



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)

(於中華人民共和國註冊成立之外商投資股份有限公司)

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Management Discussion and Analysis

Summary

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

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

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

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

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

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

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

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

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

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

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

OVERALL RESULTS REVIEW

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

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

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

Management Discussion and Analysis

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

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

Note 1: Gross profit = Revenue – Cost of sales

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

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

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

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

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

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

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

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

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

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

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

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

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

ASSETS AND LIABILITIES

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

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

FINANCIAL RESOURCES AND LIQUIDITY

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

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

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

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

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

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

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

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

USE OF PROCEEDS

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

Unit: Yuan Currency: RMB

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

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

Management Discussion and Analysis

CAPITAL EXPENDITURE

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

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

Oil Segment

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

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

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

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

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

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

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

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

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

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

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

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

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

- Deepened cooperation with customers to meet their storage and transshipment needs and further increase the distribution of the crude oil.
- Proactively participated in the domestic futures business and became the first ports in China to handle crude oil futures.
- Deepened cooperation with private refineries in the hinterland of Northeast China and improved the railway loading technology of crude oil in ports to meet customers' demand for the railway loading of crude oil and further promote throughput growth.
- Deepened cooperation with domestic and foreign oil traders to develop international crude oil transshipment business in Japan, South Korea and other regions.

Management Discussion and Analysis

Container Segment

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

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

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

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

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

Management Discussion and Analysis

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

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

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

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

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

- The Group deepened collaboration with major shipping alliances and shipping companies to promote the development of new routes and the stable operation of existing routes as well as expand new businesses, such as international transshipment, empty container allocation and ship shifting.
- Stabilizing the operation of the Japan-Korea line and comprehensively strengthening the development of foreign trade market to realise the transformation and upgrading of Bohai Rim feeder.
- Deepening the cooperation with railway bureaus and container companies and strengthening communication with customers to actively promote the layout in the hinterland of Northeast China and solicit supplies, meanwhile, leveraging policies of other regional platform to open new transit trains.
- Expanding port service functions in an effort to achieve transformation and upgrading of the port and accelerating the business development of specialised logistics. Warehouse I of Yi Du Project (Phase II) of cold chain logistics was officially put into operation. Automotive logistics, ground logistics and in-plant logistics projects were progressing smoothly. The standard audit work was fully promoted in timber logistics. The transformation and upgrading of rear logistics was accelerated to improve the comprehensive service functions.

Management Discussion and Analysis

Automobile Terminal Segment

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

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

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

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

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

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

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

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

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

- Through fully leveraging the advantages of railway siding, the container volume of sea-to-rail intermodal transportation rapidly developed, gradually expanding the scale of container volume of sea-to-rail intermodal transportation.
- Through continuing to deepen market development and promoting the opening of water transportation in Dalian Port by several new brands, the influence of the Port was further enhanced.

General Cargo Segment

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

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

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

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

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

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

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

Management Discussion and Analysis

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

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

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

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

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

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

- Deepened cooperation with customers and leveraged the Group's regional presence and the advantages of its ports to carry out port-based processing and marketing of mixed ore while promoting the construction of a port commodity hub and an ore blending base.
- Strengthened the construction of an integrated logistics system and intensified cooperation among its ports, railways and enterprises to lower the overall logistics costs of its ports and attract more transshipment customers for its ports.
- Proactively participated in the construction of logistics system, provided customers with tailored logistics solutions and built up an urban coal supply network to attract urban coal-consuming enterprises to transship coal at its ports, in a bid to boost coal transshipment.

Bulk Grain Segment

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

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

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

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

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

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

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

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

Management Discussion and Analysis

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

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

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

- Deepened joint venture collaboration and cooperation with major customers in terms of capital and business operations, with a focus on cultivating the corn transshipment market for domestic trade.
- Stepped up efforts in attracting grain shipments for foreign trade to further improve the soy bean futures business.

Passenger and Ro-Ro Segment

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

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

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

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

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

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

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

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

- In the first half of the year, the Group made 12 outgoing voyages of international cruise ships and received 3 international cruise ships, representing a total of inbound and outbound passenger throughput of 29,800 persons, up by 3,100 person year-on-year.
- The Company introduced e-commerce platforms to boost its online ticket sales; and increased the function of passenger car ticket sales on the WeChat public platform in an effort to gradually improve the Company's online ticketing business.

Value-added Services Segment

Tugging

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

Tallying

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

Railway

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

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

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

Management Discussion and Analysis

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

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

PROSPECTS OF THE SECOND HALF OF 2018

COMPETITIVE LANDSCAPE AND INDUSTRY TREND

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

RISKS AND ADVERSE FACTORS

The world economy will continue to recover slowly, and the domestic economy will remain in the “new normal” economic development model. Against the backdrop of economic restructuring and rising labour costs, China’s import and export still facing a challenging outlook with noticeable risks and uncertainties. The Group’s port operations, large but not robust, are experiencing sluggish revenue growth and facing growth bottleneck under the current business model which relies heavily on revenue from loading and unloading services. In addition, the import-export trade landscape is expected to further change under the current international situation, which will bring significant risk and uncertainties to the port and shipping industry.

MAJOR COUNTERMEASURES

Based on our service-oriented approach and participating in the state’s “Belt and Road” initiative, the Group will strengthen coordination, integration and resource sharing with nearby ports, shippers and third-party logistics enterprises to further improve the allocation of key resources. The Group will improve its service functions and reduce the overall costs, with an aim to integrating the elements of the whole supply chain including logistics, trade, finance and information. By continuously introducing innovative logistics products, expanding business models and deepening cooperation areas, the Group will build a supply chain integrated service platform for carrying out transformation and upgrade in the areas ranging from the port side and the full logistics system to the supply chain system.

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

Oil Segment

- Continue to leverage the Group's advantages in ports and concentration of storage tanks to deepen cooperation with port-based customers and traders for complementary strengths and coordinated development and to expand the crude oil bonded storage and transshipment business.
- Efforts should be made to promote the construction of LNG transshipment hub project so that it can have the functions of LNG loading and discharging, storage, automobile transshipment and pipeline gas transmission as soon as possible.

Container Segment

- Pay close attention to the change of cargo supply in shipping routes market, further strengthen the communication with major shipping companies, and promote shipping companies to increase their investment in route resources in the port. We will maintain the stable operation of existing routes, and continue to improve the service network of routes for foreign trades in the port.
- We will continue strengthening the feeder transshipment function in Bohai Rim, reinforce the development work on transshipped cargo in Bohai Rim region, and focus on the development of foreign trade cargo supply to provide strong support for the operation of routes in the port.
- Increase efforts in cargo sourcing, continue to promote the market-oriented operation of sea-to-rail intermodal transportation; constantly explore and optimise the integrated multimodal transportation system in the Three Northeastern Provinces, with an aim to achieve regional coordinated development. Continue to work with other platform companies across the country to develop cargo supply in cross-border train lines.
- Actively promote diversification and strive to develop high-end service industries. Continue to drive the development of logistics industry including cold chain, automobile, wood and logistics, and explore an innovative operation model, in an effort to build up an integrated supply chain service system and promote upgrading of the ports for better development.

Automobile Terminal Segment

- Strive to open more liner routes to facilitate south-north water transportation; and strengthen market development targeting other potential customers engaging in domestic trade in the hinterland of northeast China.
- Give full play to the advantages of railway integrated multimodal port and vigorously develop the sea-to-rail intermodal transportation business.

Management Discussion and Analysis

General Cargo Segment

- Using mixed ore sales to strengthen the construction of supply chain trading platform, increase the mixed ore sales and trade cooperation between small and medium steel mills in the hinterland, so as to achieve diversified mode of service.
- Carrying further its business philosophy of “running liner shipping routes”, the Group will attract demand for cargo transport to the Group and strive to launch liner shipping routes for foreign steel trading.
- Cooperating with the smooth development of port-based projects, the Group will promptly understand the requirements of subsequent projects and further expand the aspects and scope of cooperation.

Bulk Grain Segment

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

Passenger and Ro-Ro Segment

- The Group will strive to enhance its departure services for international cruises, while accelerating marketing for its cruise service brand and establishing a cruise travelling brand by developing the “Cruise+” leisure travelling model.
- Entering the traditional peak season of the Passenger and Ro-Ro industry in the second half of the year, the Group will unite shipping companies to conduct market development and market price stabilization related work in three target markets of Passenger and Ro-Ro Segment, cruise and land-island, through the network promotion, in-depth field visits to target groups and other means, in order to further increase the market size.

Value-added Services Segment

- The Group will expand its voyage-charter and domestic coastal tugging services to expand revenue sources and increase revenue.
- The Company will devote greater effort into the development of services in the ports in order to acquire new opportunities for business cooperation.
- With respect to reducing operation costs, the Group will enhance the deployment of its tugboats in ports by making reasonable adjustment to the number of tugboats stationed at each base.

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

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

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

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

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

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

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

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

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

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

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

Other Information

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2018, none of the directors, supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) as recorded in the register required to be kept under Section 352 of the SFO; or (ii) as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (which shall be deemed to be also applicable to the Company's supervisors to the same extent as they apply to the Company's directors).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2018, the Company had adopted a code of conduct governing director's and supervisor's dealings in the Company's securities on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuer ("Model Code"). Upon specific enquiries, all Directors and supervisors have confirmed that they had complied with the provisions of the Model Code and the code of conduct governing their dealings in the Company's securities during the relevant period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2018, the Company had complied with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and so far as known to the Directors of the Company, there had been no material deviation from the code.

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

During the six months ended 30 June 2018, save for the redemption of the RMB800 million 4.5% credit enhanced bonds due 2018 issued by Asia Pacific Ports Development Company Limited (a subsidiary of the Company) as disclosed in the Company's announcement dated 22 February 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its securities.

INTERIM DIVIDEND

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

AUDIT COMMITTEE

The audit committee of the Company consists of Mr. WANG Zhifeng and Mr. LAW Man Tat as independent non-executive Directors and Mr. YIN Shihui as a non-executive Director. Mr. WANG Zhifeng, an independent non-executive Director, acts as the chairman of the audit committee. The audit committee has reviewed the accounting policies and standards adopted by the Group as well as its unaudited interim report for the six months ended 30 June 2018.

INFORMATION ON SHARE CAPITAL AND SHAREHOLDERS OF THE COMPANY

The share capital structure of the Company as at 30 June 2018 is set out in the table below:

Type of shares	Number of shares (shares)	Percentage (%)
A share	7,735,820,000	59.99
H share	5,158,715,999	40.01
Total	12,894,535,999	100.00

SHAREHOLDINGS OF SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at 30 June 2018, so far as known to the directors of the Company, the following persons had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage of the relevant class of share capital ¹	Percentage of the total share capital ²
Dalian Port Group Co., Ltd.	A Shares	5,310,255,162	Beneficial owner	68.65%	41.18%
China Merchants Group Limited	H shares	2,721,320,000	Interest of controlled corporation	52.75%	21.10%
China Securities Depository and Clearing Corporation Limited	H shares	1,243,689,200	Beneficial owner	24.10%	9.65%
Dalian Port Group Co., Ltd.	H shares	722,166,000	Beneficial owner	14.00%	5.60%

Notes:

- Number of shares in the relevant class of share capital: A shares – 7,735,820,000, H shares – 5,158,715,999.
- Total number of shares of share capital: 12,894,535,999.

Save as disclosed above, as at 30 June 2018, so far as known to the directors of the Company, no other person had an interest or short position in the shares of the Company which would fall to be disclosed to the Company and Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AND SUPERVISORS AND CHIEF EXECUTIVE

As at 30 June 2018, the members of the fifth session of the Board included Mr. ZHANG Yiming and Mr. WEI Minghui as executive Directors, Mr. BAI Jingtao, Mr. XU Song, Mr. ZHENG Shaoping and Mr. YIN Shihui as non-executive Directors, and Mr. WANG Zhifeng, Mr. SUN Xiyun and Mr. LAW Man Tat as independent non-executive Directors, and the members of the fifth session of the Company's supervisory committee included Mr. JIA Wenjun, Mr. QI Yue, Mr. KONG Xianjing, Mr. JIAO Yingguang and Mr. LU Yongkui.

For the six months ended 30 June 2018, there was no change to information of the above directors or supervisors or chief executive which had been disclosed by the Company pursuant to (a) to (e) and (g) of Rule 13.51 of the Listing Rules.

OTHERS

The Company has been performing its social responsibility for environmental protection in an earnest manner, and considers building a port that is both "economical with resources and environmental friendly" as its responsibility. As such, it goes all out in supporting the construction and development of Dalian Port as a modern port with environmental awareness.

The Company persists in upholding its approach of "integrated management with safety as the priority and prevention as the theme". With the core values of "scientific development with due regard to humanities and safety" as a solid foundation, the Company strictly implements each of the national and local requirements for management of work place safety, and continuously improve the implementation of safety accountability system at all levels, so as to ensure safe production is maintained.

As at 30 June 2018, the Group had a total of 7,289 full-time employees, and the total number of employees of the Group and its investees was 10,612.

Review Report

Ernst & Young Hua Ming (2018) Zhuan Zi No. 60777447_E01

To the shareholders of Dalian Port (PDA) Company Limited:

We have reviewed the accompanying financial statements of Dalian Port (PDA) Company Limited and its subsidiaries, which comprise the consolidated and company balance sheets as at 30 June 2018 and the consolidated and company income statements, statements of changes in equity and statements of cash flows for the six months ended 30 June 2018, and notes to the financial statements (hereinafter referred to the "Interim Financial Statements"). Management of Dalian Port (PDA) Company Limited is responsible for the preparation of the Interim Financial Statements. Our responsibility is to issue a review report based on our review of the Interim Financial Statements.

We conducted our review in accordance with Standard on Review Engagements for CPAs of China No. 2101 Engagements to review financial statements, which requires that we plan and conduct the review to obtain limited assurance about whether the Interim Financial Statements are free from material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the abovementioned Interim Financial Statements are not prepared, in accordance with *Accounting Standard for Business Enterprises No.32 – Interim Financial Reporting*, and do not present fairly, in all material respects, the financial position, operating results and cash flows of Dalian Port (PDA) Company Limited.

Ernst & Young Hua Ming LLP

Certified Public Accountant:
Wang Tianqing

Beijing, the People's Republic of China
27 August 2018

Certified Public Accountant:
Xue Wei

Consolidated Balance Sheet (Unaudited)

As at 30 June 2018
(Expressed in Renminbi Yuan)

	Note V	30 June 2018 (unaudited)	31 December 2017
ASSETS			
Current assets			
Cash and bank balances	1	6,299,116,395.29	7,507,917,166.59
Financial assets at fair value through profit or loss	2	–	5,050,497.50
Financial assets held for trading	3	538,954,313.80	–
Notes receivable and accounts receivable	4	1,279,767,219.86	1,201,883,882.80
Prepayments	5	94,449,291.53	159,435,191.83
Other receivables	6	559,754,692.54	606,274,255.10
Inventories	7	147,469,253.38	702,685,534.58
Other current assets	8	87,198,085.55	255,836,964.53
Total current assets		9,006,709,251.95	10,439,083,492.93
Non-current assets			
Available-for-sale financial assets	9	–	159,423,791.18
Long-term equity investments	10	4,221,897,246.61	4,181,438,137.97
Other equity instrument investments	11	191,243,409.95	–
Investment properties	12	700,442,760.38	710,512,216.76
Fixed assets	13	16,458,273,725.35	16,860,925,657.87
Construction in progress	14	2,363,938,432.90	2,260,609,738.57
Intangible assets	15	1,719,131,739.58	1,637,141,745.38
Goodwill	16	20,433,690.59	20,433,690.59
Long-term prepaid expenses	17	87,821,655.59	106,783,619.90
Deferred tax assets	18	71,952,388.25	66,000,514.39
Other non-current assets	19	29,652,496.10	142,923,200.38
Total non-current assets		25,864,787,545.30	26,146,192,312.99
TOTAL ASSETS		34,871,496,797.25	36,585,275,805.92
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	21	3,043,500,000.00	3,271,234,002.74
Financial liabilities at fair value through profit or loss		–	3,810,902.00
Notes payable and accounts payable	22	258,016,063.91	380,389,360.83
Advances from customers	23	7,675,297.61	192,230,201.10
Contract liabilities	24	30,997,736.03	–
Employee benefits payable	25	126,568,525.14	250,668,300.78
Taxes payable	26	62,483,369.50	127,314,759.93
Other payables	27	977,908,130.06	809,203,751.83
Non-current liabilities due within one year	28	3,319,140,168.79	4,158,328,072.94
Total current liabilities		7,826,289,291.04	9,193,179,352.15

Consolidated Balance Sheet (Unaudited) (continued)

As at 30 June 2018
(Expressed in Renminbi Yuan)

	Note V	30 June 2018 (unaudited)	31 December 2017
Non-current liabilities			
Long-term borrowings	29	2,236,981,322.23	2,581,543,935.59
Bonds payable	30	3,406,417,466.32	3,404,498,647.79
Deferred income	31	575,383,029.26	570,082,092.47
Deferred tax liabilities	18	119,357,461.60	117,258,611.27
Other non-current liabilities	32	103,248,985.00	98,915,093.00
Total non-current liabilities		6,441,388,264.41	6,772,298,380.12
Total liabilities		14,267,677,555.45	15,965,477,732.27
Shareholders' equity			
Share capital	33	12,894,535,999.00	12,894,535,999.00
Capital reserve	34	2,935,979,096.58	2,928,604,715.37
Other comprehensive income	35	4,181,188.75	29,398,184.15
Special reserve	36	41,491,421.22	32,603,491.61
Surplus reserve	37	758,715,434.54	758,715,434.54
Retained earnings	38	1,308,535,676.39	1,416,071,539.76
Equity attributable to shareholders of the parent		17,943,438,816.48	18,059,929,364.43
Minority interests		2,660,380,425.32	2,559,868,709.22
Total shareholders' equity		20,603,819,241.80	20,619,798,073.65
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		34,871,496,797.25	36,585,275,805.92

The notes form an integral part of these financial statements

The interim financial statements have been signed by:

Legal Representative:
Zhang Yiming

Principal in charge of accounting:
Wang Ping

Head of accounting department:
Wang Ping

Consolidated Income Statement (Unaudited)

For the six months ended 30 June 2018
(Expressed in Renminbi Yuan)

		For the six months ended	
	Note V	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Revenue	39	3,651,188,686.81	4,318,003,378.42
Less: Cost of sales	39	2,883,562,165.72	3,676,178,953.94
Taxes and surcharges	40	24,898,081.87	24,720,606.43
Selling and distribution expenses		490,579.80	285,811.00
General and administrative expenses	41	331,847,950.61	292,059,119.02
Research and development expenses	42	5,430,797.87	6,016,359.68
Financial expenses	43	177,390,450.15	277,267,676.02
Including: Interest expenses		294,799,858.27	231,388,770.84
Interest income		(66,904,778.20)	(49,616,991.20)
Impairment losses		-	(10,000.00)
Credit impairment loss	44	12,222,786.44	-
Add: Other income	45	19,137,522.57	88,472,117.35
Investment income	46	91,004,995.48	170,592,661.04
Including: Share of profits and losses of associates and joint ventures		86,125,589.44	157,280,007.84
Gains/(losses) on changes in fair value	47	5,770,988.00	(1,695,366.00)
(Losses)/gains on disposals of assets	48	(82,305.49)	6,726,128.67
Operating profit		331,177,074.91	305,580,393.39
Add: Non-operating income	49	8,873,255.08	20,027,752.71
Less: Non-operating expenses	50	2,396,119.75	751,664.38
Total profit		337,654,210.24	324,856,481.72
Less: Income tax expenses	51	89,230,642.16	49,052,758.87
Net profit		248,423,568.08	275,803,722.85
Including: Net profit from continuing operations		248,423,568.08	275,803,722.85
Classified by ownership of the equity			
Shareholders of the parent		176,180,847.60	238,539,731.50
Minority interests		72,242,720.48	37,263,991.35
Other comprehensive income, net of tax			
Attributable to shareholders of the parent, net of tax	35		
Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		(2,995,803.67)	-

Consolidated Income Statement (Unaudited) (continued)

*For the six months ended 30 June 2018
(Expressed in Renminbi Yuan)*

	Note V	For the six months ended	
		30 June 2018 (unaudited)	30 June 2017 (unaudited)
Other comprehensive income that will be subsequently reclassified to profit or loss			
Changes in fair value of available-for-sale financial assets		-	4,520,443.83
Translation differences on translation of foreign currency financial statements		378,956.85	(10,741,599.13)
Attributable to minority interests	35	589,528.47	-
Total comprehensive income		246,396,249.73	269,582,567.55
Including:			
Attributable to shareholders of the parent		173,564,000.78	232,318,576.20
Attributable to minority interests		72,832,248.95	37,263,991.35
Earnings per share			
Basic and diluted earnings per share	53	0.01	0.02

The notes form an integral part of these financial statements

Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30 June 2018
(Expressed in Renminbi Yuan)

	Note V	For the six months ended	
		30 June 2018 (unaudited)	30 June 2017 (unaudited)
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		3,740,017,384.60	4,625,537,847.51
Cash received relating to other operating activities	54	101,581,096.86	116,086,884.95
Subtotal of cash inflows		3,841,598,481.46	4,741,624,732.46
Cash paid for goods and services		1,893,550,421.61	2,937,991,935.12
Cash paid to and on behalf of employees		920,097,093.23	820,980,415.70
Cash paid for all types of taxes		188,081,869.14	197,862,303.13
Cash paid relating to other operating activities	54	75,666,560.25	683,028,409.42
Subtotal of cash outflows		3,077,395,944.23	4,639,863,063.37
Net cash flows from operating activities	55	764,202,537.23	101,761,669.09
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		200,163,950.57	1,603,806,700.00
Cash received from return on investments		35,077,018.00	41,820,744.42
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		97,440.62	9,913,585.03
Cash received relating to other investing activities	54	611,181,478.92	322,024,266.32
Subtotal of cash inflows		846,519,888.11	1,977,565,295.77
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		150,158,191.71	163,693,054.44
Cash paid for acquisition of investments		595,844,509.72	2,704,673,585.00
Net cash paid for disposal of subsidiaries	55	42,203,857.88	–
Cash paid relating to other investing activities	54	388,651,981.52	510,219,214.95
Subtotal of cash outflows		1,176,858,540.83	3,378,585,854.39
Net cash flows used in investing activities		(330,338,652.72)	(1,401,020,558.62)

Consolidated Cash Flow Statement (Unaudited) (continued)

For the six months ended 30 June 2018
(Expressed in Renminbi Yuan)

	Note V	For the six months ended	
		30 June 2018 (unaudited)	30 June 2017 (unaudited)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contributions		-	5,000,000.00
Cash received from borrowings		3,746,882,252.87	5,067,167,554.23
Cash received from issuance of bonds		-	1,070,000,000.00
Subtotal of cash inflows		3,746,882,252.87	6,142,167,554.23
Cash repayments of borrowings		4,893,626,314.48	5,158,793,474.09
Cash paid for distribution of dividends or profits and for interest expenses		343,134,354.51	246,496,914.44
Cash paid relating to other financing activities	54	3,200,674.33	15,299,065.48
Subtotal of cash outflows		5,239,961,343.32	5,420,589,454.01
Net cash flows used in financing activities		(1,493,079,090.45)	721,578,100.22
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		52,943,932.04	(89,248,259.01)
V. NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,006,271,273.90)	(666,929,048.32)
Add: Cash and cash equivalents at the beginning of the period		6,925,797,974.59	6,376,088,087.66
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	55	5,919,526,700.69	5,709,159,039.34

The notes form an integral part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

For the six months ended 30 June 2018
(Expressed in Renminbi Yuan)

	Attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. Closing balance of last year	12,894,535,999.00	2,928,604,715.37	29,398,184.15	32,603,491.61	758,715,434.54	1,416,071,539.76	18,059,929,364.43	2,559,868,709.22	20,619,798,073.65
Add: Changes of accounting policy	-	-	(22,600,148.58)	-	-	12,944,295.94	(9,655,852.64)	(3,372,355.99)	(13,028,208.63)
II. Opening balance of the period	12,894,535,999.00	2,928,604,715.37	6,798,035.57	32,603,491.61	758,715,434.54	1,429,015,835.70	18,050,273,511.79	2,556,496,353.23	20,606,769,865.02
III. Movements for the period									
(I) Total comprehensive income									
(1) Net profit	-	-	-	-	-	176,180,847.60	176,180,847.60	72,242,720.48	248,423,568.08
(2) Other comprehensive income	-	-	(2,616,846.82)	-	-	-	(2,616,846.82)	589,528.47	(2,027,318.35)
(II) Capital contributions and withdrawal by shareholders									
(1) Acquisition of minority interests	-	(32,235,925.50)	-	-	-	-	(32,235,925.50)	16,446,670.78	(15,789,254.72)
(2) Disposal of a subsidiary	-	37,470,903.15	-	-	-	-	37,470,903.15	25,338,987.32	62,809,890.47
(III) Profit distribution									
(1) Profit distribution to shareholders (Note V. 38)	-	-	-	-	-	(296,574,327.98)	(296,574,327.98)	(12,530,314.53)	(309,104,642.51)
(2) Appropriation to employee bonus and welfare fund	-	-	-	-	-	(86,678.93)	(86,678.93)	(70,919.13)	(157,598.06)
(IV) Special reserve									
(1) Accrual	-	-	-	16,236,570.93	-	-	16,236,570.93	2,173,939.10	18,410,510.03
(2) Usage	-	-	-	(7,348,641.32)	-	-	(7,348,641.32)	(306,540.40)	(7,655,181.72)
(V) Others	-	2,139,403.56	-	-	-	-	2,139,403.56	-	2,139,403.56
IV. Closing balance of the period	12,894,535,999.00	2,935,979,096.58	4,181,188.75	41,491,421.22	758,715,434.54	1,308,535,676.39	17,943,438,816.48	2,660,380,425.32	20,603,819,241.80
I. Opening balance of the period	12,894,535,999.00	2,930,944,685.96	47,375,566.99	29,604,575.28	676,643,140.78	1,194,212,957.96	17,773,316,925.97	1,332,998,027.28	19,106,314,953.25
II. Movements for the period									
(I) Total comprehensive income									
(1) Net profit	-	-	-	-	-	238,539,731.50	238,539,731.50	37,263,991.35	275,803,722.85
(2) Other comprehensive income	-	-	(6,221,155.30)	-	-	-	(6,221,155.30)	-	(6,221,155.30)
(II) Capital contributions and withdrawal by shareholders									
(1) Disposal of minority interests	-	-	-	-	-	-	-	(1,400,000.00)	(1,400,000.00)
(2) Capital contribution by minority interests	-	-	-	-	-	-	-	5,000,000.00	5,000,000.00
(III) Profit distribution									
(1) Profit distribution to shareholders	-	-	-	-	-	(193,418,039.99)	(193,418,039.99)	(8,679,024.96)	(202,097,064.95)
(2) Appropriation to employee bonus and welfare fund	-	-	-	-	-	(84,458.41)	(84,458.41)	(69,102.34)	(153,560.75)
(IV) Special reserve									
(1) Accrual	-	-	-	14,285,550.13	-	-	14,285,550.13	1,322,183.45	15,607,733.58
(2) Usage	-	-	-	(6,455,892.01)	-	-	(6,455,892.01)	(333,830.98)	(6,789,722.99)
(V) Others	-	2,197,828.21	-	-	-	-	2,197,828.21	-	2,197,828.21
III. Closing balance of the period	12,894,535,999.00	2,933,142,514.17	41,154,411.69	37,434,233.40	676,643,140.78	1,239,250,191.06	17,822,160,490.10	1,366,102,243.80	19,188,262,733.90

The notes form an integral part of these financial statements

Company Balance Sheet (Unaudited)

As at 30 June 2018
(Expressed in Renminbi Yuan)

	Note XIV	30 June 2018 (unaudited)	31 December 2017
ASSETS			
Current assets			
Cash and bank balances		4,714,813,304.96	4,911,349,055.26
Financial assets at fair value through profit or loss		–	5,050,497.50
Financial assets held for trading		538,954,313.80	–
Notes receivable and accounts receivable	1	569,969,982.85	480,521,172.18
Prepayments		13,910,109.60	6,478,252.08
Other receivables	2	1,675,279,997.13	1,675,521,195.51
Inventories		43,701,500.91	49,952,826.37
Other current assets		5,577,189.87	167,926,559.56
Total current assets		7,562,206,399.12	7,296,799,558.46
Non-current assets			
Available-for-sale financial assets		767,000.00	14,667,057.50
Long-term receivables		310,000,000.00	110,000,000.00
Long-term equity investments	3	7,962,750,177.89	7,917,709,507.58
Other equity instrument investments		18,723,005.43	–
Fixed assets		10,291,238,205.65	10,521,746,539.37
Construction in progress		1,616,006,764.68	1,528,745,391.21
Intangible assets		546,967,409.94	437,989,729.09
Long-term prepaid expenses		24,805,622.71	26,745,475.09
Deferred tax assets		19,850,789.72	15,828,401.18
Other non-current assets		3,147,000.00	119,897,000.00
Total non-current assets		20,794,255,976.02	20,693,329,101.02
TOTAL ASSETS		28,356,462,375.14	27,990,128,659.48

Company Balance Sheet (Unaudited) (continued)

As at 30 June 2018
(Expressed in Renminbi Yuan)

	30 June 2018 (unaudited)	31 December 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	2,800,000,000.00	2,500,000,000.00
Notes payable and accounts payable	23,995,122.88	54,388,862.28
Advances from customers	2,536,484.29	30,210,243.99
Contract liabilities	15,803,413.36	–
Employee benefits payable	50,998,306.90	125,625,951.15
Taxes payable	12,201,215.38	4,156,937.13
Other payables	728,826,659.66	441,326,253.22
Non-current liabilities due within one year	2,650,000,000.00	2,650,000,000.00
Total current liabilities	6,284,361,202.47	5,805,708,247.77
Non-current liabilities		
Bonds payable	3,406,417,466.32	3,404,498,647.79
Deferred income	560,558,588.11	553,038,864.82
Deferred tax liabilities	1,205,736.98	–
Other non-current liabilities	103,248,985.00	98,915,093.00
Total non-current liabilities	4,071,430,776.41	4,056,452,605.61
Total liabilities	10,355,791,978.88	9,862,160,853.38
Shareholders' equity		
Share capital	12,894,535,999.00	12,894,535,999.00
Capital reserve	3,045,420,183.10	3,043,539,301.23
Other comprehensive income	3,617,210.95	–
Special reserve	29,476,247.42	23,368,551.18
Surplus reserve	713,835,171.79	713,835,171.79
Retained earnings	1,313,785,584.00	1,452,688,782.90
Total shareholders' equity	18,000,670,396.26	18,127,967,806.10
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	28,356,462,375.14	27,990,128,659.48

The notes form an integral part of these financial statements.

Company Income Statement (Unaudited)

For the six months ended 30 June 2018
(Expressed in Renminbi Yuan)

		For the six months ended	
	Note XIV	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Revenue	4	1,445,051,352.65	1,447,771,663.51
Less: Cost of sales	4	1,036,176,394.29	1,046,569,500.61
Taxes and surcharges		13,045,261.69	12,528,874.19
General and administrative expenses		188,518,752.77	165,155,248.16
Financial expenses		108,301,652.66	258,793,939.32
Including: Interest expenses		210,529,240.48	198,375,545.80
Interest income		(54,035,941.47)	(35,468,838.37)
Impairment losses		-	(10,000.00)
Credit impairment loss		4,206,549.80	-
Add: Other income		15,473,373.63	20,596,285.42
Investment income	5	92,811,777.75	159,079,596.51
Including: Share of profits and losses of associates and joint ventures		79,038,330.23	136,763,203.41
Gains on changes in fair values		933,860.00	(407,150.00)
Gains on disposals of assets		(68,660.49)	2,453,832.20
Operating profit		203,953,092.33	146,456,665.36
Add: Non-operating income		6,681,853.65	15,787,838.63
Less: Non-operating expenses		2,186,794.98	312,159.93
Total profit		208,448,151.00	161,932,344.06
Less: Income tax expenses		24,007,590.33	270,079.14
Net profit		184,440,560.67	161,662,264.92
Including: Net profit from continuing operations		184,440,560.67	161,662,264.92
Other comprehensive income, net of tax			
Other comprehensive income that will not be reclassified to profit or loss changes in fair value of other equity instrument investments		(1,935,355.09)	-
Total comprehensive income		182,505,205.58	161,662,264.92

The notes form an integral part of these financial statements.

Company Cash Flow Statement (Unaudited)

For the six months ended 30 June 2018
(Expressed in Renminbi Yuan)

	Note XIV	For the six months ended	
		30 June 2018 (unaudited)	30 June 2017 (unaudited)
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		1,410,578,016.31	1,534,069,649.47
Cash received relating to other operating activities		82,718,233.54	56,651,569.16
Subtotal of cash inflows		1,493,296,249.85	1,590,721,218.63
Cash paid for goods and services		482,690,095.20	454,269,922.09
Cash paid to and on behalf of employees		583,754,915.16	547,155,165.37
Cash paid for all types of taxes		44,963,790.67	97,837,462.57
Cash paid relating to other operating activities		26,759,196.81	54,679,283.94
Subtotal of cash outflows		1,138,167,997.84	1,153,941,833.97
Net cash flows from operating activities	6	355,128,252.01	436,779,384.66
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		200,000,000.00	2,160,206,700.00
Cash received from return on investments		32,103,364.73	267,530,021.44
Cash received from disposal of fixed assets, intangible assets and other long-term assets		710,820.92	2,851,800.06
Cash received relating to other investments activities		4,367,763.50	47,233,999.99
Subtotal of cash inflows		237,181,949.15	2,477,822,521.49
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		116,995,300.43	126,221,209.13
Cash paid for acquisition of investments		780,000,000.00	2,730,073,585.00
Cash paid relating to other investing activities		-	435,704.13
Subtotal of cash outflows		896,995,300.43	2,856,730,498.26
Net cash flows used in investing activities		(659,813,351.28)	(378,907,976.77)

Company Cash Flow Statement (Unaudited) (continued)

For the six months ended 30 June 2018
(Expressed in Renminbi Yuan)

	Note XIV	For the six months ended 30 June 2018 (unaudited)	30 June 2017 (unaudited)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		2,800,000,000.00	3,000,000,000.00
Cash received from issuance of bonds		-	1,070,000,000.00
Subtotal of cash inflows		2,800,000,000.00	4,070,000,000.00
Cash repayments of borrowings		2,500,000,000.00	4,061,693,150.68
Cash paid for distribution of dividends or profits and for interest expenses		235,164,232.33	202,237,503.70
Cash paid relating to other financing activities		140,440.54	6,360,413.25
Subtotal of cash outflows		2,735,304,672.87	4,270,291,067.63
Net cash flows used in financing activities		64,695,327.13	(200,291,067.63)
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		48,332,086.89	(90,544,845.68)
V. NET DECREASE IN CASH AND CASH EQUIVALENTS			
Add: Cash and cash equivalents at the beginning of the period		(191,657,685.25)	(232,964,505.42)
		4,904,728,295.61	4,489,574,119.31
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
		4,713,070,610.36	4,256,609,613.89

The notes form an integral part of these financial statements.

Company Statement of Changes in Shareholders' Equity (Unaudited)

For the six months ended 30 June 2018
(Expressed in Renminbi Yuan)

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Closing balance of last year	12,894,535,999.00	3,043,539,301.23	-	23,368,551.18	713,835,171.79	1,452,688,782.90	18,127,967,806.10
Add: Changes of accounting policy	-	-	5,552,566.04	-	-	(26,769,431.59)	(21,216,865.55)
II. Opening balance of the period	12,894,535,999.00	3,043,539,301.23	5,552,566.04	23,368,551.18	713,835,171.79	1,425,919,351.31	18,106,750,940.55
III. Movements for the period							
(I) Total comprehensive income							
(1) Net profit	-	-	-	-	-	184,440,560.67	184,440,560.67
(2) Other comprehensive income	-	-	(1,935,355.09)	-	-	-	(1,935,355.09)
(II) Profit distribution							
(1) Profit distribution to shareholders (Note V. 38)	-	-	-	-	-	(296,574,327.98)	(296,574,327.98)
(III) Special reserve							
(1) Accrual	-	-	-	11,855,261.79	-	-	11,855,261.79
(2) Usage	-	-	-	(5,747,565.55)	-	-	(5,747,565.55)
(IV) Others	-	1,880,881.87	-	-	-	-	1,880,881.87
IV. Closing balance of the period	12,894,535,999.00	3,045,420,183.10	3,617,210.95	29,476,247.42	713,835,171.79	1,313,785,584.00	18,000,670,396.26
I. Opening balance of the period	12,894,535,999.00	3,041,812,149.99	-	21,421,192.02	631,762,878.03	907,456,179.01	17,496,988,398.05
II. Movements for the period							
(I) Total comprehensive income							
(1) Net profit	-	-	-	-	-	161,662,264.92	161,662,264.92
(II) Profit distribution							
(1) Profit distribution to shareholders	-	-	-	-	-	(193,418,039.99)	(193,418,039.99)
(III) Special reserve							
(1) Accrual	-	-	-	10,523,861.99	-	-	10,523,861.99
(2) Usage	-	-	-	(4,940,117.53)	-	-	(4,940,117.53)
(IV) Others	-	1,170,570.31	-	-	-	-	1,170,570.31
III. Closing balance of the period	12,894,535,999.00	3,042,982,720.30	-	27,004,936.48	631,762,878.03	875,700,403.94	17,471,986,937.75

The notes form an integral part of these financial statements.

Notes to the Financial Statements

30 June 2018
(Expressed in Renminbi Yuan)

I. General information

Dalian Port (PDA) Company Limited (the “Company”) was established in Liaoning Province, the People’s Republic of China (the “PRC”) as a joint stock limited company by Dalian Port Corporation Limited (“PDA”), Dalian Rongda Investment Company Limited, Dalian Haitai Holdings Company Limited, Dalian Detai Holdings Company Limited and Dalian Bonded Zhengtong Company Limited on 16 November 2015 with the approval by Da Zheng [2005] No.153 issued by the People’s Government of Dalian Municipality, Liaoning Province. Pursuant to the approval of the Administration for Industry and Commerce of Dalian City, the uniform social credit code of the Company is 91210200782451606Q. The H shares and A shares which are ordinary shares and issued by the Company were listed and traded on the Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange on 28 April 2006 and 6 December 2011, respectively. The Company is located at Dalian Free Trade Zone Da Yao Wan Xingang Business Building, Dalian, Liaoning Province, the PRC.

The principal activities of the Company and its subsidiaries (together the “Group”) include the provision of terminal business and logistics services such as international and domestic cargo loading and discharging, transportation, transshipment, storage, etc.; passenger and roll-on, roll-off terminal and related logistics services; tallying, piloting and tugging services for vessels sailing on international and domestic lines; port logistics and port information technology consultation services; petroleum storage (restricted to those applying for free trade zone qualification and those at port storage facilities); refined oil products storage (restricted to those applying for free trade zone qualification and those at port storage facilities); and 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 be conducted with the grant of license) (with capital contribution from a foreign party of no more than 25%).

The Company’s parent and ultimate holding company is PDA, which is established in the PRC.

The financial statements were approved and authorised for issue by the board of directors on 27 August 2018.

The consolidation scope of the financial statements is determined on the basis of control. For changes of the consolidation scope during the six months ended 30 June 2018, please refer to Note VI. Changes of consolidation scope.

II. Basis of preparation

The financial statements have been prepared in accordance with Accounting Standard for Business Enterprises No.32 – Interim Financial Reporting issued by the Ministry of Finance (the “MOF”).

Except for the changes in accounting policies as disclosed in Note III. 30, the accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2017. These interim financial statements should be read in conjunction with the Group’s financial statements for the year ended 31 December 2017.

The financial statements are prepared on a going concern basis.

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

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

III. Significant accounting policies and estimates

The Group has specific accounting policies and makes accounting estimates according to the characteristics of its actual business operations, such as the provision for bad debts, depreciation of fixed assets, amortisation of intangible assets, recognition and measurement of revenue.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial position of the Group and the Company as at 30 June 2018, and of their financial performance and their cash flows for the six months ended 30 June 2018.

2. Accounting period

The accounting year of the Group is from 1 January to 31 December and the accounting period for these interim financial statements is from 1 January to 30 June.

3. Reporting currency

The Group's reporting and presentation currency is Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is RMB Yuan.

The subsidiaries of the Group outside Mainland China may determine their own functional currencies based on their specific economic environments. In the preparation of the financial statements, their functional currencies are translated into RMB.

4. Business combinations

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations under common control and business combinations not under common control.

Business combinations under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquiring party, while that other entity participating in the combination is a party being acquired. The combination date is the date on which the acquiring party effectively obtains control of the party being acquired.

Assets and liabilities (including goodwill arising from the acquisition of the merged party by the ultimate controlling party) obtained by the merging party in a business combination shall be measured at their carrying amounts at the date of combination as recorded by the ultimate controlling party. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) is adjusted to share premium under the capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

III. Significant accounting policies and estimates (continued)

4. Business combinations (continued)

Business combinations not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer measures the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

Where the aggregate of the fair value of the considerations paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Goodwill is subsequently measured at cost less any accumulated impairment losses. Where the fair value of the considerations paid (or the fair value of the equity securities issued) is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer reassesses the measurement of the fair value of the considerations paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest, if after that reassessment, the aggregate of the fair value of the considerations paid (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the difference immediately in the income statement for the current period.

5. Consolidated financial statements

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the financial statements for the six-month period ended 30 June 2018 of the Company and all of its subsidiaries. A subsidiary is an enterprise or entity that is controlled by the Company.

In the preparation of the consolidated financial statements, the subsidiaries have the same accounting period and accounting policies as those of the Company. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Where the amount of losses for the current period attributed to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is allocated against minority interests.

For subsidiaries acquired through a business combination involving entities not under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, adjustments are made to the subsidiaries' financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

For subsidiaries acquired through a business combination involving entities under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the beginning of the combination period. In preparing the consolidated financial statements, adjustments are made to related items of the prior year's financial statements, as if the reporting entities after the combination had existed from the date when the combining entities first came under control of the ultimate controlling party.

If a change in any facts and circumstances gives rise to one or more changes in the elements of control, the Group will reassess whether it controls the investee or not.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

III. Significant accounting policies and estimates (continued)

6. Classification of joint arrangements and joint operations

Joint arrangements include joint operations and joint ventures. Joint operation refers to a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations of the liabilities relating to the arrangement. Joint venture refers to a joint arrangement whereby the parties that have joint control of the arrangement only have rights to the net assets of the arrangement.

The joint venture party recognises the following items related to its share of interests in the joint operation: assets, including its shares of any assets held jointly; liabilities, including its shares of any liabilities held jointly; revenue from the sale of its share of output arising from the joint operation; shares of the revenue from the sale of the output by the joint operation; expenses, including its share of any expenses incurred jointly.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign currency transactions and translation of the financial statements prepared in foreign currencies

The Group translates the amounts of foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary items denominated in foreign currencies are translated into the functional currency at the spot exchange rates at the balance sheet date. The resulting exchange differences from settlements and translations of monetary items are recognised in the income statement, except those arising from the foreign currency borrowings specifically for the purpose of acquisition or construction of qualifying assets, which are dealt with using the principle of capitalisation of borrowing costs. Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined, the resulting exchange differences are recognised in profit or loss for the current period or as other comprehensive income in accordance with the nature of non-monetary items.

For foreign operations, the Group translates their functional currency amounts into RMB in preparing the financial statements as follows: asset and liability items in the balance sheet are translated using the spot exchange rate at the balance sheet date, and equity items other than "retained earnings" are translated using the spot exchange rate at the dates of the transactions; revenue and expense items in the income statement are translated using the average exchange rate for the period during which the transactions occur. The resulting exchange differences are recognised in other comprehensive income and presented as a separate component of equity in the balance sheet. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement. If the disposal only involves a portion of a particular foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement on a pro rata basis.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the average exchange rate for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

III. Significant accounting policies and estimates (continued)

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

The Group derecognises a financial asset (or part of a financial asset, or part of a group of similar financial assets) when the following conditions are met:

- (1) the rights to receive cash flows from the asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognised. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognised in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognised and derecognised on the trade date. Regular way purchases or sales of financial assets mean that the financial assets are received or delivered under the terms of a contract within a period as specified by regulations or convention in the marketplace. Trade date is the date that the Group commits to purchase or sell the asset.

Classification and measurement of financial assets

The financial assets of the Group are classified on initial recognition based on the business model of the Group's financial asset management and the characteristics of the financial assets' contractual cash flows: financial assets at fair value through profit or loss, financial assets at amortised cost, financial assets at fair value through other comprehensive income, and derivatives designated as effective hedging instruments. Financial assets are measured at fair value on initial recognition, however, if the accounts receivable do not contain significant financing components or when the entity applies the practical expedient for contracts that have a maturity of one year or less on initial recognition, they shall be recognised at the transaction price.

In the case of financial assets at fair value through profit or loss, the relevant transaction costs are directly charged to profit or loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognised.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

III. Significant accounting policies and estimates (continued)

9. Financial instruments (continued)

Classification and measurement of financial assets (continued)

The subsequent measurement of financial assets depends on their classification as follows:

Debt instruments at amortised cost

Financial assets are classified as financial assets measured at amortised cost if the financial assets meet the following conditions: the objective of the Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets give rise on specified dates to cash flows. The cash flows represent payments of principal and interest on the principal amount outstanding. For such financial assets, the effective interest method is used for subsequent measurement according to the amortised cost. The gains or losses arising from amortization or impairment are recognised in profit or loss.

Debt instruments at fair value through other comprehensive income

The financial asset may be classified as financial assets at fair value through other comprehensive income ("OCI") if both of the following conditions are met: the financial assets are held within a business model whose the objective is achieved by collect contractual cash flows and selling; and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement of and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Equity instruments at fair value through other comprehensive income

The Group has elected to classify irrevocably its non-tradable equity investments as equity instruments designated as at fair value through other comprehensive income, dividends are recognised in profit or loss. Gains or losses arising from fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative gains or losses arising from fair value changes will be transferred to retained earnings.

Financial assets at fair value through profit or loss

Except for the financial assets at amortised cost and financial assets at fair value through other comprehensive income, the Group has classified the remaining financial assets as financial assets at fair value through profit or loss. The Group carries such financial assets in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

Only if the Group changes its business model for managing financial assets, all affected financial assets can be reclassified.

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recognised in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the amounts initially recognised.

III. Significant accounting policies and estimates (continued)

9. Financial instruments (continued)

Classification and measurement of financial liabilities (continued)

The subsequent measurement of financial liabilities depends on their categories as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives belonging to financial liabilities) and those designated as at fair value through profit or loss upon initial recognition.

A transactional financial asset or a transactional financial liability satisfies one of the following conditions: the purpose of obtaining the relevant financial asset or undertaking the relevant financial liability is mainly for the purpose of selling or repurchasing in the near future; it is a combination of identifiable financial instruments that are centrally managed, and there is objective evidence that the Company has recently adopted short term profit-making methods; it is a derivative instrument, except for derivatives that are designated as effective hedging instruments and derivatives that qualify for financial guarantee contracts. Transactional financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, except for hedge accounting, where all changes in fair value are recognised in profit or loss.

Other financial liabilities

After initial recognition, such financial liabilities are measured at amortised cost by using the effective interest method.

Offsetting of financial instruments

If the following conditions are met at the same time, the financial assets and financial liabilities are presented in the statement of financial position offset with each other: a statutory right to offset the confirmed amount, and the legal right is currently enforceable; net settlement, or simultaneous realization of the financial assets and settlement of the financial liabilities.

Impairment of financial instruments

On the basis of expected credit losses, the Group performs the impairment treatment on financial assets and contract assets measured at amortised cost and confirms the loss provision.

Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Group at the original effective interest rate, that is, the present value of all cash shortages. Among them, financial assets that have been credit-depleted by the Group or purchased by the Group shall be discounted according to the actual interest rate adjusted by the financial assets.

For receivables that do not contain significant financing components and contractual assets, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses equivalent to the entire duration of the life.

The Group assesses its expected credit loss of assets with a balance greater than RMB5 million based on a single item. Besides, the Group assesses the expected credit losses of financial instruments in terms of amortised costs on the basis of age combinations.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

III. Significant accounting policies and estimates (continued)

9. Financial instruments (continued)

Impairment of financial instruments (continued)

The Group considers all reasonable and evidenced information, including forward-looking information, when assessing expected credit losses.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the carrying amount of the financial assets.

Transfers of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognises the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transactions as follows: (i) if the Group has not retained control, it derecognises the financial asset and recognises any resulting assets or liabilities; (ii) if the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.

When the entity's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of the carrying amount of the asset and the finance guarantee amount. The finance guarantee amount refers to the maximum amount of the consideration received that the entity could be required to repay.

10. Inventories

Inventories include raw materials, finished goods, turnover materials, etc.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase conversion and other costs. The cost of inventories transferred out is assigned by using the weighted average method. Turnover materials include low-value consumables and packing materials. The low value consumables are amortised into expenses based upon the number of use, and the packaging materials are expensed when used.

The Group adopts a perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision is made in profit or loss. If factors that previously resulted in the provision for the inventories disappear and make the net realisable value higher than the carrying amount, the amount of the write-down is reversed to the extent of the amount of the provision for the inventories, and the reversed amount is recognised in profit or loss for the current period.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated expenses and the related taxes necessary to make the sale. The provision for the decline in value is made on an individual basis. For inventories with a large quantity and a lower unit cost, the provision for the decline in value is made on a category basis.

III. Significant accounting policies and estimates (continued)

11. Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries as well as the Group's long-term equity investments in its joint ventures and associates.

Long-term equity investments are initially measured at initial investment costs on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the shareholders' equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital reserve (if the capital reserve is insufficient for setting off the difference, such difference shall be further set off against retained earnings). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit or loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall be the sum of the carrying value of the equity investment in the acquired party held prior to the date of acquisition and new investment cost incurred as at the date of acquisition). The cost of combination shall be the sum of assets contributed by the acquiring party, liabilities incurred or assumed by the acquiring party and the fair value of equity securities issued. Upon disposal of the investment, other comprehensive income recognised under the equity method held prior to the date of acquisition shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit or loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The accumulated fair value change of equity investments held prior to the date of acquisition and included in the other comprehensive income as financial instruments shall be transferred in full to current profit or loss upon the change to cost accounting. The initial investment cost of long-term equity investments other than those acquired through business combinations shall be recognised in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments; for those acquired by way of issuance of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

For a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost accounting method in the Company's financial statements. Control refers to having the power over the investee, the entitlement to variable returns through the participation in the relevant activities of the investee, and the ability to affect the amount of returns by using its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. For addition or reduction of investments, the cost of long-term equity investments is adjusted. Cash dividends or profits declared to be distributed by the investee should be recognised as investment income in the current period.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

III. Significant accounting policies and estimates (continued)

11. Long-term equity investments (continued)

The equity method is adopted in accounting for long-term equity investments when the Group holds joint control, or exercises significant influence on the investee. Joint control is the relevant agreed sharing of control over an arrangement, and relevant activities of such arrangement shall be decided upon the unanimous consent of the parties sharing control. Significant influence is the power to participate in decision making in the financial and operating policies of the investee but is not the power to control or joint control with other parties over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises, upon acquisition of the long-term equity investment, its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's net profits or losses, except that the assets invested or disposed of constitute a business, after making appropriate adjustments to the investee's net profits based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates and joint ventures, attributable to the investor according to its share ratio (but impairment losses for assets arising from internal transactions shall be recognised in full). The carrying amount of the long-term equity investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group shall discontinue recognizing its share of the losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance forms part of the Group's net investment in the investee are reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group also adjusts the carrying amount of long-term equity investments for other changes in shareholders' equity of the investees (other than the net profits or losses, other comprehensive income and profit allocation of the investee), and includes the corresponding adjustment in equity.

On disposal of the long-term equity investments, the difference between book value and actual proceeds received is recognised in profit or loss for the current period. For long-term equity investments under equity method, when the use of the equity method is discontinued, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred in full to current profit or loss. If the equity method remains in use, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee and transferred to current profit or loss on a pro-rata basis. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit or loss on a pro-rata basis.

III. Significant accounting policies and estimates (continued)

12. Investment properties

Investment property is a property held to earn rentals or for capital appreciation or both. Investment property includes a land use right that is leased out, a land use right held for transfer upon capital appreciation, and a building that is leased out.

An investment property is measured initially at its cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property is included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss for the period in which they are incurred.

The Group uses the cost model for subsequent measurement of its investment property. The accounting policy for depreciation and amortisation of investment property is the same as that for buildings and land use rights.

13. Fixed assets

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meets the recognition criteria is included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced is derecognised. Otherwise, such expenditure is recognised in profit or loss for the period in which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the assets is considered. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Depreciation is calculated using the straight-line method. The estimated useful lives, estimated residual values and annual depreciation rates of fixed assets are as follows:

	Estimated useful life	Estimated residual value	Annual depreciation rate
Buildings	20–45 years	5–10%	2.0–4.8%
Terminal facilities	50 years	5–10%	1.8–1.9%
Oil tanks and pipelines	18–28 years	4–5%	3.4–5.3%
Loading equipment	10–20 years	5–10%	4.5–9.5%
Transportation equipment	7–10 years	5–10%	9.0–13.6%
Vessels	28 years	5%	3.4%
Storage facilities	40 years	0–10%	2.3–2.5%
Machinery and equipment	12 years	5%	7.9%
Other equipment	5–11 years	4–10%	8.2–19.2%

Where the individual component parts of an item of fixed assets have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end, and makes adjustments if necessary.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

III. Significant accounting policies and estimates (continued)

14. Construction in progress

The cost of construction in progress is determined according to the actual expenditure incurred for the construction, including all necessary construction expenditure incurred during the construction period, borrowing costs that are capitalised before the construction gets ready for its intended use and other relevant expenses.

Construction in progress is transferred to fixed assets or intangible assets when the asset is ready for its intended use.

15. Assets related to contract costs

The Group's assets relating to contract costs include costs of obtaining a contract and costs to fulfil a contract. The assets are presented as inventories, other current assets and other non-current assets based on liquidity.

The Group shall recognise as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs.

If the costs incurred in fulfilling a contract with a customer are not within the scope of other standards (for example, inventories, fixed assets or intangible assets), the Group shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- (1) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify, including direct labor cost, directly material cost, manufacturing overheads (or similar expenditure), costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because the Group has entered into the contract;
- (2) the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and
- (3) the costs are expected to be recovered.

The Group amortises the asset relating to contract costs on a basis that is consistent with the revenue recognition relating to the asset and recognises it in profit or loss.

The Group shall recognise an impairment loss in profit or loss to the extent that the carrying amount of an asset relating to contract costs exceeds:

- (1) the remaining amount of consideration that the entity expects to receive in exchange for the goods to which the asset relates; less
- (2) the costs that relate directly to providing those goods.

The Group shall recognise in profit or loss a reversal of an impairment loss previously recognised when the impairment conditions changes and the difference of (1) and (2) is higher than the carrying amount of the asset. The increased carrying amount of the asset shall not exceed the amount that would have been determined if no impairment loss had been recognised previously.

III. Significant accounting policies and estimates (continued)

16. Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred. Qualifying assets are assets (fixed assets, investment properties, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (1) Expenditures for the asset are being incurred;
- (2) Borrowing costs are being incurred; and
- (3) Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised as an expense in the period in which they are incurred.

During the capitalisation period, the amount of interest to be capitalised for each accounting period is determined as follows:

- (1) Where funds are borrowed for a specific purpose, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.
- (2) Where funds are borrowed for a general purpose, the amount of interest to be capitalised on such borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted for a continuous period of more than three months by activities other than those necessary to prepare the asset for its intended use or sale. Borrowing costs incurred during these periods are recognised as an expense for the current period when the acquisition, construction or production is resumed.

Notes to the Financial Statements (continued)

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III. Significant accounting policies and estimates (continued)

17. Intangible assets

An intangible asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination not under common control is the fair value as at the date of acquisition.

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The useful lives of the intangible assets are as follows:

	Useful life
Land use right	50 years
Port information platform	10 years
Customer relationships	10 years
Container flat vehicle use right	10 years
Software	2–10 years
Golf membership	10–46 years
Sea area use right	10–50 years
Port facilities use right	50 years

Land use rights that are purchased by the Group are accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Group, and the relevant land use rights and buildings, are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at least at each financial year-end and makes adjustment if necessary.

18. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, deferred income taxes, financial assets, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination and an intangible asset with an indefinite useful life are tested for impairment at least at each year-end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

III. Significant accounting policies and estimates (continued)

18. Impairment of assets (continued)

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or the asset group.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is treated as an impairment loss and is recognised in profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or a set of asset groups that is able to benefit from the synergies of the business combination and is not larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group firstly tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and recognises any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, and compares the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than its carrying amount, the amount of the impairment loss firstly reduces the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then reduces the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

Once the above impairment loss is recognised, it cannot be reversed in the subsequent accounting periods.

19. Long-term prepaid expenses

Long-term prepaid expenses are amortised using the straight-line method over their expected beneficial periods which are as follows:

	Beneficial period
Public facilities in bonded ports	20 years
Building decoration	5 years
Others	2–5 years

Notes to the Financial Statements (continued)

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III. Significant accounting policies and estimates (continued)

20. Employee benefits

Employee benefits are all forms of considerations given by the Group in exchange for services rendered by its employees or for the termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by the Group to employees' spouse, children, dependents, families of deceased employees and other beneficiaries also belong to employee benefits.

Short-term employee benefits

The employee benefit liabilities are recognised in the accounting period in which services are rendered by the employees, with a corresponding charge to profit or loss for the current period or the cost of the relevant assets.

Post-employment benefits (defined contribution plan)

Employees of the Group participate in the endowment insurance and unemployment insurance plans managed by local governments as well as enterprise annuity, and the relevant expenditure is recognised, when incurred, in the cost of the relevant assets or profit or loss for the current period.

Termination benefits

Where the Group provides termination benefits to its employees, the employee remuneration liabilities arising from the termination benefits are recognised in profit or loss for the current period upon the occurrence of the earlier of the following: when termination benefits provided as a result of termination of an employment plan or downsizing proposal which cannot be unilaterally withdrawn by an entity; and when reorganization-related costs or expenses involving payment of termination benefits are recognised by an entity.

Other long-term employee benefits

Other long-term benefits provided to the employees are net debt liabilities or net assets of other long-term employee benefits recognised or measured according to the requirements applicable to post-employment benefits. Changes arising from the measurement will be recognised in profit or loss or cost of the relevant assets for the current period.

21. Provisions

Except for a contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

III. Significant accounting policies and estimates (continued)

22. Revenue

The Group has fulfilled its performance obligations of the contract from which the revenue is recognised when the customers take control of the relevant goods or services. Taking control of the relevant goods or services means being able to dominate the use of the goods or the provision of the services and obtain almost all of the economic benefits from them.

Revenue from the sale of goods

The revenue from the sale of goods usually contains the obligation of transferring the goods. The Group recognises the revenue at the delivery of goods in consideration of the following aspects: the present rights of payment for the delivery of goods; the transfer of all the significant risks and rewards of ownership of goods to the customer; the transfer of the legal ownership of goods to the customer; the transfer of the physical goods to the customer; and the acceptance of the customer.

Revenue from the rendering of services

The revenue from the rendering of services usually contains the port operations services and transportation services. Since the customer simultaneously obtains and consumes the related benefits from the performance of the Group, the Group recognises the revenue as an obligation over time based on the progress of performance, unless that it cannot be measured reliably. The Group determines the progress of performance based on the input method. When the progress of performance cannot be measured reliably, the Group recognises the revenue as the actual costs which are expected to be recoverable until the progress of performance can be measured reliably.

Significant financing components

For the existence of significant financing components in the contract, the Group determines the transaction price based on the amount receivable immediately by cash from port operations, and uses the discount rate which discounts the nominal amount of the contract consideration to the discounted price of the services to amortise the difference between the determined transaction price and the consideration amount of the contract commitment using the effective interest method during the contract period.

Principal versus agent evaluation

For the trade business, the Group obtains the control of the goods from the third party and transfers it to the customer. The Group has the discretion in establishing the price for the goods. This indicates that the Group has the ability to control the goods before it is transferred to the customer; For freight forwarding business, the Group has the ability to direct the third party to provide transportation and other services to the customer on the Group's behalf. The Group is primarily responsible for fulfilling the promise to provide the transportation services and the Group has the discretion in establishing the price for the services. Therefore, the Group is a principal and recognises revenue in the gross amount of consideration it has received or expects to receive. Otherwise, the Group is an agent and recognises the revenue in the amount of commission or any fee it expects to be entitled to receive. The amount should be the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or determined at a fixed amount or percentage of commission.

Interest income

Interest income is determined by using the effective interest method, based on the length of time for which the Group's cash is used by others.

Notes to the Financial Statements (continued)

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III. Significant accounting policies and estimates (continued)

23. Government grants

Government grants are recognised only when the attached conditions are met and they can be received. Government grants are measured at the amount received or receivable when in the form of a monetary asset, and at fair value when in the form of a non-monetary asset. Where the fair value is not reliably determinable, the government grants are measured at the nominal amount.

Government documents stipulate that if the long-term assets are obtained by acquisitions, constructions or other forms, the grants should be recognised as the government grants related to assets. If the government documents are unclear, they should be judged on the basis of the basic conditions necessary for obtaining such grants, if the long-term assets are obtained by acquisitions, constructions or other forms, the grants should be recognised as the government grants related to assets, and the others should be recognised as income-related government grants.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised or adjusted against the relevant cost; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period or is adjusted against the relevant cost.

Government grants related to assets are adjusted against the book value of the assets or recognised as deferred income and evenly distributed in profit or loss over the useful period of related assets in a reasonable and systematic way. Government grants measured at their nominal amounts shall be recognised immediately in profit or loss for the current period. If the relevant assets are sold, transferred, disposed of or ruined before their useful life ends, the undistributed relevant deferred income shall be transferred to the gain from asset disposal for the current period.

24. Income tax

Income tax comprises current and deferred tax. Income tax is recognised as income or an expense in profit or loss for the current period, or recognised directly in shareholders' equity if it arises from a business combination or relates to a transaction or event which is recognised directly in shareholders' equity.

Current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

For temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the carrying amounts and the tax bases of items which have not been recognised as assets and liabilities but the tax bases of which can be determined for tax purposes, deferred taxes are provided using the liability method.

III. Significant accounting policies and estimates (continued)

24. Income tax (continued)

A deferred tax liability is recognised for all taxable temporary differences, except:

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: (i) the transaction is not a business combination; and (ii) at the time of the transaction, it affects neither accounting profit nor taxable profit or deductible loss; and
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

A deferred tax asset is recognised for deductible temporary differences, carryforward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of deductible tax losses and tax credits can be utilised, except:

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, neither the accounting profit nor taxable profit or loss is affected; and
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

When all of the following conditions are satisfied simultaneously, the deferred income tax assets and deferred income tax liabilities are listed as the net amount after offsetting: the Group has a legal right to settle current tax assets and liabilities on a net basis; the deferred taxes are related to the same tax payer within the Group and the same taxation authority, or related to different tax payers but during the period when each of the significant deferred income tax assets and deferred income tax liabilities is reversed and the tax payer involved intends to settle the current income tax asset and current income tax liability on a net basis, or simultaneously obtain assets and pay off the debts.

Notes to the Financial Statements (continued)

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III. Significant accounting policies and estimates (continued)

25. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. An operating lease is a lease other than a finance lease.

As the lessee of an operating lease

Lease payments under an operating lease are recognised by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period. Contingent rents are charged to profit or loss in the period in which they actually arise.

As the lessor of an operating lease

Rent income under an operating lease is recognised by a lessor on a straight-line basis over the lease term through profit or loss. Contingent rents are charged to profit or loss in the period in which they actually arise.

As the lessee of a finance lease

The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments and the long-term payable is recorded at the amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge and is amortised using the effective interest method over the period of the lease. Contingent rents are charged to profit or loss in the period in which they actually arise.

26. Profit distribution

Cash dividends of the Company are recognised as a liability when they are approved by the shareholders in general meetings.

27. Safety production expenses

The safety production expenses accrued in accordance with the regulations are recorded in the relevant product cost or profit or loss of the current period and the special reserve. The treatment for usage of the safety production expenses depends on whether fixed assets are formed or not. If the usage of the safety production expenses is of expenditure, it is directly reversed against the special reserve. If the usage of the safety production expenses forms fixed assets, the expenditure incurred is accumulated and recognised as fixed assets when the intended usage condition is achieved. Meanwhile, the special reserve of an equivalent amount is reversed and recognised as accumulated depreciation.

28. Fair value measurement

The Group measures its financial products and other equity instrument investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement of the related assets and liabilities at fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market is accessible by the Group as at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

III. Significant accounting policies and estimates (continued)

28. Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at each balance sheet date.

29. Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimations and assumption that affect the reported amounts and disclosures of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimations could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Operating leases – the Group as lessor

The Group has entered into operating leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Notes to the Financial Statements (continued)

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III. Significant accounting policies and estimates (continued)

29. Significant accounting judgements and estimates (continued)

Judgements (continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Determination of progress towards complete satisfaction of the performance obligations for port operation contracts

The Group uses the input method to determine the progress towards complete satisfaction of the performance obligations for the port operation contracts. To be specific, the Group determines the progress towards complete satisfaction of the performance obligations on the basis of the percentage of the accumulative actual port operation costs incurred to the expected total costs and recognises the revenue accordingly. The accumulative actual costs include all the direct and indirect costs incurred during the process of providing port operation services to the customers.

The business model

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial assets. When determining whether the business model is still likely to be based on the collection of contractual cash flows, the Group needs to analyse the sale of financial assets before the maturity date. It also requires judgement whether the sale is incidental or whether the value of the sale is low.

The contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to judge whether the contractual cash flows are solely the payments of the principal and the interest based on the outstanding principal, the correction of the time value of the currency is included. In the assessment, it is necessary to judge whether there is a significant difference compared with the benchmark cash flows, and for the financial assets including the prepayment characteristics, it is necessary to judge whether the fair value of the early repayment characteristics is very small.

III. Significant accounting policies and estimates (continued)

29. Significant accounting judgements and estimates (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgements and estimations, and all reasonable and evidenced information, including forward-looking information, should be considered. In making such judgements and estimations, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks.

Useful lives and residual values of fixed assets

The Group's management determines the estimated useful lives and residual values of fixed assets and consequently related depreciation charges. This estimate is based on the historical experience of the actual useful lives and residual values of fixed assets of similar nature and functions. It can change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives and residual values are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of non-current assets other than financial assets and goodwill

The Group assesses whether there are any indicators of impairment for all non-financial assets at each balance sheet date. Intangible assets with uncertain useful lives are tested for impairment each year and whenever there are any indicators of impairment. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether the goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from an asset group or set of asset groups and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to the Financial Statements (continued)

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III. Significant accounting policies and estimates (continued)

29. Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

Impairment of inventories

Allowance for inventories represents the provision for impairment of inventories where costs are higher than net realizable value. Management's judgements and estimates are required for determining inventory impairment on the basis of clear evidence, purpose of holding the inventories, effect of subsequent events and other factors. The difference between the actual results and the original estimates and the changes in estimates will affect the carrying amount of inventories and the provision or reversal of impairment of inventories.

30. Changes in accounting policies

In 2017, the MOF announced the revised "Accounting Standards for Business Enterprises No.14 – Revenue" (the "New Revenue Standard"), "Accounting Standards for Business Enterprises No.22 – Recognition and Measurement for Financial Instruments", "Accounting Standard for Business Enterprises No.23 – Transfer of Financial Assets", "Accounting Standard for Business Enterprises No.24 – Hedging" and "Accounting Standard for Business Enterprises No.37 – Presentation of Financial Instruments" (the "New Financial Instruments Standard"). The Group started to implement the abovementioned newly revised standards from 1 January 2018. According to the convergence rules, the information for the comparative period is be adjusted and the opening retained profits or other comprehensive income is retrospectively adjusted for the difference between the new standards and the existing standards on the date of adoption of the new standards.

The New Revenue Standard

The New Revenue Standard establishes a new revenue recognition model for regulating the recognition of revenue generated from contracts with customers. According to the New Revenue Standard, an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. At the same time, the New Revenue Standard also regulates the judgements and estimates required for each aspect of revenue recognition.

During the current period, the Group adopted the New Revenue Standard. For the contract revenue for which the performance obligation has not been completely satisfied at the opening of the current period, according to the convergence rules of the New Revenue Standard and based on the progress towards complete satisfaction of the performance obligation at the balance sheet date, the Group decreased the opening accounts receivable under current assets by RMB11,467,128.67, increased the opening deferred tax assets under non-current assets by RMB2,866,782.17 and decreased the opening retained profits under shareholders' equity by RMB8,600,346.50.

The New Financial Instruments Standard

The New Financial Instruments Standard changes the classification and measurement of financial assets and determines three measurement categories: financial assets at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss. An entity should consider both the business model for managing the financial assets and the financial asset's contractual cash flow characteristics to classify the financial assets. Equity investments shall be measured at fair value through profit or loss. However, an entity can elect to designate the equity investments measured to be at fair value through other comprehensive income (The disposal gain or loss cannot be transferred to profit or loss, but the dividend can be recognised in profit or loss.) at the date of initial recognition and the election is irrevocable.

III. Significant accounting policies and estimates (continued)**30. Changes in accounting policies (continued)*****The New Financial Instruments Standard (continued)***

The New Financial Instruments Standard requires the “expected credit loss model” for recognition and measurement of impairment of financial assets instead of the “objective evidence of impairment model”. The expected credit loss model is applicable for the financial assets measured at amortised cost or fair value through other comprehensive income, loan commitments and financial guarantee contracts.

On the date of adoption, the Group classified and measured the financial assets in accordance with the recognition and measurement requirements of the revised financial instrument standards. The reconciliation between the carrying amounts of the original financial assets and the new financial assets under the New Financial Instruments Standard is as follows:

Consolidated balance sheet

	Before changes in accounting policies on 31 December 2017	Reclassification	Remeasurement	After changes in accounting policies on 1 January 2018
Assets				
Financial assets at fair value through profit or loss	5,050,497.50	(5,050,497.50)	–	–
Financial assets held for trading	–	155,050,497.50	–	155,050,497.50
Notes receivable and accounts receivable (note)	1,201,883,882.80	–	(21,270,949.01)	1,180,612,933.79
Other receivables (note)	606,274,255.10	–	(19,601,035.40)	586,673,219.70
Other current assets	255,836,964.53	(150,000,000.00)	–	105,836,964.53
Available-for-sale financial assets	159,423,791.18	(159,423,791.18)	–	–
Other equity instrument investments	–	159,423,791.18	35,107,760.97	194,531,552.15
Deferred tax assets	66,000,514.39	–	10,113,301.56	76,113,815.95
	2,294,469,905.50	–	4,349,078.12	2,298,818,983.62
Liabilities				
Deferred tax liabilities	117,258,611.27	–	8,776,940.25	126,035,551.52

Notes to the Financial Statements (continued)

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III. Significant accounting policies and estimates (continued)

30. Changes in accounting policies (continued)

The New Financial Instruments Standard (continued)

Consolidated balance sheet (continued)

	Before changes in accounting policies on 31 December 2017	Reclassification	Remeasurement	After changes in accounting policies on 1 January 2018
Equity attributable to shareholders of the parent				
Other comprehensive income	29,398,184.15	(48,003,000.00)	25,402,851.42	6,798,035.57
Other comprehensive income that will be subsequently reclassified to profit or loss	29,398,184.15	(159,633.73)	–	29,238,550.42
Including: changes in fair value of available-for-sale financial assets	159,633.73	(159,633.73)	–	–
Including: translation differences on translation of foreign currency financial statements	29,238,550.42	–	–	29,238,550.42
Other comprehensive income that will not be reclassified to profit or loss	–	(47,843,366.27)	25,402,851.42	(22,440,514.85)
Including: changes in fair value of other equity instrument investments	–	(47,843,366.27)	25,402,851.42	(22,440,514.85)
Retained earnings	1,416,071,539.76	48,003,000.00	(26,458,357.56)	1,437,616,182.20
	1,445,469,723.91	–	(1,055,506.14)	1,444,414,217.77
Minority interests	2,559,868,709.22	–	(3,372,355.99)	2,556,496,353.23
	4,005,338,433.13	–	(4,427,862.13)	4,000,910,571.00

Note: In accordance with the New Financial Instruments Standard, the Group has adopted the “expected credit loss model” instead of “objective evidence of impairment model” in the measurement of impairment of financial assets since 1 January 2018.

III. Significant accounting policies and estimates (continued)**30. Changes in accounting policies (continued)****Presentation of financial statements**

In accordance with the “Notice on the Revision and Issuance of the Financial Statements Presentation of General Enterprises for the Period Ended 30 June 2018” (Caikuai [2018] No. 15), except for the changes in the presentation of financial statements due to the adoption of the New Financial Instruments Standard and the New Revenue Standard, the Group combined “notes receivable” and “accounts receivable” to form a new account “notes receivable and accounts receivables”, combined “dividends receivable” and “interests receivable” to a new account “other receivables”, include “fixed assets pending for disposal” in the account “fixed assets”, combined “notes payable” and “accounts payable” to a new account “notes payable and accounts payable”, and separately present “research and development expenses” from the account “general and administrative expenses”, separately present “interest expense” and “interest income” from the account “financial expenses” in the income statement. The Group has retrospectively adjusted the comparative financial statements. The above changes in accounting policies has had no impact on the consolidated and the Company’s net profit and shareholders’ equity. The main impact of the retrospective adjustments on the Group’s consolidated financial statements as at 31 December 2017 which resulted from the changes in the accounting policies is as follows:

Consolidated balance sheet

	Before changes in accounting policies 31 December 2017	Reclassification	After changes in accounting policies 1 January 2018
Assets			
Notes receivable	175,462,684.29	(175,462,684.29)	-
Accounts receivable	1,026,421,198.51	(1,026,421,198.51)	-
Notes receivable and accounts receivable	-	1,201,883,882.80	1,201,883,882.80
Dividends receivable	87,229,387.64	(87,229,387.64)	-
Interests receivable	43,642,176.75	(43,642,176.75)	-
Other receivables	475,402,690.71	130,871,564.39	606,274,255.10
Fixed assets pending for disposal	3,680,222.04	(3,680,222.04)	-
Fixed assets	16,857,245,435.83	3,680,222.04	16,860,925,657.87
Liabilities			
Accounts payable	380,389,360.83	(380,389,360.83)	-
Notes payable and accounts payable	-	380,389,360.83	380,389,360.83

Consolidated income statement

	Before changes in accounting policies 2017.1-6 (unaudited)	Reclassification	After changes in accounting policies 2017.1-6 (unaudited)
Profits			
General and administrative expenses	298,075,478.70	(6,016,359.68)	292,059,119.02
Research and development expenses	-	6,016,359.68	6,016,359.68

Notes to the Financial Statements (continued)

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IV. Taxation

1. Major tax items and rates

Value added tax	–	Before 1 May 2018, output VAT is calculated respectively at 6%, 17% 11%, 5%, 6% and 11% on the port handling services, sales of goods, entrusted loans, construction services, leasing services, labor dispatching and steam, water and gas supply services and is levied after deducting deductible input VAT for the current period. The aforesaid tax rate is changed in 6%, 16%, 6%, 10%, 5%, 6% and 10% respectively after 1 May 2018.
City maintenance and construction tax	–	It is levied at 7% on the VAT paid.
Educational surcharge	–	It is levied at 5% on the VAT paid.
Property tax	–	It is calculated at a tax rate of 1.2% based on 70% of costs of properties or a tax rate of 12% based on rental income.
Corporate income tax (“CIT”)	–	It is levied at 25% on the taxable profit, except for certain subsidiaries 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 at the respective applicable tax rate based on its pollutant equivalent or emissions.

2. Tax preferences

Land use tax

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

VAT

According to the Circular on Related Tax Policies of Encouraging Industry Development of Software and Integrated Circuit by the Ministry of Finance, State Administration of Taxation and General Administration of Customs (Cai Shui [2000] No.25) and Clause 1.1 of the Circular on Policies of Further Encouraging Industry Development of Software and Integrated Circuit (Guo Fa [2011] No. 4), VAT paid by those VAT ordinary tax payers who sell self-developed software which is 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. are entitled to the aforesaid preferential tax policy.

IV. Taxation (continued)

2. Tax preferences (continued)

CIT

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

On 29 November 2017, Dalian Port Logistic Network Co., Ltd., a subsidiary of the Group, obtained the Certificate of the High and New Technological Enterprise (No. GR201721200058) issued by the 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.

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

Under Article 28 of the Corporate Income Tax Law of the People's Republic of China, the income tax rate applicable to the above three companies for the six months ended 30 June 2018 was 15%.

V. Notes to key items of the consolidated financial statements

1. Cash and bank balances

	30 June 2018 (unaudited)	31 December 2017
Cash	70,549.37	732,794.91
Bank deposits	6,291,314,903.65	7,482,527,341.22
Other cash balances	7,730,942.27	24,657,030.46
	6,299,116,395.29	7,507,917,166.59

As at 30 June 2018, cash and bank balances of RMB6,589,694.60 were restricted as to use (31 December 2017: RMB23,571,472.79) (Note V. 56).

As at 30 June 2018, the Group held cash and bank balances of RMB293,531,500.62 (31 December 2017: RMB895,794,099.50) that were deposited overseas.

Interest income earned on current deposits is calculated by using the current deposit interest rate. Short-term time deposits vary from seven days to six months depending on the cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

2. Financial assets at fair value through profit or loss

31 December 2017

Financial assets at fair value through profit or loss Investments in equity instruments	5,050,497.50
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The fair value of the investments in equity instruments held for trading is determined at the closing price of the Shanghai Stock Exchange and Shenzhen Stock Exchange on the last trading day of the year.

3. Financial assets held for trading

	30 June 2018 (unaudited)	Profit or loss in the current period
Financial assets at fair value through profit or loss Debt instrument investments (Note 1)	532,976,186.30	4,164,261.12
Equity instrument investments (Note 2)	5,978,127.50	184,265.57
	538,954,313.80	4,348,526.69

Note 1: The Group purchased financial products of RMB100,000,000.00 from Harbin Bank, which are mainly invested in money market instruments with an expected annual yield rate of 4.80% and a maturity date on 16 July 2018.

The Group purchased structured deposits of RMB50,000,000.00 from DBS Bank, which are mainly invested in money market instruments with an expected annual yield rate of 4.20% and a maturity date on 6 July 2018.

The Group purchased structured deposits of RMB200,000,000.00 from Bank of Communications, which are mainly invested in money market instruments with an expected annual yield rate of 4.30% and a maturity date on 7 August 2018.

The Group purchased structured deposits of RMB100,000,000.00 from CITIC Bank, which are mainly invested in money market instruments with an expected annual yield rate of 4.00% and a maturity date on 20 July 2018.

The Group purchased structured deposits of RMB80,000,000.00 from Harbin Bank, which are mainly invested in money market instruments with an expected annual yield rate of 4.28% and a maturity date on 13 August 2018.

Note 2: Equity instrument investments represent stocks of A-share listed companies. The fair value is determined at the closing price of the Shanghai Stock Exchange and Shenzhen Stock Exchange on the last trading day of the period.

Notes to the Financial Statements (continued)

30 June 2018
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V. Notes to key items of the consolidated financial statements (continued)

4. Notes receivable and accounts receivable

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

Notes receivable

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

As at the balance sheet date, notes receivable which were endorsed or discounted but undue yet were as follows:

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

As at 30 June 2018, there were no notes receivable pledged (31 December 2017: Nil).

As at 30 June 2018, there were no discounted notes or notes that were recognised as accounts receivable due to issuers' failure in performance (31 December 2017: Nil).

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

4. Notes receivable and accounts receivable (continued)

Accounts receivable

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

An ageing analysis of accounts receivable based on their recording dates is as follows:

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

Movements in the provision for bad debts are as follows:

	Opening balance	Accrual	Reversal	Disposal of a subsidiary	Write-off	Closing balance
2018.1-6 (Note) (unaudited)	46,720,189.36	7,771,217.79	-	(25,426,029.53)	-	29,065,377.62
2017	148,000.00	25,301,240.35	-	-	-	25,449,240.35

Note: The Group has adopted the New Financial Instruments Standards from 1 January 2018. On the date of adoption, the Group remeasured the impairment provision for the original financial assets in accordance with the New Financial Instruments Standards as at 31 December 2017. Refer to Note III. 30. Change in accounting policies.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

4. Notes receivable and accounts receivable (continued)

Accounts receivable (continued)

	30 June 2018 (unaudited)			
	Closing balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts made on the individual basis	65,078,231.28	5.77	6,156,983.30	9.46
Provision for bad debts made on the credit risk characteristics grouping basis	1,063,427,346.74	94.23	22,908,394.32	2.15
	1,128,505,578.02	100.00	29,065,377.62	

The bad debt provision for accounts receivable using the aging analysis method is as follows:

	30 June 2018 (unaudited)		
	Closing balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
Within 1 year	1,027,534,578.24	0.7%	7,192,742.05
1 to 2 years	21,886,300.55	25%	5,471,575.14
2 to 3 years	10,369,146.72	70%	7,258,402.70
3 to 4 years	2,606,587.23	75%	1,954,940.43
4 to 5 years	–	90%	–
Over 5 years	1,030,734.00	100%	1,030,734.00
	1,063,427,346.74		22,908,394.32

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

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

4. Notes receivable and accounts receivable (continued)

Accounts receivable (continued)

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

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

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

As at 31 December 2017, the accounts receivable of King Port Auto due from Dalian Jiuru Automobile Sales and Service Co., Ltd. were RMB20,162,272.91. The Company is out of business due to the death of the legal representative. After applying for property preservation of the assets valued RMB10,000,000.00 from the Intermediate People's Court of Dalian Municipality, the Group considered that the recoverability of the remaining accounts receivable is uncertain and made provision for bad debts at 50% of the remaining accounts receivable.

During the current period, the Group transferred its entire equity interests in King Port Auto to PDA. From 30 June 2018, King Port Auto was not included in the Group's consolidation scope. Refer to Note VI. Changes in the consolidation scope.

From January to June 2018, the Group made provision for bad debts of RMB7,771,217.79 (2017: RMB25,301,240.35). There was no collection of bad debts written-off (2017: RMB10,000.00). There was no write-off of accounts receivable (2017: Nil).

As at 30 June 2018, a summary of the top five accounts receivable was as follows (unaudited):

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

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

4. Notes receivable and accounts receivable (continued)

Accounts receivable (continued)

As at 31 December 2017, a summary of the top five accounts receivable was as follows:

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

5. Prepayments

An ageing analysis of prepayments is as follows:

	30 June 2018 (unaudited)		31 December 2017	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	92,696,414.97	98.14	151,102,785.62	94.77
1 to 2 years	1,264,230.16	1.34	5,227,343.03	3.28
2 to 3 years	426,520.00	0.45	3,042,936.78	1.91
Over 3 years	62,126.40	0.07	62,126.40	0.04
	94,449,291.53	100.00	159,435,191.83	100.00

As at 30 June 2018, prepayments with ageing over one year amounted to RMB1,752,876.56 (31 December 2017: RMB8,332,406.21) which represent advances to suppliers. Since the transactions involved are not yet finished, these amounts have not been settled yet.

As at 30 June 2018, a summary of the top five prepayments was as follows (unaudited):

	Balance	% of total balance
Total balances of top five prepayments	53,742,384.72	56.90

As at 31 December 2017, a summary of the top five prepayments was as follows:

	Balance	% of total balance
Total balances of top five prepayments	92,224,036.84	57.84

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

6. Other receivables

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

Note 1: On 31 October 2017, Dalian Container Terminal Co., Ltd., a subsidiary of the Group merged with Dalian Port Container Terminal Co., Ltd. Due to restrictions in laws and regulations, Dalian Port Container Terminal Co., Ltd. still needs to retain funds for the payment of dividends before liquidation. The Group received the dividend in July 2018.

Note 2: Receivables of advances for automobiles and bills of exchange represent the other receivables of King Port Auto. During the current period, the Group transferred its entire equity interests in King Port Auto to PDA. From 30 June 2018, King Port Auto has not been included in the Group's consolidation scope. Refer to Note VI. Changes in the consolidation scope.

Management of the Group is of the opinion that no impairment provision was necessary for interest receivable and dividends receivable at the balance sheet date.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

6. Other receivables (continued)

An ageing analysis of other receivables is as follows:

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

Movements in the provision for bad debts of expected credit loss for the entire duration are as follows:

	Opening balance	Accrual	Reversal	Disposal of a subsidiary	Write-off	Closing balance
2018.1-6 (Note) (unaudited)	48,234,211.19	4,451,568.65	-	(27,865,971.81)	-	24,819,808.03
2017	1,061,192.97	27,571,982.82	-	-	-	28,633,175.79

Note: The Group has adopted the New Financial Instruments Standards from 1 January 2018. On the date of adoption, the Group remeasured the impairment provision for the original financial assets in accordance with the New Financial Instruments Standards as at 31 December 2017. Refer to Note III. 30. Change in accounting policies.

	30 June 2018 (unaudited)			
	Closing balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts made on the individual basis	1,061,192.97	0.22	1,061,192.97	100.00
Provision for bad debts made on the credit risk characteristics grouping basis	471,706,252.91	99.78	23,758,615.06	5.04
	472,767,445.88	100.00	24,819,808.03	

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

6. Other receivables (continued)

The bad debt provision for other receivables using the aging analysis method is as follows:

	30 June 2018 (unaudited)		
	Closing balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
Within 1 year	417,505,804.52	1%	4,175,058.05
1 to 2 years	26,027,843.08	15%	3,904,176.45
2 to 3 years	16,477,835.62	35%	5,767,242.47
3 to 4 years	4,883,149.33	75%	3,662,362.00
4 to 5 years	2,809,221.34	80%	2,247,377.07
Over 5 years	4,002,399.02	100%	4,002,399.02
	471,706,252.91		23,758,615.06

On 31 December 2017, the Group made a total provision of RMB28,633,175.79 for other receivables with individually significant and insignificant amounts.

As at 31 December 2017, other receivables with amounts that were individually significant and related provision for the debts made on the individual basis are as follows:

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

Note: As at 31 December 2017, King Port Auto, a subsidiary of the Group, had receivables of RMB157,920,105.67 due from Dalian Bohui, which were derived from the automobile trading agency business. Out of which RMB102,776,140.03 related to automobiles in litigation preservation as at the reporting date and the Group considered that no provision was needed. Considering the uncertainty on the recoverability of the remaining receivables, provisions for bad debts of RMB55,143,965.64 of the remaining other receivables were made at 50% of the balances. During the current period, the Group transferred its entire equity interests in King Port Auto to PDA. Since 30 June 2018, King Port Auto has not been included in the Group's consolidation scope. Refer to Note VI. Changes in the consolidation scope.

From January to June 2018, the provision for bad debts was RMB4,451,568.65 (2017: RMB27,571,982.82). There was no recovery or reversal of provision for bad debts as well as other receivables written-off from January to June 2018 and 2017.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

6. Other receivables (continued)

As at 30 June 2018, a summary of the top five other receivables was as follows (unaudited):

	Balance	Provision for bad debts	% of total balance
Total balances of top five other receivables	312,337,835.85	7,946,962.51	66.07

As at 31 December 2017, a summary of the top five other receivables was as follows:

	Balance	Provision for bad debts	% of total balance
Total balances of top five other receivables	332,531,849.13	27,571,982.82	65.97

As at 30 June 2018, the receivables from government grants were as follows:

	Government grants	Balance	Ageing	Basis of estimated collection
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	4,617,610.00	Within 1 year	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
PDA Group Zhuanghe Terminal Co., Ltd.	Subsidy for container freight	3,000,000.00	Within 2 years	Application Report for Subsidy of Container Business in Zhuanghe Port in 2017
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Operation subsidy	3,359,192.00	Within 3 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone
Dalian Container Terminal Co., Ltd.	Education subsidy	300,000.00	Within 1 year	Notice on 2018 High Skilled Talents Going Aboard Further Training
		<u>11,276,802.00</u>		

Notes to the Financial Statements (continued)

30 June 2018
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V. Notes to key items of the consolidated financial statements (continued)

6. Other receivables (continued)

As at 31 December 2017, the receivables from government grants were as follows:

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

7. Inventories

	30 June 2018 (unaudited)			31 December 2017		
	Closing balance	Provision	Carrying amount	Closing balance	Provision	Carrying amount
Raw materials	81,894,975.32	7,803,794.80	74,091,180.52	79,681,233.82	7,803,794.80	71,877,439.02
Goods in stock	65,392,090.58	-	65,392,090.58	630,000,477.62	7,054,584.56	622,945,893.06
Turnover materials	7,985,982.28	-	7,985,982.28	7,862,202.50	-	7,862,202.50
	<u>155,273,048.18</u>	<u>7,803,794.80</u>	<u>147,469,253.38</u>	<u>717,543,913.94</u>	<u>14,858,379.36</u>	<u>702,685,534.58</u>

As at 30 June 2018, there was no inventory pledged as collateral (as at 31 December 2017, inventories with a carrying amount of RMB327,114,425 and relevant documents of import business were pledged as collateral for the bank borrowings of RMB308,692,031.66). Refer to Note V. 56.

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

7. Inventories (continued)

Movements in the inventory provision are as follows:

30 June 2018 (unaudited)

	Opening balance	Provision	Decrease		Disposal of a subsidiary	Closing balance
			Reversal	Write-off		
Raw materials	7,803,794.80	-	-	-	-	7,803,794.80
Goods in stock	7,054,584.56	-	-	-	(7,054,584.56)	-
	14,858,379.36	-	-	-	(7,054,584.56)	7,803,794.80

31 December 2017

	Opening balance	Provision	Decrease		Closing balance
			Reversal	Write-off	
Raw materials	7,803,889.80	-	(95.00)	-	7,803,794.80
Goods in stock	-	7,054,584.56	-	-	7,054,584.56
	7,803,889.80	7,054,584.56	(95.00)	-	14,858,379.36

8. Other current assets

	30 June 2018 (unaudited)	31 December 2017
Financial products	-	150,000,000.00
Input VAT to be deducted	85,759,417.50	87,366,638.22
Input VAT to be verified	762,552.82	6,108,242.61
Prepaid income tax	676,115.23	12,362,083.70
	87,198,085.55	255,836,964.53

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

9. Available-for-sale financial assets

	31 December 2017		
	Closing balance	Provisions	Carrying amount
Available-for-sale equity instruments			
Measured at fair value (Note 1)	65,357,520.86	49,496,421.18	15,861,099.68
Measured at cost Unlisted enterprises' equity (Note 2)	143,562,691.50	–	143,562,691.50
	208,920,212.36	49,496,421.18	159,423,791.18

Movements in the provision for available-for-sale financial assets are as follows:

	Opening balance	Provision	Translation differences of foreign currency financial statements	Closing balance
Unlisted enterprises' equity	52,966,280.72	–	(3,469,859.54)	49,496,421.18

Note 1: The available-for-sale equity instruments measured at fair value represent an investment of an approximately 0.24% shareholding of Sinotrans Shipping Limited (a company listed on the Main Board of the Stock Exchange of Hong Kong, the stock code of which is 00368) by strategic allotment. Such available-for-sale H shares are measured at fair value.

	31 December 2017
Cost	65,197,887.13
Accumulated in other comprehensive income	159,633.73
Accumulated provision for impairment	(49,496,421.18)
Fair value	15,861,099.68

Note 2: The available-for-sale equity instruments measured at cost mainly include the unlisted equity investments held by the Group which are not quoted in an active market and whose fair value cannot be reliably measured. The Group has no plan to dispose of these investments. The details are as follows:

	31 December 2017 Investment cost	Shareholding (%)	Cash dividend in 2017
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd.	60,000,000.00	15.00	–
Jinzhou New Age Container Terminal Co., Ltd.	52,843,634.00	15.00	–
Dalian Xin Bei Liang Co., Ltd.	16,184,400.00	5.89	–
Fujian Ninglian Port Co., Ltd.	12,000,000.00	12.00	–
Da-In Ferry Co., Ltd.	1,900,057.50	7.50	–
Dalian Port Design & Research Institute Co., Ltd.	634,600.00	5.80	261,000.00
	143,562,691.50		261,000.00

As at 31 December 2017, management of the Group is of the opinion that no impairment provision was necessary for the above equity investments in the unlisted enterprises.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

10. Long-term equity investments

For the six months ended 30 June 2018 (unaudited)

	Movements for the period								Closing balance	Balance of provision for impairment at the end of the period
	Opening balance	Increase in investment	Decrease in investment	Share of profit/(loss) under equity method	Other comprehensive income	Other changes in equity	Cash dividends	Provision for impairment		
Joint ventures										
Dalian Port Tongli Shipping Agency Co., Ltd.	1,553,286.13	-	-	177,414.38	-	-	-	-	1,730,700.51	-
Dalian Harbour ECL Logistics Co., Ltd.	31,642,331.03	-	-	444,718.06	-	27,511.96	-	-	32,114,561.05	-
Odfjell Terminals (Dalian) Co., Ltd.	161,275,711.82	-	-	13,493,843.85	-	81,678.23	(12,500,000.00)	-	162,351,233.90	-
Dalian Port PetroChina International Terminal Co., Ltd.	210,260,341.43	-	-	14,060,235.78	-	325,892.50	(6,788,307.00)	-	217,858,162.71	-
Dalian United International Shipping Agency Co., Ltd.	7,716,852.84	-	-	1,985,653.94	-	-	-	-	9,702,506.78	-
Dalian Vanguard International Logistics Co., Ltd.	31,203,848.13	-	-	347,913.28	-	26,775.99	-	-	31,578,537.40	-
Dalian Port Yidu Cold Chain Co., Ltd.	328,081,877.49	-	-	4,012,370.35	-	223,398.87	-	-	332,317,646.71	-
China United Tally (Dalian) Co., Ltd.	3,013,183.04	-	-	(188,140.75)	-	5,322.57	(288,940.05)	-	2,541,424.81	-
China Oil Dock Management (Dalian) Co., Ltd.	2,171,883.10	-	-	(14,619.50)	-	-	-	-	2,157,263.60	-
Liaoning Electronic Port Co., Ltd.	5,624,628.60	-	-	(1,585,008.20)	-	-	-	-	4,039,620.40	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	9,158,016.11	-	-	639,737.50	-	44,626.21	(1,967,848.03)	-	7,874,531.79	-
Dalian Jilong Logistics Co., Ltd.	42,205,856.52	-	-	882,891.97	-	-	-	-	43,088,748.49	-
Dalian Automobile Terminal Co., Ltd.	166,546,488.69	-	-	4,482,071.75	-	88,327.71	-	-	171,116,888.15	-
Dalian Singamas International Container Co., Ltd.	43,138,701.80	-	-	1,071,033.29	-	3,799.96	-	-	44,213,535.05	-
China United International Rail Containers (Dalian) Co., Ltd.	180,323,412.92	-	-	(655,986.06)	-	-	-	-	179,667,426.86	-
Dalian Changxing Island Port Co., Ltd.	143,335,282.66	-	-	(8,072,798.12)	-	42,219.58	-	-	135,304,704.12	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	13,712,386.51	-	-	4,153,392.44	-	1,330.00	(8,158,439.74)	-	9,708,669.21	-
Odfjell Dalian Port Consulting Co., Ltd.	1,244,149.26	-	-	(155,713.31)	-	-	-	-	1,088,435.95	-
Dalian Changxing Island Port Investment and Development Co., Ltd.	458,811,769.24	-	-	(39,716,261.37)	-	396,569.75	-	-	419,492,077.62	-
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	9,690,086.59	-	-	(773,969.85)	-	-	-	-	8,916,116.74	-
Ha'ou International Logistics Co., Ltd.	-	-	-	5,710,698.44	-	(40,079.34)	-	-	5,670,619.10	-
Odfjell Changxing Terminals (Dalian) Co., Ltd.	10,394,375.04	-	-	(677,362.96)	-	-	-	-	9,717,012.08	-
Weifang Senda Container Service Co., Ltd.	1,537,118.56	-	-	259,940.30	-	-	-	-	1,797,058.86	-
Dalian Port Xiangyu Grain Logistics Co., Ltd.	39,843,452.80	-	-	(1,475,450.20)	-	-	-	-	38,368,002.60	-
Subtotal	1,902,485,040.31	-	-	(1,593,394.99)	-	1,227,373.99	(29,703,534.82)	-	1,872,415,484.49	-

Notes to the Financial Statements (continued)

30 June 2018
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V. Notes to key items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

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

Associates	Movements for the period								Closing balance	Balance of provision for impairment at the end of the period
	Opening balance	Increase in investment	Decrease in investment	Share of profit/(loss) under equity method	Other comprehensive income	Other changes in equity	Cash dividends	Provision for impairment		
China Shipping Gang Lian Co., Ltd.	84,301,520.38	-	-	382,007.31	-	-	-	-	84,683,527.69	-
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	29,032,422.33	-	-	4,494,796.00	-	-	-	-	33,527,218.33	-
Dalian Wanpeng Port Engineering Testing Co., Ltd.	3,466,382.25	-	-	(120,729.53)	-	-	(400,000.00)	-	2,945,652.72	-
Dalian Puji Storage Facility Co., Ltd.	122,891,817.88	-	-	(5,305,131.68)	-	-	-	-	117,586,686.20	-
Taicang Xinggang Tug Co., Ltd.	7,746,479.04	-	-	1,518,672.51	-	-	(2,142,855.00)	-	7,122,296.55	-
PetroChina Dalian LNG Co., Ltd.	616,277,108.14	-	-	51,833,861.42	-	513,550.00	-	-	668,624,519.56	-
Dalian North Oil Petroleum Logistics Co., Ltd.	69,886,134.72	-	-	2,911,703.46	-	-	-	-	72,797,838.18	-
Sino Rail Bohai Train Ferry Co., Ltd.	261,332,415.92	-	-	(4,148,973.41)	-	398,479.57	-	-	257,581,922.08	-
CDC International Logistics Co., Ltd.	129,570,973.04	-	-	3,017,749.22	-	-	-	-	132,588,722.26	-
Dalian Port Corporation Finance Co., Ltd.	930,584,847.02	-	-	32,517,183.67	-	-	-	-	963,102,030.69	-
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	920,012.74	-	-	(94,566.79)	-	-	-	-	825,445.95	-
Guangzhou King Port Auto International Trade Co., Ltd.	5,249,441.03	-	(5,653,593.03)	404,152.00	-	-	-	-	-	-
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	5,673,774.01	-	-	75,478.05	-	-	-	-	5,749,252.06	-
Dalian New Silk Road International Logistics Co., Ltd.	2,159,928.34	-	-	186,721.51	-	-	-	-	2,346,649.85	-
Ningbo United King Port Auto Trade Co., Ltd.	9,859,840.82	-	(9,905,901.51)	46,060.69	-	-	-	-	-	-
Subtotal	2,278,953,097.66	-	(15,559,494.54)	87,718,984.43	-	912,029.57	(2,542,855.00)	-	2,349,481,762.12	-
Total	4,181,438,137.97	-	(15,559,494.54)	86,125,589.44	-	2,139,403.56	(32,246,389.82)	-	4,221,897,246.61	-

Notes to the Financial Statements (continued)

30 June 2018
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V. Notes to key items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

For the year ended 31 December 2017

Joint ventures	Movements for the year									Closing balance	Balance of provision for impairment at the end of the year
	Opening balance	Increase in investment	Decrease in investment	Share of profit/(loss) under equity method	Other comprehensive income	Other changes in equity	Cash dividends	Provision for impairment	Other decrease		
Dalian Port Tongli Shipping Agency Co., Ltd.	1,176,248.00	-	-	377,038.13	-	-	-	-	-	1,553,286.13	-
Dalian Harbour ECL Logistics Co., Ltd.	31,838,161.92	-	-	1,062,581.28	-	(10,627.92)	(1,247,784.25)	-	-	31,642,331.03	-
Odjell Terminals (Dalian) Co., Ltd.	158,104,604.79	-	-	23,171,107.03	-	-	(20,000,000.00)	-	-	161,275,711.82	-
Dalian Port PetroChina International Terminal Co., Ltd.	189,034,388.78	-	-	27,153,227.08	-	795,803.57	(6,723,078.00)	-	-	210,260,341.43	-
Dalian United International Shipping Agency Co., Ltd.	6,956,231.68	-	-	2,910,621.16	-	-	(2,150,000.00)	-	-	7,716,852.84	-
Dalian Vanguard International Logistics Co., Ltd.	30,939,412.96	-	-	297,786.54	-	(33,351.37)	-	-	-	31,203,848.13	-
Dalian Port Yidu Cold Chain Co., Ltd.	333,208,705.77	-	-	8,065,721.15	-	307,450.57	(13,500,000.00)	-	-	328,081,877.49	-
China United Tally (Dalian) Co., Ltd.	3,300,321.72	-	-	288,220.06	-	-	(575,358.74)	-	-	3,013,183.04	-
China Oil Dock Management (Dalian) Co., Ltd.	1,318,777.63	-	-	853,105.47	-	-	-	-	-	2,171,883.10	-
Liaoning Electronic Port Co., Ltd.	5,549,016.38	-	-	75,612.22	-	-	-	-	-	5,624,628.60	-
Liaoning Con-Rail International Logistics Co., Ltd.	6,801,204.27	-	-	(4,202,756.13)	-	-	-	-	(2,598,448.14)	-	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	8,538,520.36	-	-	1,968,295.37	-	63,791.79	(1,412,591.41)	-	-	9,158,016.11	-
Dalian Port Container Terminal Co., Ltd.	214,519,297.05	-	-	90,091,234.41	-	793,802.13	(47,518,215.15)	-	(257,886,118.44)	-	-
Dalian International Container Terminal Co., Ltd.	543,703,911.85	-	-	14,327,706.32	-	(1,589,668.08)	-	-	(556,441,950.09)	-	-
Dalian Jilong Logistics Co., Ltd.	40,283,495.20	-	-	1,922,361.32	-	-	-	-	-	42,205,856.52	-
Dalian Automobile Terminal Co., Ltd.	174,377,890.00	-	-	10,724,051.33	-	44,723.12	(18,600,165.76)	-	-	166,546,488.69	-
Dalian Singamas International Container Co., Ltd.	43,146,884.08	-	-	2,617,292.83	-	(35,732.72)	(2,589,742.39)	-	-	43,138,701.80	-
China United International Rail Containers (Dalian) Co., Ltd.	184,977,254.66	-	-	(4,653,841.74)	-	-	-	-	-	180,323,412.92	-
Dalian Changxing Island Port Co., Ltd.	118,902,145.96	-	-	24,410,287.92	-	22,848.78	-	-	-	143,335,282.66	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	9,553,987.26	-	-	9,064,933.05	-	(55,571.43)	(4,850,962.37)	-	-	13,712,386.51	-
Odjell Dalian Port Consulting Co., Ltd.	1,689,695.12	-	-	(445,545.86)	-	-	-	-	-	1,244,149.26	-
Dalian Changxing Island Port Investment and Development Co., Ltd.	462,425,172.67	-	-	(3,685,688.55)	-	72,285.12	-	-	-	458,811,769.24	-
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	11,462,387.99	-	-	(572,300.61)	-	-	(1,200,000.79)	-	-	9,690,086.59	-
Ha'ou International Logistics Co., Ltd.	21,608,863.95	-	-	(21,608,863.95)	-	-	-	-	-	-	-
Odjell Changxing Terminals (Dalian) Co., Ltd.	9,481,870.75	4,000,000.00	-	(2,518,496.04)	-	-	-	-	(568,999.67)	10,394,375.04	-
Weifang Senda Container Service Co., Ltd.	1,500,679.92	-	-	36,438.64	-	-	-	-	-	1,537,118.56	-
Dalian Port Xiangyu Grain Logistics Co., Ltd.	-	49,980,000.00	-	(10,136,547.20)	-	-	-	-	-	39,843,452.80	-
Subtotal	2,614,399,120.72	53,980,000.00	-	171,593,581.23	-	375,753.56	(120,367,898.86)	-	(817,495,516.34)	1,902,485,040.31	-

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

10. Long-term equity investments (continued)

For the year ended 31 December 2017 (continued)

Associates	Opening balance	Movements for the year								Closing balance	Balance of provision for impairment at the end of the year
		Increase in investment	Decrease in investment	Share of profit/(loss) under equity method	Other comprehensive income	Other changes in equity	Cash dividends	Provision for impairment	Other decrease		
China Shipping Gang Lian Co., Ltd.	78,296,448.99	-	-	6,005,071.39	-	-	-	-	-	84,301,520.38	-
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	22,993,396.14	-	-	7,889,026.19	-	-	(1,850,000.00)	-	-	29,032,422.33	-
Dalian Wapeng Port Engineering Testing Co., Ltd.	2,976,023.27	-	-	490,358.98	-	-	-	-	-	3,466,382.25	-
Dalian Fujii Storage Facility Co., Ltd.	135,020,600.12	-	-	(12,128,782.24)	-	-	-	-	-	122,891,817.88	-
Taicang Xinggang Tug Co., Ltd.	7,264,712.42	-	-	4,767,331.62	-	-	(4,285,565.00)	-	-	7,746,479.04	-
PetroChina Dalian LNG Co., Ltd.	575,778,637.58	-	-	76,999,606.12	-	857,690.00	(37,358,825.56)	-	-	616,277,108.14	-
SINOECL Auto Liners, Limited	-	-	-	-	-	-	-	-	-	-	-
Jadeway Limited	-	-	-	-	-	-	-	-	-	-	-
Dalian North Oil Petroleum Logistics Co., Ltd.	66,873,874.82	-	-	5,012,259.90	-	-	(2,000,000.00)	-	-	69,886,134.72	-
Sino Rail Bohai Train Ferry Co., Ltd.	256,758,196.50	-	-	4,574,219.42	-	-	-	-	-	261,332,415.92	-
CDC International Logistics Co., Ltd.	116,946,629.82	-	-	12,624,343.22	-	-	-	-	-	129,570,973.04	-
PDA Group Financial Co., Ltd.	1,011,288,813.35	-	-	64,701,872.12	-	-	(145,405,838.45)	-	-	930,584,847.02	-
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	1,017,082.65	-	-	112,930.09	-	-	(210,000.00)	-	-	920,012.74	-
Guangzhou King Port Auto International Trade Co., Ltd.	4,831,566.97	-	-	417,874.06	-	-	-	-	-	5,249,441.03	-
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	5,672,141.67	-	-	1,632.34	-	-	-	-	-	5,673,774.01	-
Dalian New Silk Road International Logistics Co., Ltd.	2,039,475.68	-	-	120,452.66	-	-	-	-	-	2,159,928.34	-
Ningbo United King Port Auto Trade Co., Ltd.	-	9,800,000.00	-	59,840.82	-	-	-	-	-	9,859,840.82	-
Subtotal	2,287,757,599.98	9,800,000.00	-	171,648,036.69	-	857,690.00	(191,110,229.01)	-	-	2,278,953,097.66	-
Total	4,902,156,720.70	63,780,000.00	-	343,241,617.92	-	1,233,443.56	(311,478,127.87)	-	(817,495,516.34)	4,181,438,137.97	-

11. Other equity instrument investments

For the six months ended 30 June 2018 (unaudited)

	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Current dividend income	
				Equity instruments derecognised in the current period	Equity instruments still held
Jinzhou New Times Container Terminal Co., Ltd.	52,843,634.00	28,280,979.97	81,124,613.97	-	-
Qinhuangdao Port Xingangwan Container Terminal Co., Ltd.	60,000,000.00	(11,979,676.56)	48,020,323.44	-	-
Dalian Port Design and Research Institute Co., Ltd.	634,600.00	7,307,283.52	7,941,883.52	-	290,000.00
Da-In Ferry Co., Ltd.	1,900,057.50	5,375,307.46	7,275,364.96	-	-
Fujian Ninglian Port Co., Ltd.	12,000,000.00	(552,359.53)	11,447,640.47	-	-
Dalian New Beiliang Co., Ltd.	16,184,400.00	2,608,539.49	18,792,939.49	-	-
Other equity instrument investments – H shares (Note V. 9)	65,758,680.53	(49,118,036.43)	16,640,644.10	-	240,879.35
	209,321,372.03	(18,077,962.08)	191,243,409.95	-	530,879.35

During the current period, the Group had no disposal of other equity instrument investments.

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V. Notes to key items of the consolidated financial statements (continued)

12. Investment properties

Subsequent measurement under the cost model:

For the six months ended 30 June 2018 (unaudited)

	Buildings	Land use rights	Terminal facilities	Total
Cost				
Opening and closing	114,356,252.78	69,785,783.60	746,469,631.62	930,611,668.00
Accumulated depreciation and amortization				
Opening	10,648,441.31	14,629,700.57	194,821,309.36	220,099,451.24
Provision	1,418,912.76	735,717.30	7,914,826.32	10,069,456.38
Closing	12,067,354.07	15,365,417.87	202,736,135.68	230,168,907.62
Carrying amount				
Closing	102,288,898.71	54,420,365.73	543,733,495.94	700,442,760.38
Opening	103,707,811.47	55,156,083.03	551,648,322.26	710,512,216.76

2017

	Buildings	Land use rights	Terminal facilities	Total
Cost				
Opening	30,814,225.78	69,785,783.60	746,469,631.62	847,069,641.00
Business combinations involving enterprises not under common control	83,542,027.00	–	–	83,542,027.00
Closing	114,356,252.78	69,785,783.60	746,469,631.62	930,611,668.00
Accumulated depreciation and amortization				
Opening	9,464,051.69	13,158,265.97	178,991,665.72	201,613,983.38
Provision	1,184,389.62	1,471,434.60	15,829,643.64	18,485,467.86
Closing	10,648,441.31	14,629,700.57	194,821,309.36	220,099,451.24
Carrying amount				
Closing	103,707,811.47	55,156,083.03	551,648,322.26	710,512,216.76
Opening	21,350,174.09	56,627,517.63	567,477,965.90	645,455,657.62

Notes to the Financial Statements (continued)

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(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

12. Investment properties (continued)

As at 30 June 2018, the investment properties above were all leased out under operating leases.

Management of the Group is of the opinion that no impairment provision was necessary for the investment properties at the balance sheet date.

13. Fixed assets

	30 June 2018 (unaudited)	31 December 2017
Fixed assets	16,454,455,821.50	16,857,245,435.83
Fixed assets pending for disposal	3,817,903.85	3,680,222.04
	16,458,273,725.35	16,860,925,657.87

Changes in fixed assets are as follows:

For the six months ended 30 June 2018 (unaudited)

	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
Cost										
Opening	1,825,330,458.71	7,172,403,993.58	2,854,105,986.02	3,912,375,362.40	721,428,433.03	1,868,810,578.02	4,115,458,355.13	1,217,907,133.69	783,054,192.26	24,470,874,492.84
Additions	503,047.89	-	-	613,964.81	640,534.89	-	-	814,921.69	2,698,448.78	5,270,918.06
Transfers from construction in progress	575,061.90	3,423,148.21	344,822.15	-	1,998,288.02	21,571,881.40	1,158,125.52	6,594,531.54	886,150.24	36,552,008.98
Disposal of a subsidiary	-	-	-	-	-	-	-	(8,400.00)	(847,100.47)	(855,500.47)
Transfer to fixed assets pending for disposal	-	-	-	(1,921,196.53)	-	-	-	-	(2,758,753.09)	(4,679,949.62)
Disposal	(3,186.00)	-	-	-	(897,732.05)	-	(2,281.36)	(215,474.36)	(18,041,549.79)	(19,160,223.56)
Closing	1,826,405,382.50	7,175,827,141.79	2,854,450,808.17	3,911,068,130.68	723,169,523.89	1,890,382,459.42	4,116,614,199.29	1,225,092,712.56	764,991,387.93	24,488,001,746.23
Accumulated depreciation										
Opening	472,281,572.77	1,283,004,245.09	1,076,708,350.58	2,005,603,171.26	321,027,063.10	573,503,891.50	800,542,290.30	695,398,957.67	385,559,514.74	7,613,629,057.01
Depreciation charged	26,669,832.23	75,707,871.59	50,374,949.90	124,188,062.63	15,162,271.02	33,716,510.29	50,781,147.34	38,381,303.84	27,988,879.48	442,970,828.32
Disposal of a subsidiary	-	-	-	-	-	-	-	(1,605.56)	(283,708.16)	(285,313.72)
Transfer to fixed assets pending for disposal	-	-	-	(1,844,348.67)	-	-	-	-	(2,647,210.97)	(4,491,559.64)
Disposal	(3,186.00)	-	-	-	(854,158.23)	-	-	(200,075.00)	(17,219,668.01)	(18,277,087.24)
Closing	498,948,219.00	1,358,712,116.68	1,127,083,300.48	2,127,946,885.22	335,335,175.89	607,220,401.79	851,323,437.64	733,578,580.95	393,397,807.08	8,033,545,924.73
Carrying amount										
Closing	1,327,457,163.50	5,817,115,025.11	1,727,367,507.69	1,783,121,245.46	387,834,348.00	1,283,162,057.63	3,265,290,761.65	491,514,131.61	371,593,580.85	16,454,455,821.50
Opening	1,353,048,885.94	5,889,399,748.49	1,777,397,635.44	1,906,772,191.14	400,401,369.93	1,295,306,686.52	3,314,916,064.83	522,508,176.02	397,494,677.52	16,857,245,435.83

Notes to the Financial Statements (continued)

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(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

13. Fixed assets (continued)

Changes in fixed assets are as follows (continued):

2017

	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
Cost										
Opening	1,700,655,500.60	5,742,295,421.41	2,836,672,982.73	2,987,484,062.97	889,666,223.81	1,776,657,696.15	3,208,782,447.98	1,150,546,705.83	733,287,670.25	21,026,048,711.73
Additions	891,311.70	-	1,107,505.46	5,575,293.70	1,208,421.38	-	1,416,963.95	3,371,100.15	18,364,485.10	31,935,081.44
Transfers from construction in progress	41,262,760.91	34,500,297.82	17,433,003.29	14,282,292.37	17,762,928.10	95,364,004.65	5,545,939.43	55,258,824.01	26,679,474.92	308,089,525.50
Reclassifications	-	-	-	-	-	-	(20,277.57)	16,477.57	3,800.00	-
Business combinations not under common control	83,127,541.00	1,396,088,623.00	-	976,210,720.50	1,398,000.00	-	899,733,281.34	10,020,414.94	19,765,961.79	3,386,344,542.57
Transfer to fixed assets pending for disposal	-	-	-	(44,431,704.30)	(4,383,376.50)	-	-	-	-	(48,815,080.80)
Disposal	(138,000.00)	(9,656.48)	-	(26,745,302.84)	(184,223,763.76)	(3,211,122.78)	-	(952,218.33)	(15,047,199.80)	(230,327,263.99)
Others	(468,655.50)	(470,692.17)	(1,107,505.46)	-	-	-	-	(354,170.48)	-	(2,401,023.61)
Closing	1,825,330,458.71	7,172,403,993.58	2,854,105,986.02	3,912,375,362.40	721,428,433.03	1,868,810,578.02	4,115,458,355.13	1,217,907,133.69	783,054,192.26	24,470,874,492.84
Accumulated depreciation										
Opening	420,868,035.07	1,160,399,858.34	976,599,744.06	1,901,958,439.47	394,103,653.94	512,280,258.36	718,886,496.01	617,450,202.32	349,435,486.21	7,051,982,173.78
Depreciation charged	51,488,708.30	122,605,062.72	100,108,606.52	169,206,395.55	38,131,012.98	64,274,199.78	81,655,794.29	78,812,857.49	50,074,933.05	756,357,570.68
Reclassifications	-	-	-	-	-	-	-	(927.59)	927.59	-
Transfer to fixed assets pending for disposal	-	-	-	(42,491,331.93)	(4,213,991.44)	-	-	-	-	(46,705,323.37)
Disposal	(75,170.60)	(675.97)	-	(23,070,331.83)	(106,993,612.38)	(3,050,566.64)	-	(863,174.55)	(13,951,832.11)	(148,005,364.08)
Closing	472,281,572.77	1,283,004,245.09	1,076,708,350.58	2,005,603,171.26	321,027,063.10	573,503,891.50	800,542,290.30	695,398,957.67	385,559,514.74	7,613,629,057.01
Carrying amount										
Closing	1,353,048,885.94	5,889,399,748.49	1,777,397,635.44	1,906,772,191.14	400,401,369.93	1,295,306,686.52	3,314,916,064.83	522,508,176.02	397,494,677.52	16,857,245,435.83
Opening	1,279,787,465.53	4,581,895,563.07	1,860,073,238.67	1,085,525,623.50	495,562,569.87	1,264,377,437.79	2,489,895,951.97	533,096,503.51	383,852,184.04	13,974,066,537.95

As at 30 June 2018, fixed assets at a carrying amount of RMB566,073,802.67 (31 December 2017: RMB585,015,928.07) were pledged as collateral for the long-term borrowings of the Group. (Note V. 56).

As at 30 June 2018, there were no temporarily idle fixed assets (31 December 2017: Nil).

Management of the Group is of the opinion that no provision for impairment of fixed assets was necessary at the balance sheet date.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

13. Fixed assets (continued)

Fixed assets pending for disposal

	30 June 2018 (unaudited)	31 December 2017
Loading equipment	2,529,172.11	2,452,324.25
Transportation equipment	234,032.16	284,740.33
Other equipment	1,054,699.58	943,157.46
Total	3,817,903.85	3,680,222.04

Fixed assets held under finance leases are as follows:

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
30 June 2018 (unaudited)				
Other equipment	70,899,678.79	26,617,951.59	-	44,281,727.20
	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
31 December 2017				
Other equipment	70,899,678.79	23,250,216.81	-	47,649,461.98

Fixed assets leased out under operating leases are as follows:

	30 June 2018 Carrying amount (unaudited)	31 December 2017 Carrying amount
Buildings	288,195,786.75	128,532,534.96
Terminal facilities	222,987,728.08	228,683,212.22
Oil tanks and pipelines	738,958.39	762,708.37
Loading equipment	42,789,599.08	46,847,592.89
Transportation equipment	332,031,788.65	343,852,192.97
Vessels	386,968,942.74	380,617,247.19
Storage facilities	73,020,402.39	77,643,960.66
Machinery and equipment	-	2,472.24
Other equipment	2,196,041.84	18,366,648.12
Total	1,348,929,247.92	1,225,308,569.62

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

13. Fixed assets (continued)

Fixed assets pending for disposal (continued)

As at 30 June 2018, the fixed assets with no certificates of property ownership are as follows:

	Carrying amount	Reasons for not yet obtaining certificates of title
Buildings	691,941,689.33	In the process of obtaining

14. Construction in progress

	30 June 2018 (unaudited)			31 December 2017		
	Closing balance	Impairment	Carrying amount	Closing balance	Impairment	Carrying amount
Dayao Bay No. 13-16 Berth in Phase II	705,835,403.80	-	705,835,403.80	688,277,007.63	-	688,277,007.63
No.19-21 Berth	505,254,649.85	-	505,254,649.85	498,523,717.65	-	498,523,717.65
New Port No. 18-21 Berth	350,178,817.37	-	350,178,817.37	344,466,187.84	-	344,466,187.84
Dalian Automotive Terminal No.4 Berth Project	222,067,375.79	-	222,067,375.79	218,996,346.03	-	218,996,346.03
Dalian Bay Passenger Terminal	183,788,581.26	-	183,788,581.26	154,715,311.75	-	154,715,311.75
Dayao Bay North Shore Automotive Logistics Centre	148,898,592.13	-	148,898,592.13	148,898,592.13	-	148,898,592.13
Ore No.4 Storage Yard	47,546,134.44	-	47,546,134.44	38,840,238.77	-	38,840,238.77
Dalian Bay Groceries and Ro-ro Berth Project	20,693,040.45	-	20,693,040.45	14,976,150.50	-	14,976,150.50
Others	179,675,837.81	-	179,675,837.81	152,916,186.27	-	152,916,186.27
	2,363,938,432.90	-	2,363,938,432.90	2,260,609,738.57	-	2,260,609,738.57

Management of the Group is of the opinion that no provision for impairment of construction in progress was necessary at the balance sheet date.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

14. Construction in progress (continued)

For the six months ended 30 June 2018 (unaudited)

Project name	Budget	Opening balance	Additions	Including: Business combinations not under common control	Transferred to fixed assets or intangible assets	Other decreases	Closing balance	% of budget	Progress of construction	Accumulative amount of capitalised borrowing costs	Including: borrowing costs capitalised in current period	Capitalisation rate	Source of funds
Dayao Bay No. 13-16 Berth in Phase II	3,783,000,000.00	688,277,007.63	17,558,396.17	-	-	-	705,835,403.80	93%	93%	220,793,400.44	9,141,942.48	5.31%	Self-owned funds, loans from financial institutions
No.19-21 Berth	2,515,823,200.00	498,523,717.65	6,730,932.20	-	-	-	505,254,649.85	20%	20%	60,058,072.89	5,182,288.58	4.62%	Self-owned funds, loans from financial institutions
New Port No.18-21 Berth	413,770,000.00	344,466,187.84	5,712,629.53	-	-	-	350,178,817.37	85%	85%	88,404,773.19	4,882,743.65	5.31%	Loans from financial institutions and other sources
Dalian Automotive Terminal No.4 Berth Project	461,050,000.00	218,996,346.03	3,071,029.76	-	-	-	222,067,375.79	80%	80%	33,810,557.25	-	-	Self-owned funds and loans from financial institutions
Dalian Bay Passenger Terminal	383,160,000.00	154,715,311.75	29,073,269.51	-	-	-	183,788,581.26	48%	48%	13,431,629.18	3,273,779.30	5.31%	Self-owned funds and loans from financial institutions
Dayao Bay North Shore Automotive Logistics Centre	450,000,000.00	148,898,592.13	-	-	-	-	148,898,592.13	33%	33%	8,054,440.28	-	-	Loans from financial institutions and other sources
Ore No.4 Storage Yard	432,479,000.00	38,840,238.77	8,705,895.67	-	-	-	47,546,134.44	99%	99%	-	-	-	Raised funds
Dalian Bay Groceries and Ro-ro Berth Project	700,000,000.00	14,976,150.50	5,716,889.95	-	-	-	20,693,040.45	99%	99%	-	-	-	Self-owned funds and loans from financial institutions
Others	982,909,712.21	152,916,186.27	63,683,246.24	-	(36,865,368.76)	(58,225.94)	179,675,837.81	-	-	11,354,708.41	603,810.15	4.62%	-
Total	10,122,191,912.21	2,260,609,738.57	140,252,289.03	-	(36,865,368.76)	(58,225.94)	2,363,938,432.90			435,907,581.64	23,084,564.16		

2017

Project name	Budget	Opening balance	Additions	Including: Business combinations not under common control	Transferred to fixed assets, intangible assets, long-term prepaid expenses	Other decreases	Closing balance	% of budget	Progress of construction	Accumulative amount of capitalised borrowing costs	Including: borrowing costs capitalised in current year	Capitalisation rate	Source of funds
Dayao Bay No. 13-16 Berth in Phase II	3,783,000,000.00	648,548,444.26	39,728,563.37	-	-	-	688,277,007.63	92%	92%	211,651,457.96	22,694,558.93	4.96%	Self-owned funds, loans from financial institutions and other sources
No.19-21 Berth	2,515,823,200.00	-	500,017,933.65	497,788,783.66	-	(1,494,216.00)	498,523,717.65	19%	19%	54,875,784.31	1,712,935.45	4.53%	Self-owned funds, loans from financial institutions and other sources
New Port No.18-21 Berth	413,770,000.00	336,584,575.69	7,881,612.15	-	-	-	344,466,187.84	85%	85%	83,522,029.54	-	-	Loans from financial institutions and other sources
Dalian Automotive Terminal No.4 Berth Project	456,420,000.00	198,937,094.34	20,059,281.69	-	-	-	218,996,346.03	80%	80%	32,412,070.21	11,724,629.41	5.02%	Loans from financial institutions and other sources
Dalian Bay Passenger Terminal	383,160,000.00	77,552,062.51	77,789,627.80	-	-	(626,378.56)	154,715,311.75	45%	45%	10,157,849.88	6,839,282.59	4.96%	Self-owned funds and loans from financial institutions
Dayao Bay North Shore Automotive Logistics Centre	450,000,000.00	148,898,592.13	-	-	-	-	148,898,592.13	33%	33%	8,054,440.28	-	-	Loans from financial institutions and other sources
Ore No.4 Storage Yard	570,600,000.00	37,174,855.63	2,665,655.30	-	-	(1,000,272.16)	38,840,238.77	99%	99%	-	-	-	Raised funds
Dalian Bay Groceries and Ro-ro Berth Project	700,000,000.00	16,520,513.47	85,486.20	-	-	(1,629,849.17)	14,976,150.50	99%	99%	-	-	-	Self-owned funds and loans from financial institutions
Others	1,202,067,193.84	151,791,927.12	355,256,822.99	124,528.30	(352,246,773.63)	(1,885,790.21)	152,916,186.27	-	-	10,750,898.26	2,899,902.84	5.02%	-
Total	10,474,840,393.84	1,616,008,035.15	1,003,484,983.15	497,913,311.96	(352,246,773.63)	(6,636,506.10)	2,260,609,738.57			411,424,530.44	45,871,309.22		

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

15. Intangible assets

For the six months ended 30 June 2018 (unaudited)

	Land use rights	Port information platform	Customer relationships	Container flat vehicle use rights	Software	Golf membership	Sea area use rights	Port facility use rights	Total
2018									
Cost									
Opening balance	1,401,086,736.93	64,310,000.00	15,970,000.00	46,660,098.18	206,450,120.56	1,977,376.00	3,455,982.72	407,216,152.62	2,147,126,467.01
Additions	117,625,903.40	-	-	-	867,974.54	-	-	-	118,493,877.94
Transferred from construction in progress	-	-	-	-	313,359.78	-	-	-	313,359.78
Disposal of a subsidiary	-	-	-	-	(129,318.65)	-	-	-	(129,318.65)
Closing balance	1,518,712,640.33	64,310,000.00	15,970,000.00	46,660,098.18	207,502,136.23	1,977,376.00	3,455,982.72	407,216,152.62	2,265,804,386.08
Accumulated amortisation									
Opening balance	189,514,780.12	61,630,416.67	15,814,000.00	33,719,021.22	100,523,931.66	989,198.77	2,816,572.42	104,976,800.77	509,984,721.63
Additions	15,208,007.42	2,679,583.33	104,000.00	1,519,138.44	12,366,950.89	6,878.16	207,358.92	4,660,184.64	36,752,101.80
Disposal of a subsidiary	-	-	-	-	(64,176.93)	-	-	-	(64,176.93)
Closing balance	204,722,787.54	64,310,000.00	15,918,000.00	35,238,159.66	112,826,705.62	996,076.93	3,023,931.34	109,636,985.41	546,672,646.50
Carrying amount:									
Closing balance	1,313,989,852.79	-	52,000.00	11,421,938.52	94,675,430.61	981,299.07	432,051.38	297,579,167.21	1,719,131,739.58
Opening balance	1,211,571,956.81	2,679,583.33	156,000.00	12,941,076.96	105,926,188.90	988,177.23	639,410.30	302,239,351.85	1,637,141,745.38
2017									
Cost									
Opening balance	995,102,462.56	64,310,000.00	15,970,000.00	46,660,098.18	166,780,017.60	1,977,376.00	3,455,982.72	253,448,422.59	1,547,704,359.65
Additions	-	-	-	-	3,408,400.28	-	-	-	3,408,400.28
Transferred from construction in progress	-	-	-	-	20,347,246.99	-	-	-	20,347,246.99
Business combinations involving enterprises not under common control	476,600,822.37	-	-	-	26,374,904.26	-	-	153,767,730.03	656,743,456.66
Other increases	-	-	-	-	3,691.69	-	-	-	3,691.69
Disposal and obsolescence	-	-	-	-	(1,419,612.51)	-	-	-	(1,419,612.51)
Other decreases	(70,616,548.00)	-	-	-	(9,044,527.75)	-	-	-	(79,661,075.75)
Closing balance	1,401,086,736.93	64,310,000.00	15,970,000.00	46,660,098.18	206,450,120.56	1,977,376.00	3,455,982.72	407,216,152.62	2,147,126,467.01
Accumulated amortisation									
Opening balance	169,873,488.27	55,199,416.67	14,217,000.00	30,711,727.38	85,117,147.36	975,442.45	2,401,854.58	99,065,040.79	457,561,117.50
Additions	19,641,291.85	6,431,000.00	1,597,000.00	3,007,293.84	16,763,611.83	13,756.32	414,717.84	5,911,759.98	53,780,431.66
Other increases	-	-	-	-	3,691.69	-	-	-	3,691.69
Disposal and obsolescence	-	-	-	-	(1,360,519.22)	-	-	-	(1,360,519.22)
Closing balance	189,514,780.12	61,630,416.67	15,814,000.00	33,719,021.22	100,523,931.66	989,198.77	2,816,572.42	104,976,800.77	509,984,721.63
Carrying amount									
Closing balance	1,211,571,956.81	2,679,583.33	156,000.00	12,941,076.96	105,926,188.90	988,177.23	639,410.30	302,239,351.85	1,637,141,745.38
Opening balance	825,228,974.29	9,110,583.33	1,753,000.00	15,948,370.80	81,662,870.24	1,001,933.55	1,054,128.14	154,383,381.80	1,090,143,242.15

As at 30 June 2018, the land use rights with a carrying amount of RMB14,695,244.17 (31 December 2017: RMB14,871,587.05) were pledged as collateral for the long-term borrowings of the Group (Note: V. 56).

Management of the Group is of the opinion that no provision for impairment of intangible assets was necessary at the balance sheet date.

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

16. Goodwill

For the six months ended 30 June 2018 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Liaoning Con-Rail International Logistics Co., Ltd.	4,398,401.85	-	-	4,398,401.85
Dalian Jiyi Logistics Co., Ltd.	2,397,589.82	-	-	2,397,589.82
DCT Logistics Co., Ltd.	6,218,460.29	-	-	6,218,460.29
Dalian Port Logistic Network Co., Ltd.	7,419,238.63	-	-	7,419,238.63
	20,433,690.59	-	-	20,433,690.59

2017

	Opening balance	Increase	Decrease	Closing balance
Liaoning Con-Rail International Logistics Co., Ltd.	4,398,401.85	-	-	4,398,401.85
Dalian Jiyi Logistics Co., Ltd.	2,397,589.82	-	-	2,397,589.82
DCT Logistics Co., Ltd.	6,218,460.29	-	-	6,218,460.29
Dalian Port Logistic Network Co., Ltd.	7,419,238.63	-	-	7,419,238.63
	20,433,690.59	-	-	20,433,690.59

The measurement basis of the recoverable amounts of the above asset groups is as follows:

For Liaoning Con-Rail International Logistics Co., Ltd., Dalian Jiyi Logistics Co., Ltd., DCT Logistics Co., Ltd. and Dalian Port Logistic Network Co., Ltd., the recoverable amounts of asset groups are determined based on the present value of the future cash flows of the asset groups, which is calculated according to the five to eight years' budget approved by management, together with the constant growth rates as set out in the table below.

The main assumptions applied in calculating the discounted future cash flows are as follows:

	Liaoning Con-Rail International Logistics Co., Ltd.	Dalian Jiyi Logistics Co., Ltd.	DCT Logistics Co., Ltd.	Dalian Port Logistic Network Co., Ltd.
Growth rates	3%	3%	3%	3%
Discount rates	13%	13%	13%	17%

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

16. Goodwill (continued)

The discount rates used by management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups. The growth rates are consistent with those estimated in the industry reports, and do not exceed the long-term average growth rates of the industry. The key assumptions used in calculating the discounted future cash flows also include budgeted gross margins. Management determines budgeted gross margins based on past experience and forecast on future market development.

17. Long-term prepaid expenses

For the six months ended 30 June 2018 (unaudited)

	Opening balance	Increase	Amortisation	Other decreases	Closing balance
Public facilities in a bonded port	8,550,672.04	-	(427,533.72)	-	8,123,138.32
Decoration	3,831,819.00	283,138.95	(1,589,950.28)	-	2,525,007.67
Site development expenses	12,827,415.23	-	(810,152.52)	-	12,017,262.71
Environmental reconstruction expenses	21,883,421.20	-	(598,916.70)	-	21,284,504.50
Reconstruction of No.6 bridge	21,323,321.71	-	(2,326,180.56)	-	18,997,141.15
Rental	22,522,522.50	-	(11,295,386.26)	-	11,227,136.24
Others	15,844,448.22	-	(2,196,983.22)	-	13,647,465.00
	106,783,619.90	283,138.95	(19,245,103.26)	-	87,821,655.59

2017

	Opening balance	Increase	Amortisation	Other decreases	Closing balance
Public facilities in a bonded port	9,405,739.48	-	(855,067.44)	-	8,550,672.04
Decoration	3,920,256.71	1,984,493.06	(2,003,778.70)	(69,152.07)	3,831,819.00
Site development expenses	9,961,974.47	4,351,412.87	(1,485,972.11)	-	12,827,415.23
Environmental reconstruction expenses	23,081,254.61	-	(1,171,843.54)	(25,989.87)	21,883,421.20
Reconstruction of No.6 bridge	-	23,261,805.50	(1,938,483.79)	-	21,323,321.71
Rental	-	43,250,000.00	(14,789,789.87)	(5,937,687.63)	22,522,522.50
Others	7,357,676.55	11,089,268.86	(1,840,773.99)	(761,723.20)	15,844,448.22
	53,726,901.82	83,936,980.29	(24,085,709.44)	(6,794,552.77)	106,783,619.90

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

18. Deferred tax assets/liabilities

Deferred tax assets and deferred tax liabilities are listed as follows:

Deferred tax assets before offsetting:

	30 June 2018		31 December 2017	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Elimination of intra-group unrealised profit	191,333,858.16	47,833,464.54	200,118,812.32	50,029,703.08
Government grants	806,996.92	201,749.23	806,996.92	201,749.23
Difference on depreciation period	10,739,967.56	2,684,991.89	10,739,967.56	2,684,991.89
Advances from customers with tax paid	15,594,052.72	3,898,513.18	13,594,052.72	3,398,513.18
Provision for asset impairment	49,302,095.56	12,325,523.89	8,848,889.32	2,212,222.33
Changes in fair value of financial assets at fair value through profit or loss	2,758,132.52	689,533.13	3,713,432.44	928,358.11
Deductible losses	23,868,609.12	5,967,152.28	32,617,948.64	8,154,487.16
Fair value adjustment for business combinations not under common control	79,021,819.20	19,755,454.80	76,808,802.24	19,202,200.56
Others	21,426,284.92	5,356,571.23	8,652,613.84	2,163,153.46
	394,851,816.68	98,712,954.17	355,901,516.00	88,975,379.00

Deferred tax liabilities before offsetting:

	30 June 2018		31 December 2017	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value adjustment for business combinations not under common control	363,107,650.54	90,776,912.64	370,609,518.38	92,652,379.60
Realisation of business combination in stages	151,564,015.12	37,891,003.78	151,564,015.08	37,891,003.77
Changes in fair value of equity investments in non-listed companies	31,040,074.36	7,760,018.59	—	—
Others	38,760,370.04	9,690,092.51	38,760,370.04	9,690,092.51
	584,472,110.06	146,118,027.52	560,933,903.50	140,233,475.88

Notes to the Financial Statements (continued)

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(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

18. Deferred tax assets/liabilities (continued)

The net balances of deferred tax assets and liabilities after offsetting are as follows:

	30 June 2018		31 December 2017	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred tax assets	(26,760,565.92)	71,952,388.25	(22,974,864.61)	66,000,514.39
Deferred tax liabilities	(26,760,565.92)	119,357,461.60	(22,974,864.61)	117,258,611.27

Deductible temporary differences and deductible losses that are not recognised as deferred tax assets are analysed as follows:

	30 June 2018	31 December 2017
Deductible losses	456,334,470.29	337,846,896.04
Deductible temporary differences	17,739,809.24	71,135,137.53
Total	474,074,279.53	408,982,033.57

Deductible losses that are not recognised as deferred tax assets will expire in the following years:

	30 June 2018	31 December 2017
2018	45,621,961.35	47,256,880.39
2019	79,243,753.77	79,243,753.77
2020	39,725,500.81	39,725,500.81
2021	48,824,770.86	48,824,770.86
2022	122,795,990.21	122,795,990.21
2023	120,122,493.29	–
Total	456,334,470.29	337,846,896.04

19. Other non-current assets

	30 June 2018	31 December 2017
Guarantee payment for land bidding	1,860,000.00	118,610,000.00
Input VAT to be deducted	26,505,496.10	22,777,426.80
Advances for construction projects	1,287,000.00	1,535,773.58
Total	29,652,496.10	142,923,200.38

Notes to the Financial Statements (continued)

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(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

20. Provision for impairment of assets

For the six months ended 30 June 2018 (unaudited)

	Opening balance	Provision	Decrease			Closing balance
			Reversal	Write-off	Disposal of a subsidiary	
Provision for bad debts (Note)	94,954,400.55	12,222,786.44	-	-	(53,292,001.34)	53,885,185.65
Provision for inventories	14,858,379.36	-	-	-	(7,054,584.56)	7,803,794.80
	109,812,779.91	12,222,786.44	-	-	(60,346,585.90)	61,688,980.45

2017

	Opening balance	Provision	Decrease		Closing balance
			Reversal	Write-off	
Provision for bad debts (Note)	1,209,192.97	52,873,223.17	-	-	54,082,416.14
Provision for inventories	7,803,889.80	7,054,584.56	(95.00)	-	14,858,379.36
	9,013,082.77	59,927,807.73	(95.00)	-	68,940,795.50

Note: The Group has adopted the New Financial Instruments Standards from 1 January 2018. On the date of adoption, the Group remeasured the impairment provision for the original financial assets in accordance with the New Financial Instruments Standards as at 31 December 2017. Refer to Note III. 30. Change in accounting policies.

21. Short-term borrowings

	30 June 2018 (unaudited)	31 December 2017
Credit borrowings	3,043,500,000.00	2,870,853,313.45
Guaranteed borrowings	-	30,000,000.00
Pledged borrowings	-	370,380,689.29
	3,043,500,000.00	3,271,234,002.74

As at 30 June 2018, the interest rates for the above borrowings were 4.35% to 4.75% per annum (31 December 2017: 1.90% to 5.80% per annum).

As at 30 June 2018, the Group had no default repayment of short-term borrowings (31 December 2017: Nil).

Notes to the Financial Statements (continued)

30 June 2018
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V. Notes to key items of the consolidated financial statements (continued)

22. Notes payable and accounts payable

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

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

Accounts payable are interest-free.

The ageing analysis of accounts payable based on their recording dates is as follows:

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

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

	Amount	Unpaid reasons
Purchase of goods	2,631,773.60	Unsettled
Purchase of auxiliary materials and guarantee deposits	4,382,378.15	Unsettled
	7,014,151.75	

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

23. Advances from customers

	30 June 2018 (unaudited)	31 December 2017
Sales of automobiles (Note)	-	142,493,675.89
Miscellaneous expenses	-	3,994,771.53
All-in charges for cargo handling due within 1 year (Note V. 32)	-	11,250,000.00
Rental expenses	7,675,297.61	10,338,024.66
Freight	-	5,909,747.73
Prepaid fare	-	3,315,897.97
Others	-	14,928,083.32
	7,675,297.61	192,230,201.10

Note: The advances from customers for the sale of automobiles were received by King Port Auto. During the current period, the Group transferred its entire equity interests in King Port Auto to PDA. Since 30 June 2018, King Port Auto has not been included in the Group's consolidation scope. Refer to Note VI.

As at 30 June 2018, the Group had no significant advances from customers with aging over 1 year (31 December 2017: Nil).

24. Contract liabilities

	30 June 2018 (unaudited)
Miscellaneous expenses	5,603,350.86
All-in charges for cargo handling within one year (Note V 32)	11,250,000.00
Freight	2,513,409.56
Prepaid fare	3,315,897.97
Others	8,315,077.64
	30,997,736.03

Except for the all-in charges for cargo handling, the advances from customers as at 31 December 2017 have been fully recognised as revenue in the current period. The all-in charges for cargo handling as at 31 December 2017 has been recognised as revenue of RMB3,057,714.00 in the current period.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

25. Employee benefits payable

For the six months ended 30 June 2018 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits payable	241,069,727.91	706,499,785.66	831,866,535.55	115,702,978.02
Post-employment benefits payable (defined contribution plans)	9,598,572.87	99,041,641.39	97,774,667.14	10,865,547.12
	250,668,300.78	805,541,427.05	929,641,202.69	126,568,525.14

2017

	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits payable	220,882,346.04	1,374,583,155.54	1,354,395,773.67	241,069,727.91
Post-employment benefits payable (defined contribution plans)	7,548,315.25	170,472,942.68	168,422,685.06	9,598,572.87
	228,430,661.29	1,545,056,098.22	1,522,818,458.73	250,668,300.78

Short-term employee benefits are as follows:

For the six months ended 30 June 2018 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	217,172,195.75	410,283,668.52	528,308,904.69	99,146,959.58
Staff welfare	2,667,529.04	31,001,994.79	33,180,447.11	489,076.72
Social insurances	107,230.50	39,186,197.48	39,186,876.48	106,551.50
Including: Medical insurance	97,301.46	30,825,686.82	30,825,686.82	97,301.46
Work injury insurance	7,754.26	2,860,521.33	2,861,200.33	7,075.26
Maternity insurance	2,174.78	4,560,577.92	4,560,577.92	2,174.78
Others	-	939,411.41	939,411.41	-
Housing funds	-	65,168,594.42	65,168,594.42	-
Labour union fund and employee education fund	2,194,772.61	12,044,321.80	12,337,902.87	1,901,191.54
Labour costs	2,741,060.96	142,830,129.69	140,721,279.56	4,849,911.09
Other short-term employee benefits	16,186,939.05	5,984,878.96	12,962,530.42	9,209,287.59
	241,069,727.91	706,499,785.66	831,866,535.55	115,702,978.02

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

25. Employee benefits payable (continued)

2017

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	206,816,685.10	821,995,037.14	811,639,526.49	217,172,195.75
Staff welfare	484,985.96	69,406,985.86	67,224,442.78	2,667,529.04
Social insurances	207,687.14	74,970,831.24	75,071,287.88	107,230.50
Including: Medical insurance	110,029.46	58,548,239.50	58,560,967.50	97,301.46
Work injury insurance	95,482.90	6,120,972.16	6,208,700.80	7,754.26
Maternity insurance	2,174.78	8,727,372.50	8,727,372.50	2,174.78
Others	–	1,574,247.08	1,574,247.08	–
Housing funds	–	122,767,509.12	122,767,509.12	–
Labour union fund and employee education fund	2,044,971.59	25,281,973.10	25,132,172.08	2,194,772.61
Labour costs	4,307,039.12	247,202,979.21	248,768,957.37	2,741,060.96
Other short-term employee benefits	7,020,977.13	12,957,839.87	3,791,877.95	16,186,939.05
	220,882,346.04	1,374,583,155.54	1,354,395,773.67	241,069,727.91

Post-employment benefits payable (defined contribution plans) are as follows:

For the six months ended 30 June 2018 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Basic pensions	264,345.12	69,308,372.42	69,308,372.42	264,345.12
Payment of annuity (Note)	9,312,345.37	27,814,094.55	26,547,120.30	10,579,319.62
Unemployment insurance	21,882.38	1,919,174.42	1,919,174.42	21,882.38
	9,598,572.87	99,041,641.39	97,774,667.14	10,865,547.12

2017

	Opening balance	Increase	Decrease	Closing balance
Basic pensions	264,345.12	132,010,353.33	132,010,353.33	264,345.12
Payment of annuity (Note)	7,262,087.75	34,795,510.73	32,745,253.11	9,312,345.37
Unemployment insurance	21,882.38	3,667,078.62	3,667,078.62	21,882.38
	7,548,315.25	170,472,942.68	168,422,685.06	9,598,572.87

Note: The Group operates a defined contribution pension scheme, which requires payments of fixed contributions to an independent fund. According to the pension scheme, the highest payment shall not exceed the limit stipulated in the national regulations, which is within 8% of the prior year's total payroll. The total payment made by the enterprise and employees shall not exceed 12% of the prior year's total payroll. The payment made by the Group during the current period is calculated at 5% of the prior year's total payroll.

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V. Notes to key items of the consolidated financial statements (continued)

26. Taxes payable

	30 June 2018 (unaudited)	31 December 2017
Corporate income tax	47,325,128.37	37,734,825.66
VAT	8,943,386.51	25,286,101.86
Individual income tax	1,944,450.92	3,709,965.90
City maintenance and construction tax	165,474.30	367,759.28
Educational surcharge	118,479.21	262,861.08
Import tariff and consumption tax	-	56,619,337.45
Others	3,986,450.19	3,333,908.70
	62,483,369.50	127,314,759.93

27. Other payables

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

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

27. Other payables (continued)

As at 30 June 2018, significant other payables with aging over one year are as follows (unaudited):

	Amount	Reasons for not being repaid
Project expenses payable and guaranty	32,834,405.13	Unsettled
Security expenses payable to the Bureau of Port	9,594,052.70	Unsettled
	<u>42,428,457.83</u>	

28. Non-current liabilities due within one year

	30 June 2018 (unaudited)	31 December 2017
Long-term borrowings due within one year (Note V. 29)	612,686,144.39	652,005,906.51
Bonds payable due within one year (Note V. 30)	2,650,000,000.00	3,449,545,262.51
Long-term payables due within one year (Note)	56,454,024.40	56,776,903.92
	<u>3,319,140,168.79</u>	4,158,328,072.94

Note: Long-term payables due within one year are payables for finance leases. The details are as follows:

	30 June 2018 (unaudited)	31 December 2017
Long-term payables	57,330,034.02	58,620,930.52
Unrecognised financing charges.	876,009.62	1,844,026.60
	<u>56,454,024.40</u>	56,776,903.92

29. Long-term borrowings

	30 June 2018 (unaudited)	31 December 2017
Pledged borrowings	544,140,055.78	649,409,158.06
Credit borrowings	2,305,527,410.84	2,584,140,684.04
	<u>2,849,667,466.62</u>	3,233,549,842.10
Less: Long-term borrowings due within one year		
Pledged borrowings	490,140,055.78	121,010,023.77
Credit borrowings	122,546,088.61	530,995,882.74
	<u>612,686,144.39</u>	652,005,906.51
	<u>2,236,981,322.23</u>	2,581,543,935.59

As at 30 June 2018, the interest rate of the above borrowings was 2.69% to 4.90% per annum (31 December 2017: 2.69% to 6.00%).

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V. Notes to key items of the consolidated financial statements (continued)

29. Long-term borrowings (continued)

The long-term borrowings are repayable as follows:

	30 June 2018 (unaudited)	31 December 2017
Within 1 year (including 1 year) or repayment on demand	612,686,144.39	652,005,906.51
In the 2 year (including 2 years)	130,000,000.00	604,399,134.29
In the 3 to 5 years (including 3 and 5 years)	748,106,102.23	1,105,269,581.30
Beyond five years	1,358,875,220.00	871,875,220.00
	2,849,667,466.62	3,233,549,842.10

30. Bonds payable

	30 June 2018 (unaudited)	31 December 2017
Corporate bonds	6,056,417,466.32	6,854,043,910.30
Less: Bonds payable within 1 year	2,650,000,000.00	3,449,545,262.51
	3,406,417,466.32	3,404,498,647.79

As at 30 June 2018, bonds payable are listed as follows:

	Par value	Date of issuance	Maturity period	Issuance amount	Opening balance	Issuance in the current period	Accumulated interests in the current period	Discount amortization	Repayment	Closing balance
Corporate bond (Note 1)	100.00	2011-5-23	10 years	2,350,000,000.00	2,340,072,819.54	-	61,763,150.69	1,337,316.47	-	2,341,410,136.01
Corporate bond (Note 2)	100.00	2011-9-26	7 years	2,650,000,000.00	2,650,000,000.00	-	79,503,630.15	-	-	2,650,000,000.00
Corporate bond (Note 3)	100.00	2017-4-26	5 years	1,070,000,000.00	1,064,425,828.25	-	25,468,931.50	581,502.06	-	1,065,007,330.31

As at 31 December 2017, bonds payable are listed as follows:

	Par value	Date of issuance	Maturity period	Issuance amount	Opening balance	Issuance in the current period	Accumulated interests in the current period	Discount amortization	Repayment	Closing balance
Corporate bond (Note 1)	100.00	2011-5-23	10 years	2,350,000,000.00	2,337,460,792.60	-	124,550,000.01	2,612,026.94	-	2,340,072,819.54
Corporate bond (Note 2)	100.00	2011-9-26	7 years	2,650,000,000.00	2,650,000,000.00	-	160,325,000.02	-	-	2,650,000,000.00
Corporate bond	100.00	2015-2-17	3 years	800,000,000.00	796,683,880.19	-	36,000,000.00	2,861,382.32	-	799,545,262.51
Corporate bond (Note 3)	100.00	2017-4-26	5 years	-	-	1,070,000,000.00	35,037,369.84	(5,574,171.75)	-	1,064,425,828.25

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

30. Bonds payable (continued)

Note 1: Under Regulatory Permission [2011] No. 699 approved by the China Securities Regulatory Commission (“CSRC”), the Company issued corporate bonds on 23 May 2011. The interest of such bonds is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 5.30%, which is payable every year. The related issuance expense amounts to RMB25,156,495.00. As at 30 June 2018, bonds payable with a par value of RMB2,350,000,000.00 (31 December 2017: RMB2,350,000,000.00) were secured with an unconditional and irrevocable guarantee provided by the parent of the Company, PDA.

Note 2: Under Regulatory Permission [2011] No. 1226 approved by CSRC, the Company issued corporate bonds on 26 September 2011. At the end of the fifth year after issuance, the Company has the right to increase the nominal interest rate of such bonds and holders have the right to sell all or partial bonds back to the Company at par. Such bonds at a fixed interest rate have a nominal interest rate of 6.05%. The interest is payable every year, and the related issuance expense amount to RMB27,775,729.25. As at 30 June 2018, bonds payable with a par value of RMB2,650,000,000.00 (31 December 2017: RMB2,650,000,000.00) were secured with an unconditional and irrevocable guarantee provided by the parent of the Company, PDA.

Note 3: Under Regulatory Permission [2016] No. 3075 approved by the CSRC, the Company issued corporate bonds on 26 April 2017. The interest of such bonds is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 4.80%, which is payable every year. The related issuance expense amounted to RMB6,360,413.25.

31. Deferred income

For the six months ended 30 June 2018 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Government grants	570,082,092.47	23,745,318.70	18,444,381.91	575,383,029.26
2017				
	Opening balance	Increase	Decrease	Closing balance
Government grants	565,971,998.11	80,119,655.20	76,009,560.84	570,082,092.47

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

31. Deferred income (continued)

As at 30 June 2018, the liabilities relating to government subsidies were as follows:

	Opening balance	Increase	Recognised as other income	Recognised as non-operating income	Closing balance	Related to assets/income
Relocation compensation	423,631,966.51	-	15,418,115.52	-	408,213,850.99	Related to assets
Production safety fund	29,527,500.00	-	-	-	29,527,500.00	Related to assets
Sea-railway transportation subsidies	16,680,000.00	-	-	-	16,680,000.00	Related to assets
Transport junction passenger station project	80,000,000.00	20,000,000.00	-	-	100,000,000.00	Related to assets
Operation subsidies	712,676.19	797,800.00	1,510,476.19	-	-	Related to income
Log process project	8,300,000.00	-	-	-	8,300,000.00	Related to assets
Stable position subsidies	-	2,831,618.70	-	-	2,831,618.70	Related to income
Energy conservation and emission reduction special fund	3,827,813.11	-	882,586.40	-	2,945,226.71	Related to assets
Vessel acquisition subsidies	2,083,663.52	-	388,108.78	-	1,695,554.74	Related to assets
Equipment reconstruction subsidies	2,049,769.14	-	31,057.98	-	2,018,711.16	Related to assets
Others	3,268,704.00	115,900.00	209,237.40	4,799.64	3,170,566.96	Related to assets
	570,082,092.47	23,745,318.70	18,439,582.27	4,799.64	575,383,029.26	

Notes to the Financial Statements (continued)

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(Expressed in Renminbi Yuan)

V. Notes to key items of the consolidated financial statements (continued)

31. Deferred income (continued)

As at 31 December 2017, the liabilities relating to government subsidies were as follows:

	Opening balance	Increase	Recognised as other income	Recognised as non-operating income	Closing balance	Related to assets/income
Relocation compensation	456,778,631.30	-	33,146,664.79	-	423,631,966.51	Related to assets
Production safety fund	30,797,500.00	-	1,270,000.00	-	29,527,500.00	Related to assets
Foreign trade and economic development special funds	21,094,366.00	-	21,094,366.00	-	-	Related to income
Sea-railway transportation subsidies	1,0340,000.00	6,340,000.00	-	-	16,680,000.00	Related to assets
Transport junction passenger station project	10,000,000.00	70,000,000.00	-	-	80,000,000.00	Related to assets
Operation subsidies	9,778,476.19	1,053,700.00	10,119,500.00	-	712,676.19	Related to income
Log process project	8,300,000.00	-	-	-	8,300,000.00	Related to assets
Stable position subsidies	8,002,109.79	-	8,002,109.79	-	-	Related to income
Energy conservation and emission reduction special fund	3,007,876.79	1,693,010.00	873,073.68	-	3,827,813.11	Related to assets
Vessel acquisition subsidies	2,874,881.08	-	791,217.56	-	2,083,663.52	Related to assets
Equipment reconstruction subsidies	1,891,284.82	430,740.00	272,255.68	-	2,049,769.14	Related to assets
Others	3,106,872.14	602,205.20	440,121.11	252.23	3,268,704.00	Related to assets
	565,971,998.11	80,119,655.20	76,009,308.61	252.23	570,082,092.47	

32. Other non-current liabilities

	30 June 2018 (unaudited)	31 December 2017
All-in charges for cargo handling	114,498,985.00	110,165,093.00
Less: contract liabilities due within one year	11,250,000.00	11,250,000.00
	103,248,985.00	98,915,093.00

In 2013, the Company entered into an all-in charges contract with Chinatex Grains and Oils (Heilongjiang) Co., Ltd. Chinatex Grains and Oils (Heilongjiang) Co., Ltd. paid in advance the all-in charges for full logistics including distribution services and port operations to the Company with an amount of RMB112 million.

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

33. Share capital

For the six months ended 30 June 2018 (unaudited) and 2017

	Opening and closing balance
RMB-denominated ordinary shares	7,735,820,000.00
Foreign shares listed overseas	5,158,715,999.00
	12,894,535,999.00

As at 30 June 2018, 722,166,000 shares of foreign shares listed overseas were held by PDA through HKSCC Nominees Limited (31 December 2017: 722,166,000 shares).

34. Capital reserve

For the six months ended 30 June 2018 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Share premium	2,910,765,975.69	–	–	2,910,765,975.69
Others (Note)	17,838,739.68	39,610,306.71	32,235,925.50	25,213,120.89
	2,928,604,715.37	39,610,306.71	32,235,925.50	2,935,979,096.58

2017

	Opening balance	Increase	Decrease	Closing balance
Share premium	2,910,765,975.69	–	–	2,910,765,975.69
Others	20,178,710.27	1,233,443.56	3,573,414.15	17,838,739.68
	2,930,944,685.96	1,233,443.56	3,573,414.15	2,928,604,715.37

Note: During the current period, the Group transferred its entire equity interests in King Port Auto to PDA. The difference of RMB37,470,903.15 between the consideration and carrying amount of the equity interest held by the Group in King Port Auto was recorded as capital reserve. Refer to Note VI.

The Group's joint ventures and associates appropriated special reserves during the current period, which resulted in an increase in the capital reserve of RMB2,139,403.56 (2017: RMB1,233,443.56).

The Group's acquisition of minority interests in its subsidiaries during the current period resulted in the decrease in the capital reserve of RMB32,235,925.50.

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

35. Other comprehensive income

Accumulated balance of other comprehensive income attributable to parent company in the balance sheet:

	1 January 2018	Increase or decrease	30 June 2018
Other equity instrument investments			
Fair value changes (Note)	(22,440,514.85)	(2,995,803.67)	(25,436,318.52)
Exchange differences on foreign currency translations	29,238,550.42	378,956.85	29,617,507.27
	6,798,035.57	(2,616,846.82)	4,181,188.75
	1 January 2017	Increase or decrease	31 December 2017
Share of other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss	(755,666.78)	755,666.78	–
Gains or losses arising from changes in fair value of available-for-sale financial assets	(4,520,209.49)	4,679,843.22	159,633.73
Exchange differences on foreign currency translations	52,651,443.26	(23,412,892.84)	29,238,550.42
	47,375,566.99	(17,977,382.84)	29,398,184.15

Note: The Group has adopted the New Financial Instruments Standards from 1 January 2018. On the date of adoption, the Group remeasured the impairment provision for the original financial assets in accordance with the New Financial Instruments Standards as at 31 December 2017. This cause a difference of RMB22,600,148.58 in other comprehensive income between 1 January 2018 and 31 December 2017. Refer to Note III. 30. Changes in accounting policies.

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

35. Other comprehensive income (continued)

Other comprehensive income in the income statement for the current period/year:

For the six-month period ended 30 June 2018 (unaudited)

	Amount before tax	Less: Previously recognised in OCI but transferred to profit or loss for the current period	Less: Previously recognised in OCI but transferred to retained earnings for the current period	Less: Income tax expenses	Attributable to parent of the Company	Attributable to minority interests
Other equity instrument investments						
Fair value changes	(2,995,803.67)	-	-	-	(2,995,803.67)	589,528.47
Exchange differences on foreign currency translations	378,956.85	-	-	-	378,956.85	-
	(2,616,846.82)	-	-	-	(2,616,846.82)	589,528.47

2017

	Amount before tax	Less: Previously recognised in OCI but transferred to retained earning for the current year	Less: Income tax expenses	Attributable to parent of the Company	Attributable to minority interests
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss	-	755,666.78	-	755,666.78	-
Gains or losses arising from changes in fair value of available-for-sale financial assets	4,679,843.22	-	-	4,679,843.22	-
Exchange differences on foreign currency translation	(23,412,892.84)	-	-	(23,412,892.84)	-
	(18,733,049.62)	755,666.78	-	(17,977,382.84)	-

Notes to the Financial Statements (continued)

30 June 2018
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V. Notes to key items of the consolidated financial statements (continued)

36. Special reserve

For the six-month period ended 30 June 2018 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Safety production expenses	32,603,491.61	16,236,570.93	7,348,641.32	41,491,421.22

2017

	Opening balance	Increase	Decrease	Closing balance
Safety production expenses	29,604,575.28	28,630,104.05	25,631,187.72	32,603,491.61

37. Surplus reserve

For the six months ended 30 June 2018 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	757,741,900.17	–	–	757,741,900.17
Reserve fund	353,065.88	–	–	353,065.88
Discretionary surplus reserve	620,468.49	–	–	620,468.49
	758,715,434.54	–	–	758,715,434.54

2017

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	675,669,606.41	82,072,293.76	–	757,741,900.17
Reserve fund	353,065.88	–	–	353,065.88
Discretionary surplus reserve	620,468.49	–	–	620,468.49
	676,643,140.78	82,072,293.76	–	758,715,434.54

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of its net profit for the year to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve of the Company has reached above 50% of the registered capital of the Company, additional appropriation will not be needed.

After the appropriation to the statutory surplus reserve, the Company may also appropriate funds to its discretionary surplus reserve. Upon approval, the discretionary surplus reserve can be used to make up for the loss or increase the share capital.

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

38. Retained earnings

	For the six months ended 30 June 2018 (unaudited)	2017
Retained earnings at the end of last year before adjustment	1,416,071,539.76	1,194,212,957.96
Accounting policy changes (Note III. 30)	12,944,295.94	-
Retained earnings at the beginning of the period/year after adjustment	1,429,015,835.70	1,194,212,957.96
Profit attributable to the parent	176,180,847.60	500,779,944.29
Less: Appropriation to statutory surplus reserve	-	82,072,293.76
Ordinary share cash dividends payable (Note)	296,574,327.98	193,418,039.99
Appropriation of employee bonus and welfare fund by subsidiaries	86,678.93	3,433,841.52
Others	-	(2,812.78)
Retained earnings at the end of the period/year	1,308,535,676.39	1,416,071,539.76

Note: In accordance with the resolution of the board meeting dated 26 March 2018, the Company proposed a cash dividend to equity holders of the Company of RMB0.23 for every 10 shares (inclusive of tax). The total proposal cash dividends are RMB296,574,327.98. The above dividend distribution scheme has been approved by the shareholders' meeting held on 28 June 2018.

39. Revenue and cost of sales

Revenue, which is also the Group's turnover, represents the net invoice value of goods sold net of sales returns and trade discounts; the value of the services rendered; and the gross rental income received and receivable by the Group during the period.

Revenue is as follows:

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

Notes to the Financial Statements (continued)

30 June 2018
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V. Notes to key items of the consolidated financial statements (continued)

39. Revenue and cost of sales (continued)

Cost of sales is as follows:

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

Revenue by segment is as follows:

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

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

39. Revenue and cost of sales (continued)

Revenue by type is as follows:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Revenue from commodity trading	836,642,920.97	1,846,255,008.97
Revenue from loading services	1,432,289,361.57	974,840,738.03
Revenue from storage services	268,235,847.22	263,976,191.40
Revenue from agency services	375,113,925.31	459,475,163.90
Revenue from logistics services	326,316,874.60	243,513,585.09
Revenue from leasing services	71,647,334.13	134,533,695.91
Revenue from port management services	116,935,211.09	120,168,723.95
Revenue from project construction and inspection services	27,555,334.44	31,523,431.75
Revenue from electric supply services	33,567,840.55	47,702,654.24
Revenue from information services	28,873,112.54	33,873,421.26
Revenue from tallying services	31,880,758.94	30,714,531.72
Revenue from sales of goods	17,819,370.39	15,353,718.84
Revenue from others	84,310,795.06	116,072,513.36
	3,651,188,686.81	4,318,003,378.42

Revenue by recognition time is as follows:

	For the six months ended 30 June 2018 (unaudited)
Goods (transferred at a certain point of time)	836,642,920.97
Goods (transferred over a certain period)	51,387,210.94
Services (provided during a certain period)	2,691,511,220.77
Lease income	71,647,334.13
	3,651,188,686.81

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

40. Taxes and surcharges

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Property tax	6,863,786.10	6,168,607.97
Land use tax	8,379,180.70	9,893,578.34
City maintenance and construction tax	3,746,890.30	3,797,285.09
Educational surcharge	2,677,049.38	2,723,788.84
Stamp duty	1,366,593.00	1,894,137.66
Vehicle and vessel use tax	155,143.60	152,551.00
Others	1,709,438.79	90,657.53
	24,898,081.87	24,720,606.43

41. General and administrative expenses

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Payroll	235,445,529.84	208,101,827.73
Cost of outsourcing labor	9,436,354.07	7,141,513.29
Commuting costs	4,047,403.52	2,397,823.24
Depreciation and amortisation	24,268,574.11	23,325,833.97
Business entertainment expenses	6,408,515.64	8,307,383.72
Office charges	3,574,676.58	2,871,963.74
Audit fee	723,207.05	721,628.72
Rental expenses	11,576,575.11	11,843,813.25
Property insurance expenses	4,897,397.97	4,235,191.65
Energy consumption	3,737,768.69	3,192,100.00
Others	27,731,948.03	19,920,039.71
	331,847,950.61	292,059,119.02

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

42. Research and development expenses

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Payroll	4,633,127.69	5,216,283.82
Depreciation and amortisation	797,670.18	800,075.86
Technology research and development expenses	5,430,797.87	6,016,359.68

43. Financial expenses

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

The amount of capitalised borrowing costs has been included in construction in progress.

The details of interest income are as follows:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Cash and cash equivalents	66,904,778.20	49,616,991.20

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

44. Credit impairment loss

	For the six months ended 30 June 2018 (unaudited)
Bad debt loss	12,222,786.44

45. Other income

Government subsidies related to daily activities are as follows:

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

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

46. Investment income

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

47. Gains/(losses) on changes in fair value

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Financial assets held for trading	933,860.00	-
Including: Financial assets at fair value through profit or loss	4,837,128.00	(1,695,366.00)
Other financial liabilities	-	-
	5,770,988.00	(1,695,366.00)

48. (Losses)/gains on disposals of assets

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Gains on disposal of non-current assets	3,135.16	6,862,358.12
Losses on disposal of non-current assets	(85,440.65)	(136,229.45)
	(82,305.49)	6,726,128.67

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

49. Non-operating income

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)	Amount recognised as non-recurring profit or loss for the six months ended 30 June 2018 (unaudited)
Government grants	288,000.00	15,813,100.00	288,000.00
Late fee income	5,785,788.00	–	5,785,788.00
Others	2,799,467.08	4,214,652.71	2,799,467.08
	8,873,255.08	20,027,752.71	8,873,255.08

Details of government grants:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Production safety fund	–	15,580,000.00
Others	288,000.00	233,100.00
	288,000.00	15,813,100.00

50. Non-operating expenses

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)	Amount recognised as non-recurring profit or loss for the six months ended 30 June 2018 (unaudited)
Losses on obsolescence of fixed assets	716,647.11	–	716,647.11
Others	1,679,472.64	751,664.38	1,679,472.64
	2,396,119.75	751,664.38	2,396,119.75

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

51. Income tax expenses

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

The reconciliation of the total profit to the income tax expenses is as follows:

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

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

52. Expenses by nature

The supplemental information to the Group's cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses by nature is as follows:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Cost of goods sold	821,019,911.80	1,844,966,542.62
Payroll	796,005,302.50	706,916,299.82
Depreciation and amortisation	509,037,489.74	400,644,088.29
Agency cost	293,063,293.02	368,859,498.69
Leasing and warehousing expenses	162,793,893.86	148,606,150.62
Fuel costs	125,466,954.32	95,851,690.27
Outsourcing operation expenses	110,882,234.80	59,397,113.51
Electricity expenses	59,076,039.86	69,237,555.36
Maintenance charges	39,943,082.96	34,422,088.70
Materials expenses	37,753,756.59	24,572,862.04
Others	266,289,534.55	221,066,353.72
	3,221,331,494.00	3,974,540,243.64

53. Basic earnings per share ("EPS")

The basic EPS is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.

The calculation of the basic EPS is as follows:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	176,180,847.60	238,539,731.50
Shares		
Weighted average number of ordinary shares in issue	12,894,535,999.00	12,894,535,999.00
Basic earnings per share	0.01	0.02

For the six months ended 30 June 2018, there were no dilutive potential ordinary shares in issue (for the six months ended 30 June 2017: Nil).

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

54. Notes to the statement of cash flows

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Cash received relating to other operating activities:		
Down payment received	–	10,670,844.66
Bank interest income received	87,759,539.74	41,600,550.85
Government grants received	4,726,459.36	3,146,191.99
Others	9,095,097.76	60,669,297.45
	101,581,096.86	116,086,884.95
	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Cash paid relating to other operating activities		
Advances paid to suppliers	–	579,309,729.67
Rental expenses	11,576,575.11	49,343,813.25
Insurance expenses	4,897,397.97	4,235,191.65
Intermediary fees	7,041,316.49	2,143,213.59
Travelling expenses	2,360,007.68	2,626,059.22
General office expenses	3,574,676.58	2,871,963.74
Repair expenses	2,595,695.47	2,096,390.40
Commuting expenses	4,047,403.52	2,397,823.24
Fuel expenses	1,692,079.67	1,579,927.58
Utility fees	3,737,768.69	3,192,100.00
Communication expenses	175,539.24	214,292.61
Others	33,968,099.83	33,017,904.47
	75,666,560.25	683,028,409.42

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

54. Notes to the statement of cash flows (continued)

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Cash received relating to other investing activities		
Receipt of fixed bank deposits of over six months	558,547,719.21	55,500,000.00
Cash received from restricted cash with financial institutions	32,633,759.71	146,808,718.32
Asset-related government grants received	20,000,000.00	49,099,000.00
Refund of land transfer fee	-	70,616,548.00
	611,181,478.92	322,024,266.32
Cash paid relating to other investing activities		
Fixed bank deposits of over six months	373,000,000.00	374,522,461.67
Restricted cash with financial institutions	15,651,981.52	134,296,753.28
Refund of capital to minority shareholders	-	1,400,000.00
	388,651,981.52	510,219,214.95
Cash paid relating to other financing activities		
Bonds issuance expense paid	367,511.50	11,380,413.25
Finance lease payment	1,951,875.02	2,014,051.96
Bank commission charges paid	881,287.81	1,904,600.27
	3,200,674.33	15,299,065.48

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

55. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Net profit	248,423,568.08	275,803,722.85
Add: Credit impairment loss	12,222,786.44	–
Depreciation of fixed assets	442,970,828.32	363,487,392.67
Depreciation of investment properties	10,069,456.38	9,077,385.84
Amortisation of intangible assets	36,752,101.80	24,272,640.76
Amortisation of long-term prepaid expenses	19,245,103.26	9,472,153.55
Net loss/(gains) on disposal of fixed assets	798,952.60	(6,726,128.67)
Financial expenses	242,981,116.23	308,588,958.69
Investment income	(91,004,995.48)	(170,592,661.04)
Losses/(gains) on changes in fair value	(5,770,988.00)	1,695,366.00
Decrease in deferred tax assets	4,161,427.70	4,221,017.42
Increase/(decrease) in deferred tax liabilities	(5,661,168.26)	321,348.39
Amortization of deferred income	(18,444,381.91)	(42,646,717.35)
Decrease in inventories	406,901,265.62	80,432,787.46
Increase in special reserve	10,755,328.31	8,818,010.59
Increase in operating receivables	(110,303,638.32)	(592,742,172.21)
Decrease in operating payables	(439,894,225.54)	(171,721,435.86)
Net cash flows from operating activities	764,202,537.23	101,761,669.09

Significant operating activities that do not involve cash payments:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Import bill advance under LC Bank payments for goods	–	24,793,947.92

Notes to the Financial Statements (continued)

30 June 2018
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V. Notes to key items of the consolidated financial statements (continued)

55. Supplementary information to the statement of cash flows (continued)

(1) Supplementary information to the statement of cash flows (continued)

Net decrease in cash and cash equivalents:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Cash and cash equivalents at the end of the period	5,919,526,700.69	5,709,159,039.34
Less: Cash and cash equivalents at the beginning of the period	(6,925,797,974.59)	(6,376,088,087.66)
Net decrease in cash and cash equivalents	(1,006,271,273.90)	(666,929,048.32)

(2) Information of disposal of a subsidiary

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Consideration for disposal of a subsidiary	-	-
Cash and cash equivalents received for disposal of a subsidiary	-	-
Less: Cash and cash equivalents held by the subsidiary disposed of	42,203,857.88	-
Net cash paid for disposal of a subsidiary	(42,203,857.88)	-

(3) Cash and cash equivalents

	30 June 2018 (unaudited)	30 June 2017 (unaudited)
Cash		
Including: Cash on hand	70,549.37	88,331.56
Bank deposits that can be readily drawn on demand	5,916,572,209.05	5,706,555,333.69
Other cash balances that can be readily drawn on demand	2,883,942.27	2,515,374.09
Cash and cash equivalents at the end of the period	5,919,526,700.69	5,709,159,039.34

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

56. Assets restricted by ownership or use right

	30 June 2018	31 December 2017	
Cash and bank balances	6,589,694.60	23,571,472.79	Letters of credit and guarantee (Note 1)
Inventories	–	327,114,425.81	Pledged borrowings (Note 2)
Fixed assets	566,073,802.67	585,015,928.02	Long-term borrowings collateral (Note 3)
Intangible assets	14,695,244.17	14,871,587.05	Long-term borrowings collateral (Note 3)
Total	587,358,741.44	950,573,413.67	

Note 1: As at 30 June 2018, a bank deposit of RMB1,742,694.60 (31 December 2017: RMB1,620,759.65) was pledged as collateral for the Group's project payment guarantee of RMB17,406,162.60 (31 December 2017: RMB16,207,596.53).

As at 30 June 2018, other cash balances of RMB2,847,000.00 (31 December 2017: RMB4,115,000.00) were pledged as the Group's project performance guarantee.

As at 30 June 2018, other cash balances of RMB2,000,000.00 (31 December 2017: RMB2,000,000.00) were pledged as the guarantee for purchase of electricity.

Note 2: As at 30 June 2018, no inventory was pledged as collateral (31 December 2017, inventories with a carrying amount of RMB327,114,425.81 and relevant documents of import business were pledged as collateral for the bank borrowings of RMB308,692,031.66).

Note 3: As at 30 June 2018, fixed assets with total carrying amount of RMB383,166,839.72 (31 December 2017: RMB399,006,474.68) were pledged as collateral for non current liabilities due within one year of RMB488,130,032.01.

As at 30 June 2018, fixed assets with total carrying amount of RMB92,532,885.73 (31 December 2017: RMB94,420,298.35) were pledged as collateral for long-term borrowings of RMB54,000,000.00.

As at 30 June 2018, fixed assets with total carrying amount of RMB90,374,077.22 (31 December 2017: RMB91,589,155.04.) and land use rights with a carrying amount of RMB14,695,244.17 (31 December 2017: RMB14,871,587.05) were pledged as collateral for non-current liabilities due within one year of RMB2,010,023.77.

Notes to the Financial Statements (continued)

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V. Notes to key items of the consolidated financial statements (continued)

57. Monetary items denominated in foreign currencies

	30 June 2018 (unaudited)			31 December 2017		
	Original currency	Exchange rate	Translated RMB	Original currency	Exchange rate	Translated RMB
Cash and bank balances						
USD	619,450,446.88	6.6166	4,098,655,826.83	618,720,057.32	6.5342	4,042,840,598.54
JPY	26,429,245.00	0.0599	1,583,481.78	13,090,659.00	0.0579	757,949.16
HKD	12,916,057.90	0.8431	10,889,528.42	6,876,726.85	0.8359	5,748,255.97
Accounts receivable						
USD	8,627,712.98	6.6166	57,086,125.70	7,786,798.46	6.5342	50,880,498.50
JPY	34,538,047.00	0.0599	2,069,312.55	298,777.00	0.0579	17,299.19
HKD	44,268,000.00	0.8431	37,322,350.80	-	-	-
Other receivables						
USD	411,252.33	6.6166	2,721,092.17	471,149.83	6.5342	3,078,587.22
Prepayments						
USD	764,159.68	6.6166	5,056,138.94	-	-	-
Accounts payable						
USD	10,838,190.89	6.6166	71,711,973.84	14,604,843.03	6.5342	95,430,965.33
Other payables						
USD	2,095.00	6.6166	13,861.78	3,985.00	6.5342	26,038.79
HKD	-	-	-	28,079.70	0.8359	23,471.82
Advances from customers						
USD	131,585.84	6.6166	868,912.88	-	-	-
JPY	9,999.40	0.0599	599.96	-	-	-
Other equity instrument investments						
HKD	19,737,450.00	0.8431	16,640,644.10	-	-	-
Available-for-sale financial assets						
HKD	-	-	-	19,737,450.00	0.8359	16,498,534.46
Short-term borrowings						
USD	-	-	-	39,428,161.91	6.5342	257,631,495.55
JPY	-	-	-	369,000,000.00	0.0579	21,358,827.00
CAD	-	-	-	1,550,560.24	5.2009	8,064,308.75
EUR	-	-	-	14,871,175.35	7.8023	116,029,371.43
Other non current liabilities due within one year						
USD	-	-	-	8,339,665.59	6.5342	54,493,042.90

Notes to the Financial Statements (continued)

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VI. Changes of consolidation scope

1. Disposal of a subsidiary

	Place of registration	Nature of business	Shareholding (%)	Voting rights (%)	Reasons for disposal
Dalian United King Port Auto Trade Co., Ltd.	Dalian, Liaoning	Trading business	60%	60%	Note

Note: On 26 June 2018, the Company entered into an equity transfer agreement with its parent company, PDA, to sell 60% equity interests in Dalian United King Port Auto Trade Co., Ltd. ("King Port Auto") for a consideration of RMB937,200.00. Meanwhile, according to the equity transfer agreement, the gains or losses corresponding to this equity transfer from 31 December 2017, the benchmark date, to 30 June 2018, the closing date, shall be owned or borne by the Company, and the commitment of losses shall be limited to the equity transfer price. Since the net loss of King Port Auto occurred from the benchmark date to the closing date was RMB5,096,256.83, the final equity transfer price was zero. The disposal date is 30 June 2018. King Port Auto has not been included in the Group's consolidation scope since 30 June 2018. The relevant financial information of King Port Auto is as follows:

	30 June 2018 Carrying amount	31 December 2017 Carrying amount
Current assets	436,294,479.66	845,680,170.50
Non-current assets	16,194,823.01	16,008,730.17
Current liabilities	(440,299,193.14)	(918,983,756.14)
Non-current liabilities	(75,000,000.00)	-
	(62,809,890.47)	(57,294,855.47)
Minority interests	(25,338,987.32)	(23,132,973.32)
Gains on disposal	37,470,903.15	
Disposal consideration	-	
		For the six months ended 30 June 2018
Revenue		528,420,203.44
Cost of sales		515,931,593.28
Net loss		(5,096,256.83)

Notes to the Financial Statements (continued)

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VII. Interests in other entities

1. Interests in subsidiaries

Subsidiaries of the Group are as follows:

	Major business location	Place of registration	Nature of business	Registered capital RMB'0000	Percentage of shareholding	
					Direct (%)	Indirect (%)
Subsidiaries acquired from PDA by equity injection on the date of incorporation						
Dalian Port Container Development Co., Ltd.	Dalian	Dalian	Container services	296,411	100	–
Dalian Port Jifa Logistics Co., Ltd.	Dalian	Dalian	Logistics services	117,940	100	–
Dalian Port Logistics Technology Co., Ltd.	Dalian	Dalian	Software development	1,000	–	100
Dalian Jifa Shipping Agency Co, Ltd.	Dalian	Dalian	Vessel agency	550	–	100
Dalian International Logistics Park Development Co., Ltd.	Dalian	Dalian	Property development	15,000	–	100
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Dalian	Dalian	Transportation	4,923	–	97.36
Dalian International Container Services Co., Ltd. (Note 2)	Dalian	Dalian	Freight agency	USD1,440,000	–	55
Dalian Jifa International Freight Co., Ltd.	Dalian	Dalian	Freight agency	500	–	100
Dalian Jifa Port Engineering Co., Ltd.	Dalian	Dalian	Technology services	1,200	–	100
Dalian Jifa Shipping Management Co., Ltd.	Dalian	Dalian	Vessel management services	41,500	94.22	5.78
Dalian ETDZ Jin Xin Petro- chemistry Co., Ltd.	Dalian	Dalian	Agency business	1,000	60	–
Subsidiaries acquired through establishment or investment						
Dalian Dilangsirui Caravan Co., Ltd.	Dalian	Dalian	Manufacturing	10,000	51	–
Dalian Ganghong International Trade Co., Ltd. (Note 2)	Dalian	Dalian	Trading	2,000	–	51
Asia Pacific Ports Company Limited	Hong Kong	Hong Kong	Logistics services	HKD75,000,000	100	–
Harbour Full Group Limited	British Virgin Islands	British Virgin Islands	Logistics services	USD50,000	–	100
Asia Pacific Ports Investment Co., Ltd.	Hong Kong	Hong Kong	Logistics services	HKD1	–	100
Asia Pacific Ports (Dalian) Co., Ltd.	Dalian	Dalian	Logistics services	USD31,580,000	–	100
Asia Pacific Ports Development Co., Ltd.	British Virgin Islands	British Virgin Islands	Logistics services	USD1	–	100
Dalian Container Terminal Co., Ltd. (Note 2 and 4)	Dalian	Dalian	Terminal services	348,000	–	48.15
Heilongjiang Suimu Logistics Co., Ltd.	Muling	Muling	Logistics services	4,500	–	91.67
Qinhuangdao Jigang Shipping Agency Co., Ltd.	Qinhuangdao	Qinhuangdao	Shipping agency	500	–	100
Dalian Port Grain and Oil Trading Co., Ltd.	Dalian	Dalian	Trading	2,500	100	–
Dalian Steel Logistics Park Co., Ltd.	Dalian	Dalian	Trading	800	100	–
Dalian Haijia Automobile Terminal Co., Ltd. (Note 1)	Dalian	Dalian	Construction and operation	40,000	50	–
Caofeidian Port Container Logistics Co., Ltd.	Tangshan	Tangshan	Shipping agency	50	–	51
Dalian Port Oulu International Logistics Co., Ltd.	Dalian	Dalian	Freight services	500	–	60
Dalian Zhuanghe Gangxing Investment Co., Ltd.	Dalian	Dalian	Property development	8,000	100	–
Dalian Port Senlida Timber Trading Centre Co., Ltd.	Dalian	Dalian	Service industry	2,500	–	51
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Tongliao	Tongliao	Freight services	1,000	–	51
Dalian Hongyang International Logistics Co., Ltd. (Note 1)	Dalian	Dalian	Freight services	2,000	50	–
Dalian Gangrun Gas Co., Ltd.	Dalian	Dalian	Sale of fuel gas	1,000	51	–

VII. Interests in other entities (continued)**1. Interests in subsidiaries (continued)**

	Major business location	Place of registration	Nature of business	Registered capital RMB'0000	Percentage of shareholding	
					Direct (%)	Indirect (%)
Subsidiaries acquired through establishment or investment (continued)						
Dalian Port Lianheng Supply Chain Management Co., Ltd.	Dalian	Dalian	Supply chain management services	2,000	-	51
Dalian Jifa South Coast International Logistics Co., Ltd.	Dalian	Dalian	Port industry	1,500	-	100
Dalian Dilangsirui Tourism Development Co., Ltd.	Dalian	Dalian	Tourist project development	3,000	-	100
Dalian Dilangsirui Automobile Leasing Co., Ltd.	Dalian	Dalian	Automobile leasing	50	-	100
Subsidiaries acquired in business combinations involving entities under common control						
Dalian Ocean Shipping Tally Co., Ltd.	Dalian	Dalian	Tallying services	630.14	84	-
Dalian Port Soft Technology Co., Ltd. (Note 2 and 3)	Dalian	Dalian	Software development	1,000	-	49
Dalian Portsoft Network Co., Ltd.	Dalian	Dalian	Software development	1,000	-	100
Dalian Port Construction Supervision & Consultation Co., Ltd.	Dalian	Dalian	Supervision services	1,000	75	-
Dalian Port Telecommunications Engineering Co., Ltd.	Dalian	Dalian	Telecommunications services	1,000	45	20
Dalian Golden Bay Grain Logistics Co., Ltd. (Note 4)	Dalian	Dalian	Logistics services	9,733	37.5	-
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	Dalian	Dalian	Terminal services	10,000	60	-
Dalian Port Power Supply Co., Ltd.	Dalian	Dalian	Construction	11,000	100	-
Dalian Changxing Island Economic Zone Wanpeng Harbour Construction Supervisory and Consultancy Co., Ltd.	Dalian	Dalian	Supervision service	10	-	100
Dalian Port Haiheng Ship Management Co., Ltd.	Dalian	Dalian	Service industry	500	100	-
Subsidiaries acquired in business combinations involving entities not under common control						
DCT Logistics Co., Ltd.	Dalian	Dalian	Logistics services	15,538.70	-	100
Dalian Port Net Co., Ltd.	Dalian	Dalian	Information services	3,200	-	79.03
Dalian Jiyi Logistics Co., Ltd.	Dalian	Dalian	Freight agency	10,000	-	100
Dalian Lvshun Port Co., Ltd.	Lvshun	Lvshun	Terminal services	35,000	60	-
Liaoning Con-Rail International Logistics Co., Ltd.	Shenyang	Shenyang	Logistics	1,600	-	100

Note 1: The proportion of shareholdings is different to that of voting rights. Pursuant to joint venture contract signed with the other shareholders, other shareholders keep a consistent decision with the Company regarding material operation matters of the joint ventures, and the Company actually control the entity.

Note 2: The proportion of shareholdings is different to that of voting rights. The proportion of shareholdings is determined by the amount of contributions in the investment agreement, while that of voting rights is determined by the voting methods of the highest decision-making institution according to the Articles of Association of the investee, which leads to the inconsistency between the proportion of shareholding and the voting rights.

Note 3: With the majority of the voting rights owned in the board, the Company actually controls the entity.

Note 4: Pursuant to the consent agreement entered into between certain shareholders and the Company, these shareholders keep consistent decision with the Company, and the Company actually controls the entity.

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VII. Interests in other entities (continued)

1. Interests in subsidiaries (continued)

Subsidiaries with significant minority interests are as follows:

30 June 2018 (unaudited)

	Shareholding of minority shareholders (%)	Profit or loss attributable to minority shareholders	Dividends paid to minority shareholders	Accumulative minority interests at the end of the period
Dalian Container Terminal Co., Ltd.	51.85%	79,058,689.97	-	2,016,758,608.18
Dalian Haijia Automobile Terminal Co., Ltd.	50.00%	693,113.51	-	221,955,116.95
Dalian Port Lvshun Harbour Service Co., Ltd.	40.00%	574,766.01	-	135,006,979.88
Dalian Golden Bay Grain Logistics Co., Ltd.	62.50%	(1,591,541.44)	-	122,302,914.62

31 December 2017

	Shareholding of minority shareholders (%)	Profit or loss attributable to minority shareholders	Dividends paid to minority shareholders	Minority interests at the end of the year
Dalian Container Terminal Co., Ltd.	51.85%	90,169,010.47	(86,562,250.05)	1,936,717,325.33
Dalian Haijia Automobile Terminal Co., Ltd.	50.00%	4,709,790.67	-	221,265,535.28
Dalian Port Lvshun Harbour Service Co., Ltd.	40.00%	1,508,945.16	-	134,578,524.70
Dalian Golden Bay Grain Logistics Co., Ltd.	62.50%	125,760.33	-	123,894,456.06

Notes to the Financial Statements (continued)

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VII. Interests in other entities (continued)

1. Interests in subsidiaries (continued)

	Dalian Container Terminal Co., Ltd.	Dalian Haijia Automobile Terminal Co., Ltd.	Dalian Port Lvshun Harbour Service Co., Ltd.	Dalian Golden Bay Grain Logistics Co., Ltd.
30 June 2018 (unaudited)				
Current assets	555,499,577.05	163,548,504.74	37,206,383.96	147,742,160.36
Non-current assets	5,786,376,111.35	292,385,988.71	340,939,912.46	48,486,121.44
Total assets	6,341,875,688.40	455,934,493.45	378,146,296.42	196,228,281.80
Current liabilities	926,498,099.67	4,547,351.31	7,872,047.39	543,618.41
Non-current liabilities	1,526,090,753.10	7,476,908.26	32,641,799.67	–
Total liabilities	2,452,588,852.77	12,024,259.57	40,513,847.06	543,618.41
For the six months ended 30 June 2018 (unaudited)				
Revenue	703,907,362.66	–	28,512,631.30	4,995,848.98
Net profit/(loss)	152,475,776.23	1,386,227.01	1,436,915.02	(2,546,466.30)
Total comprehensive income/(loss)	152,475,776.23	1,386,227.01	1,436,915.02	(2,546,466.30)
Net cash flows from operating activities	197,740,922.39	–	8,819,821.85	1,214,741.42
	Dalian Container Terminal Co., Ltd.	Dalian Haijia Automobile Terminal Co., Ltd.	Dalian Port Lvshun Harbour Service Co., Ltd.	Dalian Golden Bay Grain Logistics Co., Ltd.
31 December 2017				
Current assets	644,294,587.93	163,918,176.40	34,834,218.41	148,131,189.84
Non-current assets	5,894,652,327.78	289,782,873.88	344,921,584.29	50,463,230.57
Total assets	6,538,946,915.71	453,701,050.28	379,755,802.70	198,594,420.41
Current liabilities	938,196,761.50	3,693,071.46	10,637,031.87	363,290.72
Non-current liabilities	1,865,501,438.06	7,476,908.25	32,672,459.07	–
Total liabilities	2,803,698,199.56	11,169,979.71	43,309,490.94	363,290.72
For the six months ended 30 June 2017 (unaudited)				
Revenue	246,077,956.26	–	24,474,463.67	12,221,099.47
Net profit	79,067,585.40	4,258,275.68	341,338.25	948,934.54
Total comprehensive income	79,067,585.40	4,258,275.68	341,338.25	948,934.54
Net cash flows from operating activities	108,056,850.83	(50,000.00)	8,463,438.61	3,956,829.71

Notes to the Financial Statements (continued)

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(Expressed in Renminbi Yuan)

VII. Interests in other entities (continued)

2. Interests in joint ventures and associates

	Major business location	Place of registration	Nature of business	Registered capital RMB'0000	Shareholding (%)		Accounting treatment
					Direct	Indirect	
Joint-controlled entities							
Dalian Port Tongli Shipping Agency Co., Ltd.	Dalian	Dalian	Domestic freight and vessel agency	60	50	-	Equity method
Dalian Harbour ECL Logistics Co., Ltd.	Dalian	Dalian	Storage loading and discharging services	USD9,000,000	50	-	Equity method
Odfjell Terminals (Dalian) Co., Ltd.	Dalian	Dalian	Construction and operation of storage terminals	USD28,000,000	50	-	Equity method
Dalian Port PetroChina International Terminal Co., Ltd.	Dalian	Dalian	Loading and discharging of refined oil	25,000	50	-	Equity method
Dalian United International Shipping Agency Co., Ltd.	Dalian	Dalian	Vessel agency and shipping consulting services	500	-	50	Equity method
Dalian Vanguard International Logistics Co., Ltd.	Dalian	Dalian	International container storage services	7,400	-	50	Equity method
Dalian Port Yi Du Cold Chain Co., Ltd.	Dalian	Dalian	Freight and storage agency	52,100	-	50	Equity method
China United Tally (Dalian) Co., Ltd.	Dalian	Dalian	Tallying services	280	50	-	Equity method
Dalian China Oil Dock Management Co., Ltd.	Dalian	Dalian	Oil terminal services	1,000	49	-	Equity method
Liaoning Electronic Port Co., Ltd.	Dalian	Dalian	Computer system services and data analysis services	1,200	-	50	Equity method
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Dalian	Dalian	Container terminal services	1,000	-	57	Equity method
Dalian Jilong Logistics Co., Ltd.	Dalian	Dalian	Logistics and storage services	7,000	-	30	Equity method
Dalian Automobile Terminal Co., Ltd.	Dalian	Dalian	Discharging and storage	40,000	32	-	Equity method
Dalian Singamas International Container Co., Ltd.	Dalian	Dalian	Container services	USD13,250,000	-	43.63	Equity method
China United International Rail Containers (Dalian) Co., Ltd.	Dalian	Dalian	International container services	53,500	-	40	Equity method
Odfjell Changxing Terminals (Dalian) Co., Ltd.	Dalian	Dalian	Development and construction of terminal and port storage facilities	5,000	40	-	Equity method
Dalian Changxing Island Port Co., Ltd.	Dalian	Dalian	Terminal services	62,000	40	-	Equity method
Dalian Port Bulk Cargo Logistics Centre Co., Ltd.	Dalian	Dalian	Bulk cargo logistics	1,000	40	-	Equity method
Odfjell Dalian Port Consulting Co., Ltd.	Dalian	Dalian	Technical training	600	50	-	Equity method
Dalian Changxing Island Port Investment & Development Co., Ltd.	Dalian	Dalian	Development and construction of terminal facilities	95,000	46.58	-	Equity method
Dalian Shunde Jifa Supply Chain Import and export of Management Co., Ltd.	Dalian	Dalian	goods and technology	5,000	-	20	Equity method
Ha'ou International Logistics Co., Ltd.	Harbin	Harbin	International freight agency	10,000	-	23	Equity method
Dalian Port Xiangyu Grain Logistics Co., Ltd. (Note)	Dalian	Dalian	Freight agency	9,800	51	-	Equity method
Weifang Senda Container Service Co., Ltd.	Weifang	Weifang	Discharging and storage	500	-	50	Equity method

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

VII. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

	Major business location	Place of registration	Nature of business	Registered capital RMB'0000	Shareholding (%)		Accounting treatment
					Direct	Indirect	
Associates							
Dalian Puji Storage Facility Co., Ltd.	Dalian	Dalian	Other storage services	USD80,000,000	-	40	Equity method
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Dalian	Dalian	Crude oil tank leasing services	10,000	20	-	Equity method
Taicang Xinggang Tug Co., Ltd.	Suzhou	Suzhou	Vessel tugging services	300	42.8571	-	Equity method
PetroChina Dalian LNG Co., Ltd.	Dalian	Dalian	LNG related services	260,000	20	-	Equity method
Dalian North Petroleum Logistics Co., Ltd.	Dalian	Dalian	Development and construction of storage tank of petroleum and petroleum products	30,000	20	-	Equity method
China Shipping Gang Lian Co., Ltd.	Dalian	Dalian	Shipping agency	30,000	30	-	Equity method
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	Dalian	Dalian	Construction examination	500	-	40	Equity method
Dalian Port Corporation Finance Co., Ltd.	Dalian	Dalian	Financial services	200,000	40	-	Equity method
Sino Rail Bohai Train Ferry Co., Ltd.	Yantai	Yantai	Ferry transportation	120,000	17.5	-	Equity method
CDC International Logistics Co., Ltd.	Wuhu	Wuhu	International freight agency	30,000	30	-	Equity method
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	Dalian	Dalian	Tendering & bidding agency	200	-	35	Equity method
Dalian Port New Silk Road International Logistics Co., Ltd.	Dalian	Dalian	Domestic and foreign freight agency	1,000	-	40	Equity method
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	Dalian	Dalian	Domestic and foreign freight agency	2,800	-	20	Equity method

Note: In accordance with the Company's Articles of Association, all significant events are jointly decided by investors, and thus it is a joint venture under common control of the Group.

Notes to the Financial Statements (continued)

30 June 2018
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VII. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

The following table shows the financial information of the important joint ventures of the Group. There is no significant difference between the financial policies of these companies and the Group. The Group uses the equity method.

	30 June 2018 (Unaudited)					
	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.
Current assets	604,388,593.00	64,518,269.20	346,980,841.41	45,714,103.05	7,795,137.74	65,501,683.78
Including: Cash and cash equivalents	392,296,193.18	11,697,347.38	3,522,481.76	27,614,546.91	7,714,888.74	46,316,771.48
Non-current assets	4,645,745,943.62	400,444,578.03	550,409,528.45	532,306,199.65	480,276,162.96	377,478,989.72
Total assets	5,250,134,536.62	464,962,847.23	897,390,369.86	578,020,302.70	488,071,300.70	442,980,673.50
Current liabilities	311,178,590.38	15,794,280.16	91,944,821.95	67,293,161.33	52,224,618.30	37,400,995.48
Non-current liabilities	4,035,993,300.06	-	106,000,000.00	30.50	-	81,393,741.65
Total liabilities	4,347,171,890.44	15,794,280.16	197,944,821.95	67,293,191.83	52,224,618.30	118,794,737.13
Minority interests	-	-	-	-	-	-
Attributable to shareholders of the Company	902,962,646.18	449,168,567.07	699,445,547.91	510,727,110.87	435,846,682.40	324,185,936.37
Share of net assets based on shareholding	425,406,103.41	179,667,426.86	332,317,646.71	168,663,269.90	217,858,162.71	162,351,233.90
Adjustments	(5,914,025.79)	-	-	2,453,618.25	-	-
Carrying amount of investment	419,492,077.62	179,667,426.86	332,317,646.71	171,116,888.15	217,858,162.71	162,351,233.90

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

VII. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

	31 December 2017					
	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.
Current assets	287,284,605.19	55,656,284.58	391,893,763.80	72,617,053.37	6,646,039.91	66,521,381.55
Including: Cash and cash equivalents	81,303,692.49	26,743,170.44	9,682,857.98	58,413,115.77	6,565,790.91	48,925,403.81
Non-current assets	4,530,241,014.76	406,371,469.22	516,037,710.50	535,638,759.18	489,351,927.38	379,976,482.10
Total assets	4,817,525,619.95	462,027,753.80	907,931,474.30	608,255,812.55	495,997,967.29	446,497,863.65
Current liabilities	323,065,780.39	11,219,221.59	90,957,464.79	111,905,403.96	75,477,284.43	40,654,191.35
Non-current liabilities	3,496,744,521.75	-	126,000,000.00	153.35	-	83,300,664.93
Total liabilities	3,819,810,302.14	11,219,221.59	216,957,464.79	111,905,557.31	75,477,284.43	123,954,856.28
Minority interests	-	-	-	-	-	-
Attributable to shareholders of the Company	997,715,317.81	450,808,532.21	690,974,009.51	496,350,255.24	420,520,682.86	322,543,007.37
Share of net assets based on shareholding	464,735,795.04	180,323,412.92	328,081,877.49	158,832,081.68	210,260,341.43	161,271,503.69
Adjustments	(5,914,025.79)	-	-	2,453,618.25	-	-
Carrying amount of investment	458,811,769.24	180,323,412.92	328,081,877.49	166,546,488.69	210,260,341.43	161,271,503.69

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

VII. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

	For the six months ended 30 June 2018 (Unaudited)					
	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.
Revenue	57,666,500.23	27,773,057.25	60,601,978.90	54,731,222.75	51,714,285.72	61,406,466.55
Income tax expenses	-	-	2,674,913.57	4,888,358.79	9,373,490.52	8,168,331.13
Net profit/(loss)	(95,781,672.14)	(1,639,965.14)	8,024,740.69	14,006,474.18	28,120,471.54	26,411,916.70
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(95,781,672.14)	(1,639,965.14)	8,024,740.69	14,006,474.18	28,120,471.54	26,411,916.70
Dividends received	-	-	-	-	6,788,307.00	12,500,000.00

	For the six months ended 30 June 2017 (Unaudited)					
	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.
Revenue	-	31,344,559.31	60,138,530.30	49,123,318.98	51,714,285.72	55,386,111.46
Income tax expenses	-	-	2,983,362.75	1,894,187.11	9,318,168.97	7,107,618.67
Net profit	997,783.39	1,750,902.83	8,950,088.27	12,610,819.65	27,954,506.93	23,778,555.88
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	997,783.39	1,750,902.83	8,950,088.27	12,610,819.65	27,954,506.93	23,778,555.88
Dividends received	-	-	-	-	6,723,078.00	10,000,000.00

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

VII. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

The following table shows the financial information of the important associates of the Group. There is no significant difference between the financial policies of these companies and the Group. The Group uses the equity method.

	30 June 2018 (Unaudited)			
	PetroChina Dalian LNG Co., Ltd.	Dalian Port Group Financial Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.
Current assets	574,156,087.55	5,199,709,629.54	151,308,445.17	13,842,789.12
Non-current assets	2,876,641,504.95	1,935,313,379.72	1,910,875,998.66	581,806,128.40
Total assets	3,450,797,592.50	7,135,023,009.26	2,062,184,443.83	595,648,917.52
Current liabilities	107,165,818.95	4,727,267,932.54	318,421,130.40	24,109,590.25
Non-current liabilities	-	-	250,000,000.00	214,017,999.15
Total liabilities	107,165,818.95	4,727,267,932.54	568,421,130.40	238,127,589.40
Minority interests	-	-	21,862,632.63	-
Attributable shareholders of the Company	3,343,631,773.55	2,407,755,076.72	1,471,900,680.80	357,521,328.12
Share of net assets based on shareholding	668,624,519.56	963,102,030.69	257,581,922.08	144,393,030.51
Adjustments	-	-	-	(26,806,344.31)
Carrying amount of investment	668,624,519.56	963,102,030.69	257,581,922.08	117,586,686.20
	For the six months ended 30 June 2018 (Unaudited)			
	PetroChina Dalian LNG Co., Ltd.	Dalian Port Group Financial Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.
Revenue	536,175,892.74	152,258,564.12	183,394,460.54	17,804,513.58
Income tax expenses	86,388,310.96	27,091,188.76	242,448.28	-
Net profit/(loss)	259,164,932.86	81,292,959.16	(23,532,555.87)	(13,262,823.51)
Other comprehensive income	-	-	-	-
Total comprehensive income	259,164,932.86	81,292,959.16	(23,532,555.87)	(13,262,823.51)
Dividends received	-	-	-	-

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

VII. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

	31 December 2017			
	PetroChina Dalian LNG Co., Ltd.	Dalian Port Group Financial Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.
Current assets	177,963,629.33	6,182,398,085.36	159,266,700.69	8,338,096.54
Non-current assets	3,031,291,051.17	2,476,233,843.18	1,963,116,127.72	597,006,172.78
Total assets	3,209,254,680.50	8,658,631,928.54	2,122,382,828.41	605,344,269.32
Current liabilities	127,869,139.81	6,332,169,810.98	457,517,056.59	19,115,217.84
Non-current liabilities	–	–	150,000,000.00	214,517,999.15
Total liabilities	127,869,139.81	6,332,169,810.98	607,517,056.59	233,633,216.99
Minority interests	–	–	21,537,680.49	–
Attributable to shareholders of the Company	3,081,385,540.69	2,326,462,117.56	1,493,328,091.33	371,711,052.33
Share of net assets based on shareholding	616,277,108.14	930,584,847.02	261,332,415.98	148,684,420.93
Adjustments	–	–	–	(25,792,603.04)
Carrying amount of investment	616,277,108.14	930,584,847.02	261,332,415.98	122,891,817.88
	For the six months ended 30 June 2017 (Unaudited)			
	PetroChina Dalian LNG Co., Ltd.	Dalian Port Group Financial Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.
Revenue	331,448,846.08	139,986,429.20	240,961,957.78	13,895,136.89
Income tax expenses	37,147,821.12	26,274,289.81	9,154,279.95	–
Net profit/(loss)	111,443,463.35	78,822,869.41	16,960,218.08	(15,615,800.17)
Other comprehensive income	–	–	–	–
Total comprehensive income	111,443,463.35	78,822,869.41	16,960,218.08	(15,615,800.17)
Dividends received	–	–	–	–

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

VII. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

The following table sets forth the aggregate financial information of joint ventures and associates that are insignificant to the Group:

	30 June 2018	31 December 2017
Joint ventures		
Aggregate carrying amount of investments	389,612,048.54	397,185,438.72
Aggregate amount of the following items calculated in the Group's equity proportion		
Net profit	2,730,330.71	110,819,004.93
Other comprehensive income	-	-
Total comprehensive income	2,730,330.71	110,819,004.93
Associates		
Aggregate carrying amount of investments	342,586,603.59	347,866,908.70
Aggregate amount of the following items calculated in the Group's equity proportion		
Net profit	12,822,044.43	37,501,121.27
Other comprehensive income	-	-
Total comprehensive income	12,822,044.43	37,501,121.27

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

VIII. Risks associated with financial instruments

1. Financial instruments by category

The carrying amounts of each category of financial instruments at the balance sheet date are as follows:

30 June 2018 (unaudited)

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	-	6,299,116,395.29	-	6,299,116,395.29
Financial assets held for trading	538,954,313.80	-	-	538,954,313.80
Notes receivable and accounts receivable	-	1,279,767,219.86	-	1,279,767,219.86
Other receivables	-	559,754,692.54	-	559,754,692.54
Other equity instrument investments	-	-	191,243,409.95	191,243,409.95
	538,954,313.80	8,138,638,307.69	191,243,409.95	8,868,836,031.44

Financial liabilities

	Financial liabilities carried at amortised cost
Short-term borrowings	3,043,500,000.00
Notes payable and accounts payable	258,016,063.91
Other payables	977,908,130.06
Non-current liabilities due within one year	3,319,140,168.79
Long-term borrowings	2,236,981,322.23
Bonds payable	3,406,417,466.32
	13,241,963,151.31

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

VIII. Risks associated with financial instruments (continued)

1. Financial instruments by category (continued)

The carrying amounts of each category of financial instruments at the balance sheet date are as follows (continued):

31 December 2017

Financial assets

	Financial assets at fair value through profit or loss	Loans and receivables	Available for-sale financial assets	Total
Cash and bank balances	–	7,507,917,166.59	–	7,507,917,166.59
Financial assets held for trading	5,050,497.50	–	–	5,050,497.50
Notes receivable and accounts receivable	–	1,201,883,882.80	–	1,201,883,882.80
Other receivables	–	606,274,255.10	–	606,274,255.10
Other current assets	–	–	150,000,000.00	150,000,000.00
Available-for-sale financial assets	–	–	159,423,791.18	159,423,791.18
	5,050,497.50	9,316,075,304.49	309,423,791.18	9,630,549,593.17

Financial liabilities

	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term borrowings	–	3,271,234,002.74	3,271,234,002.74
Financial liabilities at fair value through profit or loss	3,810,902.00	–	3,810,902.00
Notes payable and accounts payable	–	380,389,360.83	380,389,360.83
Other payables	–	809,203,751.83	809,203,751.83
Non-current liabilities due within one year	–	4,158,328,072.94	4,158,328,072.94
Long-term borrowings	–	2,581,543,935.59	2,581,543,935.59
Bonds payable	–	3,404,498,647.79	3,404,498,647.79
	3,810,902.00	14,605,197,771.72	14,609,008,673.72

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

VIII. Risks associated with financial instruments (continued)

2. Risks Arising from Financial Instruments

The Group's daily activities expose it to the risk of a variety of financial instruments, mainly including credit risk, liquidity risk and market risk (including currency risk and interest rate risk). The Group's major financial instruments included cash and bank balances, equity investments, debt investments, borrowings, notes receivable and accounts receivable, accounts payable, etc. The risks related to these financial instruments, and the risk management strategy adopted by the Group take to reduce these risks are as follows.

The Board is responsible for planning and establishing the risk management framework of the Group, formulating risk management policies and related guidelines of the Group and supervising the implementation of risk management measures. The Group has already developed risk management policies to identify and analyse the risks faced by the Group, which have clearly identified specific risks, covering a lot of aspects such as market risk, credit risk and liquidity risk management. The Group regularly assesses the market environment and changes in the Group's business activities to determine whether or not to update the risk management policies and systems. The risk management of the Group shall be conducted by the risk management committee according to the policy approved by the Board. The risk management committee identifies, evaluates and avoids related risks by means of close cooperation with other business units of the Group. The internal audit department of the Group conducts regular audits on risk management control and procedures and reports to the audit committee of the Group.

The Group disperses the risks of financial instruments by means of appropriate diversified investments and business portfolios, and reduces the risks of concentration on any single industry, particular region or specific trading counterparty by formulating corresponding risk management policies.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, account receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the special approval of the credit control department of the Group.

Since cash and bank balances are placed in the well-established banks with high credit ratings, the credit risk of these financial instruments is lower.

Other financial assets of the Group include cash and bank balances and other receivables. The credit risk on these financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer. As at 30 June 2018, the Group had certain concentrations of credit risk as 8% (31 December 2017: 14%) and 29% (31 December 2017: 37%) of the Group's accounts receivable were derived from the largest and the top five customers. The Group did not hold any collateral or other credit enhancements over the account receivable balances.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and other receivables are disclosed in Notes V. 4 and 6.

VIII. Risks associated with financial instruments (continued)

2. Risks Arising from Financial Instruments (Continued)

Credit risk (Continued)

30 June 2018

Definition of a credit impairment that has occurred

In order to determine whether or not a credit impairment has occurred, the Group adopts the definition standard which is consistent with the internal credit risk management objectives for relevant financial instruments, and takes quantitative and qualitative indicators into account. The Group mainly considers the following factors when evaluating whether the debtor has a credit impairment:

- significant financial difficulties of the issuer or debtor;
- breach of contract by the debtor, such as default or overdue of payment of interest or principal;
- a concession that the creditor will not make under any other circumstances due to economic or contractual considerations relating to the debtor's financial difficulties;
- the debtor is likely to go bankrupt or undergo other financial restructuring;
- the active market of the financial asset disappears due to financial difficulties of the issuer or debtor;
- buying or generating a financial asset at a substantial discount which reflects the fact that credit losses have occurred;

The credit impairment may result from many events and may not from an identifiable event.

Parameters for the expected measurement of credit losses

Depending on whether the credit risk has significantly increased and whether the credit impairment has occurred, the Group measures the impairment provision for different assets with the expected credit loss for the entire duration. The key parameters for the measurement of expected credit losses include default probability, default loss rate and default risk exposure. The Group considers quantitative analysis of historical statistical data (such as counterparty rating, guarantee method, collateral type, repayment method, etc.) and forward looking information.

Forward looking information

Forward looking information will be involved in both the evaluation of significantly increased credit risk and the calculation of expected credit losses. By analysing of historical data, the Group identified the key economic indicators affecting the credit risk and the expected credit loss of each business type. The impact of these economic indicators on default probability and default loss rate varies with different business types.

As at 30 June 2018, the Group's receivables did not contain material financing, and the Group adopted a simplified calculation method to calculate the loss provision according to the expected credit loss amount during the entire duration. The relevant expected credit loss is shown in Note V. 4 and 6.

Notes to the Financial Statements (continued)

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(Expressed in Renminbi Yuan)

VIII. Risks associated with financial instruments (continued)

2. Risks Arising from Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Group manages its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and expected cash flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank loans, finance leases, bonds payable and other interest-bearing borrowings. As at 30 June 2018, 45% (31 December 2017: 47%) of the Group's interest-bearing debts are due within one year.

The table below summarises the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

30 June 2018 (unaudited)

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	3,148,247,733.56	-	-	-	3,148,247,733.56
Accounts payable	258,016,063.91	-	-	-	258,016,063.91
Other payables	977,908,130.06	-	-	-	977,908,130.06
Non-current liabilities due within one year	3,593,209,069.39	-	-	-	3,593,209,069.39
Long-term borrowings	157,537,233.81	890,707,603.61	1,140,645,301.72	522,788,358.63	2,711,678,497.77
Bonds payable	154,419,506.85	176,873,890.41	3,647,892,657.53	-	3,979,186,054.79
	8,289,337,737.58	1,067,581,494.02	4,788,537,959.25	522,788,358.63	14,668,245,549.48

31 December 2017

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	3,307,789,131.89	-	-	-	3,307,789,131.89
Accounts payable	380,389,360.83	-	-	-	380,389,360.83
Other payables	809,203,751.83	-	-	-	809,203,751.83
Non-current liabilities due within one year	4,297,593,947.54	-	-	-	4,297,593,947.54
Long-term borrowings	106,162,969.63	846,344,841.50	1,390,026,238.67	669,136,973.82	3,011,671,023.62
Bonds payable	65,741,589.04	176,391,945.21	3,824,766,547.95	-	4,066,900,082.20
	8,966,880,750.76	1,022,736,786.71	5,214,792,786.62	669,136,973.82	15,873,547,297.91

VIII. Risks associated with financial instruments (continued)**2. Risks Arising from Financial Instruments (continued)****Market risk***Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing liabilities with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The table below is a sensitivity analysis of interest rate risk. It reflects the impact on net profit or loss (through the impact on floating rate borrowings) and other comprehensive income net of tax when a reasonably possible change in interest rates occurs, with all other variables held constant.

	Basis points Increase/(decrease)	Net profit or loss Increase/(decrease)	Shareholders Increase/(decrease)
30 June 2018 (unaudited)			
RMB	50	(10,198,753.00)	(10,198,753.00)
RMB	(50)	10,198,753.00	10,198,753.00
31 December 2017			
RMB	50	(11,585,811.91)	(11,585,811.91)
RMB	(50)	11,585,811.91	11,585,811.91

Exchange rate risk

The Group's exposure to the exchange rate risk relates primarily to the Group's foreign currency bank deposits. The table below is a sensitivity analysis of exchange rate risk. It reflects the impact on net profit or loss and other comprehensive income net of tax when a reasonably possible change in exchange rate of HK\$ and US\$ occurred, with all other variables held constant.

Notes to the Financial Statements (continued)

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VIII. Risks associated with financial instruments (continued)

2. Risks Arising from Financial Instruments (continued)

Market risk (continued)

Exchange rate risk (continued)

30 June 2018 (unaudited)

	Increase/ (decrease) in basis point	Increase/ (decrease) net profit/loss	Increase/ (decrease) in other comprehensive income, net of tax	Increase/ (decrease) in total shareholders' equity
RMB strengthens against USD	(1%)	(28,747,954.98)	(2,153,254.80)	(30,901,209.78)
RMB strengthens against HKD	(1%)	(279,943.13)	(230,620.75)	(510,563.88)
RMB strengthens against JPY	(1%)	(27,391.46)	-	(27,391.46)
RMB weakens against USD	1%	28,747,954.98	2,153,254.80	30,901,209.78
RMB weakens against HKD	1%	279,943.13	230,620.75	510,563.88
RMB weakens against JPY	1%	27,391.46	-	27,391.46

31 December 2017

	Increase/ (decrease) in basis point	Increase/ (decrease) net profit/loss	Increase/ (decrease) in other comprehensive income, net of tax	Increase/ (decrease) in total shareholders' equity
RMB strengthens against USD	(1%)	(25,306,905.76)	-	(25,306,905.76)
RMB strengthens against HKD	(1%)	888.15	(4,363,931.09)	(4,363,042.94)
RMB weakens against USD	1%	25,306,905.76	-	25,306,905.76
RMB weakens against HKD	1%	(888.15)	4,363,931.09	4,363,042.94

VIII. Risks associated with financial instruments (continued)**2. Risks Arising from Financial Instruments (continued)****Market risk (continued)***Equity investment price risk*

Equity investment price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of share indices and the values of individual securities. As at 30 June 2018, the Group was exposed to equity investment price risk arising from individual equity investments classified as equity investments held for trading (Note V. 3) and other equity instrument investments (Note V. 11). The Group's listed investments are listed on the Shanghai, Shenzhen and Hong Kong stock exchanges and are valued at quoted market prices at the balance sheet date.

The market equity indices for the following stock exchanges, at the close of business of the trading day in the period closest to the balance sheet date, and their respective highest and lowest points during the period were as follows:

	30 June 2018	January to June 2018 Highest/lowest	31 December 2017	2017 Highest/lowest
Shanghai – A Share Index	2,847	3,587/2,666	3,308	3,450/3,017
Shenzhen – A Share Index	9,379	11,633/9,065	11,041	11,715/9,483
Hong Kong – Heng Seng Index	28,955	33,484/28,169	29,919	30,200/21,883

The following table demonstrates the sensitivity to every 1% change in the fair values (based on the carrying amount of the balance sheet date) of the equity investments on the Group's net profit or loss and net after tax of other comprehensive income, with all other variables held constant.

30 June 2018 (unaudited)

	Carrying amount of equity investments	Increase in net profit or loss	Increase in other comprehensive income, net of tax	Increase in total shareholders' equity
Equity investments				
Shanghai – Financial assets held for trading	3,878,140.00	29,086.05	–	29,086.05
Shenzhen – Financial assets held for trading	2,099,987.50	15,749.90	–	15,749.90
Hong Kong – Other equity investments	16,640,644.10	–	124,804.83	124,804.83
Unlisted equity instrument investments at fair value				
– Other equity investments	174,602,765.85	–	1,309,520.74	1,309,520.74

Notes to the Financial Statements (continued)

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VIII. Risks associated with financial instruments (continued)

2. Risks Arising from Financial Instruments (continued)

Market risk (continued)

Equity investment price risk (continued)

31 December 2017

	Carrying amount of equity investments	Increase in net profit or loss	Increase in other comprehensive income, net of tax	Increase in total shareholders' equity
Equity investments				
Shanghai – Financial assets held for trading	3,541,810.00	35,418.10	–	35,418.10
Shenzhen – Financial assets held for trading	1,508,687.50	15,086.88	–	15,086.88
Hong Kong – Other equity investments	15,861,099.68	–	158,611.00	158,611.00

3. Financial assets transfer

Continuing involvement in transferred financial assets derecognised generally

As at 30 June 2018, the Group has endorsed bank acceptance notes with a carrying amount of RMB38,423,818.43 (31 December 2017: RMB51,950,634.95) to suppliers to settle the amounts payable. As at 30 June 2018, for notes due within 1 to 12 months, if acceptance banks dishonored the notes, endorsees shall have the right to turn to the Group for recourse (“Continuing Involvement”) according to the Law of Bill. The Group considered that substantially all the risk and reward of the notes have been transferred. Therefore, the Group has derecognised carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuing Involvement and repurchase equal to the carrying amounts of the notes.

For the six months ended 30 June 2018 and for the six months ended 30 June 2017, the Group did not recognise any profit or loss at the date of transfer. The Group had no current or accumulated income or expense related to continuing involvement of financial assets which had been derecognised. The Endorsement has been made evenly throughout the period.

4. Capital management

The primary objective of the Group’s capital management is to ensure its ability to operate as a going concern and maintain healthy capital structure so as to support business development and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the profit distribution to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. For the six months ended 30 June 2018, there were no change in the Group’s capital management objectives, policies or procedures.

Notes to the Financial Statements (continued)

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VIII. Risks associated with financial instruments (continued)

4. Capital management (continued)

The Group manages its capital using the leverage ratio, which is calculated by dividing net liabilities by the sum of adjusted capital and net liabilities. The Group's leverage ratio at the balance sheet date is as follows:

	30 June 2018	31 December 2017
Short-term borrowings	3,043,500,000.00	3,271,234,002.74
Non-current liabilities due within one year	3,319,140,168.79	4,158,328,072.94
Long-term borrowings	2,236,981,322.23	2,581,543,935.59
Bonds payable	3,406,417,466.32	3,404,498,647.79
Other non-current liabilities	103,248,985.00	98,915,093.00
Less: Cash and bank balances	6,299,116,395.29	7,507,917,166.59
Less: Financial assets held for trading – financial products	530,000,000.00	–
Less: Other current assets – financial products	–	150,000,000.00
Less: Other receivables – entrusted loans	178,000,000.00	38,000,000.00
Net liabilities	5,102,171,547.05	5,818,602,585.47
Shareholders' equity	20,603,819,241.80	20,619,798,073.65
Capital and net liabilities	25,705,990,788.85	26,438,400,659.12
Leverage ratio	20%	22%

IX. Disclosure of fair value

1. Assets and liabilities measured at fair value

30 June 2018

	Input value for fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous fair value measurement				
Financial assets held for trading				
Debt instrument investment	–	–	532,976,186.30	532,976,186.30
Equity instrument investments	5,978,127.50	–	–	5,978,127.50
Other equity instrument investments	16,640,644.10	–	174,602,765.85	191,243,409.95
	22,618,771.60	–	707,578,952.15	730,197,723.75

Notes to the Financial Statements (continued)

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IX. Disclosure of fair value (continued)

1. Assets and liabilities measured at fair value (continued)

31 December 2017

	Input value for fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous fair value measurement				
Financial assets at fair value through profit or loss	5,050,497.50	–	–	5,050,497.50
Available-for-sale financial assets				
Equity instrument investments	15,861,099.68	–	–	15,861,099.68
Debt instrument investments	–	–	150,000,000.00	150,000,000.00
	20,911,597.18	–	150,000,000.00	170,911,597.18
Continuous fair value measurement				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
Other financial liabilities	3,810,902.00	–	–	3,810,902.00

2. Assets and liabilities disclosed at fair value

30 June 2018 (unaudited)

	Input value for fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous fair value measurement				
Financial liabilities				
Long-term borrowings	–	–	2,252,726,555.72	2,252,726,555.72
Bonds payable	–	–	3,443,593,200.73	3,443,593,200.73
	–	–	5,696,319,756.45	5,696,319,756.45

Notes to the Financial Statements (continued)

30 June 2018
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IX. Disclosure of fair value (continued)

2. Assets and liabilities disclosed at fair value (continued)

31 December 2017

	Input value for fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous fair value measurement				
Financial liabilities				
Long-term borrowings	-	-	2,570,853,492.82	2,570,853,492.82
Bonds payable	-	-	3,566,520,394.87	3,566,520,394.87
	-	-	6,137,373,887.69	6,137,373,887.69

3. Fair value estimates

Fair value of financial instruments

The followings are the carrying amount and fair value of financial instruments except for the financial instruments that the difference between the carrying amount and fair value is immaterial.

	Carrying amount		Fair value	
	30 June 2018 (Unaudited)	31 December 2017	30 June 2018 (Unaudited)	31 December 2017
Financial liabilities				
Long-term borrowings	2,236,981,322.23	2,581,543,935.59	2,252,726,555.72	2,570,853,492.82
Bonds payable	3,406,417,466.32	3,404,498,647.79	3,443,593,200.73	3,566,520,394.87

Management has assessed cash and bank balances, notes receivable and accounts receivable, other receivables, short-term borrowings, notes payable and accounts payable, together with non-current liabilities due within one year etc., and considers that their fair values approximate their carrying amounts due to the short-term maturities of these instruments.

The financial department of the Group is led by the financial manager and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial director and the audit committee. At each balance sheet date, the financial department analyses the movements in the fair value of the financial instrument and determines the major input applicable to the valuation. The valuation must be reviewed and approved by the financial manager. For the purposes of preparing interim and annual financial statements, the financial department discusses the valuation process and results with the audit committee twice a year.

Notes to the Financial Statements (continued)

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IX. Disclosure of fair value (continued)

3. Fair value estimates (continued)

Fair value of financial instruments (continued)

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale. The following methods and assumptions were used in the assessment of fair value.

The fair value of long-term and short-term borrowings, bonds payable and etc., are calculated by discounting the future cash flows using market yield currently available for other financial instruments with similar contract terms, credit risk and residual term as the discount rate. As at 30 June 2018 and 31 December 2017, the Group's exposure to non-performance risk associated with the long-term and short-term borrowings is assessed as insignificant.

The values of listed equity instruments are determined by the market value. Whereas the values of non-listed equity instruments are determined by valuation models, which adopt the assumptions unsupported by observable market quotations, the Group needs to make estimation upon relevant assumptions and parameters. The Group believes that the fair value and its movement estimated by valuation techniques are reasonable and are the most appropriate results at the balance sheet date.

For the fair value of the non-listed equity instrument investment, the Group estimated and quantified the potential impact of adopting other reasonable and possible assumptions as input value in the valuation model: with the use of less favorable assumption, the fair value decreased by approximately RMB17,460,276.59; with the use of more favorable assumption, the fair value increased by approximately RMB17,460,276.59.

4. Unobservable inputs

The following is an overview of the important unobservable inputs of financial instruments to the fair value measurement of categorised within level 3 of the fair value hierarchy:

	Fair value at the end of the period/year	Valuation technique	Unobservable inputs	Scope (Weighted average)
Debt instrument investments	30 June 2018: 532,976,186.30	Discounted cash flow method	Prepayment rate	30 June 2018: 0%
	31 December 2017: 150,000,000.00		Probability of default	2017: 0%
			Default loss rate	30 June 2018: 0%
				31 December 2017: 0%
				2017: 0%
Equity instrument investments	30 June 2018: 174,602,765.85	Listed company comparison method	Liquidity discount	30 June 2018: 30%

X. Related parties and related party transactions**1. Parent**

	Place of registration	Type of business	Registered capital (RMB)	Percentage of shareholding (%)	Percentage of voting rights (%)
PDA	Dalian	Port business	12,083,156,000.00	46.78	46.78

The Company's parent and ultimate holding company is PDA.

2. Subsidiaries

For details of the subsidiaries, please refer to Note VII. 1.

3. Joint ventures and associates

For details of the joint ventures and associates, please refer to Note VII. 2.

4. Other related parties

	Related party relationship
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Subsidiary of the parent
Dalian Port Real Estate Co., Ltd.	Subsidiary of the parent
Dalian International Cruise City Development Co., Ltd.	Subsidiary of the parent
Dalian Wanfeng Properties Co., Ltd.	Subsidiary of the parent
Dalian Creative Industry Project Development Co., Ltd.	Subsidiary of the parent
Dalian Hongyu Building Co., Ltd.	Subsidiary of the parent
Dalian Dagang Hongyu Housekeeping Services Co., Ltd.	Subsidiary of the parent
Jinzhou Liaoxi PDA Properties Co., Ltd.	Subsidiary of the parent
PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd.	Subsidiary of the parent
Dalian Taiping Bay Investment & Development Co., Ltd.	Subsidiary of the parent
Dalian Taiping Bay Construction Engineering Co., Ltd.	Subsidiary of the parent
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Subsidiary of the parent
Dalian Port Wantong Logistics Co., Ltd.	Subsidiary of the parent
Dalian Wantong Ronghai Shipping Co., Ltd.	Subsidiary of the parent
Dalian Port Machinery Co., Ltd.	Subsidiary of the parent
Changhai County Guanglu Wharf Construction Management Co., Ltd.	Subsidiary of the parent
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd.	Subsidiary of the parent
Dalian Port Security Services Co., Ltd.	Subsidiary of the parent
Dalian Port Petroleum & Chemical Co., Ltd.	Subsidiary of the parent
Dalian Port North Shore Container Terminal Co., Ltd.	Subsidiary of the parent
Dalian Port North Shore Automobile Terminal Co., Ltd.	Subsidiary of the parent
Dalian Port North Shore Investment and Development Co., Ltd.	Subsidiary of the parent
Dalian Port Petty Loan Co., Ltd.	Subsidiary of the parent

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X. Related parties and related party transactions (continued)

4. Other related parties (continued)

	Related party relationship
Dalian Gangtai Insurance Brokers Co., Ltd.	Subsidiary of the parent
Dalian Port Investment and Financing Holding Group Co., Ltd.	Subsidiary of the parent
Dalian International Cruise City Development Co., Ltd.	Subsidiary of the parent
Dalian Harbour City Construction Development Co., Ltd.	Subsidiary of the parent
Dalian Harbour Building Co., Ltd.	Subsidiary of the parent
Dalian United King Port Auto Trade Co., Ltd. (Note 1)	Subsidiary of the parent
Dalian Taiping Bay Port Company Limited	Subsidiary of the parent
Dalian Equipment Finance Lease Co., Ltd.	Subsidiary of the parent
Ocean Harvest Container Co., Ltd.	Subsidiary of the parent
Shenyang Kaiming Industrial Co., Ltd.	Subsidiary of the parent
Shenyang Mingshuo Industrial Development Co., Ltd.	Subsidiary of the parent
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	Subsidiary of the parent
Dalian Harbour Engineering Co., Ltd.	Subsidiary of the parent
Dalian Harbour Building Co., Ltd.	Subsidiary of the parent
Dalian Hongyu Building Co., Ltd.	Subsidiary of the parent
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the parent company
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Associate of the parent
Dalian Life Raft Inspection Co., Ltd.	Associate of the parent
Dalian Port Real Estate Group Co., Ltd.	Associate of the parent
Dalian Port Machinery and Electric Co., Ltd.	Associate of the parent
Dalian Port Design & Research Institute Co., Ltd.	Associate of the parent
Dalian Port Rixing Boiler Installation Co., Ltd.	Associate of the parent
Jinzhou Port Co., Ltd.	Associate of the parent
Liaogang Commodity Trading Co., Ltd.	Associate of the parent
Dalian Wanpeng Foundation Engineering Co., Ltd.	Associate of the parent
Dalian Port Industrial Co., Ltd.	Associate of the parent
Dalian Port Property Management Co., Ltd.	Associate of the parent
Dalian Port Landscape Engineering Co., Ltd.	Associate of the parent
Dalian Port Xingang Construction Engineering Co., Ltd.	Associate of the parent
Dalian CITIC Harbour Investment Co., Ltd.	Associate of the parent
Dalian FTZ Huarun Gas Co., Ltd.	Major shareholder of subsidiaries
Dalian Hegang International Trade Co., Ltd.	Major shareholder of subsidiaries
Dalian Huanghai Port Co., Ltd.	Major shareholder of subsidiaries
Dalian Song Yuan Enterprise Group Co., Ltd.	Major shareholder of subsidiaries
Dalian Tongda Transportation Co., Ltd.	Major shareholder of subsidiaries
Liaoning Hengjiu Development Group Limited	Major shareholder of subsidiaries
Lvshun Xingang Harbour Service Co., Ltd.	Major shareholder of subsidiaries
Three Union Holdings Limited	Major shareholder of subsidiaries
Oulo (Tianjin) International shipping agent Co., Ltd.	Major shareholder of subsidiaries
China Ocean Shipping Tally Company Limited	Major shareholder of subsidiaries
China Shipping Terminal Development Co., Ltd.	Major shareholder of subsidiaries
Dalian Yidu Group Co., Ltd.	Major shareholder of subsidiaries

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X. Related parties and related party transactions (continued)

4. Other related parties (continued)

Note 1: In the current period, the Group transferred its entire equity interests in King Port Auto to PDA. Since 30 June 2018, King Port Auto has not been included in the Group's consolidation scope. Refer to Note VI. Changes in the consolidation scope.

Note 2: Dalian Port Container Terminal Co., Ltd. and Dalian International Container Terminal Co., Ltd. were merged by Dalian Container Terminal Co., Ltd., a subsidiary of the Group on 31 October 2017. Before that, Dalian Port Container Terminal Co., Ltd. and Dalian International Container Terminal Co., Ltd. were disclosed as the Group's joint venture.

Note 3: The Group acquired the remaining equity interests in Liaoning Con-Rail International Logistics Co., Ltd ("Liaoning Con-Rail") and included Liaoning Con-Rail in the Group's consolidation scope on 26 August 2017. Before that, Liaoning Con-Rail was disclosed as the Group's joint venture.

5. Major transactions with related parties

(1) Sales or purchases of goods and rendering or receipt of services

Purchases of goods and services from related parties

	Type of goods or services (Note)	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Transactions with the parent			
PDA	Comprehensive services	7,226,559.68	5,852,217.33
Transactions with joint ventures and associates			
China United International Rail Containers (Dalian) Co., Ltd.	Comprehensive services	12,030,103.60	14,234,820.99
China Oil Dock Management (Dalian) Co., Ltd.	Agency services	7,588,531.18	11,879,774.90
Ha'ou International Logistics Co., Ltd.	Comprehensive services	1,761,593.06	30,764,707.62
Dalian Port Tongli Shipping Agency Co., Ltd.	Comprehensive services	1,313,314.78	659,506.41
Dalian Port Yidu Cold Chain Co., Ltd.	Transportation services	671,086.17	-
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	Agency services	91,265.49	23,942.34
Dalian Jilong Logistics Co., Ltd.	Comprehensive services	23,542.45	280,792.32
Dalian Singamas International Container Co., Ltd.	Comprehensive services	683.02	543,131.91
Dalian Port Group Financial Co., Ltd.	Financial service	66.04	99,990.58
Dalian International Container Terminal Co., Ltd.	Comprehensive services	-	1,328,538.69
Dalian Port Container Terminal Co., Ltd.	Comprehensive services	-	370,679.25
Odfjell Dalian Port Consulting Co., Ltd.	Training service	-	116,466.02
		23,480,185.79	60,302,351.03
Transactions with other related parties			
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Purchase of fuel	30,106,274.20	24,603,867.52
Dalian Port Industrial Co., Ltd.	Comprehensive services	13,567,074.83	13,231,012.58
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Purchase of fuel	12,513,801.17	11,523,624.66
Dalian Port Machinery Co., Ltd.	Maintenance service	3,046,459.32	5,095,294.07

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(1) Sales or purchases of goods and rendering or receipt of services (continued)

Purchases of goods and services from related parties (continued)

	Type of goods or services (Note)	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Transactions with other related parties (continued)			
Dalian Hongyu Building Co., Ltd.	Comprehensive services	2,041,161.32	1,377,838.88
Dalian Port Rixing Boiler Installation Co., Ltd.	Maintenance service	1,952,412.20	–
Lvshun Xingang Harbour Service Co., Ltd.	Comprehensive services	1,439,999.01	–
Dalian FTZ Huarun Gas Co., Ltd.	Comprehensive services	1,039,609.80	–
Dalian Port Security Services Co., Ltd.	Security services	1,021,872.41	1,034,962.06
Dalian Harbour Building Co., Ltd.	Property management services	714,194.32	706,716.72
Dalian Port Xingang Construction Engineering Co., Ltd.	Comprehensive services	695,538.61	–
China Shipping Terminal Development Co., Ltd.	Comprehensive services	660,377.34	–
Liaoning Hengjiu Development Group Limited	Comprehensive services	470,850.00	–
Dalian Port Design & Research Institute Co., Ltd.	Design services	451,792.45	–
Dalian Harbour Engineering Co., Ltd.	Comprehensive services	426,776.28	340,957.79
Dalian Huanghai Port Co., Ltd.	Comprehensive services	300,000.00	–
Liaogang Commodity Trading Co., Ltd.	Comprehensive services	285,600.00	–
Dalian Port Property Management Co., Ltd.	Comprehensive services	197,139.31	331,878.50
Dalian Port Landscape Engineering Co., Ltd.	Comprehensive services	148,822.07	377,358.49
Dalian Life Raft Inspection Co., Ltd.	Maintenance service	70,942.90	36,599.15
Dalian Hegang International Trade Co., Ltd.	Comprehensive services	32,496.00	–
Dalian Tongda Transportation Co., Ltd.	Comprehensive services	24,650.00	–
Jinzhou Port Co., Ltd.	Comprehensive services	6,800.00	–
Oulo (Tianjin) International Shipping Agent Co., Ltd.	Comprehensive services	3,812.00	–
		71,218,455.54	58,660,110.42
		101,925,201.01	124,814,678.78

The purchases of goods and receipt of services from related parties have been conducted in accordance with the terms or agreements mutually agreed between the parties.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(1) Sales or purchases of goods and rendering or receipt of services (continued)

Sales of goods and rendering of services to related parties

	Type of goods or services (Note)	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Transactions with the parent			
PDA	Comprehensive services	6,958,026.20	5,504,560.07
Transactions with joint ventures and associates			
China Oil Dock Management (Dalian) Co., Ltd.	Comprehensive services	23,854,942.69	19,493,952.76
Taicang Xinggang Tug Co., Ltd.	Comprehensive services	8,963,962.29	7,026,742.48
Dalian Port Yidu Cold Chain Co., Ltd.	Transportation services	6,936,134.98	10,036,270.97
Odfjell Terminals (Dalian) Co., Ltd.	Comprehensive services	3,570,407.82	3,223,508.66
Dalian Changxing Island Port Co., Ltd.	Comprehensive services	2,348,800.00	3,829,443.71
Dalian Jilong Logistics Co., Ltd.	Comprehensive services	3,437,088.34	1,044,756.42
Dalian Changxing Island Port Investment and Development Co., Ltd.	Comprehensive services	2,343,566.21	3,963,243.47
Dalian Automobile Terminal Co., Ltd.	Comprehensive services	1,211,311.35	1,318,287.73
Dalian Puji Storage Facility Co., Ltd.	Comprehensive services	1,155,677.06	-
Dalian Vanguard International Logistics Co., Ltd.	Information services	820,383.62	839,925.52
Dalian North Oil Petroleum Logistics Co., Ltd.	Comprehensive services	715,247.85	1,121,924.93
China United International Rail Containers (Dalian) Co., Ltd.	Supervision services	712,198.04	707,457.57
Dalian Dagang China Shipping Container	Comprehensive services	546,879.45	1,517,287.30
Dalian United International Shipping Agency Co., Ltd.	Supervision services	469,811.34	5,758,583.74
Dalian Singamas International Container Co., Ltd.	Information services	407,028.94	663,684.96
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Comprehensive services	356,549.91	7,616,215.48
Dalian Port Group Financial Co., Ltd.	Telecommunication services	323,830.36	20,027.75
Dalian Port Xiangyu Grain Logistics Co., Ltd.	Comprehensive services	87,697.04	-

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(1) Sales or purchases of goods and rendering or receipt of services (continued)

Sales of goods and rendering of services to related parties (continued)

	Type of goods or services (Note)	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Transactions with joint ventures and associates (continued)			
Dalian Port PetroChina International Terminal Co., Ltd.	Telecommunication services	62,165.98	61,092.69
China United Tally (Dalian) Co., Ltd.	Telecommunication services	47,950.89	48,832.01
Dalian Harbour ECL Logistics Co., Ltd.	Comprehensive services	2,688.20	3,284.69
Dalian Port Bulk Cargo Logistics Centre Co., Ltd.	Telecommunication services	2,505.64	4,032.42
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Comprehensive services	765.18	885.60
Dalian Port Tongli Shipping Agency Co., Ltd.	Telecommunication services	417.69	71,231.26
Dalian Port Container Terminal Co., Ltd.	Comprehensive services	-	18,246,714.28
Dalian International Container Terminal Co., Ltd.	Comprehensive services	-	18,217,972.07
Ha'ou International Logistics Co., Ltd.	Comprehensive services	-	6,902,294.02
CDC International Logistics Co., Ltd.	Comprehensive services	-	1,354,936.69
Weifang Senda Container Service Co., Ltd.	Comprehensive services	-	680,855.67
Odfjell Changxing Warehousing Terminals (Dalian) Co., Ltd.	Comprehensive services	-	309,533.94
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	Comprehensive services	-	141,509.46
PetroChina Dalian LNG Co., Ltd.	Construction services	-	16,188.04
Odfjell Dalian Port Consulting Co., Ltd.	Comprehensive services	-	2,773.20
		58,378,010.87	114,243,449.49
Transactions with other related parties			
Dalian Port Wantong Logistics Co., Ltd.	Supervision services	23,341,026.06	9,159,869.37
Dalian Huanghai Port Co., Ltd.	Comprehensive services	1,458,536.64	-
Dalian Hongyu Building Co., Ltd.	Telecommunication services	1,104,301.40	720,207.81
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Telecommunication services	948,016.59	378,920.41
Dalian Port Petroleum & Chemical Co., Ltd.	Comprehensive services	663,190.35	297,184.06
Dalian CITIC Harbour Investment Co., Ltd.	Comprehensive services	662,022.07	3,204,530.74
Dalian Song Yuan Enterprise Group Co., Ltd.	Comprehensive services	661,166.00	-
Lvshun Xingang Harbour Service Co., Ltd.	Comprehensive services	573,869.61	-
Dalian Port Machinery Co., Ltd.	Comprehensive services	502,319.61	243,116.83
Dalian Wanfeng Properties Co., Ltd.	Telecommunication services	453,307.88	57,581.37
Dalian Harbour Engineering Co., Ltd.	Comprehensive services	401,945.99	426,716.04
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Telecommunication services	386,845.46	-
Dalian FTZ Huarun Gas Co., Ltd.	Comprehensive services	307,462.51	-
Liaoning Hengjiu Development Group Limited	Comprehensive services	281,600.00	-
Dalian Cruise Development Co., Ltd.	Telecommunication services	95,054.92	131,933.84

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(1) Sales or purchases of goods and rendering or receipt of services (continued)

Sales of goods and rendering of services to related parties (continued)

	Type of goods or services (Note)	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Transactions with other related parties (continued)			
Dalian Taiping Bay Investment & Development Co., Ltd.	Telecommunication services	60,994.78	7,927.36
Dalian Port Investment and Financing Holding Group Co., Ltd.	Telecommunication services	57,807.71	40,991.50
Dalian Port Machinery and Electric Co., Ltd.	Information services	52,362.27	323,636.79
Dalian Port North Shore Investment and Development Co., Ltd.	Telecommunication services	36,490.37	598,451.77
Dalian Port Industrial Co., Ltd.	Comprehensive services	29,508.57	1,388,314.14
Dalian Creative Industry Project Development Co., Ltd.	Telecommunication services	27,214.78	29,659.74
Dalian Port Real Estate Co., Ltd.	Telecommunication services	19,280.09	20,214.24
Dalian Port Real Estate Group Co., Ltd.	Telecommunication services	17,168.82	-
Dalian Port North Shore Container Terminal Co., Ltd.	Telecommunication services	11,377.38	11,377.38
China Ocean Shipping Tally Company Limited	Comprehensive services	10,911.92	-
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd.	Telecommunication services	10,909.90	13,735.86
Three Union Holdings Limited	Comprehensive services	9,200.00	-
Dalian Harbour City Construction Development Co., Ltd.	Telecommunication services	7,895.28	7,437.33
Dalian Port North Shore Automobile Terminal Co., Ltd.	Telecommunication services	7,584.90	7,527.96
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	Comprehensive services	5,660.38	376.07
Dalian Harbour Building Co., Ltd.	Comprehensive services	4,902.88	4,922.29
Dalian Port Landscape Engineering Co., Ltd.	Comprehensive services	3,332.72	3,591.90
Dalian Port Rixing Boiler Installation Co., Ltd.	Telecommunication services	2,989.99	2,984.69
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Telecommunication services	2,505.00	496,132.32
Dalian Port Property Management Co., Ltd.	Comprehensive services	2,328.74	2,401.81
Liaogang Commodity Trading Co., Ltd.	Comprehensive services	2,060.00	-
Dalian Hegang International Trade Co., Ltd.	Comprehensive services	1,839.41	-
Dalian Port Xingang Construction Engineering Co., Ltd.	Comprehensive services	1,239.71	1,506.30
Dalian Port Design & Research Institute Co., Ltd.	Telecommunication services	1,011.26	8,304.00
Dalian Taiping Bay Construction Engineering Co., Ltd.	Comprehensive services	658.12	145.30
Dalian Dagang Hongyu Housekeeping Services Co., Ltd.	Comprehensive services	611.59	947.73
Dalian Port Petty Loan Co., Ltd.	Comprehensive services	188.68	-
Dalian Taiping Bay Port Company Limited	Construction services	-	7,377,735.86
PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd.	Telecommunication services	-	10,939.01
		32,228,700.34	24,979,321.82
		97,564,737.41	144,727,331.38

Sale of goods and rendering of services to related parties by the Group were carried out according to the terms of the agreements entered into between the Group and the related parties.

Note: The comprehensive services include services related to loading, storage, agency, tallying, information, container supplementary business, technical maintenance for equipment, and water and electricity supply.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(2) Leases

The Group as the lessor

		Rental income for the six months ended 30 June 2018 (unaudited)	Rental income for the six months ended 30 June 2017 (unaudited)
Type of assets leased			
Transactions with joint ventures and associates			
China Oil Dock Management (Dalian) Co., Ltd.	Berth and stock yard	7,080,000.00	7,080,000.00
China United International Rail Containers (Dalian) Co., Ltd.	Handling equipment	2,393,239.96	-
Dalian Jilong Logistics Co., Ltd.	Site place	2,435,252.94	2,611,671.20
Dalian Port Yidu Cold Chain Co., Ltd.	Handling equipment	526,227.87	526,227.84
Dalian North Oil Petroleum Logistics Co., Ltd.	Oil pipe and tank	211,904.76	211,904.76
Dalian Port Container Terminal Co., Ltd.	Berth and stock yard	-	64,709,523.70
China United Tally (Dalian) Co., Ltd.	Communication device	-	7,003.71
Dalian Changxing Island Port Co., Ltd.	Optical fibre	-	6,792.46
		12,646,625.53	75,153,123.67
Transactions with other related parties			
Dalian Port Industrial Co., Ltd.	Automobile/Buildings	820,169.84	820,091.22
Dalian Harbour City Construction Development Co., Ltd.	Buildings	262,762.50	249,400.02
Dalian Wantong Ronghai Shipping Co., Ltd.	Buildings	147,619.05	147,619.05
Dalian Port Wantong Logistics Co., Ltd.	Container/buildings	107,485.71	1,357,886.97
		1,338,037.10	2,574,997.26
		13,984,662.63	77,728,120.93

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(2) Leases (continued)

The Group as the lessee

		Rental expenses for the six months ended 30 June 2018 (unaudited)	Rental expense for the six months ended 30 June 2017 (unaudited)
Type of assets leased			
Transactions with the parent company			
PDA	Land use rights	29,504,113.39	22,868,638.21
Transactions with joint ventures and associates			
Dalian Port PetroChina International Terminal Co., Ltd.	Terminal facilities	51,714,285.72	51,714,285.72
Dalian Port Xiangyu Grain Logistics Co., Ltd.	Vehicles	400,717.96	-
Dalian Automobile Terminal Co., Ltd.	Buildings	15,568.56	39,080.00
Dalian International Container Terminal Co., Ltd.	Facilities/buildings	-	1,417,966.02
Dalian Port Container Terminal Co., Ltd.	Facilities	-	1,082,522.34
Dalian Puji Storage Facility Co., Ltd.	Facilities	-	483,419.05
Dalian Changxing Island Port Co., Ltd.	Buildings	-	38,857.14
		52,130,572.24	54,776,130.27
Transactions with other related parties			
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Buildings	2,680,842.18	2,990,089.45
Dalian Harbour Building Co., Ltd.	Buildings	1,481,640.24	1,481,640.30
Dalian Port Industrial Co., Ltd.	Vehicles	369,382.62	370,518.38
Dalian Hongyu Building Co., Ltd.	Buildings	227,699.63	165,831.64
Dalian Port Landscape Engineering Co., Ltd.	Flowers	-	3,579.25
		4,759,564.67	5,011,659.02
		86,394,250.30	82,656,427.50

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(2) Leases (continued)

Assets held under finance leases

Type of assets leased		Rental expense for the six months ended 30 June 2018 (unaudited)	Rental expense for the six months ended 30 June 2017 (unaudited)
Dalian Equipment Finance Lease Co., Ltd.	ISO dry containers	2,009,295.76	2,003,538.48
Rong Haifeng Container Co., Ltd.	Container	912,895.65	1,134,322.88
		2,922,191.41	3,137,861.36

The rentals from the assets leased out to or leased from related parties by the Group were based on the terms of the agreements entered into between the Group and the related parties.

(3) Guarantees

Guarantees received from a related party

For the six months ended 30 June 2018 (unaudited)

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
PDA	2,350,000,000.00	2011.5.23	2021.11.22	No
PDA	2,650,000,000.00	2012.9.26	2019.3.25	No

For the six months ended 30 June 2017 (unaudited)

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
PDA	2,350,000,000.00	2011.5.23	2021.11.22	No
PDA	2,650,000,000.00	2012.9.26	2019.3.25	No

The above related party provided guarantees for debentures payable without any charge. Refer to Note V. 30.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(4) Borrowings with related parties

Borrowings from related parties

For the six months ended 30 June 2018 (unaudited)

	Borrowing amount	Commencement date	Maturity date
Dalian Port Corporation Finance Co., Ltd.	4,600,000.00	2018.2.10	2019.2.9
Dalian Port Corporation Finance Co., Ltd.	8,000,000.00	2018.3.14	2019.3.13
Dalian Port Corporation Finance Co., Ltd.	5,000,000.00	2018.3.17	2019.3.17
Dalian United International Shipping Agency Co., Ltd.	15,000,000.00	2018.5.4	2021.5.4
Dalian Port Corporation Finance Co., Ltd.	20,000,000.00	2018.5.22	2019.5.22
Dalian Port Corporation Finance Co., Ltd.	5,800,000.00	2018.5.22	2019.5.22
Dalian Port Corporation Finance Co., Ltd.	20,000,000.00	2018.5.22	2019.5.22
Dalian Port Corporation Finance Co., Ltd.	10,000,000.00	2018.6.9	2019.6.9
Dalian Port Corporation Finance Co., Ltd.	20,000,000.00	2018.6.13	2019.6.12
Dalian Port Corporation Finance Co., Ltd.	3,000,000.00	2018.6.20	2019.6.20
Dalian Port Corporation Finance Co., Ltd.	5,000,000.00	2018.6.20	2019.6.20

For the six months ended 30 June 2017 (unaudited)

	Borrowing amount	Commencement date	Maturity date
Dalian Port Corporation Finance Co., Ltd.	1,260,000.00	2017.1.5	2017.3.31
Dalian Port Corporation Finance Co., Ltd.	15,600,000.00	2017.1.12	2017.3.22
Dalian Port Corporation Finance Co., Ltd.	2,230,000.00	2017.1.12	2017.3.30
Dalian Port Corporation Finance Co., Ltd.	4,346,300.00	2017.1.12	2017.3.30
Dalian Port Corporation Finance Co., Ltd.	22,740,000.00	2017.1.18	2017.10.20
Dalian Port Corporation Finance Co., Ltd.	30,000,000.00	2017.2.13	2017.6.29
Dalian Port Corporation Finance Co., Ltd.	15,600,000.00	2017.2.13	2017.3.31
Dalian Port Corporation Finance Co., Ltd.	6,160,000.00	2017.2.15	2017.5.12
Dalian Port Corporation Finance Co., Ltd.	15,750,000.00	2017.2.15	2017.3.31
Dalian Port Corporation Finance Co., Ltd.	2,320,000.00	2017.2.15	2017.5.27
Dalian Port Corporation Finance Co., Ltd.	16,550,000.00	2017.2.21	2017.4.26
Dalian Port Corporation Finance Co., Ltd.	30,000,000.00	2017.3.8	2018.3.7
Dalian Port Corporation Finance Co., Ltd.	30,000,000.00	2017.3.9	2018.3.8
Dalian Port Corporation Finance Co., Ltd.	50,000,000.00	2017.4.12	2017.6.1
Dalian Port Corporation Finance Co., Ltd.	7,030,000.00	2017.4.13	2017.10.20
Dalian Port Corporation Finance Co., Ltd.	7,030,000.00	2017.4.18	2017.10.20
Dalian Port Corporation Finance Co., Ltd.	950,000.00	2017.4.27	2017.10.20
Dalian Port Corporation Finance Co., Ltd.	600,000,000.00	2017.5.13	2020.5.12
Dalian Port Corporation Finance Co., Ltd.	4,340,000.00	2017.6.22	2017.10.20
Dalian Port Corporation Finance Co., Ltd.	4,830,000.00	2017.6.27	2017.10.20

Note: The aforementioned borrowings from Dalian Port Corporation Finance Co., Ltd. are entrusted loans between the entities within the Group.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(4) Borrowings with related parties (continued)

Borrowings from related parties (continued)

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Borrowing repayment		
Dalian Port Corporation Finance Co., Ltd.	83,150,000.00	297,278,972.32
Dalian Port Yidu Cold Chain Co., Ltd.	11,500,000.00	–
Dalian Harbour ECL Logistics Co., Ltd.	14,000,000.00	–
	108,650,000.00	297,278,972.32
Interest expenses		
Dalian Port Corporation Finance Co., Ltd.	33,162,396.35	13,349,158.97
Dalian United International Shipping Agency Co., Ltd.	114,791.67	–
Dalian Equipment Finance Lease Co., Ltd.	–	10,802,943.94
Shenyang Kaiming Industrial Co., Ltd.	–	787,350.00
Shenyang Mingshuo Industrial Development Co., Ltd.	–	524,900.00
Dalian Harbour ECL Logistics Co., Ltd.	–	445,209.73
	33,277,188.02	25,909,562.64

The borrowings from related parties bear interest rates mutually agreed between the parties by reference to the interest rates of the same type of bank loans as stipulated by the People's Bank of China.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(4) Borrowings with related parties (continued)

Borrowings to related parties

For the six months ended 30 June 2018 (unaudited), the Group had no borrowings to related parties.

For the six months ended 30 June 2017 (unaudited)

	Borrowing amount	Commencement date	Maturity date
Liaoning Con-Rail International Logistics Co., Ltd.	4,600,000.00	2017.2.10	2018.2.9
		For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Receipt of funds			
Liaoning Con-Rail International Logistics Co., Ltd.	-		4,600,000.00
Dalian Puji Storage Facility Co., Ltd.	-		16,000,000.00
		-	20,600,000.00
Interest income			
Dalian Changxing Island Port Co., Ltd.	777,858.87		-
Dalian Vanguard International Logistics Co., Ltd.	185,695.77		-
Liaoning Con-Rail International Logistics Co., Ltd.	-		411,491.11
Dalian Port Yidu Cold Chain Co., Ltd.	-		335,175.71
Dalian Puji Storage Facility Co., Ltd.	-		32,830.19
	963,554.64		779,497.01

The borrowings to related parties bear interest rates mutually agreed between the parties by reference to the interest rates of the same type of bank loans as stipulated by the People's Bank of China.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(5) Acquisition or transfer of assets

Acquisition of assets from:

Content of transactions		For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Dalian Port Design & Research Institute Co., Ltd.	Project construction	7,704,861.89	–
Dalian Port Machinery and Electric Co., Ltd.	Engineering construction	6,405,980.65	2,645,448.10
Dalian Harbour Engineering Co., Ltd.	Engineering construction	3,945,695.79	7,037,633.20
Dalian Port Machinery Co., Ltd.	Engineering construction	3,175,705.57	109,638.00
Dalian Port Landscape Engineering Co., Ltd.	Engineering construction	–	888,491.93
Dalian Port Xingang Construction Engineering Co., Ltd.	Engineering construction	–	304,339.32
		21,232,243.90	10,985,550.55

Transfer of assets to:

Content of transactions		For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
PDA	Disposal of assets	819,249.00	–
Dalian Port New Silk Road International Co., Ltd.	Disposal of assets	36,360.45	–
Dalian Automobile Terminal Co., Ltd.	Disposal of assets	4,153.25	–
		859,762.70	–

The prices of the assets acquired from related parties were in accordance with the terms or agreements mutually agreed between the parties.

In the current period, the Group transferred its entire equity interests in King Port Auto to PDA. Since 30 June 2018, King Port Auto had not been included in the Group's consolidation scope. Refer to Note VI. Changes in the consolidation scope.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(6) Remuneration for key management personnel

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Remuneration for key management personnel	1,344,670.44	1,634,932.46

(7) Commitments to related party

The following tables present the commitments that had been contracted but not yet recognised on the balance sheet:

Leases

	30 June 2018 (unaudited)	31 December 2017
As lessee		
PDA	13,813,654.43	344,903,245.91
Dalian Harbour Building Co., Ltd.	1,220,606.46	-
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	1,112,547.10	1,247,346.42
Dalian Hongyu Building Co., Ltd.	653,026.44	-
Dalian Puji Storage Facility Co., Ltd.	-	748,482.11
	16,799,834.43	346,899,074.44
As lessor		
China United International Rail Containers (Dalian) Co., Ltd.	4,786,479.92	-
Dalian Port Industrial Co., Ltd.	-	1,268,637.62
Dalian Port Wantong Logistics Co., Ltd.	-	506,939.13
Dalian North Oil Petroleum Logistics Co., Ltd.	-	211,904.76
Dalian Port Yi Du Cold Chain Co., Ltd.	-	434,227.84
Dalian Port Container Terminal Co., Ltd.	-	231,421,190.48
China Oil Dock Management (Dalian) Co., Ltd.	-	7,080,000.00
Liaoning Con-Rail International Logistics Co., Ltd.	-	591,091.14
Dalian Jilong Logistics Co., Ltd.	-	399,708.00
Dalian Harbour City Construction Development Co., Ltd.	-	262,762.48
	4,786,479.92	242,176,461.45
Acquisition of assets		
Dalian Port Machinery and Electric Co., Ltd.	-	10,033,979.80
Dalian Harbour Engineering Co., Ltd.	492,087.44	11,233,600.90
Dalian Port Rixing Boiler Installation Co., Ltd.	-	1,616,863.70
Dalian Port Machinery Co., Ltd.	-	174,300.00
	492,087.44	23,058,744.40

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

6. Amounts due from related parties

	30 June 2018 (unaudited)		31 December 2017	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable				
Due from the parent				
PDA	1,767,787.08	58,495.91	1,218,285.00	-
Due from joint ventures and associates				
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	39,692,373.00	277,846.61	-	-
Dalian Port Yidu Cold Chain Co., Ltd.	7,295,093.35	1,254,847.55	3,774,716.19	-
Dalian Changxing Island Port Co., Ltd.	4,206,772.14	830,230.69	2,912,201.34	-
China Oil Dock Management (Dalian) Co., Ltd.	1,650,000.00	11,550.00	415,000.00	-
Dalian Changxing Island Port Investment and Development Co., Ltd.	1,224,500.00	8,571.50	147,000.00	-
Dalian United International Shipping Agency Co., Ltd.	1,176,669.46	8,236.69	132,283.69	-
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	818,536.00	5,729.75	2,019,570.00	-
Dalian Vanguard International Logistics Co., Ltd.	771,036.20	5,397.25	1,000,922.00	-
China United International Rail Containers (Dalian) Co., Ltd.	495,848.00	3,470.94	3,983.00	-
Dalian North Oil Petroleum Logistics Co., Ltd.	260,115.45	1,820.81	-	-
Dalian Automobile Terminal Co., Ltd.	231,707.54	1,621.95	244,676.43	-
Dalian Port Group Financial Co., Ltd.	170,600.00	1,194.20	172,913.60	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	156,680.10	1,096.76	42,774.33	-
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	154,532.00	1,081.72	3,794.00	-
Dalian Port New Silk Road International Logistics Co., Ltd.	42,459.31	297.22	-	-
Odfjell Terminals (Dalian) Co., Ltd.	38,587.30	270.11	1,006,997.12	-
Dalian Jilong Logistics Co., Ltd.	24,600.00	172.20	83,720.00	-
Dalian Singamas International Container Co., Ltd.	2,660.00	18.62	156,223.50	-
Dalian Port Xiangyu Grain Logistics Co., Ltd.	7,257.60	50.80	8,049.60	-
China United Tally (Dalian) Co., Ltd.	-	-	3,900.00	-
	58,420,027.45	2,413,505.37	12,128,724.80	-

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

6. Amounts due from related parties (continued)

	30 June 2018 (unaudited)		31 December 2017	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable (continued)				
Amounts due from other related parties				
Dalian Port Wantong Logistics Co., Ltd.	3,594,437.53	25,161.06	1,363,527.00	–
Dalian Creative Industry Project Development Co., Ltd.	3,321,484.68	54,416.47	1,915,113.36	–
Dalian Song Yuan Enterprise Group Co., Ltd.	661,166.00	661,166.00	–	–
Dalian Harbour Engineering Co., Ltd.	439,481.94	244,559.73	439,481.94	–
Dalian FTZ Huarun Gas Co., Ltd.	305,382.51	2,137.68	–	–
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	269,173.00	1,884.21	269,173.00	–
Dalian Port Petroleum & Chemical Co., Ltd.	253,230.00	1,772.61	193,230.00	–
Dalian Taiping Bay Investment & Development Co., Ltd.	250,429.50	175,300.65	65,600.00	–
Dalian Port Machinery and Electric Co., Ltd.	229,532.57	85,459.73	1,269,508.89	–
Liaoning Hengjiu Development Group Limited	124,100.00	868.70	–	–
Dalian Port Machinery Co., Ltd.	78,176.00	58,632.00	78,176.00	–
Dalian Port Design & Research Institute Co., Ltd.	76,486.55	18,338.07	194,759.00	–
Dalian CITIC Harbour Investment Co., Ltd.	3,494.50	2,446.15	3,494.50	–
Liaogang Commodity Trading Co., Ltd.	–	–	7,940.00	–
	9,606,574.78	1,332,143.06	5,800,003.69	–
	69,794,389.31	3,804,144.34	19,147,013.49	–

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

6. Amounts due from related parties (continued)

	30 June 2018 (unaudited)		31 December 2017	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Other receivables				
Amount due from the parent				
PDA	2,411,171.60	129,057.97	2,450,236.07	-
Amounts due from joint ventures and associates				
Dalian Changxing Island Port Investment and Development Co., Ltd.	66,347,280.97	1,513,886.47	3,136,780.97	-
Dalian Port Xiangyu Grain Logistics Co., Ltd.	49,549,600.00	495,496.00	49,549,600.00	-
Dalian Changxing Island Port Co., Ltd.	42,112,141.95	5,114,592.35	41,490,314.75	-
Dalian Vanguard International Logistics Co., Ltd.	9,000,000.00	90,000.00	9,000,000.00	-
Dalian Port Yidu Cold Chain Co., Ltd.	4,065,428.13	40,654.28	1,172,007.65	-
China United International Rail Containers (Dalian) Co., Ltd.	2,515,000.00	25,150.00	-	-
Dalian United International Shipping Agency Co., Ltd.	1,471,802.00	14,718.02	-	-
Odfjell Terminals (Dalian) Co., Ltd.	1,173,227.06	12,432.27	1,170,327.06	-
Dalian Automobile Terminal Co., Ltd.	794,888.29	40,168.76	299,400.59	-
Dalian Port Bulk Cargo Logistics Centre Co., Ltd.	353,587.86	3,535.88	228,587.86	-
China United Tally (Dalian) Co., Ltd.	325,002.00	3,250.02	-	-
Dalian North Oil Petroleum Logistics Co., Ltd.	180,134.35	27,020.15	180,134.35	-
Dalian Harbour ECL Logistics Co., Ltd.	150,000.00	1,500.00	-	-
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	91,800.00	918.00	90,000.00	-
PDA Group Financial Co., Ltd.	76,399.37	1,883.99	76,399.37	-
Dalian Port Tongli Shipping Agency Co., Ltd.	75,000.00	750.00	-	-
Dalian Jilong Logistics Co., Ltd.	51,000.00	17,650.00	1,000.00	-
Dalian Port New Silk Road International Logistics Co., Ltd.	37,451.27	374.51	-	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	16,229.29	162.29	8,206.86	-
PetroChina Dalian LNG Co., Ltd.	9,100.00	9,100.00	9,100.00	-
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	-	-	1,200,000.00	-
Odfjell Changxing Terminals (Dalian) Co., Ltd.	-	-	55,267.33	-
	178,395,072.54	7,413,242.99	107,667,126.79	-

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

6. Amounts due from related parties (continued)

	30 June 2018 (unaudited)		31 December 2017	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Other receivables (continued)				
Amounts due from other related parties				
Dalian United King Port Auto Trade Co., Ltd. (Note)	140,000,000.00	1,400,000.00	-	-
Dalian Harbour Engineering Co., Ltd.	3,386,881.14	1,047,006.54	5,805,519.64	-
Dalian Port Industrial Co., Ltd.	1,964,308.86	19,643.09	1,309,539.24	-
Dalian Port Machinery and Electric Co., Ltd.	1,941,815.18	386,106.38	3,577,012.21	-
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	1,919,798.46	19,197.98	1,919,798.46	-
Dalian Huanghai Port Co., Ltd.	1,458,536.64	330,405.37	-	-
Dalian Port Machinery Co., Ltd.	1,262,061.32	109,999.71	865,510.00	-
Dalian Port Petroleum & Chemical Co., Ltd.	681,609.14	81,880.26	352,683.36	-
Dalian Port North Shore Investment and Development Co., Ltd.	625,361.00	20,653.61	60,000.00	-
Lvshun Xingang Harbour Service Co., Ltd.	573,869.61	573,869.61	-	-
Jinzhou Liaoxi PDA Properties Co., Ltd.	360,500.00	126,175.00	360,500.00	-
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	356,000.00	11,960.00	209,483.55	-
Dalian Wanfeng Properties Co., Ltd.	226,103.57	2,261.04	-	-
Liaoning Hengjiu Development Group Limited	157,500.00	1,575.00	-	-
Dalian Port Design & Research Institute Co., Ltd.	114,394.75	18,255.67	85,548.00	-
Dalian Taiping Bay Investment & Development Co., Ltd.	70,138.45	18,681.04	70,137.95	-
Dalian Gangtai Insurance Brokers Co., Ltd.	20,000.00	200.00	20,000.00	-
Dalian Taiping Bay Port Company Limited	17,382.00	3,748.10	10,640,190.53	-
Changhai County Guanglu Wharf Construction Management Co., Ltd.	13,000.00	1,950.00	13,000.00	-
Liaogang Commodity Trading Co., Ltd.	10,000.00	100.00	-	-
Dalian Port Xingang Construction Engineering Co., Ltd.	9,300.00	1,395.00	9,300.00	-
Three Union Holdings Limited	9,200.00	92.00	-	-
Dalian Port Security Services Co., Ltd.	3,400.00	34.00	2,000.00	-
Dalian International Cruise City Development Co., Ltd.	2,812.67	28.13	2,812.67	-
Dalian FTZ Huarun Gas Co., Ltd.	2,080.00	1,664.00	-	-
Dalian Hegang International Trade Co., Ltd.	1,839.41	18.39	-	-
Dalian Port North Shore Automobile Terminal Co., Ltd.	-	-	1,120,770.00	-
	155,187,892.20	4,176,899.92	26,423,805.61	-
	335,994,136.34	11,719,200.88	136,541,168.47	-

Note: In the current period, the Group transferred its entire equity interests in King Port Auto to its parent company PDA. Since 30 June 2018, King Port Auto had not been included in the Group's consolidation scope. Refer to Note VI. Changes in the consolidation scope. Asia Pacific Ports (Dalian) Co., Ltd., a subsidiary of the Group, granted entrusted loans of RMB70 million, with interest rate per annum of 5.66% to King Port Auto through Dalian Port Corporation Finance Co., Ltd. on 18 July 2017. The due date of the entrusted loans is 18 July 2019. Dalian Port Container Development Co., Ltd., a subsidiary of the Group, granted entrust loans of RMB20 million, 30 million and 20 million, with interest rate per annum of 5.66%, 5.66% and 5.65% respectively to King Port Auto through Dalian Port Corporation Finance Co., Ltd. on 20 January 2017, 10 March 2017 and 28 July 2017 respectively. The due dates of the entrusted loans are 29 January 2019, 29 January 2019 and 28 July 2019 respectively.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

6. Amounts due from related parties (continued)

	30 June 2018 (unaudited)		31 December 2017	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Prepayments				
Amounts prepaid to joint ventures and associates				
China United International Rail Containers (Dalian) Co., Ltd.	904,567.45	-	1,117,254.05	-
Dalian Port Yi Du Cold Chain Co., Ltd.	59,715.69	-	-	-
Dalian Vanguard International Logistics Co., Ltd.	-	-	12,170.00	-
	964,283.14	-	1,129,424.05	-
Amounts prepaid to other related parties				
Dalian Yidu Group Co., Ltd.	32,750,679.76	-	-	-
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	1,855,557.19	-	1,339,053.81	-
Liaogang Commodity Trading Co., Ltd.	142,800.00	-	-	-
Dalian Port Machinery Co., Ltd.	107,692.31	-	107,692.31	-
	34,856,729.26	-	1,446,746.12	-
	35,821,012.40	-	2,576,170.17	-
Interest receivable				
Amounts due from an associate and joint ventures				
Dalian Port Corporation Finance Co., Ltd.	5,367,816.05	-	5,533,010.96	-
Dalian Changxing Island Port Co., Ltd.	1,358,063.98	-	533,533.55	-
Dalian Vanguard International Logistics Co., Ltd.	-	-	3,262.50	-
	6,725,880.03	-	6,069,807.01	-
Amounts due from other related parties				
Dalian United King Port Auto Trade Co., Ltd.	110,055.56	-	-	-
	6,835,935.59	-	6,069,807.01	-

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

7. Amounts due to related parties

	30 June 2018 (unaudited)	31 December 2017
Accounts payable		
Amounts due to joint ventures and associates		
Ha'ou International Logistics Co., Ltd.	40,801,767.94	40,324,886.38
China United International Rail Containers (Dalian) Co., Ltd.	1,043,045.00	1,024,009.30
Dalian Jilong Logistics Co., Ltd.	53,686.00	254,613.00
Dalian Singamas International Container Co., Ltd.	20,129.26	93,824.63
Dalian United International Shipping Agency Co., Ltd.	1,220.00	1,220.00
Dalian Vanguard International Logistics Co., Ltd.	1,000.00	111,955.60
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	23.20	-
Dalian Port New Silk Road International Logistics Co., Ltd.	-	47,346.82
Dalian Puji Storage Facility Co., Ltd.	-	37,338.40
	41,920,871.40	41,895,194.13
Amounts due to other related parties		
Dalian Port Machinery Co., Ltd.	4,325,760.00	432,642.12
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	1,082,355.88	34,148.03
Dalian Port Industrial Co., Ltd.	639,000.00	219,786.00
Dalian Port Landscape Engineering Co., Ltd.	434,500.00	-
Dalian FTZ Yongdexin Real Estate Development Co., Ltd.	283,571.61	-
Dalian Hongyu Building Co., Ltd.	238,649.88	-
Liaogang Commodity Trading Co., Ltd.	142,800.00	-
Dalian Port Machinery and Electric Co., Ltd.	136,000.00	8,418,160.85
Liaoning Hengjiu Development Group Limited	20,850.00	-
Dalian Tongda Transportation Co., Ltd.	10,650.00	-
Oulo (Tianjin) International shipping agent Co., Ltd.	3,812.00	-
Dalian Port Wantong Logistics Co., Ltd.	1,236.00	-
Dalian Harbour Engineering Co., Ltd.	-	754,938.09
Dalian Port Design & Research Institute Co., Ltd.	-	260,000.00
Dalian Taiping Bay Construction Engineering Co., Ltd.	-	147,920.00
Jinzhou Port Co., Ltd.	-	6,800.00
	7,319,185.37	10,274,395.09
	49,240,056.77	52,169,589.22

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

7. Amounts due to related parties (continued)

	30 June 2018 (unaudited)	31 December 2017
Other payables		
Amount due to the parent		
PDA	7,575,040.20	1,157,793.67
Amounts due to joint ventures and associates		
Dalian United International Shipping Agency Co., Ltd.	600,500.00	600,500.00
China United Tally (Dalian) Co., Ltd.	206,000.00	6,000.00
Dalian Changxing Island Port Co., Ltd.	69,784.49	–
Dalian Wanpeng Port Engineering Testing Co., Ltd.	40,000.00	–
Dalian Singamas International Container Co., Ltd.	38,584.00	37,860.00
Dalian Dagang China Shipping Container Terminal Co., Ltd.	20,000.00	20,000.00
Dalian Jilong Logistics Co., Ltd.	30,387.00	15,000.00
Dalian Vanguard International Logistics Co., Ltd.	2,073.00	–
Dalian Port Yi Du Cold Chain Co., Ltd.	–	328,900.00
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	–	9,205.12
	1,007,328.49	1,017,465.12
Amounts due to other related parties		
Dalian Harbour Engineering Co., Ltd.	45,240,607.74	42,391,858.95
Dalian Port Machinery and Electric Co., Ltd.	14,137,998.98	13,157,558.53
Dalian Port Rixing Boiler Installation Co., Ltd.	5,671,514.54	6,647,323.54
Dalian Port Xingang Construction Engineering Co., Ltd.	2,511,791.00	1,812,007.35
Dalian Port Machinery Co., Ltd.	2,041,085.83	1,626,970.09
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	1,741,860.95	–
Dalian Hongyu Building Co., Ltd.	1,452,655.02	–
Lvshun Xingang Harbour Service Co., Ltd.	1,439,999.01	–
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	1,117,967.35	1,313,637.42
Dalian FTZ Huarun Gas Co., Ltd.	1,039,609.80	–
Dalian Wanpeng Foundation Engineering Co., Ltd.	696,116.43	696,116.43
Liaoning Hengjiu Development Group Limited	450,000.00	–

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

7. Amounts due to related parties (continued)

	30 June 2018 (unaudited)	31 December 2017
Other payables (continued)		
Amounts due to other related parties (continued)		
Dalian Port Yi Du Cold Chain Co., Ltd.	428,900.00	–
Dalian the Huanghai Port Co., Ltd.	300,000.00	–
Dalian Port Landscape Engineering Co., Ltd.	179,499.42	486,956.02
Dalian Port Design & Research Institute Co., Ltd.	137,018.00	359,365.00
Dalian Port Wantong Logistics Co., Ltd.	70,480.00	60,000.00
Dalian Port Industrial Co., Ltd.	65,508.04	1,003,100.00
Dalian Hegang International Trade Co., Ltd.	32,496.00	–
Dalian Wantong Ronghai Shipping Co., Ltd.	30,000.00	30,000.00
Dalian Tongda Transportation Co., Ltd.	14,000.00	–
Shenyang Kaiming Industrial Co., Ltd.	–	28,000,000.00
Shenyang Mingshuo Industrial Development Co., Ltd.	–	20,000,000.00
	78,799,108.11	117,584,893.33
	87,381,476.80	119,760,152.12
Interest payable		
Amounts due to joint ventures and an associate		
Dalian Port Corporation Finance Co., Ltd.	902,499.99	1,505,053.46
Dalian Port Yi Du cold chain Co., Ltd.	257,979.17	295,437.50
Dalian Harbour ECL Logistics Co., Ltd.	–	27,056.94
	1,160,479.16	1,827,547.90
Short-term borrowings		
Amounts due to a joint venture and an associate		
Dalian Port Corporation Finance Co., Ltd.	30,000,000.00	113,150,000.00
Dalian Port Yi Du Cold Chain Co., Ltd.	213,500,000.00	225,000,000.00
	243,500,000.00	338,150,000.00
Long-term borrowings		
Amounts due to a joint venture and an associate		
Dalian Port Corporation Finance Co., Ltd.	784,000,000.00	784,000,000.00
Dalian United International Shipping Agency Co., Ltd.	15,000,000.00	–
	799,000,000.00	784,000,000.00

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

7. Amounts due to related parties (continued)

	30 June 2018 (unaudited)	31 December 2017
Non-current liabilities due within one year		
Amounts due to a joint venture		
Dalian Harbour ECL Logistics Co., Ltd.	–	14,000,000.00
Amounts due to other related parties		
Ocean Harvest Container Co. Ltd.	56,122,038.39	54,493,042.89
Dalian Equipment Finance Lease Co., Ltd.	331,986.01	2,283,861.03
	56,454,024.40	56,776,903.92
	56,454,024.40	70,776,903.92
Contract liabilities		
The parent		
PDA	–	17,687.69
Joint ventures and associates		
China United International Rail Containers (Dalian) Co., Ltd.	98,450.76	–
Dalian United International Shipping Agency Co., Ltd.	7,739.10	2,940.00
Dalian Singamas International Container Co., Ltd.	4,155.00	–
Dalian Port Yi Du Cold Chain Co., Ltd.	2,107.66	2,107.66
PetroChina Dalian LNG Co., Ltd.	–	325,997.17
Dalian Jilong Logistics Co., Ltd.	–	218,466.99
Dalian Wanpeng Port Engineering Testing Co., Ltd.	–	5,815.36
Ha'ou International Logistics Co., Ltd.	–	200.00
	112,452.52	555,527.18
Other related parties		
Dalian Tongda Transportation Co., Ltd.	13,978.00	–
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	6,494.00	6,367.52
Dalian United King Port Auto Trade Co., Ltd.	4,000.00	–
Dalian Harbour Engineering Co., Ltd.	–	89,705.23
Dalian Port Property Management Co., Ltd.	–	20,641.53
Dalian Port Landscape Engineering Co., Ltd.	–	19,102.70
Dalian Port Rixing Boiler Installation Co., Ltd.	–	16,254.99
Dalian Port Xingang Construction Engineering Co., Ltd.	–	4,245.04
Dalian Port Wantong Logistics Co., Ltd.	–	1,869.50
	24,472.00	158,186.51
	136,924.52	731,401.38

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

X. Related parties and related party transactions (continued)

7. Amounts due to related parties (continued)

Except for short-term borrowings, long-term borrowings, long-term borrowings due within one year and entrusted loans from related parties included in other receivables, the amounts due to and from related parties are unsecured, interest-free and have no fixed repayment terms.

8. Deposits with related parties

	30 June 2018 (unaudited)	31 December 2017
Dalian Port Corporation Finance Co., Ltd.	1,812,599,001.31	2,524,252,940.72

For the period ended 30 June 2018, the interest rate per annum of the deposits was 0.35% to 4.13% (2017: 0.35% to 4.13%).

XI. Commitments and contingencies

1. Commitments

	30 June 2018 (unaudited)	31 December 2017
Contracted but not yet recognised		
Capital commitments	49,934,950.39	74,408,037.70
Investment commitments	48,400,000.00	48,400,000.00
	98,334,950.39	122,808,037.70

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XI. Commitments and contingencies (continued)

2. Contingencies

Guarantees

- (1) 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 paid by DNPL.

Pursuant to the resolutions passed at the fifth meeting of the second session of the Board of Directors 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 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 at 30 June 2018, DNPL had made a repayment of RMB40 million for the principal of the finance lease.

- (2) CDB Development Fund intended to contribute RMB35 million to increase the capital of the Group's joint venture, Dalian Port Yidu Cold Chain Co., Ltd. ("Dalian Port Yidu") by investing in the second-phase cold storage project of Dalian Port Yidu. After the capital increase, CDB Development Fund held 6.7% of the shares in Dalian Port Yidu. Upon expiration of the investment, CDB Development Fund required the wholly owned subsidiary of the Group Dalian Port Jifa Logistics Co., Ltd. ("Jifa Logistics") to repurchase its equity interest acquired from capital increase in Dalian Port Yidu, and required the parent company of Jifa Logistics, Dalian Port Container Development Co., Ltd. ("DPCD"), to provide a joint and several liability guarantee for the repurchase. DPCD is a wholly-owned subsidiary of the Company.

Pursuant to the resolutions passed at the first meeting of the fourth session of the Board of Directors in 2016, DPCD had the consent of the board of the directors to provide a joint and several liability guarantee for the repurchase of Jifa Logistics from CDB Development Fund with a cap of RMB42.14 million. The guarantee covers the payment for repurchase, investment income of CDB Development Fund, other obligations and compensations due to insufficient fund, liquidated damages, damage awards and realisation of the obligation right. The guarantee period is two years since the date of expiry of the debt performance under the master contract. This guarantee contract was entered into and signed on 25 February 2016. As at 30 June 2018, Dalian Port Yidu had made an investment income payment of RMB840 thousand to CDB Development Fund.

XII. Events after the balance sheet date

On 25 June 2018, National Association of Financial Market Institutional Investors approved the Group's application to issue a medium term note not exceeding RMB2.5 billion. The registration limit is valid within 2 years. The Group is eligible to issue a medium term note within the valid period. The Group successfully issued RMB2.5 billion medium term note with a 5 years' term and nominal interest rate per annum of 4.89% on 1 August 2018. The interest will be occurred from 3 August 2018 and paid on an annual basis. The principal will be repaid when the note falls due.

On 25 July 2018, in accordance with the profit distribution scheme approved on the annual general meeting for the year 2017, the Company distributed cash dividends of RMB0.023 (including tax) per share based on the issued 12,894,535,999 shares. Dividends in the total amount of RMB296,574,327.98 were distributed to the shareholders.

XIII. Other important items

1. Segment information

Operating segments

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

(1)	Oil/liquefied chemicals terminal and related logistics services and trading business	Loading and discharging, storage and transshipment of oil products and liquefied chemicals and port management services and trading business;
(2)	Container terminal and related logistics services and trading business	Loading and discharging, storage and transshipment of containers, leasing of terminals and related facilities and various container logistics services and trading business and sale of properties;
(3)	Bulk and general cargo terminal and logistics services	Loading and unloading of general cargoes and provision of related logistics services and loading and discharging of ore and provision of related services logistics and steel trading business;
(4)	Bulk grain terminal and related logistics services and trading business	Loading and unloading of grains and provision of related logistics services and grain trading business;
(5)	Passenger and roll-on/ roll-off terminal and logistics services	Passenger transportation and general cargo roll-on and roll-off and provision of related logistics services;
(6)	Port value-added services and ancillary port operations	Tallying, tugging, transportation, power supply, information technology and construction services;
(7)	Automobile terminal and related logistics services and trading business	Loading and discharging of automobiles and related logistics services and automobile trading business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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.

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

During the current period, the general cargo terminal, related logistics and trading segment and the ore terminal and related logistics segment was integrated as bulk and general cargo terminal and logistics services.

Notes to the Financial Statements (continued)

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XIII. Other important items (continued)

1. Segment information (continued)

Operating segments (continued)

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

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

Notes to the Financial Statements (continued)

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XIII. Other important items (continued)

1. Segment information (continued)

Operating segments (continued)

For the six months ended 30 June 2017 and as at 30 June 2017 (unaudited):

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

Notes to the Financial Statements (continued)

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XIII. Other important items (continued)

1. Segment information (continued)

Other information

Information about products and services

The revenue classified by category is disclosed in Note V. 39.

Geographical information

The entire operations of the Group and all its customers are located in Mainland China. Accordingly, all revenue is generated from the customers in Mainland China and the major non-current assets are located in Mainland China.

Information about major customers

For the six months ended 30 June 2018, no sales to a single customer contributed 10% or more of the Group's total revenue (2017: Nil).

2. Lease

As lessor

The fixed assets under operating lease are disclosed in Note V. 13.

As lessee

The Group leases certain fixed assets under finance lease arrangement. The total future lease payments are summarised as follows:

	30 June 2018 (unaudited)	31 December 2017
Within 1 year(including 1 year)	57,330,034.02	58,620,930.22

As at 30 June 2018, the unrecognised financing expense amounted to RMB876,009.62 (31 December 2017: RMB1,844,026.30).

Significant operating lease: According to the lease contracts signed with lessors, the minimum lease payments under non-cancellable leases are as follows:

	30 June 2018 (unaudited)	31 December 2017
Within 1 year (including 1 year)	180,837,022.11	83,190,426.83
1 to 2 years (including 2 years)	12,173,393.72	14,521,744.29
2 to 3 years (including 3 years)	10,910,949.98	38,428,457.96
Over 3 years	21,295,203.44	227,293,273.45
	225,216,569.25	363,433,902.53

XIII. Other important items (continued)**3. Benefits and interests of directors****(1) Emoluments of directors and chief executives**

Emoluments of directors, supervisors and chief executives during the six months ended 30 June 2018 were set out below (unaudited):

Position	Name	Emoluments paid in respect of a person's service as a director				Other allowances and benefits	Emoluments paid or receivable in respect of a director's other service in connection with the management of the Company or subsidiaries	Total
		Salaries and allowances	Pension plan contributions	Bonuses				
Chairman of the board/Executive director	Zhang Yiming	-	-	-	-	-	-	
General manager/Executive director	Wei Minghui	-	-	-	-	189,211.38	189,211.38	
Vice chairman of the board/ Non-executive director	Xu Song	-	-	-	-	-	-	
Vice chairman of the board/ Non-executive director	Bai Jingtao	-	-	-	-	-	-	
Non-executive director	Zheng Shaoping	-	-	-	-	-	-	
Non-executive director	Yin Shihui	-	-	-	-	-	-	
Independent non-executive director	Wang Zhifeng	100,000.00	-	-	-	-	100,000.00	
Independent non-executive director	Sun Xiyun	100,000.00	-	-	-	-	100,000.00	
Independent non-executive director	Luo Wenda	125,000.00	-	-	-	-	125,000.00	
Chairman of supervisory board/ Supervisor on behalf of the shareholders	Jia Wenjun	-	-	-	-	-	-	
Supervisor on behalf of the shareholders	Qi Yue	-	-	-	-	-	-	
Independent supervisor	Kong Xianjing	50,000.00	-	-	-	-	50,000.00	
Supervisor on behalf of employees	Jiao Yingguang	199,441.38	-	-	-	-	199,441.38	
Supervisor on behalf of employees	Lu Yongkui	201,343.38	-	-	-	-	201,343.38	

Notes to the Financial Statements (continued)

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(Expressed in Renminbi Yuan)

XIII. Other important items (continued)

3. Benefits and interests of directors (continued)

(1) Emoluments of directors and chief executives (continued)

Emoluments of directors, supervisors and chief executives during the six months ended 30 June 2017 were set out below (unaudited):

Position	Name	Salaries and allowances	Pension plan contributions	Emoluments paid in respect of a person's service as a director		Other allowances and benefits	Emoluments paid or receivable in respect of a director's other service in connection with the management of the Company or subsidiaries	Total
				Bonuses				
Chairman of the board/ Executive director	Zhang Yiming	-	-	-	-	-	-	-
General manager/Executive director	Wei Minghui	-	-	-	-	212,099.98	212,099.98	
Vice chairman of the board/Non-executive director	Xu Song	-	-	-	-	-	-	-
Vice chairman of the board/Non-executive director	Bai Jingtao	-	-	-	-	-	-	-
Non-executive director	Zheng Shaoping	-	-	-	-	-	-	-
Non-executive director	Yin Shihui	-	-	-	-	-	-	-
Independent non-executive director	Wang Zhifeng	100,000.00	-	-	-	-	-	100,000.00
Independent non-executive director	Sun Xiyun	100,000.00	-	-	-	-	-	100,000.00
Independent non-executive director	Luo Wenda	-	-	-	-	-	-	-
Independent non-executive director	Yin Jintao	125,000.00	-	-	-	-	-	125,000.00
Chairman of supervisory board/ Supervisor on behalf of the shareholders	Jia Wenjun	-	-	-	-	-	-	-
Supervisor on behalf of the shareholders	Qi Yue	-	-	-	-	-	-	-
Independent supervisor	Kong Xianjing	50,000.00	-	-	-	-	-	50,000.00
Supervisor on behalf of employees	Jiao Yingguang	207,219.98	-	-	-	-	-	207,219.98
Supervisor on behalf of employees	Lu Yongkui	-	-	-	-	-	-	-
Supervisor on behalf of employees	Zhao Rong	178,986.24	-	-	-	-	-	178,986.24

XIII. Other important items (continued)**3. Benefits and interests of directors (continued)****(2) Consideration paid to third parties in return for directors' services**

For the six months ended 30 June 2018, the Company had no consideration paid to third parties in return for directors' services.

(3) Loans, quasi-loans and other transactions provided to the directors, the legal person controlled by the directors, and associated person of the directors

For the current period, the Company provided no loans, quasi-loans and other transactions to any directors, the legal person controlled by the directors, and associated person of the directors.

(4) Substantial interests of directors in transactions, arrangements or contracts

For the current period, the Company did not sign any important transaction, arrangement or contract related to the business of the Group of which the directors of the Company directly or indirectly have substantial interests.

(5) The five individuals whose emoluments are the highest

The five highest paid employees during the period included no (for the six months ended 30 June 2017: no) directors, details of whose remuneration are set out in the above table. Details of remunerations of the five non-director employees (for the six months ended 30 June 2017: five) during the period are as follows:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Salaries and allowances	2,923,954.90	3,466,017.41
Social security	213,989.52	201,103.92
	3,137,944.42	3,667,121.33
Emolument range	For the six months ended 30 June 2018 (unaudited) Number of individuals	For the six months ended 30 June 2017 (unaudited) Number of individuals
Nil – RMB1,000,000	5	5
RMB1,000,000 – RMB1,500,000	–	–
RMB1,500,000 – RMB2,000,000	–	–

Notes to the Financial Statements (continued)

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XIV. Notes to the Company's financial statements

1. Notes receivable and accounts receivable

	30 June 2018 (unaudited)	31 December 2017
Notes receivable	163,060,082.64	152,035,939.05
Accounts receivable	419,091,688.58	328,485,233.13
	582,151,771.22	480,521,172.18
Less: Provision for bad debts	12,181,788.37	–
	569,969,982.85	480,521,172.18

Notes receivable

	30 June 2018 (unaudited)	31 December 2017
Bank acceptance notes	163,060,082.64	152,035,939.05

At the balance sheet date, notes receivable which have been endorsed to other parties or discounted but not yet mature are as follows:

	30 June 2018		31 December 2017	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	29,259,454.60	–	37,316,289.51	–

As at 30 June 2018, there were no bank acceptance notes (31 December 2017: Nil) pledged.

As at 30 June 2018, there were no discounted notes or notes that were transferred to accounts receivable due to issuers' failure in performance (31 December 2017: Nil).

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XIV. Notes to the Company's financial statements (continued)

1. Notes receivable and accounts receivable (continued)

Accounts receivable

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

An ageing analysis of accounts receivable based on their recording dates is as follows:

	30 June 2018 (unaudited)	31 December 2017
Within 1 year	351,787,049.99	263,092,696.66
1 to 2 years	11,246,880.33	6,269,920.37
2 to 3 years	1,210,260.16	475,118.00
Over 3 years	54,847,498.10	58,647,498.10
	419,091,688.58	328,485,233.13
Less: Provision for bad debts	12,181,788.37	-
	406,909,900.21	328,485,233.13

Movements in the provision for bad debts are as follows:

	Opening balance	Accrual	Reversal	Write-off	Cancelled after verification	Closing balance
30 June 2018 (Note) (unaudited)	8,143,445.57	4,038,342.80	-	-	-	12,181,788.37
31 December 2017	-	-	-	-	-	-

Note: The Group has adopted the New Financial Instrument Standards from 1 January 2018. On the first adoption day, the Group remeasured the impairment provision for the original financial assets in accordance with the New Financial Instrument Standards as at 31 December 2017. Refer to Note III. 30. Changes in accounting policies.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XIV. Notes to the Company's financial statements (continued)

1. Notes receivable and accounts receivable (continued)

	30 June 2018 (unaudited)			
	Closing balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts made on the individual basis	53,854,764.10	12.85	5,095,142.83	9.46
Provision for bad debts made on the credit risk characteristics portfolio basis	365,236,924.48	87.15	7,086,645.54	1.94
	419,091,688.58	100.00	12,181,788.37	

The bad debt provision for accounts receivable using the aging analysis method is as follows:

	30 June 2018 (unaudited)		
	Closing balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
Within 1 year	351,787,049.99	0.7%	2,462,509.35
1 to 2 years	11,246,880.33	25%	2,811,720.08
2 to 3 years	1,210,260.16	70%	847,182.11
3 to 4 years	110,000.00	75%	82,500.00
4 to 5 years	–	90%	–
Over 5 years	882,734.00	100%	882,734.00
	365,236,924.48		7,086,645.54

As at 31 December 2017, the Company did not make bad debt provision for accounts receivable.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XIV. Notes to the Company's financial statements (continued)

2. Other receivables

	30 June 2018 (unaudited)	31 December 2017
Interests receivable	36,174,719.53	32,347,608.79
Dividends receivable	1,035,915,905.55	1,029,532,111.51
Other receivables	619,455,678.75	613,657,573.68
Entrusted loans	450,000,000.00	450,000,000.00
Receivables from income of entrusted management services	10,630,002.00	80,656,608.41
Receivables from asset transfer	49,549,600.00	49,549,600.00
Others	109,276,076.75	33,451,365.27
	1,691,546,303.83	1,675,537,293.98
Less: Provision for bad debts	16,266,306.70	16,098.47
	1,675,279,997.13	1,675,521,195.51

Management of the Company is of the opinion that no impairment provision was necessary for interest receivable and dividends receivable at the balance sheet date.

The ageing analysis of other receivables is as follows:

	30 June 2018 (unaudited)	31 December 2017
Within 1 year	592,134,167.75	587,206,067.16
1 to 2 years	15,560,383.15	14,476,538.06
2 to 3 years	3,682,391.40	3,836,233.60
Over 3 years	8,078,736.45	8,138,734.86
	619,455,678.75	613,657,573.68
Less: Provision for bad debts	16,266,306.70	16,098.47
	603,189,372.05	613,641,475.21

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XIV. Notes to the Company's financial statements (continued)

2. Other receivables (continued)

Movements in the provision for bad debts of expected credit losses for the entire duration are as follows:

	Opening balance	Accrual	Reversal	Write-off	Cancel after verification	Closing balance
30 June 2018 (Note) (unaudited)	16,098,099.70	168,207.00	-	-	-	16,266,306.70
31 December 2017	16,098.47	-	-	-	-	16,098.47

Note: The Group has adopted the New Financial Instrument Standards from 1 January 2018. On the first adoption day, the Group remeasured the impairment provision for the original financial assets in accordance with the New Financial Instrument Standards as at 31 December 2017. Refer to Note III. 30. Changes in accounting policies.

	30 June 2018 (unaudited)			
	Closing balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts made on the individual basis	16,098.47	0.00	16,098.47	100.00
Provision for bad debts made on the credit risk characteristics grouping basis	619,439,580.28	100.00	16,250,208.23	2.62
	619,455,678.75	100.00	16,266,306.70	

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XIV. Notes to the Company's financial statements (continued)

2. Other receivables (continued)

The bad debt provision for other receivables using the aging analysis method are as follows:

	30 June 2018 (unaudited)		
	Closing balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
Within 1 year	592,134,167.75	1%	5,921,341.68
1 to 2 years	15,560,383.15	15%	2,334,057.48
2 to 3 years	3,682,391.40	35%	1,288,836.99
3 to 4 years	3,302,378.79	75%	2,476,784.09
4 to 5 years	2,655,356.00	80%	2,124,284.80
Over 5 years	2,104,903.19	100%	2,104,903.19
	619,439,580.28		16,250,208.23

As at 31 December 2017, the Company did not make bad debt provision for other receivables.

As at 30 June 2018, the total of top five other receivables were as follows (unaudited):

	Balance	Provision for bad debts	% of total balance
Total of top five other receivables	582,362,830.00	10,997,300.50	94.00

As at 31 December 2017, the top five other receivables were as follows:

	Balance	Provision for bad debts	% of total balance
Total of top five other receivables	582,895,758.41	–	94.99

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XIV. Notes to the Company's financial statements (continued)

3. Long-term equity investments

For the six months ended 30 June 2018 (unaudited)

	Opening balance	Disposal of a subsidiary	Closing balance	Cash dividends
Subsidiaries				
Dalian Port Container Development Co., Ltd.	3,201,948,622.38	-	3,201,948,622.38	-
Asia Pacific Ports Company Limited	76,155,000.00	-	76,155,000.00	-
Dalian ETDZ Jin Xin Petro-chemistry Company Limited	6,629,301.65	-	6,629,301.65	6,285,158.80
Dalian Jifa Shipping Management Co., Ltd.	391,984,354.73	-	391,984,354.73	-
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	-	14,259,172.03	-
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	-	18,278,125.97	7,500,000.00
Dalian Port Telecommunication Engineering Co., Ltd.	6,137,212.61	-	6,137,212.61	2,008,125.00
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	-	53,156,426.75	-
Dalian Port Power Supply Co., Ltd.	121,205,097.79	-	121,205,097.79	-
Dalian Lvshun Port Co., Ltd.	217,580,000.00	-	217,580,000.00	-
Dalian Port Group Zhuanghe Terminal Co., Ltd.	42,000,000.00	-	42,000,000.00	-
Dalian United King Port Auto Trade Co., Ltd.	6,000,000.00	(6,000,000.00)	-	-
Dalian Port Grain and Oil Trading Co., Ltd.	25,000,000.00	-	25,000,000.00	-
Dalian Steel Logistics Park Co., Ltd.	8,000,000.00	-	8,000,000.00	-
Dalian Gangrun Gas Co., Ltd.	5,100,000.00	-	5,100,000.00	-
Dalian Haijia Automobile Terminal Co., Ltd.	200,000,000.00	-	200,000,000.00	-
Dalian Dilangsirui Caravan Co., Ltd.	51,000,000.00	-	51,000,000.00	-
Dalian Zhuanghe Gangxing Investment Co., Ltd.	80,000,000.00	-	80,000,000.00	-
Dalian Port Haiheng Ship Management Co., Ltd.	4,825,626.54	-	4,825,626.54	-
Dalian Hongyang International Logistics Co., Ltd.	10,000,000.00	-	10,000,000.00	-
Total for the cost method	4,539,258,940.45	(6,000,000.00)	4,533,258,940.45	15,793,283.80

XIV. Notes to the Company's financial statements (continued)**3. Long-term equity investments (continued)****For the six months ended 30 June 2018 (unaudited)**

	Movement during the current period				Closing balance
	Opening balance	Investment income under equity method	Other equity movement	Cash dividends	
Joint ventures					
Dalian Port Tongli Shipping Agency Co., Ltd.	1,553,286.13	177,414.38	-	-	1,730,700.51
Dalian Harbour ECL Logistics Co., Ltd.	31,642,331.03	444,718.06	27,511.96	-	32,114,561.05
Odfjell Terminals (Dalian) Co., Ltd.	161,275,711.82	13,493,843.85	81,678.23	(12,500,000.00)	162,351,233.90
Dalian Port PetroChina International Terminal Co., Ltd.	210,260,341.43	14,060,235.78	325,892.50	(6,788,307.00)	217,858,162.71
China United Tally Co., Ltd. Dalian	3,013,183.04	(188,140.75)	5,322.57	(288,940.05)	2,541,424.81
Dalian China Oil Dock Management Co., Ltd.	2,171,883.10	(14,619.50)	-	-	2,157,263.60
Dalian Automobile Terminal Co., Ltd.	166,546,488.69	4,482,071.75	88,327.71	-	171,116,888.15
Dalian Changxing Island Port Co., Ltd.	143,335,282.66	(8,072,798.12)	42,219.58	-	135,304,704.12
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	13,712,386.51	4,153,392.44	1,330.00	(8,158,439.74)	9,708,669.21
Odfjell Dalian Port Consulting Co., Ltd.	1,244,149.26	(155,713.31)	-	-	1,088,435.95
Dalian Changxing Island Port Investment & Development Co., Ltd.	464,725,795.03	(39,716,261.37)	396,569.75	-	425,406,103.41
Odfjell Changxing Terminals (Dalian) Co., Ltd.	10,394,375.04	(677,362.96)	-	-	9,717,012.08
Dalian Port Xiangyu Grain Logistics Co., Ltd.	39,843,452.80	(1,475,450.20)	-	-	38,368,002.60
Total for joint ventures	1,249,718,666.54	(13,488,669.95)	968,852.30	(27,735,686.79)	1,209,463,162.10
Associates					
China Shipping Gang Lian Co., Ltd.	84,301,520.38	382,007.31	-	-	84,683,527.69
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	29,032,422.33	4,494,796.00	-	-	33,527,218.33
Taicang Xinggang Tug Co., Ltd.	7,746,479.04	1,518,672.51	-	(2,142,855.00)	7,122,296.55
PetroChina Dalian LNG Co., Ltd.	616,277,108.14	51,833,861.42	513,550.00	-	668,624,519.56
Dalian North Oil Petroleum Logistics Co., Ltd.	69,886,134.72	2,911,703.46	-	-	72,797,838.18
Sino Rail Bohai Train Ferry Co., Ltd.	261,332,415.92	(4,148,973.41)	398,479.57	-	257,581,922.08
CDC International Logistics Co., Ltd.	129,570,973.04	3,017,749.22	-	-	132,588,722.26
Dalian Port Group Financial Co., Ltd.	930,584,847.02	32,517,183.67	-	-	963,102,030.69
Total for associates	2,128,731,900.59	92,527,000.18	912,029.57	(2,142,855.00)	2,220,028,075.34
Total for the equity method	3,378,450,567.13	79,038,330.23	1,880,881.87	(29,878,541.79)	3,429,491,237.44

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XIV. Notes to the Company's financial statements (continued)

3. Long-term equity investments (continued)

For the year ended 31 December 2017

	Opening balance	Increase in investment	Decrease in investment	Closing balance	Cash dividends
Subsidiaries					
Dalian Port Container Development Co., Ltd.	3,045,297,222.38	156,651,400.00	-	3,201,948,622.38	511,734,753.45
Asia Pacific Ports Company Limited	76,155,000.00	-	-	76,155,000.00	-
Dalian ETDZ Jin Xin Petro Chemistry Company Limited	6,629,301.65	-	-	6,629,301.65	7,257,167.36
Dalian Jifa Shipping Management Co., Ltd.	391,984,354.73	-	-	391,984,354.73	-
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	-	-	14,259,172.03	9,167,887.92
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	-	-	18,278,125.97	-
Dalian Port Telecommunication Engineering Co., Ltd.	6,137,212.61	-	-	6,137,212.61	2,338,200.00
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	-	-	53,156,426.75	-
Dalian Port Power Supply Co., Ltd.	25,895,508.24	95,309,589.55	-	121,205,097.79	825,476.29
Dalian Lvshun Port Co., Ltd.	217,580,000.00	-	-	217,580,000.00	-
Dalian Port Group Zhuanghe Terminal Co., Ltd.	42,000,000.00	-	-	42,000,000.00	-
Dalian United King Port Auto Trade Co., Ltd.	6,000,000.00	-	-	6,000,000.00	-
Dalian Port Grain and Oil Trading Co., Ltd.	25,000,000.00	-	-	25,000,000.00	-
Dalian Steel Logistics Park Co., Ltd.	8,000,000.00	-	-	8,000,000.00	-
Dalian Gangrun Gas Co., Ltd.	5,100,000.00	-	-	5,100,000.00	-
Dalian Haijia Automobile Terminal Co., Ltd.	200,000,000.00	-	-	200,000,000.00	-
Dalian Dilangsirui Caravan Co., Ltd.	51,000,000.00	-	-	51,000,000.00	-
Dalian Zhuanghe Gangxing Investment Co., Ltd.	80,000,000.00	-	-	80,000,000.00	-
Dalian Port Xinchengshi Trade Co., Ltd.	7,000,000.00	-	(7,000,000.00)	-	-
Dalian Port Haiheng Ship Management Co., Ltd.	4,825,626.54	-	-	4,825,626.54	-
Dalian Hongyang International Logistics Co., Ltd.	10,000,000.00	-	-	10,000,000.00	-
Total for the cost method	4,294,297,950.90	251,960,989.55	(7,000,000.00)	4,539,258,940.45	531,323,485.02

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XIV. Notes to the Company's financial statements (continued)

3. Long-term equity investments (continued)

For the year ended 31 December 2017

	Movement during the current year						Closing balance
	Opening balance	Increase in investment	Invest income under equity method	Other equity movements	Cash dividends	Other decrease	
Joint ventures							
Dalian Port Tongli Shipping Agency Co., Ltd.	1,176,248.00	-	377,038.13	-	-	-	1,553,286.13
Dalian Harbour ECL Logistics Co., Ltd.	31,838,161.92	-	1,062,581.28	(10,627.92)	(1,247,784.25)	-	31,642,331.03
Odfjell Terminals (Dalian) Co., Ltd.	158,104,604.79	-	23,171,107.03	-	(20,000,000.00)	-	161,275,711.82
Dalian Port PetroChina International Terminal Co., Ltd.	189,034,388.78	-	27,153,227.08	795,803.57	(6,723,078.00)	-	210,260,341.43
China United Tally Co., Ltd. Dalian	3,300,321.72	-	288,220.06	-	(575,358.74)	-	3,013,183.04
Dalian China Oil Dock Management Co., Ltd.	1,318,777.63	-	853,105.47	-	-	-	2,171,883.10
Dalian Automobile Terminal Co., Ltd.	174,377,880.00	-	10,724,051.33	44,723.12	(18,600,165.76)	-	166,546,488.69
Dalian Changxing Island Port Co., Ltd.	118,902,145.96	-	24,410,287.92	22,848.78	-	-	143,335,282.66
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	9,553,987.26	-	9,064,933.05	(55,571.43)	(4,850,962.37)	-	13,712,386.51
Odfjell Dalian Port Consulting Co., Ltd.	1,689,695.12	-	(445,545.86)	-	-	-	1,244,149.26
Dalian Changxing Island Port Investment & Development Co., Ltd.	462,425,172.67	-	2,228,337.24	72,285.12	-	-	464,725,795.03
Odfjell Changxing Terminals (Dalian) Co., Ltd.	9,481,870.75	4,000,000.00	(2,518,496.04)	-	-	(568,999.67)	10,394,375.04
Dalian Port Xiangyu Grain Logistics Co., Ltd.	-	49,980,000.00	(10,136,547.20)	-	-	-	39,843,452.80
Total for joint ventures	1,161,203,254.60	53,980,000.00	86,232,299.49	869,461.24	(51,997,349.12)	(568,999.67)	1,249,718,666.54
Associates							
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	22,993,396.14	-	7,889,026.19	-	(1,850,000.00)	-	29,032,422.33
Taicang Xinggang Tug Co., Ltd.	7,264,712.42	-	4,767,331.62	-	(4,285,565.00)	-	7,746,479.04
PetroChina Dalian LNG Co., Ltd.	575,778,637.58	-	76,999,606.12	857,690.00	(37,358,825.56)	-	616,277,108.14
Dalian North Oil Petroleum Logistics Co., Ltd.	66,873,874.82	-	5,012,259.90	-	(2,000,000.00)	-	69,886,134.72
China Shipping Gang Lian Co., Ltd.	78,296,448.99	-	6,005,071.39	-	-	-	84,301,520.38
Sino Rail Bohai Train Ferry Co., Ltd.	256,758,196.50	-	4,574,219.42	-	-	-	261,332,415.92
CDC International Logistics Co., Ltd.	116,946,629.82	-	12,624,343.22	-	-	-	129,570,973.04
Dalian Port Group Financial Co., Ltd.	1,011,288,813.35	-	64,701,872.12	-	(145,405,838.45)	-	930,584,847.02
Total for associates	2,136,200,709.62	-	182,573,729.98	857,690.00	(190,900,229.01)	-	2,128,731,900.59
Total for the equity method	3,297,403,964.22	53,980,000.00	268,806,029.47	1,727,151.24	(242,897,578.13)	(568,999.67)	3,378,450,567.13

Management of the Company is of the opinion that no impairment provision was necessary for long-term equity investments at the balance sheet date.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XIV. Notes to the Company's financial statements (continued)

4. Revenue and cost of sales

Revenue is as follows:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Revenue from the principal operations	1,270,498,481.32	1,242,451,408.09
Revenue from other operations	174,552,871.33	205,320,255.42
	1,445,051,352.65	1,447,771,663.51

Cost of sales is as follows:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Cost of the principal operations	935,416,402.94	930,739,457.73
Cost of other operations	100,759,991.35	115,830,042.88
	1,036,176,394.29	1,046,569,500.61

Revenue by segment is as follows:

	For the six months ended 30 June 2018 (unaudited)		For the six months ended 30 June 2017 (unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil/liquefied chemicals terminal and logistics and trade services	496,537,482.85	341,920,545.55	577,740,495.09	368,206,799.32
Port value-added services and ancillary port operations	318,260,114.99	215,387,885.09	321,645,197.64	214,096,777.25
Bulk cargo terminal and logistics and trade services	423,920,287.44	325,617,639.23	316,249,955.33	308,236,254.22
Bulk grain terminal and logistics and trade services	70,273,677.09	70,169,360.61	98,153,228.14	74,698,754.50
Passenger and roll-on/roll-off terminal and logistics services	48,525,428.74	33,936,046.99	47,668,007.28	35,288,415.90
Container terminal and logistics services	25,476,190.48	7,888,478.76	25,476,190.48	7,844,723.36
Others	62,058,171.06	41,256,438.06	60,838,589.55	38,197,776.06
	1,445,051,352.65	1,036,176,394.29	1,447,771,663.51	1,046,569,500.61

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XIV. Notes to the Company's financial statements (continued)

4. Revenue and cost of sales (continued)

Revenue is analysed as follows:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Revenue from logistics services	212,687,542.10	198,717,635.28
Revenue from loading services	747,373,996.90	676,889,023.69
Revenue from storage services	179,717,059.31	230,792,708.43
Revenue from agency services	8,853,255.65	9,387,350.34
Revenue from port management services	114,574,722.60	119,372,785.59
Revenue from leasing services	46,108,462.61	60,946,075.70
Revenue from utility services	54,136,624.15	56,658,394.45
Revenue from Others	81,599,689.33	95,007,690.03
	1,445,051,352.65	1,447,771,663.51

5. Investment income

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Investment income from long-term equity investments under the cost method	15,793,283.80	9,595,367.36
Investment income from long-term equity investments under the equity method	79,038,330.23	136,763,203.41
Including: Investment income from associates	92,527,000.18	68,579,196.26
Investment (loss)/income from joint ventures	(13,488,669.95)	68,184,007.15
Investment loss from disposal of a subsidiary (Note)	(6,000,000.00)	-
Investment income from financial assets at fair value through profit or loss	81,800.00	84,600.00
Investment income from available-for-sale financial assets	-	12,456,145.33
Investment income from disposal of financial assets at fair value through profit or loss	3,898,363.72	180,280.41
	92,811,777.75	159,079,596.51

Note: In the current period, the Company transferred its entire equity interests in King Port Auto to PDA, which led to an investment loss of RMB6,000,000.00. Refer to Note VI. Changes in the consolidation scope.

Notes to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

XIV. Notes to the Company's financial statements (continued)

6. Supplementary information to the statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Net profit	184,440,560.67	161,662,264.92
Add: Credit impairment loss	4,206,549.80	–
Depreciation of fixed assets	267,441,957.29	274,304,921.98
Long-term prepaid expenses	1,939,852.38	796,171.65
Amortisation of intangible assets	9,476,549.98	8,925,456.61
Amortisation of deferred income	(15,422,915.16)	(36,365,285.42)
Losses/(gains) from disposal of fixed assets, intangible assets and other non-current assets	68,660.49	(2,453,832.20)
(Gains)/loss on changes in fair value	(933,860.00)	407,150.00
Financial expenses	162,281,074.11	274,064,963.53
Investment income	(92,811,777.75)	(159,079,596.51)
Decrease in deferred tax assets	2,033,973.16	3,667,099.63
Decrease in inventories	6,251,325.46	617,817.91
Increase in special reserve	6,107,696.24	5,583,744.46
Increase in operating receivables	(109,100,255.55)	(7,740,640.88)
Decrease in operating payables	(70,851,139.11)	(87,610,851.02)
Net cash flows from operating activities	355,128,252.01	436,779,384.66

Supplementary Information to the Financial Statements

30 June 2018
(Expressed in Renminbi Yuan)

I. Statement of non-recurring profit or loss

The Group recognised extraordinary profit or loss for the six months ended 30 June 2018 in accordance with “Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – non-recurring profit or loss (2008)” (the CSRC Announcement [2008] No.43).

	For the six months ended 30 June 2018 (unaudited)
Losses on disposal of non-current assets	(798,952.60)
Government grants charged to profit or loss for the current period (except for those closely related to the normal operation of the Company and received constantly at a fixed amount or quantity according to a certain standard based on state policies)	288,000.00
Profit from entrusting others for investment or asset management	3,795,898.15
Except for the effective hedging activities related to the Group’s ordinary activities, profit or loss arising from changes in fair value of financial assets and financial liabilities held for trading, and investment income from disposal of financial assets and financial liabilities held for trading and available-for-sale financial assets.	1,118,125.57
Interest income from outward entrusted loans	963,554.64
Non-operating income and expenses other than aforesaid items	6,782,943.36
Total non-recurring profit or loss	12,149,569.12
Less: Effect of income tax	(3,032,484.85)
Effect of minority interests (after tax)	(215,021.07)
	8,902,063.20

Supplementary Information to the Financial Statements (continued)

30 June 2018
(Expressed in Renminbi Yuan)

II. Return on net assets and earnings per share

For the six months ended 30 June 2018 (unaudited)

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	0.97%	0.01
Net profit after deducting extraordinary profit or loss attributable to ordinary shareholders of the Company	0.92%	0.01

For the six months ended 30 June 2017 (unaudited)

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	1.33%	0.02
Net profit after deducting extraordinary profit or loss attributable to ordinary shareholders of the Company	1.18%	0.02

No dilutive potential ordinary shares have been issued by the Company.



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)
(於中華人民共和國註冊成立之外商投資股份有限公司)

(Stock Code 股份代號 : 2880)

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