China will still be in the painful process of restructuring. Secondly, as the current stable economy does not have a solid footing, downward pressure will remain enormous.

THE MAJOR DEVELOPMENT STRATEGY

In light of the fact that the global economy and China's are undergoing a critical stage of industry reshuffling and transformation, the Group will continue to adhere to transformation and enhancing quality. Aiming at serving and conforming to the national strategies, it will extend its ports' supply chain upstream and downstream towards terminal users. Through enhanced efficiency of resource allocation by applying information technology to logistics, it will develop its supply chain into a comprehensive one integrating and consolidating logistics with trading, finance and information technology. Through novel products, business models and cooperation models, it will put its supply chain into an integrated operation model such that the port terminal-based model will transform into a full logistic chain and then a full supply chain.

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

Oil Segment

- In view of changes in the logistic landscape brought about by new storage and transportation facilities in the Bohai Rim, the Group will continue to expand areas and scope of cooperation with transshipment customers into other areas and the share of transshipment in the distribution businesses of the Group.

- The Group will reinforce cooperation with major customers and make reasonable allocation of storage tanks to scale up bonded storage tanks and transshipment for crude oil.

- It will develop new markets and cargo business and expand its share in the high-end refined oil market by constructing a refined oil trading platform.

- For the purposes of satisfying new customer demand for crude oil storage, the Group will carry on the storage construction of phase II of Changxing Island and obtain relevant approvals.

Container Segment

- In relation to route development, the Group will, according to availability of cargoes and opportunities brought by the coming into existence of the shipping alliance and the route adjustment, negotiate with specific major shippers with a view to connecting Dalian ports as a terminal to American routes. It will also strengthen cooperation with shippers specialize in domestic trading and continue to develop major South-North marine domestic trade passages so as to improve its domestic route network.

- In respect of trans-shipment operations, the Group will continue to implement the Bohai Rim strategy and, through improving on its service system, increase its voyages, thereby further optimizing the Huanghai and Bohai branch network.

- In respect of sea-to-rail intermodal transportation, it will further improve its inland multi-modal transportation system by strengthening cooperation with railways and negotiating for favorable policies. It will stretch its reach to major cargo ports across the country and build up a south-north logistic passage, while launching innovative sea-to-rail products to enhance competitiveness in this endeavor.

- In terms of specialized logistics, the Group will further develop innovative services and products and extend its services' functionality conforming with its overall deployment in order to forge a supply chain stretching from the origin to end-users and implement the transition and upgrade of ports with higher quality and efficiency.

Automobile Terminal Segment

- Working with shippers and logistics companies, the Group will develop the market for domestic trading and attract potential customers and their loyalty in order to ensure the stability of the south-north seaborne passage and further enhance port throughput.

- The Group will continue to promote the establishment of automobile logistics system and improve its terminal service functionality to enhance competitiveness.

Ore Segment

- The Group will build on the basic port of VALEMAX and improve its regional ore distribution service system. Through the establishment of ports along Bohai rim region and the formation of alliances on bulk cargo liners (feeder ships), the Group will be able to effectively compress the overall logistics cost so as to comprehensively enhance the iron ore distribution service system with the Group being the center. (VALEMAX (also known as Chinamax) liners are very large ore carriers (VLOC) of 400,000-tonne deadweight designed by Vale S.A.)

- Leveraging the service brand Dalian Standard Mine, the Group will expand channels to trade and sell blended ore and relevant marketing in order to enhance the distribution function and service scope of its ore mixing business in order to establish the service brand of "personalized customization of ore mixing".

- The Group will capitalize on the advantages from deep berths, bonded trans-shipment, blending at ports and others to attract voyages and further enlarge its market share.

- Putting into play the delivery storage platform for iron ore futures (bonded), the Group will reduce ore procurement costs and mitigate pressure on capital of steel plants through valued-added services.

General Cargo Segment

- The Group will strengthen cooperation with ports and railways and negotiate preferential railway rates to integrated logistics costs and enhance competitiveness.

- Carrying further its business philosophy of "running shipping routes on shiftwork" and benefiting from the favorable policy of lower railway rates coming into force, the Group will attract demand for cargo transport its routes able to match and strive to launch shiftwork routes for foreign steel trading.

- The advantage of "port combinations" in cooperation with nearby ports will be further developed to gain usage of handling services from nearby coal companies and further enlarge volume of onshore coal transshipment.

- The Group will secure progress in near-port projects by promptly understanding needs of subsequent projects and further expanding areas and scope of cooperation.

Bulk Grain Segment

- The Group will continue to gain customers transporting imported soy bean while reinforcing existing cooperation to further enlarge the portion of transshipment for imports.

- The Group will spare no effort in gaining patronage of grains by paying constant attention to changes in national policy and market news such as grain auctions and grains coming on the market.

- Through frequent visits to companies in the region, the Group will diversify its capability and develop new customers and their usage of services.

Passenger and Ro-Ro Segment

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

- The Group will put the "internet+port" strategy into in-depth implementation. With regard to passengers, it will spread the coverage of the existing ticket sales system to port areas and make extra effort in establishing an integrated e-ticket system to promote sales online and on mobile devices. With regard to vehicle freight, it will construct a ro-ro logistics information platform and consolidate resources for ro-ro logistics by applying the internet and big data so as to extend its logistic supply chain and capture new business opportunities.

Value-added Services Segment

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

- The Group will devote greater effort to the development of services for the Yangtze River, Shandong Peninsula and Fujian ports in order to acquire new opportunities for business cooperation.

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

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

During the six months ended 30 June 2016, the Company had not redeemed any of its listed securities, and neither the Company nor any of its subsidiaries has purchased any of the Company's listed securities.

COMPLICANCE WITH THE CORPORATE GOVERNANCE CODE

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 during the six months ended 30 June 2016, and so far as known to the Directors of the Company, there had been no material deviation from the code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct governing director's and supervisor's dealings in the Company's securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**"). Upon specific enquiries, all Directors and supervisors have confirmed that they had complied with the provisions of the Model Code and the code of conduct governing their dealing in the Company's securities transactions during the six months ended 30 June 2016.

AUDIT COMMITTEE

The audit committee consists of Mr. WANG Zhifeng, an independent non-executive Director, Mr. YIN Shihui, a non-executive Director, and Mr. WAN Kam To, Peter, an independent non-executive Director and its chairman. The audit committee has reviewed the interim results for the six months ended 30 June 2016.

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

Dalian City, Liaoning Province, the PRC
25 August 2016

As at the date of this announcement, the Directors of the Company are:
Executive Directors: HUI Kai and WEI Minghui
Non-executive Directors: BAI Jingtao, XU Song, YIN Shihui and ZHENG Shaoping
Independent non-executive Directors: WAN Kam To, Peter, WANG Zhifeng and SUN Xiyun

* *The Company is registered as Non-Hong Kong Company under Part XI of the previous Hong Kong Companies Ordinance (Chapter 32 of the laws of Hong Kong) (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".*