



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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中期報告



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Management Discussion and Analysis

SUMMARY

In the first half of 2019, clouded by the situation of international trade, the growth momentum of global economy was significantly weakened. Against the backdrop of increasing operational risks and uncertainties in the world economy as well as international investors' lack of confidence, the resilience and vitality of China's economy continued to inject impetus into global economic growth. During the same period, China's 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 6.3% year-on-year, and the total value of import and export increased by 3.9% on a year-on-year basis.

In the first half of the year, cargo throughput handled by China's large-scale ports amounted to 6.71 billion tonnes, representing a year-on-year increase of 2.6%. In particular, cargo throughput handled at coastal ports in China was 4.49 billion tonnes, representing a year-on-year decrease of 2.0%. (Source from "Chineseport Website")

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

In the first half of 2019, details of the general information on the macro-economy and industries relevant to the Group's principal business were set out as follows:

Oil Segment: In the first half of 2019, because of the complex and ever-changing situation of international economy, international crude oil expected demand had decreased. The domestic economy maintained fast yet steady development. Whereas, with the successive commissioning of major and private large-scale refining projects and adjustment of domestic economic structure, the demand for imported crude oil from large private refineries had increased. In the first half of the year, China imported 245 million tonnes of crude oil, representing an increase of 8.9% as compared to the same period last year.

Container Segment: Affected by the macro-economy, port production has shown signs of stable growth. From January to June 2019, containers throughput handled by overall ports in China amounted to 127 million TEU, representing a year-on-year increase of 5.8%.

Automobile Terminal Segment: In the first half of 2019, automobile production and sales volume in China maintained a declining tendency. Automobile production and sales volume in the first half of the year was 12,132,000 vehicles and 12,323,000 vehicles, representing a year-on-year decrease of 13.7% and 12.4%.

Bulk and General Cargo Segment: In the first half of 2019, due to the reduction in supply caused by natural disasters in Brazil and Australia and other factors, iron ore prices continued to rise, reducing the tonnes of external mines used in steel mills. During the first half of the year, iron ore imports in China amounted to 499 million tonnes, representing a year-on-year decrease of 8.6%. The output of crude steel across China in the first half of 2019 reached approximately 492 million tonnes, representing an increase of 11.8% year-on-year.

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Bulk Grain Segment: In the first half of 2019, the corn market was in profit in the first quarter, accompanied by unhindered trade between the northern and southern markets. However, since April, the demand in the southern market has been sluggish, which has impeded the food system of the northern and southern markets.

Passenger and Ro-Ro Segment: In the first half of 2019, passengers of the inter-provincial routes of Dalian Port increased by 6.1%; Ro-Ro vehicles increased by 1.7%. 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 2019, the Group's major business segments achieved stable performance. In terms of throughput, the Group handled a total of 29.49 million tonnes of oil/liquefied chemicals, representing a year-on-year increase of 8.7%, of which 11.429 million tonnes were imported crude oil, representing a year-on-year increase of 5.3%. In the Container Segment, the Group handled 5.066 million TEUs, representing a decrease of 7.9% on a year-on-year basis, of which 4.30 million TEUs were handled by the Group at Dalian port, representing a decrease of 9.8% on a year-on-year basis. In the Automobile Terminal Segment, the Group handled 388,272 vehicles, representing an increase of 8.3% on a year-on-year basis. The Group handled 30.156 million tonnes, representing an increase of 0.3% on a year-on-year basis at the relevant bulk and general cargo terminal. In the Bulk Grain Segment, the Group handled 2.081 million tonnes of bulk grain, representing a decrease of 29.6% on a year-on-year basis. In the Passenger and Ro-Ro Segment, the Group transported 1.914 million passengers, representing a year-on-year increase of 10.4%, and 397,000 vehicles, representing a year-on-year decrease of 38.9%.

OVERALL RESULTS REVIEW

In the first half of 2019, the Group's net profit attributable to shareholders of the parent company amounted to RMB288,235,814.81, representing an increase of RMB112,054,967.21 or 63.6% as compared with RMB176,180,847.60 in the first half of 2018.

In the first half of 2019, the gross profit of the Group increased significantly as compared with the corresponding period of last year, mainly attributable to the increase of crude oil storage business, which is partially offset by the reduced sales of general cargo and bulk grain business, and the decrease of harbour dues caused by policy factors. The increase in crude oil storage and LNG business has driven the performance growth of investees and the application of tax reduction policies has increased tax revenues, and those reasons lead to the increase of operating profit. However, the profit margin was cut down, which is attributed to, among others, reduced exchange gains resulted from exchange rate fluctuations in capital market, and increased financial costs due to the implementation of new lease standards. In light of the above, the Group's net profit attributable to the parent company reported a year-on-year increase of 63.6%.

In the first half of 2019, the Group's basic earnings per share amounted to RMB2.24 cents, representing an increase of RMB0.87 cent or 63.6% as compared with RMB1.37 cents in the first half of 2018.

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

Item	In first half of 2019 (RMB)	In first half of 2018 (RMB)	Changes (%)
Net profit attributable to shareholders of the parent company	288,235,814.81	176,180,847.60	63.6
Including:			
Revenue	3,221,965,028.15	3,651,188,686.81	(11.8)
Cost of sales	2,340,452,073.92	2,883,562,165.72	(18.8)
Gross profit	881,512,954.23	767,626,521.09	14.8
Gross profit margin	27.4%	21.0%	Up by 6.4 percentage points
Administrative expenses	324,747,194.49	331,847,950.61	(2.1)
Finance costs	288,048,192.02	177,390,450.15	62.4
Credit impairment loss	786,089.62	12,222,786.44	(93.6)
Other revenue	34,306,321.49	19,137,522.57	79.3
Investment income	184,445,959.72	91,004,995.48	102.7
Net non-operating income (Note 1)	2,266,885.83	6,477,135.33	(65.0)
Income tax expense	101,224,219.27	89,230,642.16	13.4

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

In the first half of 2019, the Group's revenue decreased by RMB429,223,658.66 or 11.8% year-on-year, primarily attributable to the year-on-year decrease of 78.4% in the revenue from trading business, which was mainly due to the structural adjustments actively undertaken by the Group in relation to controlling risks and boosting trading business quality and profitability. Excluding the effect of trading business, revenue would have increased by 8.0% year-on-year, mainly due to the increase of revenue as a result of the growth of crude oil storage business, structural adjustments to branch line business in Bohai Rim region, and the increased volume of container transit business. But the growth rate of revenue was partially offset by the reduction on harbour dues caused by policy factors and the decrease in grain throughput and domestic trade volume of container.

In the first half of 2019, the Group's cost of sales decreased by RMB543,110,091.80 or 18.8% year-on-year, mainly due to the year-on-year decrease of 79.2% in costs of trading business. Excluding the effect of trading business, cost of sales would have increased by 5.2% year-on-year, mainly due to the increase of tank rental and labour costs from the growth of crude oil storage business, the increase of repair costs arising from regular equipment maintenance, as well as the increase of transportation costs as a result of structural adjustments to branch line business in Bohai Rim region and increased volume of container transit business. However, the implementation of the new leasing standard had caused a reduction in total operating costs.

In the first half of 2019, the gross profit of the Group increased by RMB113,886,433.14 or 14.8% year-on-year, with the gross profit margin up by 6.4 percentage points, mainly attributable to the combined effect of the growth of crude oil storage business with high gross profit margin, shrink of trading business with lower gross profit margin and reduction of rental costs due to the implementation of the new leasing standard. The growth rate of gross profit was curtailed by reduction on harbour dues caused by policy factors and the decrease in grain throughput and domestic trade volume of container.

Management Discussion and Analysis

In the first half of 2019, the selling expenses of the Group decreased by RMB329,999.56 or 67.3% year-on-year, mainly attributable to the decline in sales exhibition fees.

In the first half of 2019, the Group's general and administrative expenses decreased by RMB7,100,756.12 or 2.1% year-on-year, mainly due to the decrease in rental costs resulted from the implementation of the new leasing standard and the decrease in legal advisory services as well as consultancy services, whereas the bonuses of the employees increased year-on-year.

In the first half of 2019, the Group's R&D expenses increased by RMB1,636,083.09 or 30.1% year-on-year, mainly due to the increased R&D labor costs caused by the increase of R&D projects.

In the first half of 2019, the Group's finance costs increased by RMB110,657,741.87 or 62.4% year-on-year, mainly due to interest expenses increased by RMB87.30 million as a result of the implementation of the new leasing standard which changed the accounting method of the lessee for operating leasing business, while the exchange income decreased.

In the first half of 2019, the Group's other income increased year-on-year by RMB15,168,798.92 or 79.3%, mainly due to the increase of other income caused by the preferential tax policy of deducting additional 10% of VAT input tax.

In the first half of 2019, the Group's investment income increased year-on-year by RMB93,440,964.24 or 102.7%, which was mainly because of the investment income increased by RMB71.42 million due to the growth of crude oil storage and LNG business, and wealth management income increased by RMB22.02 million year-on-year.

In the first half of 2019, the credit impairment losses of the Group decreased year-on-year by RMB11,436,696.82 or 93.6%, mainly affected by contract assets-related amount collected in this period.

In the first half of 2019, the Group's net non-operating income decreased year-on-year by RMB4,210,249.50 or 65.0%, mainly due to the combined effect of late payment penalties and compensation payments from customers during the same period of last year.

In the first half of 2019, the Group's income tax expenses increased year-on-year by RMB11,993,577.11 or 13.4%, mainly due to the increased taxable income caused by the increased gross profit of the Group and the decline of expected credit losses, while the taxable income was correspondingly offset by the increase in financial expenses due to the implementation of new lease standards.

Assets and Liabilities

As at 30 June 2019, the Group's total assets and net assets amounted to RMB36,292,878,028.86 and RMB21,002,139,988.28 respectively. Net asset value per share was RMB1.42, basically unchanged from that of 31 December 2018.

As at 30 June 2019, the Group's total liabilities amounted to RMB15,290,738,040.58, of which total outstanding borrowings amounted to RMB9,344,386,252.44 (this part of borrowings carries a fixed interest rate). The gearing ratio was 42.13% (total liabilities: RMB15,290,738,040.58/total assets: RMB36,292,878,028.86, representing an increase of 1.2 percentage points as compared with 40.93% as at 31 December 2018, which was mainly due to the implementation of the new leasing standard increased the impact of the use rights liability, while its growth rate was offset by the reduction of overall debt size through repayment of bank borrowings.

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Financial Resources and Liquidity

As at 30 June 2019, the Group had a balance of cash and cash equivalents of RMB3,552,339,363.75, representing a decrease of RMB2,002,205,880.58 as compared to that of 31 December 2018.

In the first half of 2019, the Group's net cash inflows generated from operating activities amounted to RMB498,242,956.72, net cash inflows for investing activities amounted to RMB480,702,860.41, and net cash outflows for financing activities amounted to RMB2,994,903,939.68.

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 2019, the Group's outstanding borrowings amounted to RMB9,344,386,252.44 (this part of borrowings carries a fixed interest rate), in which RMB1,803,475,435.12 were borrowings repayable within one year, and RMB7,540,910,817.32 were borrowings repayable after one year.

The Group's net debt-equity ratio was 36.1% as at 30 June 2019 (22.0% as at 31 December 2018), mainly due to the implementation of new lease standards which has impact on lease liabilities. The Group had protected against solvency risk and maintained an overall healthy financial structure.

As of 30 June 2019, the Group's unutilized bank line of credit amounted to RMB12.78 billion.

As an A-share and H-share dual-listed company, the Group enjoys access to both domestic and overseas capital markets for financing. China Chengxin International Credit Rating Co., Ltd. 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 2019, the Group has not entered into any foreign exchange hedging contracts.

CONTINGENT LIABILITIES

Guarantee

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

Pursuant to the resolutions approved at the fifth meeting of the fourth 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 with joint liability and the relevant counter guarantee contract was signed on 11 November 2016. The counter guarantee period shall be two years since the date when China Zhenhua Oil Co., Ltd. has the guarantee responsibility to the Lessor according to the guarantee contract. If China Zhenhua Oil Co., Ltd. fulfils its guarantee obligation to the Lessor according to the guarantee contract more than once, the counter guarantee period provided by the Company will have to be calculated separately. As of 30 June 2019, DNPL had made rental payments of RMB66 million.

Management Discussion and Analysis

USE OF PROCEEDS

Use of Proceeds for A Shares

Net proceeds of the public offering of 762 million A Shares in 2010 obtained by the Company amounted to approximately RMB2,772,091,519.47. As at 30 June 2019, the Company had used approximately RMB2,417,125,000.00 of the proceeds and RMB354,966,500.00 of the proceeds remained unused. In March 2019, 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 RMB40,017,100.00 (including an interest income of RMB4,050,600.00).

Unit: RMB

Projects	Total proceeds	Use of proceeds as at 30 June 2019	Balance
Construction of oil storage tanks with a total capacity of 1,000,000 m ³ in Xingang	760,000,000.00	525,656,100.00	234,343,900.00
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	
Construction of phase II of the Shatuozi oil storage tanks project in the Xingang Shatuozi area	29,600,000.00	29,600,000.00	
LNG Project	320,000,000.00	320,000,000.00	
No.4 stacking yard for ore terminal	520,000,000.00	417,374,900.00	102,625,100.00
Purchase of gantry for ore terminal	37,200,000.00	37,200,000.00	
Purchase of 300 bulk grain carriages	150,000,000.00	150,000,000.00	
Ro-ro ships for carrying cars	230,000,000.00	212,002,500.00	17,997,500.00
Construction of railway siding in Muling	41,250,000.00	41,250,000.00	
Construction of information systems	50,000,000.00	50,000,000.00	
Investment in phase III of Dayao Bay Terminal	84,041,500.00	84,041,500.00	
Total	2,772,091,500.00	2,417,125,000.00	354,966,500.00

Note: In order to reduce the amount of idle cash, achieve more efficient use of funds and lower capital costs for the Company, the first meeting of the five session of the Company's board of directors in 2019 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 2019.

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Use of Proceeds for H Shares

The Company completed a targeted, additional H-share issuance of 1,180,320,000 shares on 1 February 2016, raising net proceeds of approximately HK\$4,283 million. Except to the used proceeds, the remaining balance was denominated in US Dollar and RMB, amounting to approximately US\$45 million and RMB1,963.67 million (including an interest income of RMB213.25 thousand), respectively as of 30 June 2019. The details are as follows:

Unit: '0000

Total proceeds (HK\$)	Used amount (RMB)	Balance
428,327.08		4,500 (US\$)
	173,935.15	196,367.39 (RMB)

Note: As approved by the general meeting on 27 June 2019, the use of proceeds for H Shares has been changed to repayment of loans for replenishing the working capital. In strict compliance with the rules of Listing Rules of Hong Kong Stock Exchange, the Company conducts daily management of the funds raised.

CAPITAL EXPENDITURE

In the first half of 2019, the Group's capital expenditure amounted to RMB125,476,016.63, 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.

MAJOR RESTRICTED ASSETS AS AT THE END OF THE REPORTING PERIOD

Please refer to the details described in Note V (59) Assets with restricted ownership or use right to the financial statements.

Management Discussion and Analysis

MAJOR SHAREHOLDINGS AS AT THE END OF THE REPORTING PERIOD

Please refer to the details described in Note VI interests in other entities to the financial statements.

The performance analysis of each business segment in the first half of 2019 is as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in the first half of 2019 with comparative figures for the first half of 2018:

	For the six months ended 30 June 2019 <i>(‘0,000 tonnes)</i>	For the six months ended 30 June 2018 <i>(‘0,000 tonnes)</i>	Increase/ (decrease)
Crude oil	1,984.6	1,804.3	10.0%
– Foreign trade imported crude oil	1,142.9	1,085.7	5.3%
Refined oil	541.9	540.0	0.4%
Liquefied chemicals	75.6	76.1	(0.7%)
LNG	346.9	292.9	18.4%
Total	2,949.0	2,713.3	8.7%

In the first half of 2019, in terms of throughput of oil/liquefied chemicals, the Group handled a total of 29.49 million tonnes, representing an increase of 8.7% on a year-on-year basis.

In the first half of 2019, the Group’s crude oil throughput increased by 10.0% year-on-year to 19.846 million tonnes, of which 11.429 million tonnes were imported crude oil, representing a year-on-year increase of 5.3%, mainly attributable to the significant increase in crude oil demand as a result of private refineries in the hinterland expanding their production capacity. However, the global market structure was unfavorable for international transshipment and some major refineries had maintenance shutdowns, which partially inhibited the growth of crude oil throughput, resulting in a year-on-year increase in the Group’s crude oil throughput in the first half of the year.

In the first half of 2019, the Group’s refined oil throughput amounted to 5.419 million tonnes, representing a year-on-year increase of 0.4%, mainly attributable to the higher transshipment demand from refineries in Northeast China, while some major refineries in the hinterland had maintenance shutdowns, resulting in a less growth as compared with the same period last year.

In the first half of 2019, the Group’s liquefied chemicals throughput was 756 thousand tonnes, representing a year-on-year decrease of 0.7%, basically unchanged compared with the same period of last year, which was resulted from the stability of the Group’s customers in liquefied chemicals business.

In the first half of 2019, the Group’s LNG throughput amounted to 3.469 million tonnes, representing a year-on-year increase of 18.4%, mainly attributable to the increase in domestic LNG demands and the increase in LNG consumption in Northeast and North China, resulting in a significant increase in LNG throughput as compared with the same period of last year.

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In the first half of 2019, the total imported crude oil throughput handled by the Group's ports accounted for 74.3% (100% in the first half of 2018) and 42.5% (51.2% in the first half of 2018) of the total amount of crude oil imported through the ports of Dalian and Northeast China, respectively. The Group's total oil products throughput accounted for 64.1% (70.6% in the first half of 2018) and 35.2% (36.3% in the first half of 2018) of the total market share of the ports of Dalian and Northeast China, respectively. The year-on-year decrease in the market share of oil products was mainly attributable to the completion and commissioning of the ports owned by some private refineries in the hinterland.

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

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	868,990,299.07	579,802,848.18	49.9
Share of the Group's revenue	27.0%	15.9%	Up by 11.1 percentage points
Gross profit	321,354,968.65	167,918,550.72	91.4
Share of the Group's gross profit	36.5%	21.9%	Up by 14.6 percentage points
Gross profit margin	37.0%	29.0%	Up by 8.0 percentage points

In the first half of 2019, the revenue from the Oil Segment increased year-on-year by 49.9%, mainly due to the higher revenue from handling services and storage services as the crude oil throughput and storage volume increased.

The gross profit margin of the segment increased year-on-year by 8.0 percentage points, mainly due to the growth of storage business with high gross profit margin.

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- Deepening cooperation with private refineries in the hinterland to meet their storage and transshipment needs and further increasing the transshipment and distribution of the crude oil.
- Leveraging on the advanced experience at home, successfully obtaining permission to conduct the fuel oil business of "Bonded Mixed Oil, Offshore Direct Supply" from the Customs.
- Cooperating with Nanjing Tanker Corporation to attract customers in North China and North Shandong and developing transshipment business for crude oil in Bohai Rim region, promoting crude oil throughput growth.
- Formally obtaining approval from MOFCOM to conduct crude oil storage business in April and thus became qualified to apply for the construction of delivery point for the settlement of crude oil futures.

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Container Segment

The following table sets out the container segment's throughput handled by the Group in the first half of 2019, with comparative figures for the first half of 2018:

		For the six months ended 30 June 2019 (' 0,000 TEUs)	For the six months ended 30 June 2018 (' 0,000 TEUs)	Increase/ (decrease)
Foreign trade	Dalian port	264.1	262.9	0.5%
	Other ports <i>(Note 1)</i>	2.8	7.1	(60.6%)
	Sub-total	266.9	270.0	(1.2%)
Domestic trade	Dalian port	165.9	213.7	(22.4%)
	Other ports <i>(Note 1)</i>	73.8	66.6	10.8%
	Sub-total	239.7	280.3	(14.5%)
Total	Dalian port	430.0	476.6	(9.8%)
	Other ports <i>(Note 1)</i>	76.6	73.7	3.9%
	Total	506.6	550.3	(7.9%)

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

In the first half of 2019, in terms of container throughput, the Group handled a total of 5.066 million TEUs, representing a year-on-year decrease of 7.9%. At Dalian port, the Group handled 4.3 million TEUs, representing a year-on-year decrease of 9.8%, of which container throughput for foreign trade increased year-on-year by 0.5%, and container throughput for domestic trade decreased by year-on-year 22.4%.

In the first half of 2019, the Group's container business accounted for 98.6% (98.9% in the first half of 2018) of the total market share of Dalian port and 55.9% (50.4% in the first half of 2018) of the ports in Northeast China. The Group's container throughput for foreign trade accounted for 100% (100% in the first half of 2018) of the total market share of Dalian port and 98.2% (97.8% in the first half of 2018) of the ports in Northeast China.

Management Discussion and Analysis

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

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	1,330,431,489.48	1,706,217,273.06	(22.0)
Share of the Group's revenue	41.3%	46.7%	Down by 5.4 percentage points
Gross profit	343,705,692.87	326,371,905.68	5.3
Share of the Group's gross profit	39.0%	42.5%	Down by 3.5 percentage points
Gross profit margin	25.8%	19.1%	Up by 6.7 percentage points

In the first half of 2019, the revenue from the Container Segment decreased year-on-year by 22.0%, mainly due to the drop in the revenue from trading business. Excluding the effect of trading business, revenue was basically unchanged from the corresponding period of last year, as the increase in transportation revenue, which was driven by structural adjustments to branch line business in Bohai Rim region and increased volume of container transit business, was offset by the decrease in harbour dues caused by policy factors and lower container throughput for domestic trade.

The gross profit margin of the segment increased year-on-year by 6.7 percentage points. Excluding the effect of trading business, the gross profit margin increased year-on-year by 1.0 percentage point, mainly due to the combined effects of the decrease in cost of sales caused by the implementation of the new leasing standard, which has adjusted the accounting method that lessees measured the operating leases, and the drop in harbour dues.

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group were set out as follows:

- By virtue of efficient terminal service and perfect feeder network layout of the Group, 3 new foreign trade routes and 1 new domestic trade route were added, realizing full coverage of ports in South-East Asia Region and further optimizing network layout of shipping routes.
- Uniting feeder business and improving operation models to reduce operation cost significantly, bringing positive effects. Foreign trade transshipment business in Bohai Rim in terms of feeder region grew fast, which further manifested the pivotal role of Bohai Rim region.
- Responding actively to national strategies on multimodal transportation development and further promoting the construction of national multimodal transportation demonstration projects in Dalian.
- Opening two special routes namely "Dalian – St Petersburg" Maersk commercial train and "Dalian – Vorotensk" commercial train to enhance the brand influence of China-Europe freight trains.
- Improving service functions, accelerating transformation and upgrading of the port, with a focus on developing cold storage import supply, therefore the scale of cold storage import logistics center was further expanded.

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 2019, with comparative figures for the first half of 2018:

		For the six months ended 30 June 2019	For the six months ended 30 June 2018	Increase/ (decrease)
Vehicles (units)	Foreign trade	6,496	4,231	53.5%
	Domestic trade	381,776	354,174	7.8%
	Total	388,272	358,405	8.3%
Equipment (tonnes)		12,115	5,225	131.9%

In the first half of 2019, the Group handled a total of 388,272 vehicles in automobile terminal, representing a year-on-year increase of 8.3%.

In the first half of 2019, the Group's vehicle throughput accounted for 100% (100% in the first half of 2018) of the total market share of the ports in Northeast China.

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

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	6,081,222.15	231,701,424.69	(97.4)
Share of the Group's revenue	0.2%	6.3%	Down by 6.1 percentage points
Gross profit	(64,764.38)	6,661,467.35	(101.0)
Share of the Group's gross profit	0.0%	0.9%	Down by 0.9 percentage points
Gross profit margin	(1.1%)	2.9%	Down by 4.0 percentage points

In the first half of 2019, the revenue from the Automobile Segment decreased year-on-year by 97.4%, which was mainly due to the decrease in trade service business. Excluding the effect of trading business, the revenue increased year-on-year by 1790.7%, mainly due to the joint influence of the operation of Haijia automobile terminal and year-on-year increase of vehicle logistics business.

The gross profit margin of the segment decreased year-on-year by 4.0 percentage points.

Management Discussion and Analysis

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group were set out as follows:

- Through continuing to deepen the cooperation with main engine factories in the hinterland and China Railway Special Cargo Logistics (CRSCL) and strengthening competitive advantages of sea-to-rail intermodal transportation of vehicles, driving the business to maintain sustainable and fast growth.
- Through continuing to deepen market development and promoting the commissioning of water transportation in Dalian Port by several new brands, resulting in the influence of the Port to be further enhanced.

Bulk and General Cargo Segment

The following table sets out the throughput handled by the Group's bulk and general cargo terminal in the first half of 2019, with comparative figures for the first half of 2018:

	For the six months ended 30 June 2019 ('0,000 tonnes)	For the six months ended 30 June 2018 <i>('0,000 tonnes)</i>	Increase/ (decrease)
Steel	297.6	353.7	(15.9%)
Coal	466.3	505.6	(7.8%)
Equipment	75.1	51.1	47.0%
Ore	1,429.1	1,479.2	(3.4%)
Others	747.5	617.5	21.1%
Total	3,015.6	3,007.1	0.3%

In the first half of 2019, the throughput of the Group's General Cargo Segment amounted to 30.156 million tonnes, representing a year-on-year increase of 0.3%.

In the first half of 2019, the throughput of the Group's Ore Segment amounted to 14.291 million tonnes, representing a year-on-year decrease of 3.4%. Such decrease was mainly due to factors including the decrease in external ore supply caused by dam break in Brazil, heavy rain in northern Brazil and hurricane in Australia and continuous rise of iron ore price, which resulted in the year-on-year decrease in the Group's ore import.

In the first half of 2019, the Group's steel throughput was 2.976 million tonnes, representing a year-on-year decrease of 15.9%, mainly due to the year-on-year decrease in the Group's steel shipment volume as surrounding ports took away part of shipment supplies from us through low-price competition.

Management Discussion and Analysis

In the first half of 2019, the Group's coal throughput was 4.663 million tonnes, representing a year-on-year decrease of 7.8%, mainly due to the decrease in coal purchase quantity in the first half year as a result of large inventory of related coal customers in the end of the whole year.

In the first half of 2019, the Group's equipment throughput was 0.751 million tonnes, representing a year-on-year increase of 47.0%, mainly due to the equipment base construction in the port area and improvement of shipping routes for bulky cargo, resulting in the year-on-year increase of the Group's equipment throughput in the first half year.

In the first half of 2019, the Group's ore throughput, steel throughput and coal throughput accounted for 35.1% (30.1% in the first half of 2018), 11.6% (13.8% in the first half of 2018) and 16.5% (20.5% in the first half of 2018), respectively, of the total throughput of the ports in Northeast China.

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

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	425,514,453.10	436,341,957.28	(2.5)
Share of the Group's revenue	13.2%	12.0%	Up by 1.3 percentage points
Gross profit	69,956,326.64	101,282,553.34	(30.9)
Share of the Group's gross profit	7.9%	13.2%	Down by 5.3 percentage points
Gross profit margin	16.4%	23.2%	Down by 6.8 percentage points

In the first half of 2019, the revenue from the Bulk and General Cargo Segment decreased year-on-year by 2.5%, which was mainly due to the combined effect of the decrease in throughput of ore, steel and coal and other commodities and reduction on harbour dues caused by policy factors.

The gross profit margin of the segment decreased year-on-year by 6.8 percentage points, which was mainly caused by the decrease of harbour dues and increase of land lease cost, labour cost and other fixed costs.

Management Discussion and Analysis

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group were set out as follows:

- Actively visiting many customers in the hinterland and strengthening the cooperation with customers continuously.
- Deepening the cooperation with Vale to promote construction of mixed core transfer and distribution center in Northeast Asia and expand the scale of mixed ore transferred to Japan and South Korea.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in the first half of 2019, with comparative figures for the first half of 2018:

	For the six months ended 30 June 2019 (‘0,000 tonnes)	For the six months ended 30 June 2018 (‘0,000 tonnes)	Increase/ (decrease)
Corn	92.1	98.7	(6.7%)
Soy bean	30.5	78.9	(61.3%)
Barley	26.3	29.0	(9.3%)
Others	59.2	89.0	(33.5%)
Total	208.1	295.6	(29.6%)

In the first half of 2019, the throughput of the Group's Bulk Grain Segment amounted to 2.081 million tonnes, representing a year-on-year decrease of 29.6%.

In the first half of 2019, the Group's corn throughput was 921,000 tonnes, representing a year-on-year decrease of 6.7%. The decrease was mainly attributable to the weak demand from southern downstream market since the second quarter, corn systems being hampered in southern and northern market, and the decreased volume of corn transshipment at Liaoning port, so that the Group recorded a substantial decrease in terms of throughput in the first half of 2019.

Management Discussion and Analysis

In the first half of 2019, the Group's soybean throughput was 305,000 tonnes, representing a year-on-year decrease of 61.3%. The substantial year-on-year decrease of Group's soybean throughput in the first half of the year was mainly due to the global trade situation.

In the first half of 2019, the Group's bulk grain throughput accounted for 8.9% (8.7% in the first half of 2018) of the total throughput of the ports in Northeast China.

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

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	68,962,056.05	172,810,678.72	(60.1)
Share of the Group's revenue	2.1%	4.7%	Down by 2.6 percentage points
Gross profit	(14,041,525.49)	(2,207,826.04)	(536.0)
Share of the Group's gross profit	(1.6%)	(0.3%)	Down by 1.3 percentage points
Gross profit margin	(20.4%)	(1.3%)	Down by 19.1 percentage points

In the first half of 2019, the revenue from the Bulk Grain Segment decreased year-on-year by 60.1%. Excluding the effect of trading business, the revenue decreased year-on-year by 24.0%, which was mainly due to the combined effect of the decrease in throughput of corn and soy bean and other commodities and reduction on harbour dues caused by policy factors.

The gross profit margin of the segment decreased year-on-year by 19.1 percentage points. Excluding the effect of trading business, the gross profit margin of the segment decreased year-on-year by 21.0 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 and the decrease of harbour dues at the request of the NDRC.

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group were set out as follows:

- Cooperating with customers to jointly promote transportation of Heilongjiang-Dalian bulk grain train and improving the efficiency of transporting grains from inland to the port.
- Cooperating with shipping companies to open liner routes for transporting grains from Dalian port to Southern ports, and preparing connections with operation and organization of ports to improve the entire grain logistics service system.

Management Discussion and Analysis

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 2019, with comparative figures in the first half of 2018:

	For the Six months ended 30 June 2019	For the Six months ended 30 June 2018	Increase/ (decrease)
Passengers ('0,000 persons)	191.4	173.4	10.4%
Vehicles ('0,000 units)	39.7	65.0	(38.9%)

Throughput of passengers in passenger, roll-on, roll-off terminal was 1.914 million persons, representing an increase of 10.4% as compared to the same period last year. Throughput of vehicles amounted to 397,000 units, representing a decrease of 38.9% as compared to the same period last year. Such decrease of roll-on and roll-off throughput was mainly due to the adjustment of calculation methods for ro-ro vehicles throughput in the ports by Ministry of Transport from January 2019.

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

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	83,458,420.62	75,588,831.77	10.4
Share of the Group's revenue	2.6%	2.1%	Up by 0.5 percentage point
Gross profit	19,282,063.33	21,618,646.79	(10.8)
Share of the Group's gross profit	2.2%	2.8%	Down by 0.6 percentage point
Gross profit margin	23.1%	28.6%	Down by 5.5 percentage points

In the first half of 2019, the revenue from the Passenger and Ro-Ro Segment increased year-on-year by 10.4%, mainly due to the rise in the number of outgoing voyages and outbound passenger volume.

Gross profit margin decreased year-on-year by 5.5 percentage points, mainly attributable to the revenue growth failed to cover fixed cost increased by commissioning of Dalian Bay New Passenger Station.

Management Discussion and Analysis

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group were set out as follows:

- Completing 15 outgoing voyages of international cruise ships, 3 transshipment voyages and 2 visit voyages in the first half of the year, representing a total of inbound and outbound passenger throughput of 45,000 persons, up by 15,000 persons year-on-year.
- Deepening cooperation with all relevant parties, launching a new “Lvshun – Weifang” shipping routes for roll-on roll-off cargos, making breakthroughs of roll-on roll-off business.

Value-added Services Segment

Tugging

In the first half of 2019, the Group made strides in business of tugboat lease and tugging operation outside the port by strengthening expansion of the market outside the port. Tugging business increased year-on-year by 3.0%.

Tallying

In the first half of 2019, tallying throughput of main cargos declined due to fierce competition of tallying market in Dalian port. The total tallying throughput handled by the Group was approximately 18.905 million tonnes, representing a year-on-year decrease of 20.3%.

Railway

In the first half of 2019, benefiting from the “truck-to-rail” policy in Beijing-Tianjin-Hebei Region around Bohai Rim, the increment of integrated multimodal transportation of bulk cargo was significant. In terms of the operation of railway transportation, the Group handled a total of approximately 337,000 carriages, representing a year-on-year increase of 1.5%.

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

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	402,254,637.03	407,405,315.36	(1.3)
Share of the Group's revenue	12.5%	11.2%	Up by 1.3 percentage points
Gross profit	118,636,049.56	140,398,214.63	(15.5)
Share of the Group's gross profit	13.5%	18.3%	Down by 4.8 percentage points
Gross profit margin	29.5%	34.5%	Down by 5.0 percentage points

Management Discussion and Analysis

In the first half of 2019, the revenue from the Value-added Services Segment decreased year-on-year by 1.3%, mainly due to less supervision business, while the increase of railway's collecting and distributing capacity and outport tugboat operation volume fueled the growth of revenue from railway and tugging & barging.

The gross profit margin of the segment decreased year-on-year by 5.0 percentage points, mainly attributable to the effects from decline of IT business with high gross profit margin and shrink of supervision business market.

PROSPECTS OF THE SECOND HALF OF 2019

COMPETITIVE LANDSCAPE AND INDUSTRY TREND

In the second half of the year, the global economy continues to develop with uncertainties, accompanied by reduced momentum in global economic growth, slowdown in trade and investment and rise of protectionism. Domestically, China will continuously reduce the burdens of enterprises by taxes and fees reduction to inject impetus into economic development. Meanwhile, 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". China's economy is in large scale and highly resilient. As such, in the second half of the year, China's economy is expected to stably edge up with stronger internal driving force despite of a lot of challenges.

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

Oil Segment

- Strengthening cooperation with Shanghai Futures Exchange, striving to apply for future delivery points for crude oil and improving port service functions.
- Leveraging the Group's advantages in deep water ports and concentration of storage tanks to deepen cooperation with domestic and foreign oil traders. Providing bonded storage and transshipment service for refineries in the hinterland to participate in international competition.
- Actively following up fuel oil blending business in order to apply for the qualification of bonded crude oil blending business.
- Accelerating the improvement and implementation of transshipment facilities for LNG, aviation fuel and other new energy sources, and high-end oil products.

Management Discussion and Analysis

Container Segment

- Stabilizing operation of foreign trade routes and increasing import functions. Restraining split of transshipment supplies and adopting measures for recovery of transshipment supplies.
- Uniting transshipment strategies, improving cooperation ability and reducing operation cost to promote transformation and development of feeders in Bohai Rim and consolidating transshipment position of the port.
- Strengthening business synergy, promoting resource integration and constantly exploring and optimising the integrated multimodal transportation system in the Three Northeastern Provinces, with an aim to increase cargo supply in cross-border train lines.
- Actively promoting diversification and continuously developing logistics industry including cold chain, automobile, wood and rear logistics to realize parallel development of main and auxiliary industry.

Automobile Terminal Segment

- Promoting existing customers to expand radiation regions of water transportation and improving market shares of water transportation.
- Further developing river-and-sea intermodal transportation business and promoting extension of shipping routes and customer network.

Bulk and General Cargo Segment

- Continuously deepening the cooperation with customers, jointly developing international market and expanding international transshipment scale of mixed ore.
- Developing shipping routes for large-scale equipment and promoting the construction of processing base for large-scale equipment in port area.

Bulk Grain Segment

- Developing system of liner shipping routes to ports along the Yangtze River and expanding grain logistics network.
- Continuously conducting operation and organization of ports to improve service efficiency, and soliciting supplies and improving shares with excellent services.

Management Discussion and Analysis

Passenger and Ro-Ro Segment

- The Group will spare no efforts to enhance its departure services for international cruises, while accelerating marketing for its cruise service brand and establishing a cruise travelling brand.
- 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

- Tugging

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

- Tallying

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

EFFECTS OF THE APPLICATION AND THE EFFECTIVENESS OF NEW ACCOUNTING STANDARDS IN THE FIRST HALF OF 2019

1. As required by Notice on Revising and Issuing the Format of Financial Statements of General Enterprises in 2019 (Caikuai [2019] No. 6), the Group has applied new formats of financial statements in preparing the 2019 interim report:

In the balance sheet, “notes receivable and accounts receivable” will be split into “notes receivable” and “accounts receivable”, and “notes payable and accounts payable” will be split into “notes payable” and “accounts payable”;

In the statement of profit or loss, in addition to the revenue expenditures incurred during the research and development process, the “research and development expenses” will include the amortization of intangible assets developed by the Group as previously presented in the item of “general and administrative expenses”.

Accordingly, the Group has adjusted the comparative figures retroactively. The above changes in accounting policies had no impact on the consolidated net profit or the Company’s net profit or owners’ equity.

Management Discussion and Analysis

2. In 2018, the Ministry of Finance issued the revised “Accounting Standards for Business Enterprises No. 21-Leasing” (the “New Lease Standard”) which adopts the single model similar to that used for the current accounting treatment for finance lease and requires the lessee to recognize right-of-use asset and lease liability for all leases other than short-term and low-value assets leases and recognize depreciation and interest expenses, respectively. Since 1 January 2019, the Group has conducted accounting treatment in accordance with the newly revised lease standard. According to the transitional requirements, the information for the comparable period will not be adjusted and retained earnings as at 1 January 2019 will be retrospectively adjusted based on the difference between the New Lease Standard and the current lease standard on the first day of implementation:
- (1) The Group measured the right-of-use asset and lease liability respectively for the finance leases before the date of first implementation in accordance with the original book value of the assets held under finance leases and the payables for finance leases.
 - (2) For operating lease before the date of initial implementation, the Group measured the lease liabilities at the present value discounted by incremental borrowing rate on the date of initial implementation according to the remaining lease payments, and adopted New Lease Standard from the lease term according to each lease assumption. As the Lessee, the Group measured the right-of-use asset at carrying value with incremental borrowing rate as discount rate on the date of first implementation.
 - (3) As for the operating leases under which the leased asset is low-value asset prior to the first date of implementation and those operating leases which will end within 12 months, the Group subjects them to simplified treatment and does not recognize the use right assets and lease liability.

See the financial statements for influences of the application of New Lease Standard on financial data of the Group. In addition, the application of New Lease Standard did not have significant influences on the Group in other aspects.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

On 4 June 2019, the Company and Broadford Global Limited (“Broadford”) jointly announced that Broadford and parties acting in concert with it are required to make a mandatory unconditional cash offer, as a result of the transfer of 1.1% equity interest in Liaoning Port Group Limited from State-owned Assets Supervision and Administration Commission of Liaoning Provincial Government to China Merchants (Liaoning) Port Development Company Limited for nil consideration as contemplated under the equity transfer agreement dated 31 May 2019 between the parties. The mandatory unconditional cash offer will be for all outstanding H Shares (other than those already owned or agreed to be acquired by Broadford and parties acting in concert with it (but including the H Shares held by China Merchants Port Holdings Company Limited through Team Able International Limited)). It is currently expected that the Company and Broadford will jointly issue a composite document in relation to the mandatory unconditional cash offer on or before 7 October 2019.

Management Discussion and Analysis

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019.

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

During the six months ended 30 June 2019, no further redemption of our Company's listed securities had been made by the Company. Neither the Company nor any of its subsidiaries had further purchased or sold any of its securities.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2019, 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 2019, 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.

Management Discussion and Analysis

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2019, 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.

AUDIT COMMITTEE

Pursuant to Rule 3.21 of the Listing Rules, the audit committee must comprise a minimum of three members. Following the resignation of Mr. YIN Shihui as a non-executive director and a member of the audit committee of the Company (the “Audit Committee”) with effect from 22 March 2019, the number of members of the Audit Committee fell below the minimum number prescribed under Rule 3.21 of the Listing Rules. Mr. XU Song, a non-executive director of the Company, was subsequently appointed as a member of the Audit Committee with effect from 20 June 2019. As a result, the composition of the Audit Committee has been in compliance with the requirements under Rule 3.21 of the Listing Rules. Later on 27 June 2019, Mr. YUAN Yi was appointed as a non-executive director of the Company and replaced Mr. XU Song as a member of Audit Committee with effect from the same date.

The audit committee of the Company consists of Mr. WANG Zhifeng and Mr. LAW Man Tat as independent non-executive Directors and Mr. YUAN Yi 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 unaudited interim report for the six months ended 30 June 2019.

Other Information

INFORMATION ON SHARE CAPITAL AND SHAREHOLDERS OF THE COMPANY

The share capital structure of the Company as at 30 June 2019 is set out in the table below:

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

SHAREHOLDINGS OF SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at 30 June 2019, 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 (shares)	Capacity	Percentage of the relevant class of share capital ¹	Percentage of the total share capital ²
Dalian Port Corporation Limited	A Shares	5,310,255,162	Beneficial owner	68.65%	41.18%
China Merchants Securities (HK) Co., Ltd.	H shares	2,721,449,600	Interest of controlled corporation	52.75%	21.11%
China Securities Depository and Clearing Corporation Limited	H shares	923,384,200	Beneficial owner	17.90%	7.16%
The Hongkong and Shanghai Banking Corporation Limited	H shares	403,077,251	Beneficial owner	7.81%	3.13%
Dalian Port Corporation Limited	H shares	722,166,000	Beneficial owner	14.00%	5.60%

Other Information

Notes:

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

Save as disclosed above, as at 30 June 2019, 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, SUPERVISORS AND CHIEF EXECUTIVE

As at 30 June 2019, the members of the fifth session of the Board included Mr. WEI Minghui as executive Director, Mr. XU Song, Mr. YIM Kong, Mr. CAO Dong, Dr. LI Jianhui and Mr. YUAN Yi 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 2019, there was no change to information of the above directors or supervisors or chief executive which had been disclosed by the Company pursuant to paragraphs (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 2019, the Group had a total of 4,200 full-time employees, and the total number of employees of the Group and its investees was 6,721.

Review Report

Ernst & Young Hua Ming (2019) Zhuan Zi No. 60777447_E04

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 2019 and the consolidated and company income statements, statements of changes in shareholders' equity and cash flow statements for the six months ended 30 June 2019, 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 the 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 PRC
27 August 2019

Certified Public Accountant:
Xue Wei

Consolidated Balance Sheet

30 June 2019
In RMB

	Note V	30 June 2019 (Unaudited)	31 December 2018
ASSETS			
Current assets			
Cash at bank and on hand	1	3,742,118,123.15	5,729,285,870.35
Financial assets held for trading	2	1,402,331,599.40	1,892,520,046.14
Notes receivable	3	176,730,811.15	289,238,760.63
Accounts receivable	4	1,269,571,059.87	658,194,719.05
Advances to suppliers	5	56,356,315.51	34,835,097.24
Other receivables	6	627,856,246.28	663,019,375.41
Inventories	7	119,563,928.99	149,488,331.40
Contract assets	8	–	37,162,200.00
Other current assets	9	83,506,733.27	105,735,304.45
Total current assets		7,478,034,817.62	9,559,479,704.67
Non-current assets			
Long-term equity investments	10	4,304,805,348.28	4,196,535,238.90
Investments in other equity instruments	11	195,021,913.86	179,146,371.30
Investment properties	12	196,445,048.71	202,719,406.14
Fixed assets	13	16,799,630,869.29	17,208,306,962.50
Construction in progress	14	2,121,664,593.35	2,030,344,333.55
Right-of-use assets	15	3,287,916,834.21	–
Intangible assets	16	1,691,902,865.58	1,724,973,793.88
Goodwill	17	20,433,690.59	20,433,690.59
Long-term prepaid expenses	18	69,279,558.77	76,195,345.33
Deferred income tax assets	19	90,985,677.03	81,148,594.18
Other non-current assets	20	36,756,811.57	36,299,731.85
Total non-current assets		28,814,843,211.24	25,756,103,468.22
TOTAL ASSETS		36,292,878,028.86	35,315,583,172.89
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	22	1,573,262,590.14	3,399,536,753.89
Accounts payable	23	242,335,067.88	224,442,511.34
Advances from customers	24	5,186,888.24	6,153,114.57
Contract liabilities	25	32,518,997.24	45,783,239.08
Employee compensation payable	26	151,074,029.06	260,854,026.38
Taxes payable	27	56,295,187.09	54,113,243.93
Other payables	28	1,352,628,344.91	911,030,967.62
Non-current liabilities due within one year	29	301,157,611.42	800,076,181.57
Total current liabilities		3,714,458,715.98	5,701,990,038.38

Consolidated Balance Sheet (continued)

30 June 2019
In RMB

	Note V	30 June 2019 (Unaudited)	31 December 2018
Non-current liabilities			
Long-term borrowings	30	1,622,268,477.26	2,052,026,017.12
Bonds payable	31	5,878,642,340.06	5,873,223,359.39
Lease liabilities	32	3,255,242,048.76	–
Long-term payables	33	40,000,000.00	40,000,000.00
Deferred income	34	567,974,288.97	587,760,573.96
Deferred income tax liabilities	19	118,320,411.55	111,725,442.87
Other non-current liabilities	35	93,831,758.00	88,541,797.00
Total non-current liabilities		11,576,279,324.60	8,753,277,190.34
Total liabilities		15,290,738,040.58	14,455,267,228.72
Shareholders' equity			
Share capital	36	12,894,535,999.00	12,894,535,999.00
Capital surplus	37	2,937,288,532.49	2,935,193,506.32
Other comprehensive income	38	76,188,592.25	5,924,000.77
Special reserves	39	42,242,347.14	32,179,588.47
Surplus reserve	40	823,997,607.17	823,997,607.17
Undistributed profits	41	1,578,769,674.90	1,584,535,562.22
Total equity attributable to shareholders of the parent		18,353,022,752.95	18,276,366,263.95
Minority interests		2,649,117,235.33	2,583,949,680.22
Total shareholders' equity		21,002,139,988.28	20,860,315,944.17
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		36,292,878,028.86	35,315,583,172.89

The accompanying notes form an integral part of these financial statements

The financial statements have been signed by:

Legal representative:
Xu Song

Principal in charge of accounting:
Wang Ping

Head of accounting department:
Wang Ping

Consolidated Income Statement

For the six months ended 30 June 2019
In RMB

	Note V	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Revenue	42	3,221,965,028.15	3,651,188,686.81
Less: Cost of sales	42	2,340,452,073.92	2,883,562,165.72
Taxes and surcharges	43	27,619,854.29	24,898,081.87
Selling and distribution expenses		160,580.24	490,579.80
General and administrative expenses	44	324,747,194.49	331,847,950.61
Research and development expenses	45	7,066,880.96	5,430,797.87
Financial expenses	46	288,048,192.02	177,390,450.15
Including: Interest expenses		344,671,817.46	294,799,858.27
Interest income		(43,549,350.83)	(66,904,778.20)
Add: Other income	47	34,306,321.49	19,137,522.57
Investment income	48	184,445,959.72	91,004,995.48
Including: Investment income from associates and joint ventures		158,233,958.30	86,125,589.44
Gains on changes in fair value	49	1,825,840.00	5,770,988.00
Less: Credit impairment loss	50	786,089.62	12,222,786.44
Losses on disposals of assets	51	946,305.78	82,305.49
Operating profit		452,715,978.04	331,177,074.91
Add: Non-operating income	52	2,571,565.12	8,873,255.08
Less: Non-operating expenses	53	304,679.29	2,396,119.75
Total profit		454,982,863.87	337,654,210.24
Less: Income tax expenses	54	101,224,219.27	89,230,642.16
Net profit		353,758,644.60	248,423,568.08
Classified by continuity of operations			
Including: Net profit from continuing operations		353,758,644.60	248,423,568.08
Classified by ownership of the equity			
Net profit attributable to shareholders of the parent		288,235,814.81	176,180,847.60
Gains or losses of minority interest		65,522,829.79	72,242,720.48
Other comprehensive income after tax – Net		28,571,223.73	(2,027,318.35)
Attributable to shareholders of the parent, net of tax	38	29,049,014.85	(2,616,846.82)
Other comprehensive income that will not be reclassified to profit or loss			
Fair value change of investments in other equity instruments		29,239,786.96	(2,995,803.67)

Consolidated Income Statement (continued)

For the six months ended 30 June 2019
In RMB

	Note V	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Other comprehensive income that will be classified to profit or loss			
Translation differences on translation of foreign financial statements		(190,772.11)	378,956.85
Attributable to minority interest, net of tax	38	(477,791.12)	589,528.47
Total comprehensive income		382,329,868.33	246,396,249.73
Including: Attributable to shareholders of the parent		317,284,829.66	173,564,000.78
Attributable to minority interest		65,045,038.67	72,832,248.95
Earnings per share			
Basic and diluted earnings per share	56	0.02	0.01

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2019
In RMB

For the six months ended 30 June 2019 (unaudited)

	Attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Subtotal		
I. Closing balance of last year	12,894,535,999.00	2,935,193,506.32	5,924,000.77	32,179,588.47	823,997,607.17	1,584,535,562.22	18,276,366,263.95	2,583,949,680.22	20,860,315,944.17
Add: Changes of accounting policy	-	-	-	-	-	(7,703,297.95)	(7,703,297.95)	-	(7,703,297.95)
II. Opening balance of the period	12,894,535,999.00	2,935,193,506.32	5,924,000.77	32,179,588.47	823,997,607.17	1,576,832,264.27	18,268,662,966.00	2,583,949,680.22	20,852,612,646.22
III. Movements for the period									
(I) Total comprehensive income									
1. Net profit	-	-	-	-	-	288,235,814.81	288,235,814.81	65,522,829.79	353,758,644.60
2. Other comprehensive income	-	-	29,049,014.85	-	-	-	29,049,014.85	(477,791.12)	28,571,223.73
(II) Profit distribution									
1. Profit distribution to shareholders	-	-	-	-	-	(244,996,183.98)	(244,996,183.98)	(3,119,994.66)	(248,116,178.64)
2. Appropriation to employee bonus and welfare fund	-	-	-	-	-	(86,643.57)	(86,643.57)	(70,890.19)	(157,533.76)
(III) Transfer within shareholders' equity									
1. Other comprehensive income transferred to retained earnings	-	-	41,215,576.63	-	-	(41,215,576.63)	-	-	-
(IV) Special reserves									
1. Accrual	-	-	-	19,193,181.23	-	-	19,193,181.23	3,966,090.07	23,159,271.30
2. Usage	-	-	-	(9,130,422.56)	-	-	(9,130,422.56)	(652,688.78)	(9,783,111.34)
(V) Others	-	2,095,026.17	-	-	-	-	2,095,026.17	-	2,095,026.17
IV. Closing balance of the period	12,894,535,999.00	2,937,288,532.49	76,188,592.25	42,242,347.14	823,997,607.17	1,578,769,674.90	18,353,022,752.95	2,649,117,235.33	21,002,139,988.28

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Shareholders' Equity (continued)

For the six months ended 30 June 2019
In RMB

For the six months ended 30 June 2018 (unaudited)

	Attributable to shareholders of the parent								Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Subtotal	Minority interests	
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 equity	-	(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	-	-	-	-	-	(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 reserves									
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

The accompanying notes form an integral part of these financial statements

Consolidated Cash Flow Statement

For the six months ended 30 June 2019
In RMB

	Note V	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		2,962,774,104.24	3,740,017,384.60
Cash received relating to other operating activities	57	74,604,807.35	101,581,096.86
Subtotal of cash inflows		3,037,378,911.59	3,841,598,481.46
Cash paid for goods and services		1,355,729,627.60	1,893,550,421.61
Cash paid to and on behalf of employees		944,045,587.55	920,097,093.23
Payments of taxes and surcharges		159,984,332.23	188,081,869.14
Cash paid relating to other operating activities	57	79,376,407.49	75,666,560.25
Subtotal of cash outflows		2,539,135,954.87	3,077,395,944.23
Net cash flows from operating activities	58	498,242,956.72	764,202,537.23
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		3,357,118,957.13	200,163,950.57
Cash received from return on investments		81,839,941.37	35,077,018.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		32,992.01	97,440.62
Cash received relating to other investments activities	57	147,084,866.62	611,181,478.92
Subtotal of cash inflows		3,586,076,757.13	846,519,888.11
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		97,957,992.72	150,158,191.71
Cash paid for acquisition of investments		2,845,292,904.00	595,844,509.72
Net cash paid for disposal of subsidiaries	58	-	42,203,857.88
Cash paid relating to other investing activities	57	162,123,000.00	388,651,981.52
Subtotal of cash outflows in investing activities		3,105,373,896.72	1,176,858,540.83
Net cash flows from investing activities		480,702,860.41	(330,338,652.72)

Consolidated Cash Flow Statement (continued)

For the six months ended 30 June 2019
In RMB

	Note V	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		1,435,000,000.00	3,746,882,252.87
Subtotal of cash inflows		1,435,000,000.00	3,746,882,252.87
Cash repayments of borrowings		3,989,468,659.76	4,893,626,314.48
Cash paid for distribution of dividends or profits and for interest expenses		367,421,567.12	343,134,354.51
Cash paid relating to other financing activities	57	73,013,712.80	3,200,674.33
Subtotal of cash outflows		4,429,903,939.68	5,239,961,343.32
Net cash flows from financing activities		(2,994,903,939.68)	(1,493,079,090.45)
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		13,752,241.97	52,943,932.04
V. NET DECREASE IN CASH AND CASH EQUIVALENTS			
Add: Cash and cash equivalents at the beginning of the period		5,554,545,244.33	6,925,797,974.59
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
	58	3,552,339,363.75	5,919,526,700.69

The accompanying notes form an integral part of these financial statements

Balance Sheet

30 June 2019
In RMB

	Note XII	30 June 2019 (Unaudited)	31 December 2018
ASSETS			
Current assets			
Cash at bank and on hand		2,097,101,270.19	3,802,241,768.50
Financial assets held for trading		1,402,331,599.40	1,892,520,046.14
Notes receivable		165,104,503.40	255,450,984.64
Accounts receivable	1	854,086,011.90	327,104,715.96
Advances to suppliers		12,511,082.52	5,272,763.37
Other receivables	2	1,645,522,494.17	1,634,086,098.47
Inventories		43,453,815.11	45,926,997.25
Contract assets		–	37,162,200.00
Other current assets		13,083,552.30	28,078,751.88
Total current assets		6,233,194,328.99	8,027,844,326.21
Non-current assets			
Long-term receivables		310,000,000.00	310,000,000.00
Long-term equity investments	3	8,152,077,143.52	8,044,257,892.34
Investments in other equity instruments		22,621,120.06	19,317,452.40
Fixed assets		10,279,500,020.43	10,527,133,194.06
Construction in progress		1,434,671,665.45	1,373,780,735.02
Right-of-use assets		2,834,549,384.83	–
Intangible assets		539,167,983.21	549,672,036.07
Long-term prepaid expenses		21,001,684.27	22,884,711.91
Deferred income tax assets		36,733,290.90	27,809,850.08
Other non-current assets		2,450,116.76	3,901,000.00
Total non-current assets		23,632,772,409.43	20,878,756,871.88
TOTAL ASSETS		29,865,966,738.42	28,906,601,198.09

Balance Sheet (continued)

30 June 2019
In RMB

	30 June 2019 (Unaudited)	31 December 2018
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	1,050,000,000.00	3,160,000,000.00
Accounts payable	42,417,423.00	52,373,570.78
Advances from customers	1,681,732.38	3,353,050.80
Contract liabilities	26,085,995.68	28,435,826.37
Employee compensation payable	76,435,621.51	142,766,940.38
Taxes payable	5,336,988.75	4,626,007.40
Other payables	758,605,343.00	497,399,692.64
Non-current liabilities due within one year	35,272,744.53	7,500,000.00
Total current liabilities	1,995,835,848.85	3,896,455,088.37
Non-current liabilities		
Bonds payable	5,878,642,340.06	5,873,223,359.39
Lease liabilities	2,832,701,446.04	–
Long-term payables	22,500,000.00	22,500,000.00
Deferred income	544,147,688.94	563,012,261.85
Deferred income tax liabilities	1,988,515.64	1,162,598.73
Other non-current liabilities	93,831,758.00	88,541,797.00
Total non-current liabilities	9,373,811,748.68	6,548,440,016.97
Total liabilities	11,369,647,597.53	10,444,895,105.34
Shareholders' equity		
Share capital	12,894,535,999.00	12,894,535,999.00
Capital surplus	3,046,227,713.48	3,044,416,520.66
Other comprehensive income	5,965,546.92	3,487,796.18
Special reserve	29,694,077.92	23,263,855.52
Surplus reserve	779,117,344.42	779,117,344.42
Undistributed profits	1,740,778,459.15	1,716,884,576.97
Total shareholders' equity	18,496,319,140.89	18,461,706,092.75
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	29,865,966,738.42	28,906,601,198.09

The accompanying notes form an integral part of these financial statements

Income Statement

For the six months ended 30 June 2019
In RMB

	Note XII	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Revenue	4	1,679,237,903.90	1,445,051,352.65
Less: Cost of sales	4	1,153,146,981.58	1,036,176,394.29
Taxes and surcharges		16,377,184.11	13,045,261.69
General and administrative expenses		197,794,960.14	188,518,752.77
Research and development expenses		21,915.00	–
Financial expenses		226,248,595.64	108,301,652.66
Including: Interest expenses		273,374,136.82	210,529,240.48
Interest income		(34,618,586.88)	(54,035,941.47)
Add: Other income		29,034,765.04	15,473,373.63
Investment income	5	185,651,682.54	92,811,777.75
Including: Share of profits and losses of associates and joint ventures		156,964,019.28	79,038,330.23
Gains on changes in fair value		1,825,840.00	933,860.00
Less: Credit impairment loss		(1,210,792.36)	4,206,549.80
Losses on disposals of assets		–	68,660.49
Operating profit		303,371,347.37	203,953,092.33
Add: Non-operating income		91,036.80	6,681,853.65
Less: Non-operating expenses		7,147.42	2,186,794.98
Total profit		303,455,236.75	208,448,151.00
Less: Income tax expenses		34,565,170.59	24,007,590.33
Net profit		268,890,066.16	184,440,560.67
Including: Net profit from continuing operations		268,890,066.16	184,440,560.67
Other comprehensive income, net of tax		2,477,750.74	(1,935,355.09)
Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of investments in other equity instruments		2,477,750.74	(1,935,355.09)
Total comprehensive income		271,367,816.90	182,505,205.58

The accompanying notes form an integral part of these financial statements

Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2019
In RMB

For the six months ended 30 June 2019 (unaudited)

	Share capital	Capital surplus	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Opening balance of the period	12,894,535,999.00	3,044,416,520.66	3,487,796.18	23,263,855.52	779,117,344.42	1,716,884,576.97	18,461,706,092.75
II. Movements for the period							
(I) Total comprehensive income							
1. Net profit	-	-	-	-	-	268,890,066.16	268,890,066.16
2. Other comprehensive income	-	-	2,477,750.74	-	-	-	2,477,750.74
(II) Profit distribution							
1. Profit distribution to shareholders	-	-	-	-	-	(244,996,183.98)	(244,996,183.98)
(III) Special reserve							
1. Accrual	-	-	-	12,776,081.94	-	-	12,776,081.94
2. Usage	-	-	-	(6,345,859.54)	-	-	(6,345,859.54)
(IV) Others	-	1,811,192.82	-	-	-	-	1,811,192.82
III. Closing balance of the period	12,894,535,999.00	3,046,227,713.48	5,965,546.92	29,694,077.92	779,117,344.42	1,740,778,459.15	18,496,319,140.89

The accompanying notes form an integral part of these financial statements

Statement of Changes in Shareholders' Equity (continued)

For the six months ended 30 June 2019
In RMB

For the six months ended 30 June 2018 (unaudited)

	Share capital	Capital surplus	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	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	-	-	-	-	-	(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

The accompanying notes form an integral part of these financial statements

Cash Flow Statement

For the six months ended 30 June 2019
In RMB

	Note XII	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales of goods or rendering of services		1,281,766,498.16	1,410,578,016.31
Cash received relating to other operating activities		71,846,946.73	82,718,233.54
Subtotal of cash inflows		1,353,613,444.89	1,493,296,249.85
Cash paid for goods and services		556,741,651.47	482,690,095.20
Cash paid to and on behalf of employees		609,699,486.53	583,754,915.16
Payments of taxes and surcharges		10,599,525.73	44,963,790.67
Cash paid relating to other operating activities		45,282,765.09	26,759,196.81
Subtotal of cash outflows		1,222,323,428.82	1,138,167,997.84
Net cash flows from operating activities	6	131,290,016.07	355,128,252.01
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		3,334,006,044.00	200,000,000.00
Cash received from return on investments		96,643,146.37	32,103,364.73
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		49,544,143.98	710,820.92
Cash received relating to other investments activities		-	4,367,763.50
Subtotal of cash inflows		3,480,193,334.35	237,181,949.15
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		43,502,953.59	116,995,300.43
Cash paid for acquisition of financial assets held for trading		2,845,292,904.00	780,000,000.00
Subtotal of cash outflows		2,888,795,857.59	896,995,300.43
Net cash flows from investing activities		591,397,476.76	(659,813,351.28)

The accompanying notes form an integral part of these financial statements

Cash Flow Statement (continued)

For the six months ended 30 June 2019
In RMB

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from borrowings	111,000,000.00	2,800,000,000.00
Subtotal of cash inflows	111,000,000.00	2,800,000,000.00
Cash repayments of borrowings	2,221,000,000.00	2,500,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	241,659,478.18	235,164,232.33
Cash paid relating to other financing activities	88,677,000.64	140,440.54
Subtotal of cash outflows	2,551,336,478.82	2,735,304,672.87
Net cash flows from financing activities	(2,440,336,478.82)	64,695,327.13
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	12,506,954.30	48,332,086.89
V. NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,705,142,031.69)	(191,657,685.25)
Add: Cash and cash equivalents at the beginning of the period	3,802,220,542.48	4,904,728,295.61
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,097,078,510.79	4,713,070,610.36

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

*For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)*

I. General information

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

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

The Company’s parent company is Dalian Port Corporation Limited which is established in the PRC.

The financial statements were approved and authorised for issue by the board of directors on 27 August 2019.

The scope of consolidation of the consolidated financial statements is determined on the basis of control. The scope of consolidation remains unchanged during the accounting period as of six months ended 30 June 2019.

II. Basis of preparation

The Interim Financial Statements have been prepared in accordance with Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting issued by the Ministry of Finance of the PRC.

Except for the changes in accounting policies as disclosed in Note III. 34, the accounting policies adopted in these interim financial statements are consistent with those adopted in the 2018 annual financial statements prepared by the Group. These interim financial statements should be read in conjunction with the Group’s 2018 annual financial statements.

The financial statements are prepared on a going concern basis.

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates

The Group determines its specific accounting policies and accounting estimates on the basis of the production and operation feature, which is reflected in: method to make a provision for bad debts of accounts receivable, depreciation of fixed assets and amortisation of intangible assets, recognition and measurement of revenue.

1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Company and the Group as at 30 June 2019 and their financial performance, cash flows for the the accounting period as of six months ended 30 June 2019.

2. Accounting period

The Group adopts the Gregorian calendar year as its accounting year, i.e. from 1 January to 31 December each year, and the accounting period for these Interim Financial Statements is from 1 January to 30 June.

3. Recording currency

The recording currency of and the currency adopted for the preparation of these financial statements by the Group is Renminbi (“RMB”). Unless otherwise stated, all financial statements are denominated in RMB.

The recording currency of the overseas subsidiaries of the Company is determined based on its main economic environment, and is converted into RMB when preparing financial statements.

4. Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations involving entities not under common control.

Business combinations involving entities under common control

A business combination involving entities 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 business combination, and that control is not transitory. For a business combination involving entities under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. The combination date is the date on which the acquirer effectively obtains control of the acquiree.

Assets and liabilities that are obtained by the acquirer in a business combination involving entities under common control, including goodwill arising from the acquisition of the acquiree by the ultimate controller, shall be accounted for on the basis of the carrying amounts on the financial statements of the ultimate controller at the combination date. 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) by the acquirer shall be adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

4. Business combinations (continued)

Business combinations not involving entities under common control

A business combination not involving entities 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 involving entities 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. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination not involving entities under common control at their fair values on the acquisition date.

The excess of the sum of the consideration paid (or equities securities issued) for business combination and equity interests in the acquiree held prior to the date of acquisition over the share of the attributable net identifiable assets of the acquiree, measured at fair value, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment loss. In case the fair value of the sum of the consideration paid (or equities securities issued) and equity interests in the acquiree held prior to the date of acquisition is less than the fair value of the share of the attributable net identifiable assets of the acquiree, a review of the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination (or equities securities issued) and the equity interests in the acquiree held prior to the date of acquisition is conducted. If the review indicates that the fair value of the sum of the consideration paid (or equities securities issued) and equity interests in the acquiree held prior to the date of acquisition is indeed less than the fair value of the share of the attributable net identifiable assets of the acquiree, the difference is recognized in current profit or loss.

5. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements 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 consolidated financial statements, the subsidiaries use the same accounting period and accounting policies as those of the Company. All intra-group assets, liabilities, equity, incomes, expenses and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

Where the amount of losses of a subsidiary attributable to the minority shareholders in the current period exceeds their share of the opening balance of owner's equity of the subsidiary, the excess shall be allocated against minority interests.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

5. Consolidated financial statements (continued)

For subsidiaries acquired through business combinations not involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements, from the day on which the Group gains control, till the Group ceases the control of it. While preparing the consolidated financial statements, the acquirer shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity established through combination has been existing since the ultimate controller begins to exercise control.

The Group's control over an investee is re-assessed if change in relevant facts and situations causes changes in one or more of the control substances.

Where there is no loss of control, the change in minority interests is accounted for as equity transaction.

6. Joint arrangement classification and joint operation

Joint arrangement is classified as joint operation and joint venture. A joint operation refers to a joint arrangement whereby the parties concerned have rights to the assets, and obligations for the liabilities relating to the arrangement. A joint venture refers to a type of joint arrangement whereby the parties concerned have rights to the net assets of the arrangement.

The party concerned recognises following items in relation to its interest in a joint operation: its solely-held assets, including its share of any assets held jointly; its solely-assumed liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its solely-incurred 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

8. Foreign currency transactions and foreign currency translation

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

During the initial recognition of a foreign currency transaction, the foreign currency is translated into the recording currency by applying the spot exchange rate on the date of the transaction. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. All the resulting exchange differences are taken to profit or loss, except for those relating to foreign currency borrowings specifically for the construction and acquisition of qualifying assets, which are capitalised in accordance with the principle of capitalisation of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date on which the fair values are determined. The exchange difference thus resulted are recognised in profit or loss or as other comprehensive income of the current period.

For foreign operations, the Group translates their recording 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 rates at the balance sheet date, and equity items other than “Undistributed profits” are translated using the spot exchange rates at the dates of 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 resulted exchange differences are recognised in other comprehensive income and separately presented in the balance sheet as shareholders’ equity. On disposal of a foreign operation, other comprehensive income relating to that particular foreign operation is transferred to the current profit and loss for disposal. If the disposal only involves a portion of a particular foreign operation, it shall be calculated 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 cash flow statement.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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 of financial instruments

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), that is to be written off from the accounts and the balance sheet when the following criteria are met:

- (1) the rights to receive cash flows from the financial asset have expired, or
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has an obligation to pay them in full to a third party in time under a “pass-through” arrangement; and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

If the underlying obligation of a financial liability has been fulfilled, 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 resulted difference is recognised in profit or loss for the current period.

Regular way purchase or sale of financial assets are recognised and derecognised using trade date accounting. Regular way purchase or sale of financial assets refers to that the financial assets are delivered to or by the Group under the terms of a contract within a period as specified by law or general practice. The trading day is the date on which the Group commits to buy or sell financial assets.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

9. Financial instruments (continued)

Classification and measurement of financial assets

The Group's financial assets are, on initial recognition, classified into the following categories based on the business model under which the financial asset is managed and its contractual cash flow characteristics: financial assets at fair value through current profit or loss, financial assets at amortised cost, financial assets at fair value through other comprehensive income. A financial asset is initially recognised at fair value. However, if the accounts receivable or notes receivable arising from the sale of goods or the provision of services do not contain significant financing components or do not consider financing components less than one year, the initial measurement is based on the transaction price.

For the financial assets at fair value through current profit or loss, the related transaction costs are directly recognised in profit or loss for the current period. For other financial assets, the transaction costs are included in their initially recognised amounts.

Subsequent measurement of a financial asset is determined by its category:

Debt instrument investments measured at amortised cost

A financial asset is classified as a financial asset measured at amortised cost if both of the following conditions are satisfied: the business model for managing the financial assets is aimed at collecting contractual cash flows; the contractual terms of the financial assets provide that the cash flows generated on specified dates shall solely be used in payments of principal and interest on the outstanding principal amount. Such financial assets are recognised for interest income using the effective interest method. The gains or losses arising from the derecognition, modification or impairment are recognised in profit or loss for the current period. Such financial assets mainly include monetary funds, accounts receivable and notes receivable, other receivables.

Equity instrument investment measured at fair value through other comprehensive income

The Group irrevocably chooses to designate certain non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income, and only recognises related dividend income (except for dividend income recovered as part of investment cost) in the profit or loss for the current period. Subsequent changes in fair value are included in other comprehensive income, and no impairment provision is required. When the financial assets are derecognised, the accumulated gains or losses previously recognised in other comprehensive income are transferred from other comprehensive income and recognised in retained earnings. Such financial assets are presented as other equity investments.

A financial asset held for trading is the financial asset if it meets one of the following conditions: the financial asset is acquired for the purpose of selling and repurchase it in the short term; the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; the financial asset is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

9. Financial instruments (continued)

Classification and measurement of financial assets (continued)

Financial assets at fair value through current profit or loss

The financial assets other than the aforesaid financial assets classified as financial assets at amortised cost, financial assets at fair value through other comprehensive income are classified as the financial assets at fair value through current profit or loss. Such kind of financial assets are subsequently measured at fair value, and all changes in fair value are recognised in profit or loss of the current period. Such financial assets are presented as financial assets held for trading, and financial assets that are due more than one year from the balance sheet date and are expected to be held for more than one year are presented as other non-current financial assets.

All affected financial assets are reclassified only when the Group changes its business model for managing financial assets.

Classification and measurement of financial liabilities

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

The subsequent measurement of a financial liability is determined by its category:

Financial liabilities at fair value through current profit or loss

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

A financial liability held for trading is the financial liability if it meets one of the following criteria: the financial liability is assumed for the purpose of selling or repurchase in the short term; the financial liability is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; the financial liability is a derivative, except for a derivative that is designated as effective hedging instrument, or a financial guarantee contract. The financial liabilities held for trading (including derivatives classified as financial liability) are subsequently measured at fair value, and all changes in fair value, except those related to hedging accounting, are recognised in profit or loss of the current period.

Other financial liabilities

Such kind of financial liabilities are measured at amortised costs using the effective interest method.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

9. Financial instruments (continued)

Impairment of financial instruments

Based on the expected credit losses, the Group conducts impairment treatment on financial assets measured at amortised costs and contractual assets, and recognises loss provision.

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

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

For financial assets other than those applying simplified measurement methods, the Group assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date. If the credit risk has not increased significantly since the initial recognition, representing the first phrase, the Group measures loss provision equivalent to the amount of expected credit losses over the next 12 months and calculates interest income based on the book balance and effective interest rate. If the credit risk has increased significantly but no credit impairment has occurred since the initial recognition, representing the second phrase, the Group measures loss provision equivalent to the amount of expected credit losses throughout the duration period, and calculates interest income based on the book balance and effective interest rate. If the credit impairment has occurred since the initial recognition, representing the third phrase, the Group measures loss provision equivalent to the amount of expected credit losses throughout the duration period, and calculates interest income based on the amortised cost and effective interest rate. For financial instruments with only low credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition.

The Group assesses the expected credit losses of financial instruments based on individual items and groups. The Group considered the credit risk characteristics of different customers and assessed the expected credit losses of receivables and contract assets based on the aging combination.

The Group considers all reasonable and evidence-based information, including past events, current conditions and future economic forecasts, when assessing expected credit losses.

For the disclosure of the Group's criteria on the significant increase in credit risk, the definition of credit impaired assets, and the assumption of measurement on expected credit loss, please refer to Note VIII.3.

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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

9. Financial instruments (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on the net basis, or to realise the assets and settle the liabilities simultaneously.

Transfer of financial assets

The financial asset is derecognised if the Group transfers substantially all the risks and rewards of ownership of the financial asset; the financial asset is not derecognised if the Group retains substantially all the risks and rewards of ownership of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the transaction is accounted for as follows: if the Group has not retained control, the financial asset is derecognised and any resulting assets or liabilities are recognised; or if the Group has retained control, the financial asset is recognised to the extent of its continuing involvement in the transferred financial asset and an associated liability is recognised.

Continuing involvement that takes the form of a financial guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the amount of financial guarantee. The amount of financial guarantee is the maximum amount of consideration that the Group could be required to repay.

10. Inventories

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

Inventories are initially measured at cost. Cost of inventories comprises costs of purchase and other expenditures. The actual cost of inventories transferred out is determined by using the weighted average method. Turnover materials include low value consumables and packing materials, which are amortized by using the separate amortization method/immediate write-off method.

The Group adopts a perpetual inventory system.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories is recognised in profit or loss for the current period. If factors that previously resulted in the provision for decline in value of inventories no longer exist, the amount of the write-down is reversed. The reversal is limited to the amount originally provided for the provision for the decline in value of inventories, and 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 of completion and the estimated costs necessary to make the sale and relevant taxes. The provision for decline in values of inventories is made on an individual basis. For items of inventories in large quantity and with lower price, provision for decline in value of inventories can be determined by categories of inventory.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

11. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is measured at its initial investment cost on acquisition. For a long-term equity investment acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the acquirer's share of the carrying amount of acquiree's equity at the combination date in the consolidated financial statements of ultimate holding party; the difference between the initial investment cost and the carrying amount of the consideration paid for the combination shall be adjusted to the capital surplus (if the capital surplus is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings). The other comprehensive income before combination date is accounted for in the disposal of such investment under the same accounting basis applied by the acquiree in direct disposal of relevant assets and liabilities. The shareholders' equity recognised due to acquiree's movements other than net profit or loss, other comprehensive income, and distribution of profits is recognised in profit or loss for the current period during disposal. If the investment remains to be classified as long-term equity investment after disposal, the equity is carried forward pro rata. If the investment is reclassified as financial instruments after disposal, the equity is carried forward entirely. For a long-term equity investment through a business combination not involving entities under common control, the initial investment cost of the long-term equity investment is the cost of combination (for a business combination not involving entities under common control achieved in stages that involves multiple exchange transactions, the initial investment cost is carried at the aggregate of the carrying amount of the acquirer's previously held equity interest in the acquiree and the new investment cost incurred on the acquisition date). The cost of combination is the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. Other comprehensive income recognised using equity method before the date of acquisition should be accounted for in the disposal of such investment under the same accounting basis applied by the acquiree in direct disposal of relevant assets and liabilities. The shareholders' equity recognised due to acquiree's movements other than net profit or loss, other comprehensive income, and distribution of profits is recognised in profit or loss for the current period during disposal. If the investment remains to be classified as long-term equity investment after disposal, the equity is carried forward pro rata. If the investment is reclassified as financial instruments after disposal, the equity is carried forward entirely. For a long-term equity investment acquired other than through a business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued.

For a long-term equity investment where the Company can exercise control over the investee, the long-term investment is accounted for using the cost method in the Company's financial statements. Control is the power over an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns.

Under the cost method, the long-term equity investment is measured at its initial investment cost. The cost of long-term equity investment is adjusted if capital is contributed or withdrawn. The cash dividend or profit distribution declared by the investee is recognised as investment income for the current period.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

11. Long-term equity investments (continued)

The equity method is adopted when the Group has joint control, or exercises significant influence on the investee. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but cannot control or joint control with other parties over the formulation of those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair values of the investee's identifiable net assets, 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, 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 respectively, and adjusts the carrying amount of the long-term equity 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 net 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 shareholders' equity.

On disposal of the long-term equity investments, the difference between the 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 profit or loss for the current period. 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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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 of fixed assets is calculated using the straight-line method. The useful lives, estimated net residual values and annual depreciation rates of fixed assets are as follows:

	Useful lives	Estimated net residual values rate	Annual depreciation rates
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%

Notes to the Financial Statements (continued)

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III. Significant accounting policies and estimates (continued)

13. Fixed assets (continued)

Where the individual components of a fixed asset have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

The Group reviews the useful life, 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.

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 shall be 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. 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, 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 are included in profit or loss for the current period. 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 included in profit or loss for the current period.

Notes to the Financial Statements (continued)

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III. Significant accounting policies and estimates (continued)

15. Borrowing costs (continued)

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 less temporary deposit interest income or investment income.
- (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 of the general borrowings to the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific 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 of the current period and included into the profit or loss for the current period until the acquisition, construction or production is resumed.

16. Intangible assets

An intangible asset shall be recognised only when it is probable that the economic benefits associated with the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination not involving entities not under common control with a fair value that can be measured reliably are recognised separately as intangible assets and measured at fair value.

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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III. Significant accounting policies and estimates (continued)

16. Intangible assets (continued)

Land use rights that are purchased by the Group are generally accounted for as intangible assets. For buildings, such as plants that are developed and constructed by the Group, 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 the payments be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

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

The Group divides the expenditure of internal research and development projects into expenditure in research phase and expenditure in development phase. Expenditure in research phase is included in profit or loss for the period when incurred. Expenditure in development phase is capitalized only when the following conditions are satisfied: it is technically feasible to complete the intangible asset so that it can be used or sold; there is an intention to complete and use or sell the intangible asset; there is a way for the intangible asset to generate economic benefits, including the evidence of a market for products produced by using the intangible asset or for the intangible asset (for intangible assets for internal use, their usefulness shall be proved); there is sufficient support of technical, financial and other resources to complete the development of the intangible asset and the ability to use or sell the intangible asset; and the expenditure attributable to the development phase of the intangible asset can be measured reliably. Expenditures of research and development not meeting the above conditions are included in profit or loss for the period when incurred.

17. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, deferred income taxes and 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 that an asset may be impaired exists, 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.

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 independent of the cash inflows from other assets or asset groups.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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III. Significant accounting policies and estimates (continued)

17. Impairment of assets (continued)

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 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 measures the recoverable amount and recognises the corresponding impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, and compares the carrying amount of the related asset group or set of asset groups with 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 within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset (other than the goodwill).

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

18. Long-term prepaid expenses

Long-term prepaid expenses are amortised using the straight-line method, with the amortisation period as follows:

	Amortisation period
Public facilities in bonded ports	20 years
Environmental reconstruction expenses	20 years
Site development expenses	10 years
Building decoration	5 years
Others	2 – 5 years

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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III. Significant accounting policies and estimates (continued)

19. Employee compensation

Employee compensation is all forms of considerations given by the Group in exchange for services rendered by its employees or for the termination of employment. Employee compensation includes short-term employee compensation, 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 compensation.

Short-term employee compensation

The short-term employee compensation is recognised as liabilities 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, and the relevant expenditure is included, 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 an employment termination plan or downsizing proposal cannot be unilaterally withdrawn by the Group; and when reorganization-related costs or expenses involving payment of termination benefits are recognised by the Group.

Other long-term employee benefits

Other long-term benefits provided to the employees are net 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 for the current period or the cost of the relevant assets.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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III. Significant accounting policies and estimates (continued)

20. 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. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate. If there is conclusive evidence to prove that the carrying amount cannot reflect the current best estimate, the carrying amount shall be adjusted based on the current best estimate.

21. Revenue

The Group recognized revenue when it has performed the obligations under the contract, that is, when the customer has obtained the control over the relevant product or service. "Having obtained the control over the relevant product or service" refers to being able to control the use of the product or the provision of the service and obtain sustainably all the economic benefits therefrom.

Contract on sales of goods

The contract on sales of goods between the Group and the customer generally contains the obligation of transferring the relevant goods only. The Group generally recognizes the revenue when the relevant goods are delivered and confirmed as accepted by the customer, on the basis of taking full consideration of the following factors: the right to collect the goods payment, the transfer of the key risk and return in the goods ownership, the transfer of the goods ownership, the transfer of the physical asset of the goods, and the acceptance of the goods by the customer.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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III. Significant accounting policies and estimates (continued)

21. Revenue (continued)

Contract on rendering of services

The contract on rendering of services between the Group and the customer generally contains the obligations of port operation services and transportation services. Because the customer will obtain and consume the economic benefits generated by the performance of the Group when the Group performs its obligations, the Group will recognize revenue according to the performance progress by treating the rendering of services as the obligations within certain period, except that the performance progress cannot be reliably determined. The Group performs its obligations when rendering services, and determines the performance progress for rendering of services based on the investment method. When the performance progress cannot be reliably determined, but the cost incurred by the Group is expected to be compensated, the revenue will be recognized according to the amount of the incurred cost, until the performance progress can be reliably determined.

Significant financing component

If the contract contains significant financing component, the Group will determine the transaction price based on the amount payable by the customer in cash when it obtains the port operation services provided by the Group, and amortize the difference between the transaction price and the consideration amount under the contract determined by using the discount rate for converting the nominal amount of the contract consideration into the cash sale price of the services within the contract period based on the effective interest rate method.

Main responsible person/agent

With respect to trading business, if the Group obtains the control over the trading goods from the third party and then transfers the goods to the customer, the Group has the right to determine at its discretion the price of the relevant goods, that is, the Group is able to control the goods before transferring it to the customer. With respect to freight forwarding business, if the Group can direct the transportation services provided by the third party on behalf of the Group to the customer and bears the primary responsibility for providing transportation services to the customer, the Group has the right to determine at its discretion the price of service provision. Therefore, the Group is the main responsible person and recognizes the revenue based on the total considerations collected or payable. Otherwise, the Group should be the agent and recognize the revenue based on the amount of the commission or handling fee that it is expected to charge, which shall be the net amount of the total considerations collected or payable net of payments due to other relevant parties, or determined based on the established commission amount or proportion.

Apart from the above revenue, the interest income of the Group is recognized according to the following principles:

Interest income

Interest income is calculated based on the time when the other party uses the monetary capital of the Group and the effective interest rate.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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III. Significant accounting policies and estimates (continued)

22. Contractual assets and contractual liabilities

The Group presents the contractual assets or contractual liabilities in the balance sheet according to the relation between the obligations and the customer payments.

Contractual assets

The Group presents the right that it owns unconditionally (i.e., depending on the time lapse) to collect consideration from the customer as receivables, and the right to collect reconsideration which arises from the transfer of goods to the customer and depends on factors other than time lapse as contractual assets.

For details of the determination methods and accounting treatments for the expected credit loss of contractual assets, please refer to Note III(9).

Contractual liabilities

The Group presents its obligation to transfer goods to the customer for the consideration received or receivable from the customer as contractual liabilities, such as the payment that the enterprise has collected before transferring the promised goods.

The Group will present the net amount after offsetting the contractual assets with the contractual liabilities under the same contract.

23. Assets related to contractual costs

The Group amortizes the asset related to contractual cost on the same basis as those used for recognition of the revenue related to the asset, and includes it in profit and loss for the current period.

If the carrying amount of the asset related to contractual cost is higher than the difference of the following two items, the Group will make impairment provision for the excess part and such provision shall be recognized as asset impairment loss:

- (1) the remaining consideration that the enterprise expects to obtain from the transfer of the goods related to the asset;
- (2) the cost estimated to be incurred for transferring the relevant goods.

If there is any change to the factors causing the impairment in the previous periods, and as a result, the difference between (1) and (2) is higher than the carrying amount of the asset, the asset impairment provision shall be reversed and included in profit and loss for the current period, provided that the reversed carrying amount of the asset shall not exceed the carrying amount of the asset on the date of reversal under the assumption that the asset impairment provision had not been made.

Notes to the Financial Statements (continued)

*For the six months ended 30 June 2019 (unaudited)
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III. Significant accounting policies and estimates (continued)

24. Government grants

Government grants are recognized when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

If it is specified in the governmental document that the government grant is used for purchasing, constructing or otherwise generating long-term asset, it shall be treated as the government grant related to asset. If there is no specific provision in the governmental document, the judgement shall be made based on the basic conditions for obtaining the grant. If the basic condition is that the government grant shall be used for purchasing, constructing or otherwise generating long-term asset, it shall be treated as the government grant related to asset, otherwise, it shall be treated as the government grant related to income.

Government grants related to income that compensate the future costs, expenses or losses are recognized as deferred income and recognized in profit or loss for the current period when the relevant costs, expenses or losses are recognized; government grants related to income that compensate the incurred costs, expenses or losses are recognized in profit or loss for the current period directly.

Government grants related to assets are recognized as deferred income and recognized in profit or loss on a reasonable and systematic basis over the useful lives of the assets (provided that the government grants measured at nominal amount are directly recognized in profit and loss for the current period). If the relevant assets are sold, transferred, abandoned or destroyed before the end of the useful life, the relevant undistributed deferred income balance shall be recognized under current profit and loss as asset disposal.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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III. Significant accounting policies and estimates (continued)

25. Income tax

Income tax includes current income tax and deferred income tax. Except for the goodwill adjustment resulting from enterprise merger or the income tax related to the transaction or matter directly recognized in shareholder's equity, which shall be recognized in shareholder's equity, all the income taxes shall be recognized in profit and loss for the current period as income tax expense or revenue.

The Group measures the current income tax liability or asset generated in the current period or previous periods based on the income tax amount payable or refundable according to the tax law.

The Group recognizes deferred income tax with balance sheet liability approach for the temporary difference between the carrying value of the asset and liability as of the balance sheet date and the tax base, or the temporary difference between the carrying value of the item which is not recognized as asset and liability but its tax base can be determined according to the tax law and its tax base.

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.

For the deductible temporary difference, the deductible loss and tax credit which can be carried forward to the subsequent years, the Group recognises the resulting deferred income tax asset within the limit of the future taxable income against which the deductible temporary difference, the deductible loss and tax credit can be used, unless:

- (1) where the deductible temporary differences arise from the following transaction: the transaction is not a business combination, and does not affect the accounting profit or the taxable income or the deductible loss at the time of transaction.
- (2) for the deductible temporary differences associated with the investment in subsidiaries, joint ventures and affiliates, the corresponding deferred income tax asset will be recognised if the following conditions are met: it is probable that the deductible temporary differences will be reversed in the foreseeable future and that the taxable income will be available in the future against which the deductible temporary differences can be utilized.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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III. Significant accounting policies and estimates (continued)

25. Income tax (continued)

The Group will measure on the balance sheet date the deferred income tax asset and deferred income tax liability based on the tax rate applicable to the period in which the asset is expected to be recovered or the liability is expected to be settled according to the tax law, and reflect the influence of the estimated asset recovery or liability settlement as of the balance sheet date on the income tax.

The Group will review the carrying amount of the deferred income tax asset on the balance sheet date. If it is probable that it is unable to obtain enough taxable income to achieve the benefits brought by the deferred income tax asset, the carrying amount of the deferred income tax asset shall be written down. On the balance sheet date, the Group will reassess the unrecognised deferred income tax asset and recognise the deferred income tax asset within the limit that it is probable to obtain enough taxable income for the reversal of all or part of the deferred income tax asset.

When all the following conditions are met, the deferred income tax asset and deferred income tax liability will be presented with the net amount after offsetting with each other: the enterprise has the legal right to settle the current income tax asset and current income tax liability with net amount; the deferred income tax asset and deferred income tax liability are related to the income tax imposed by the same tax authority on the same tax payer, or they are related to different tax payers, but in each subsequent period in which the significant reversal of deferred income tax asset or deferred income tax liability is made, the relevant tax payers intend to settle the current income tax asset and current income tax liability with net amount, or they acquire assets and discharge liabilities simultaneously.

26. Right-of-use assets (applicable from 1 January 2019)

The right-of-use assets of the Group mainly comprise property and land, terminal facilities and other equipment.

On the commencement date of the lease term, the Group recognises its right to use the leased assets over the lease term as the right-of-use asset, including: (1) the initial measurement amount of the lease liability; (2) the lease payment on or before the commencement date of the lease term, if there is a lease incentive, deducting the relevant amount of the lease incentives already enjoyed; (3) the initial direct expenses incurred by the lessee; (4) an estimate of costs for the lessee to dismantle and remove the leased assets, restore the site on which the leased assets is located or restore the leased assets to the state agreed in the lease terms. The Group depreciates the right-of-use assets using the straight-line method in subsequent years. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the Group will depreciate the leased asset over the remaining useful life. If it is not reasonable to determine the ownership of the leased asset at the expiration of the lease term, the Group depreciates the leased asset over the lease term or the remaining useful life, whichever is shorter.

When the Group re-measures the lease liability based on the present value of the changed lease payments and adjusts the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero, the lease liability still needs to be further reduced. The Group accounts for the remaining amount in profit or loss for the current period.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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III. Significant accounting policies and estimates (continued)

27. Lease liabilities (applicable from 1 January 2019)

On the commencement date of the lease term, the Group recognises the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group uses the leased interest rate as the discount rate; if the interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss for the current period. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss for the current period when actually incurred.

After the commencement date of the lease term, when the actual fixed payment amount changes, the expected amount of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, or the assessment results or actual exercise rights of the purchase option, the renewal option or the termination option change, the Group re-measures the lease liability based on the present value of the changed lease payments.

28. Leases (applicable from 1 January 2019)

At the commencement date, the Group assesses whether a contract is or contains a lease. A contract is or contains a lease if one party of the contract conveys a right to control the use of one or more identified asset for a period of time in exchange for consideration. To assess whether a contract conveys a right to control the use of an identified asset for a period of time, the Group assesses whether the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset within the period of use and the right to direct the use of the identified asset.

Identification of separate leases

Where the contract contains multiple separate leases, the Group will split the contract and separate the leases for accounting treatment. The right to use the identified asset constitutes a separate lease in the contract if the following conditions are met:

- (1) The lessee can profit from using the asset alone or in conjunction with other resources that are readily available;
- (2) The asset does not have a high degree of dependency or a high degree of association with other assets in the contract.

Separation of lease and non-lease components

Where the contract contains both the lease and non-lease components, the Group, as the lessor and lessee, shall separate the lease and non-lease components for accounting purpose.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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III. Significant accounting policies and estimates (continued)

28. Leases (applicable from 1 January 2019) (continued)

Assessment of lease term

The lease term is the period during which the Group has the right to use the leased asset and the use is irrevocable. The Group has the option to renew the lease, that is, it has the right to choose to renew the lease. Where the Group reasonably determines to exercise the option, the lease term also includes the period covered by the option to renew the lease. The Group has the option to terminate the lease, that is, it has the right to choose to terminate the lease of the asset. Where the Group reasonably determines not to exercise the option, the lease term includes the period covered by the termination of the lease option. In the event of a major event or change within the Group's control, and affecting whether the Group reasonably determines to exercise the option, the Group reassesses whether it will reasonably determine to exercise the option to renew the lease, purchase option or option to not terminate the lease option.

As a lessee

For the general accounting treatment of the Group as a lessee, refer to Note III.26 and Note III.27.

Lease change

The lease change refers to the change in lease scope, consideration, and term beyond the original contract terms, including the increase or termination of the rights to use one or more leased assets, and the extension or shortening of the lease term stipulated in the contract.

If the lease changes and meets the following conditions, the Group will account for the lease change as a separate lease:

- (1) The lease change expands the lease scope by increasing the right to use one or more leased assets;
- (2) The increased consideration and the individual price of the enlarged portion of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Group re-determines the lease term on the effective date of the lease change and discounts the changed lease payments using the revised discount rate to re-measure the lease liability. When calculating the present value of the lease payment after the change, the Group adopts the interest rate implicit in the lease of the remaining lease term as the discount rate; if the interest rate implicit in the lease of the remaining lease term cannot be determined, the Group's incremental borrowing rate on the effective date of the lease change is adopted as the discount rate.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

28. Leases (applicable from 1 January 2019) (continued)

As a lessee (continued)

Lease change (continued)

Regarding the impact of the above adjustment of lease liabilities, the Group distinguishes between the following cases for accounting treatment:

- (1) If the lease change results in a narrower lease or a shorter lease term, the Group reduces the carrying value of the right-of-use asset to reflect the termination or complete termination of the lease. The Group recognises the related gains or losses from partial or completely termination of the lease into the current profit and loss.
- (2) For other lease changes, the Group adjusts the carrying value of the right-of-use assets accordingly.

Short-term lease and low-value asset lease

The Group will, on the commencement date of the lease term which is not more than 12 months (excluding the lease of purchase option being recognised as a short-term lease) recognise the lease with a value of not more than RMB40,000 when the single leased asset is a new asset as a low-value asset lease. If the Group subleases or expects to sublease the leased assets, the original lease is not recognised as a low-value asset lease. During each period of the lease term, the lease is included into the related asset costs or current profit and loss by using the straight-line method, and contingent rents are included in the profit and loss for the current period when actually incurred.

As a lessor

On the commencement date, a lease that transfers substantially all the risks and rewards incidental to the ownership of an asset is a finance lease. All the other leases are operating leases.

As a lessor under operating leases

Rental income under operating leases are recognised in profit or loss on the straight-line basis over the lease term, and contingent rental is charged to profit or loss when incurred.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

29. Leases (applicable in 2018)

A lease that transfers substantially all the risks and rewards incidental to the ownership of an asset is a finance lease. All the other leases are operating lease.

As lessee under operating leases

Lease payments under an operating lease are included in related asset costs or profit and loss for the current period on a straight-line basis over the period of the lease. The contingent rental is included in the profit and loss for the current period when incurred.

As lessor under operating leases

Rental income under an operating lease is recognised on a straight-line basis over the period of the lease as current profit and loss. The contingent rental is included in the profit and loss for the current period when incurred.

As lessee under finance lease

The leased asset is recognised at the lower of the fair value of the leased asset on the lease starting date and the present value of 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 amortized using the effective interest method over the period of the lease. The contingent rental is included in the profit and loss for the current period when incurred.

For fixed assets acquired under finance leases, the basis for provision of leased assets depreciation is same as that of self-owned fixed assets. When it can be reasonably determined that the ownership of a leased asset will be obtained at the end of the lease term, it is depreciated over the period of expected use; otherwise, the leased asset is depreciated over the shorter period of the lease term and the period of expected use.

30. Profit distribution

The cash dividend of the Company will be recognised as liability when approved by the general meeting.

31. Production safety fund

Production safety fund accrued in accordance with regulations is charged to the cost of related products or recognised in profit or loss for the current period, and recorded in the specific reserve. As production safety fund is utilised, if it is of expenditure nature, the cost is directly charged against the specific reserves. If it is used for construction, the cost being used is recorded and transferred to fixed assets when it is ready for its intended use. Meanwhile, the cost of fixed asset is offset against the specific reserves, and accumulated depreciation of the same amount is recognised.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

32. Measurement at fair value

The Group measures the wealth management products and equity instrument investments at fair value on each balance sheet date. Fair value refers to the price that can be received when disposing of an asset or that should be paid when transferring a liability in an orderly transaction by the market participant on the measurement date. When measuring the relevant asset or liability at fair value, the Group assumes that the orderly transaction for disposing of the asset or transferring the liability is carried out in the primary market for the relevant asset or liability, or the most favorable market for the relevant asset or liability if there is no such primary market. The primary market (or most favorable market) is the transaction market that the Group can enter on the measurement date. The Group adopts the assumptions used by the market participant to maximize the economic benefit when determining the price of the relevant asset or liability.

When non-financial asset is measured at fair value, the capacity of the market participant to use the asset in the best use to generate economic benefit or the capacity to sell the asset to the market participant who can use the asset in the best use to generate economic benefit will be taken into account.

The Group adopts valuation technique applicable in the current situation and supported by adequate available data and other information and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

With respect to the assets and liabilities measured or disclosed at fair value in the financial reports, the level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement: Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3: unobservable inputs for the asset or liability.

On each balance sheet date, the Group will reassess the assets and liabilities constantly measured at fair value as recognised in the financial reports to check if the level in which fair value measurement is categorised is changed.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

33. Critical accounting judgments and estimates

The management is required to make judgments, estimates and assumptions for preparing the financial statements. These judgments, estimates and assumptions will affect the presented amount and disclosure of the revenue, expense, asset and liability, as well as the disclosure of the contingent liability on the balance sheet date. The uncertainty of these assumptions and estimates may result in major adjustment of the carrying amount of the affected assets or liabilities in the future.

Judgments

During the application of the accounting policies of the Group, the management made the following judgments that may have significant impact on the amounts recognised in the financial statements:

Operating lease--As the lessor

The Group signed lease contracts for investment properties. The Group believes that the Group retains all the key risks and returns of the ownership of these properties according to the terms of the lease contracts. Therefore, they are treated as operating leases.

Lease term – lease contracts that include the option to renew the leases

A lease term is the period during which the Group has the right to use the leased asset and is irrevocable, and in which the Group has an option to renew the lease. Where the Group reasonably determines to exercise the option, the lease term also includes the period covered by the option to renew the lease. In assessing whether it is reasonably determined to exercise the option to renew the lease, the Group will consider all relevant facts and circumstances that bring economic benefits to the exercise of the renewal option of the Group, including the expected changes in facts and circumstances from the date of the lease term to the date of exercise of the option. The Group believes that the Group can reasonably determine that it will exercise the option to renew the lease as the leased asset is crucial to its operation and it is hard to obtain appropriate alternative asset. Therefore, the lease term includes the period covered by the option to renew the lease.

Consolidation scope – the Group holding 50% or less equity interests of the investees

The Group believes that even if the Group only holds 50% or less of the equity interests, it has control over Dalian Haijia Automobile Terminal Co., Ltd., Dalian Portsoft Technology Co., Ltd., Dalian Golden Bay Grain Logistics Co., Ltd., Dalian Hongyang International Logistics Co., Ltd. And Dalian Container Terminal Co., Ltd. According to the joint venture contract entered into between the Company and the other shareholder of Dalian Haijia Automobile Terminal Co., Ltd. and Dalian Hongyang International Logistics Co., Ltd., the other shareholder gives consent to the decisions made by the Company on significant operation matters. The Company has de-facto control over the entity. The Company has the majority voting rights in the Board of Directors of Dalian Portsoft Technology Co., Ltd. and has de-facto control over the entity. Pursuant to the acting-in-concert agreement signed by and between the Company and the other shareholder of Dalian Golden Bay Grain Logistics Co., Ltd., the other shareholder gives consent to the decisions made by the Company and the Company has de-facto control over the entity. Pursuant to the acting-in-concert agreement signed by and between the Group and the other shareholder of Dalian Container Terminal Co., Ltd., the other shareholder gives consent to the decisions made by the Group and the Group has de-facto control over the entity.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

33. Critical accounting judgments and estimates (continued)

Judgments (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 judgment. 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 that are largely independent of 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 separately, 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. Such judgment is made on an individual property basis, in order to determine if the supporting services are so significant that disqualify the property as an investment property.

Determination of performance progress of port operation contracts

The Group determines the performance progress of port operation contracts according to the investment method. In this regard, the Group determines the performance progress according to the proportion of the accumulative actual port operation costs in the total costs, and recognises the revenue accordingly. The accumulative actual costs include the direct cost and indirect cost incurred by the Group during the provision of port operation services.

Business model

The classification of financial assets upon initial recognition depends on the business model of the Group for managing financial assets. When judging if the target of the business model is still to collect contract cash flow, the Group needs to analyze the disposal of the financial assets prior to the maturity date. Judgment should be made on whether the disposal is incidental or whether the disposal value is insignificant.

Characteristics of contractual cash flow

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flow. Judgment should be made on whether the contractual cash flow is only for the payment of the principal and the interest based on the outstanding principal, including the judgment on whether there is any significant difference when compared with the benchmark cash flow during the evaluation on the revision of the time value of money, and the judgment on whether the fair value of the prepayment characteristics is insignificant for the financial assets with prepayment characteristics.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

33. Critical accounting judgments and estimates (continued)

Uncertainty of estimates

The followings are the other key sources for uncertainties of the key assumptions and estimates as of the balance sheet, which may cause major adjustment of the carrying amount of assets and liabilities in the future accounting periods.

Impairment of financial instruments

The Group adopts expected credit loss model to evaluate the impairment of financial instruments. Critical judgments and estimates shall be made when using the expected credit loss model, taking into account all the reasonable and justified information, including the forward-looking information. When making these judgments and estimates, the Group will infer the expected change of the obligator credit risk according to the historical repayment data, as well as the economic policies, microeconomic indexes, industry risks and other relevant factors.

Useful life and residual value of fixed assets

The estimated useful life, net residual value and the depreciation provision amount are determined by the management of the Company. This accounting estimate is based on the historical information of the actual useful life and residual value of the fixed assets with similar nature and functions, but will be changed significantly due to the technical upgrade and the behaviors of the competitors in coping with the drastic market environment change. When the useful life and residual value rate are less than the previous expectation, the management needs to consider increasing the depreciation amount, or write off or impair the fixed asset whose process is outdated, idle and disposed of.

Impairment of non-current assets other than financial assets (except for goodwill)

The Group will judge if non-current assets other than financial assets have any sign of impairment on the balance sheet date. For the intangible assets with uncertain useful life, in addition to the annual impairment test, they shall be subject to impairment test when there is any sign of impairment. For other non-current assets other than financial assets, when there is any sign indicating that the carrying amount cannot be recovered, they shall be subject to impairment test. When the carrying value of the asset or asset group is higher than the recoverable amount, i.e., the greater of the net amount of fair value less the disposal expense and the present value of the estimated future cash flow, it indicates that an impairment has occurred. The net amount of fair value less the disposal expense is determined by deducting the incremental cost directly attributable to the asset disposal from the sales agreement price or observable market price of the similar asset in the fair transaction. When estimating the present value of the future cash flow, the management must estimate the future cash flow of the asset or asset group and select appropriate discount rate to determine the present value of the future cash flow.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

33. Critical accounting judgments and estimates (continued)

Uncertainty of estimates (continued)

Impairment of goodwill

The Group tests whether the goodwill has any impairment at least annually. This requires the estimate on the present value of the future cash flow of the asset group or asset group portfolio to which the goodwill is allocated. When estimating the present value of the future cash flow, the management must estimate the future cash flow of the asset group or asset group portfolio and select appropriate discount rate to determine the present value of the future cash flow. For details, please refer to Note V.17.

Fair value of non-listed equity investment

The valuation of non-listed equity investment is determined by adopting the valuation method. The Group chooses the valuation method based on its judgement and makes assumptions according to the then market circumstances on each balance sheet date. The changes in market circumstance may affect the judgements made by the Group according to the market circumstances on the balance sheet date and the valuation methods adopted, thus resulting in a difference with the actual results of next year.

Deferred income tax assets

When it is probable that enough taxable income will be available against which the deductible loss is applied, deferred income tax assets shall be recognised for all the deductible losses that have not been used. The management needs to use a lot of judgments to estimate the time and amount of the taxable income acquired in the future and determine the amount of the deferred income tax assets that should be recognised according to the tax planning strategy.

Provision for impairment of inventory

The provision for impairment of inventory is the impairment provision made for the inventory whose cost is higher than the realizable net value. When judging if the inventory is impaired, the management needs to obtain concrete evidence, and make judgments and estimates on the basis of considering the purpose for holding the inventory, the influence of the events after the balance sheet date and other relevant factors. The difference between the actual results and the estimates as well as the change of the estimates will affect the carrying amount of the inventory, the impairment provision or the reversal.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

34. Changes in accounting policies and accounting estimates

Changes in accounting policies

New Lease Standard

In 2018, the Ministry of Finance issued the revised “Accounting Standards for Business Enterprises No. 21 – Leasing” (the “New Lease Standard”) which adopts the single model similar to that used for the current accounting treatment for finance lease and requires the lessee to recognise right-of-use asset and lease liability for all leases other than short-term and low-value assets leases and recognise depreciation and interest expenses, respectively. Since 1 January 2019, the Group has conducted accounting treatment in accordance with the newly revised lease standard. According to the transitional requirements, the information for the comparable period will not be adjusted and retained earnings at the beginning of 2019 will be retrospectively adjusted based on the difference between the New Lease Standard and the current lease standard on the first day of implementation:

- (1) The Group measured the right-of-use asset and lease liability respectively for the finance leases before the date of first implementation in accordance with the original book value of the assets held under finance leases and the payables for finance leases.
- (2) For operating lease before the date of initial implementation, the Group measured the lease liabilities at the present value discounted by incremental borrowing rate on the date of initial implementation according to the remaining lease payments, and adopted New Lease Standard from the lease term according to each lease assumption. As the lessee, the Group measured the right-of-use asset at carrying value with incremental borrowing rate as discount rate on the date of first implementation.
- (3) The Group made impairment test on the right-of-use assets and perform corresponding accounting treatments in accordance with Note III.17.

For operating leases under which the leased assets fall as low-value assets prior to the date of initial application or operating leases to be completed within 12 months, the Group adopts simplified treatment and does not recognise right-of-use assets and lease liabilities. Further, as for operating leases existed before the date of initial application, the Group adopted the following simplified treatments:

- (1) when measuring lease liabilities, a single discount rate is applied to a portfolio of leases with similar characteristics; the measurement of right-of-use assets may exclude initial direct costs;
- (2) when the contract contains options to extend/terminate the lease, the Group determines the lease term according to the actual exercise of options and other current conditions prior to the date of initial application;
- (3) as for lease changes before the date of initial application, the Group performs accounting treatment according to the final arrangement of the lease changes.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

34. Changes in accounting policies and accounting estimates (continued)

Changes in accounting policies (continued)

New Lease Standard (continued)

For operating leases under which the leased assets fall as low-value assets prior to the date of initial application or operating leases to be completed within 12 months, the Group adopts simplified treatment and does not recognise right-of-use assets and lease liabilities.

For the significant operating leases disclosed in the 2018 financial statements whose minimum lease payments have not been paid, the Group adjusts the difference between the present value discounted at the incremental borrowing rate of the Group as the lessee on 1 January 2019 and the lease liabilities included in the balance sheet as at 1 January 2019, as follows:

Minimum lease payments for significant operating leases as at 31 December 2018	405,793,117.77
Less: Minimum lease payments with simplified processing	40,713,911.54
Including: short-term leases	4,412,981.81
Leases with remaining lease term of less than 12 months	36,300,929.73
Plus: Incremental of minimum lease payment caused by the reasonable excise of renewal rights	2,994,412,360.69
Weighted average of incremental borrowing rate as at 1 January 2019	5.19%
Lease liabilities at as 1 January 2019	3,359,491,566.92

The impacts arising from adoption of New lease Standard on the balance sheet as at 1 January 2019 are as follows:

Consolidated balance sheet

	Balance sheet value	Presumed value under original standard	Impact on value
Right-of-use assets	3,350,120,206.72	–	3,350,120,206.72
Lease liabilities	3,291,852,916.92	–	3,291,852,916.92
Non-current liabilities due within one year	867,714,831.57	800,076,181.57	67,638,650.00
Deferred income tax assets	82,816,656.43	81,148,594.18	1,668,062.25
Undistributed profits	1,576,832,264.27	1,584,535,562.22	(7,703,297.95)
	9,169,336,875.91	2,465,760,337.97	6,703,576,537.94

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

34. Changes in accounting policies and accounting estimates (continued)

Changes in accounting policies (continued)

New Lease Standard (continued)

Company balance sheet

	Balance sheet value	Presumed value under original standard	Impact on value
Right-of-use assets	2,873,576,138.76	–	2,873,576,138.76
Lease liabilities	2,846,515,099.56	–	2,846,515,099.56
Non-current liabilities due within one year	34,561,039.20	7,500,000.00	27,061,039.20
	5,754,652,277.52	7,500,000.00	5,747,152,277.52

The impacts arising from adoption of New Lease Standard on the financial statements for the six months ended 30 June 2019 are as follows:

Consolidated balance sheet

	Balance sheet value	Presumed value under original standard	Impact on value
Right-of-use assets	3,287,916,834.21	–	3,287,916,834.21
Lease liabilities	3,255,242,048.76	–	3,255,242,048.76
Non-current liabilities due within one year	301,157,611.42	230,212,844.98	70,944,766.44
Deferred income tax assets	90,985,677.03	82,254,774.68	8,730,902.35
Undistributed profits	1,578,769,674.90	1,608,308,753.54	(29,539,078.64)
	8,514,071,846.32	1,920,776,373.20	6,593,295,473.12

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

34. Changes in accounting policies and accounting estimates (continued)

Changes in accounting policies (continued)

New Lease Standard (continued)

Consolidated income statement

	Balance sheet value	Presumed value under original standard	Impact on value
Operating costs	2,340,452,073.92	2,396,934,804.74	(56,482,730.82)
General and administrative expense	324,747,194.49	326,638,963.07	(1,891,768.58)
Finance expense	288,048,192.02	200,775,071.83	87,273,120.19
Income tax expense	101,224,219.27	108,287,059.37	(7,062,840.10)
	3,054,471,679.70	3,032,635,899.01	21,835,780.69

Company balance sheet

	Balance sheet value	Presumed value under original standard	Impact on value
Right-of-use assets	2,834,549,384.83	–	2,834,549,384.83
Lease liabilities	2,832,701,446.04	–	2,832,701,446.04
Non-current liabilities due within one year	35,272,744.53	7,500,000.00	27,772,744.53
Deferred income tax assets	36,733,290.90	30,252,089.47	6,481,201.43
Undistributed profits	1,740,778,459.15	1,760,222,063.46	(19,443,604.31)
	7,480,035,325.45	1,797,974,152.93	5,682,061,172.52

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

34. Changes in accounting policies and accounting estimates (continued)

Changes in accounting policies (continued)

New Lease Standard (continued)

Company income statement

	Balance sheet value	Presumed value under original standard	Impact on value
Operating costs	1,153,146,981.58	1,202,201,174.76	(49,054,193.18)
General and administrative expense	197,794,960.14	198,391,013.67	(596,053.53)
Finance expense	226,248,595.64	150,673,543.19	75,575,052.45
Income tax expense	34,565,170.59	41,046,372.02	(6,481,201.43)
	1,611,755,707.95	1,592,312,103.64	19,443,604.31

In addition, since the date of initial adoption, the Group would classify the repayment of the principle and interest of lease liabilities as cash outflows of financing activities in the cash flow statement. The repayment of short-term leases and leases of low value assets, which adopted simplified approach, and variable lease payment which is not accounted as lease liabilities will still be classified as cash outflows of operating activities.

Changes in presentation of financial statements

As required by the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises in 2019 (Cai Kuai [2019] No. 6), In the balance sheet, “notes receivable and accounts receivable” will be split into “notes receivable” and “accounts receivable”, and “notes payable and accounts payable” will be split into “notes payable” and “accounts payable”; In the income statement, in addition to the revenue expenditures incurred during the research and development process, the “research and development expenses” will include the amortization of intangible assets developed by the Group as previously presented in the item of “general and administrative expenses”. Accordingly, the Group has adjusted the comparative figures retroactively. The above changes in accounting policies had no impact on the consolidated net profit or the Company’s net profit or owners’ equity.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

III. Significant accounting policies and estimates (continued)

34. Changes in accounting policies and accounting estimates (continued)

Changes in accounting policies (continued)

Changes in presentation of financial statements (continued)

The impacts of the retroactive adjustment arising from the changes in accounting policies on the financial statements are as follows:

The Group

	Before changes in accounting policies 31 December 2018	Reclassification	After changes in accounting policies 1 January 2019
Assets			
Notes receivable and accounts receivable	947,433,479.68	(947,433,479.68)	–
Notes receivable	–	289,238,760.63	289,238,760.63
Accounts receivable	–	658,194,719.05	658,194,719.05
Liabilities			
Notes payable and accounts payable	224,442,511.34	(224,442,511.34)	–
Accounts payable	–	224,442,511.34	224,442,511.34

The Company

	Before changes in accounting policies 31 December 2018	Reclassification	After changes in accounting policies 1 January 2019
Assets			
Notes receivable and accounts receivable	582,555,700.60	(582,555,700.60)	–
Notes receivable	–	255,450,984.64	255,450,984.64
Accounts receivable	–	327,104,715.96	327,104,715.96
Liabilities			
Notes payable and accounts payable	52,373,570.78	(52,373,570.78)	–
Accounts payable	–	52,373,570.78	52,373,570.78

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IV. Taxes

1. Major categories of taxes and respective tax rates

Value-added tax (VAT)	– Prior to 1 April 2019, the Group's revenue from port operations, sales of goods, entrusted loans, building & construction, property leasing, labour dispatch and steam, water and natural gas provision businesses are subject to output VAT at a tax rate of 6%, 16%, 6%, 11%, 5%, 6% and 11%, respectively, which is levied after deducting deductible input VAT for the current period. After 1 April 2019, the abovementioned revenues are subject to output VAT at a tax rate of 6%, 13%, 6%, 10%, 5%, 6% and 10%, respectively, which is levied after deducting deductible input VAT for the current period.
City maintenance and construction tax	– it is levied at 7% on the turnover taxes paid.
Education supplementary tax	– it is levied at 5% on the turnover taxes paid.
Property tax	– it is calculated at a tax rate of 1.2% based on 70% of costs of properties; or it is calculated at a tax rate of 12% based on rental income.
Corporate income tax	– it is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences and those subsidiaries incorporated outside Mainland China which are subject to local income tax regulations.
Environmental protection tax	– it is levied on the pollution equivalent of taxable pollutants; or it is levied at the emissions multiplied by applicable tax amount.

2. Tax preference

Land use tax

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

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

According to the Tentative Regulations of the People's Republic of China of Urban Land Use Tax and the Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of the Preferential Urban Land Use Tax Policies regarding the Land Used by Logistics Enterprises for Bulk Commodity Storage Facilities (Cai Shui [2017] No.33), from 1 January 2017 to 31 December 2019, the urban land use tax on the land for bulk commodity storage facilities owned by the logistics enterprises (including for self-use and lease purpose) shall be calculated based on 50% of the applicable tax for the relevant grade of the land. Accordingly, the land use tax on the land for bulk commodity storage facilities held by the Group is calculated at half of the relevant tax rate.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IV. Taxes (continued)

2. Tax preference (continued)

VAT

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

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

Corporate income tax

Dalian Portsoft Technology Co., Ltd. and Dalian Port Logistics Network Co., Ltd., subsidiaries of the Group, have obtained on 29 November 2017 the Certificate of the High and New Technological Enterprise (No. GR201721200282 and No. GR201721200058) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax and Dalian Municipal Bureau of Local Taxation, and the term of validity of both certificates is three years.

Dalian Port Logistics Technology Co., Ltd., a subsidiary of the Group, has obtained on 21 September 2015 the Certificate of the High and New Technological Enterprise (No. GR201521200005) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax and Dalian Municipal Bureau of Local Taxation, and the term of validity is three years. On September 2018, with the approval of Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax, the expiry time of the Certificate of the High and New Technological Enterprise granted to Dalian Port Logistics Technology Co., Ltd. was postponed to 15 November 2021.

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

V. Notes to key items of the consolidated financial statements

1. Cash at bank and on hand

	30 June 2019 (unaudited)	31 December 2018
Cash on hand	60,476.64	727,300.45
Cash at bank	3,738,630,607.69	5,722,956,776.43
Other cash balances	3,427,038.82	5,601,793.47
	3,742,118,123.15	5,729,285,870.35

As at 30 June 2019, the ownership of cash at bank and on hand of RMB3,278,759.40 (31 December 2018: RMB3,240,626.02) was restricted (Note V.59).

As at 30 June 2019, the Group held cash at bank and on hand of RMB160,827,495.21 (31 December 2018: RMB136,345,848.66) that were deposited overseas.

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

2. Financial assets held for trading

	30 June 2019 (unaudited)	31 December 2018
Financial assets at fair value through current profit or loss		
Investments in debt instruments (Note 1)	1,395,872,551.90	1,887,883,698.64
Investments in equity instruments (Note 2)	6,459,047.50	4,636,347.50
	1,402,331,599.40	1,892,520,046.14

Note 1: The Group purchased structured deposits of RMB201,030,000.00 from China Construction Bank Co., Ltd. during this period, which are mainly invested in money market instruments with an expected annual yield rate of 1.65%-2.70% and a maturity date on 1 July 2019.

The Group purchased structured deposits of RMB403,700,000.00 from Bank of China Co., Ltd. during this period, which are mainly invested in money market instruments with an expected annual yield rate of 3.4% and a maturity date on 8 July 2019.

The Group purchased structured deposits of RMB102,560,000.00 from Bank of China Co., Ltd. during this period, which are mainly invested in money market instruments with an expected annual yield rate of 3.6% and a maturity date on 19 July 2019.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

2. Financial assets held for trading (continued)

The Group purchased structured deposits of RMB100,000,000.00 from China Merchants Bank Co., Ltd. during this period, which are mainly invested in money market instruments with an expected annual yield rate of 3.5% and a maturity date on 17 July 2019.

The Group purchased structured deposits of RMB584,000,000.00 from China Merchants Bank Co., Ltd. during this period, which are mainly invested in money market instruments with an expected annual yield rate of 3.6% and a maturity date on 30 August 2019.

Note 2: Investments in equity instruments represented the stocks of A-share listed companies, whose fair value was determined according to their closing prices as at the last trading day on the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

3. Notes receivable

	30 June 2019 (unaudited)	31 December 2018
Bank acceptance notes	176,730,811.15	289,238,760.63
Less: Provision for bad debts on notes receivable	-	-
	176,730,811.15	289,238,760.63

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

	30 June 2019 (unaudited)		31 December 2018	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	4,883,573.31	8,100,000.00	48,602,332.58	7,073,910.19

As at 30 June 2019, the Group had no pledged notes receivable (31 December 2018: Nil).

As at 30 June 2019, there were no discounted notes or notes that were recognised as accounts receivable due to the drawer's liability to perform (31 December 2018: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

4. Accounts receivable

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

An ageing analysis of accounts receivable is as follows:

	30 June 2019 (unaudited)	31 December 2018
Within 1 year	1,248,602,534.48	629,892,263.91
1 to 2 years	19,627,924.73	15,720,843.27
2 to 3 years	3,074,577.02	8,854,591.08
Over 3 years	69,361,083.21	64,031,972.60
	1,340,666,119.44	718,499,670.86
Less: Provision for bad debts on accounts receivable	71,095,059.57	60,304,951.81
	1,269,571,059.87	658,194,719.05

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

	Balance as at the beginning of the period/ year	Provision for the period/year	Reversal during the period/year	Disposal of subsidiaries during the period/year	Write-off during the period/year	Balance as at the end of the period/year
For the six months ended 30 June 2019 (unaudited)	60,304,951.81	12,291,203.77	(1,501,096.01)	-	-	71,095,059.57
2018	46,720,189.36	39,010,791.98	-	(25,426,029.53)	-	60,304,951.81

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

4. Accounts receivable (continued)

	30 June 2019 (unaudited)				31 December 2018			
	Closing balance		Provision for bad debts		Closing balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts on an individual basis	62,852,144.51	4.69	49,736,772.43	79.13	62,852,144.51	8.75	44,220,119.27	70.36
Provision for bad debts on the portfolio of credit risk characteristics	1,277,813,974.93	95.31	21,358,287.14	1.67	655,647,526.35	91.25	16,084,832.54	2.45
	1,340,666,119.44	100.00	71,095,059.57	5.30	718,499,670.86	100.00	60,304,951.81	8.39

As at 30 June 2019, accounts receivable with amounts of provision for the debts on an individual basis are as follows (unaudited):

	Closing balance	Provision for bad debts	Expected credit loss rate (%)	Reason
Shenyang Oriental Steel Co., Ltd.	48,854,764.10	36,641,073.08	75	Note 1
Northeast Asia Spot Commodity Exchanges Limited	9,016,810.61	8,115,129.55	90	Note 2
Heilongjiang Zhanfeng International Trade Co., Ltd. (黑龍江戰鋒國際貿易有限公司)	4,832,569.80	4,832,569.80	100	Note 3
Others	148,000.00	148,000.00	100	
	62,852,144.51	49,736,772.43		

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

4. Accounts receivable (continued)

As at 31 December 2018, accounts receivable with amounts that were individually significant and related provision for the debts on an individual basis are as follows:

	Closing balance	Provision for bad debts	Expected credit loss rate (%)	Reason
Shenyang Oriental Steel Co., Ltd.	48,854,764.10	31,755,596.67	65	Note 1
Northeast Asia Spot Commodity Exchanges Limited	9,016,810.61	7,483,952.80	83	Note 2
Heilongjiang Zhanfeng International Trade Co., Ltd. (黑龍江戰鋒國際貿易有限公司)	4,832,569.80	4,832,569.80	100	Note 3
Others	148,000.00	148,000.00	100	
	<u>62,852,144.51</u>	<u>44,220,119.27</u>		

Note 1: As at 30 June 2019, the accounts receivable of PDA Bulk and General Cargo Terminals Company, a branch of the Company, due from Shenyang Oriental Steel Co., Ltd. (hereinafter "Shenyang Oriental") amounted to RMB48,854,764.10. The recoverability of the accounts receivable is significantly uncertain due to the fact that Shenyang Oriental has discontinued its operations, become insolvent and been threatened by many legal proceedings. Taking into account the estimated cash flows realisable for this indebtedness under any circumstances and the probability of occurrence of any circumstance, and based on the difference between the weighted calculation result of the present value of future estimated cash flows realisable and contractual cash flows, the Group provisioned RMB36,641,073.08 (2018: RMB31,755,596.67) for bad debts on the accounts receivable.

Note 2: As at 30 June 2019, the accounts receivable of Dalian Steel Logistics Park Co., Ltd. (hereinafter "Steel Logistics Park"), a subsidiary of the Company, due from Northeast Asia Spot Commodity Exchanges Limited (hereinafter "Northeast Asia Spot Commodity") amounted to RMB9,016,810.61. The recoverability of the accounts receivable is significantly uncertain due to the fact that Northeast Asia Spot Commodity has discontinued its operations and Steel Logistics Park could not recover any accounts after its application for enforcement of creditor's right on Northeast Asia Spot Commodity and the enforcement was suspended upon application. Taking into account the estimated cash flows realisable for this indebtedness under any circumstances and the probability of occurrence of any circumstance, and based on the difference between the weighted calculation result of the present value of future estimated cash flows realisable and contractual cash flows, the Group provisioned RMB8,115,129.55 (2018: RMB7,483,952.80) for bad debts on the accounts receivable.

Note 3: As at 30 June 2019, the accounts receivable of Dalian Jiye Logistics Co., Ltd., a subsidiary of the Company, due from Heilongjiang Zhanfeng International Trade Co., Ltd. (hereinafter "Heilongjiang Zhanfeng") amounted to RMB4,832,569.80. Since Heilongjiang Zhanfeng has discontinued its operations, the amount is basically not expected to be recovered. The Group made a full provision for bad debts on the accounts receivable.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

4. Accounts receivable (continued)

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

	30 June 2019 (unaudited)			31 December 2018		
	Book balance of estimated default	Expected credit loss rate (%)	Expected credit loss for the entire duration	Book balance of estimated default	Expected credit loss rate (%)	Expected credit loss for the entire duration
Within 1 year	1,248,602,534.48	0.7	8,740,217.73	629,892,263.91	0.7	4,409,245.85
1-2 years	19,627,924.73	25	4,906,981.18	15,637,619.27	25	3,909,404.82
2-3 years	1,794,370.02	70	1,256,059.01	5,310,397.38	70	3,717,278.17
3-4 years	4,469,659.66	75	3,352,244.75	2,524,350.92	75	1,893,263.19
4-5 years	2,167,015.73	90	1,950,314.16	1,272,543.56	90	1,145,289.20
Over 5 years	1,152,470.31	100	1,152,470.31	1,010,351.31	100	1,010,351.31
	1,277,813,974.93		21,358,287.14	655,647,526.35		16,084,832.54

For the six months ended 30 June 2019, the provision for bad debts was RMB12,291,203.77 (2018: RMB39,010,791.98), and received or reversed bad debts was RMB1,501,096.01 (2018: Nil).

As at 30 June 2019, 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	643,134,797.17	40,801,033.32	47.97

As at 31 December 2018, 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	305,917,718.54	33,555,037.35	42.58

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

5. Prepayments

An ageing analysis of prepayments is as follows:

	30 June 2019 (unaudited)		31 December 2018	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	49,524,701.68	87.88	29,583,006.56	84.93
1 to 2 years	6,194,670.47	10.99	3,711,545.58	10.65
2 to 3 years	148,296.96	0.26	1,478,418.70	4.24
Over 3 years	488,646.40	0.87	62,126.40	0.18
	56,356,315.51	100.00	34,835,097.24	100.00

As at 30 June 2019, prepayments with ageing over one year amounted to RMB6,831,613.83 (31 December 2018: RMB5,252,090.68), which represent plant decoration expenses, freight and miscellaneous expenses, advances to some projects and design fees. Since the business cooperation involved in the above projects are stable and the transactions are not yet finished, these amounts have not been settled yet.

As at 30 June 2019, a summary of the top five prepayments was as follows (unaudited):

	Balance	% of total balance
Total balances of top five prepayments	11,827,277.47	20.99

As at 31 December 2018, a summary of the top five prepayments was as follows:

	Balance	% of total balance
Total balances of top five prepayments	14,179,568.86	40.70

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

6. Other receivables

	30 June 2019 (unaudited)	31 December 2018
Interest receivable	18,516,830.64	30,743,735.52
Dividends receivable	148,669,975.58	146,000,226.01
Other receivables	460,669,440.06	486,275,413.88
	627,856,246.28	663,019,375.41

Interest receivable

	30 June 2019 (unaudited)	31 December 2018
Interest of fixed deposits	12,277,687.39	27,930,620.79
Interest of entrusted loans	3,188,708.69	2,199,097.20
Interest of current deposits	3,050,434.56	614,017.53
	18,516,830.64	30,743,735.52

Dividends receivable

	30 June 2019 (Unaudited)	31 December 2018
Dalian Port Yidu Cold Chain Co., Ltd.	95,289,824.35	95,289,824.35
Dalian Jilong Logistics Co., Ltd.	22,507,539.23	22,507,539.23
Jinzhou New Age Container Terminal Co., Ltd.	-	7,760,250.43
Dalian Singamas International Container Co., Ltd.	7,614,047.00	7,614,047.00
Taicang Xinggong Tug Co., Ltd.	3,428,565.00	6,428,565.00
Dalian Automobile Terminal Co., Ltd.	6,400,000.00	4,800,000.00
Odfjell Terminals (Dalian) Co., Ltd.	12,500,000.00	-
Others	930,000.00	1,600,000.00
	148,669,975.58	146,000,226.01

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

6. Other receivables (continued)

Other receivables

An ageing analysis of other receivables is as follows:

	30 June 2019 (Unaudited)	31 December 2018
Within 1 year	383,020,359.09	405,620,759.13
1 to 2 years	88,337,322.52	98,901,254.04
2 to 3 years	20,202,123.28	12,198,876.97
Over 3 years	18,364,654.82	16,426,161.53
	509,924,459.71	533,147,051.67
Less: Provision for bad debts of other receivables	49,255,019.65	46,871,637.79
	460,669,440.06	486,275,413.88

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

	Phase I expected credit loss over the next 12 months	Phase III financial assets with credit impairment (for the entire duration)	Total
1 January 2019	45,810,444.82	1,061,192.97	46,871,637.79
Provision for the period	4,390,424.73	-	4,390,424.73
Reversal for the period	(2,007,042.87)	-	(2,007,042.87)
30 June 2019 (unaudited)	48,193,826.68	1,061,192.97	49,255,019.65

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

6. Other receivables (continued)

Other receivables (continued)

	Phase I expected credit loss over the next 12 months	Phase III financial assets with credit impairment (for the entire duration)	Total
1 January 2018	47,173,018.22	1,061,192.97	48,234,211.19
Provision for the year	26,503,398.41	–	26,503,398.41
Disposal of subsidiaries in the year	(27,865,971.81)	–	(27,865,971.81)
31 December 2018	45,810,444.82	1,061,192.97	46,871,637.79

Changes in the book balance of other receivables that affect the change in loss provisions for the period are as follows:

	Phase I expected credit loss over the next 12 months	Phase III financial assets with credit impairment (for the entire duration)	Total
1 January 2019	532,085,858.70	1,061,192.97	533,147,051.67
Increase in the period	56,745,667.34	–	56,745,667.34
Derecognition	(79,968,259.30)	–	(79,968,259.30)
30 June 2019 (unaudited)	508,863,266.74	1,061,192.97	509,924,459.71

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

6. Other receivables (continued)

Other receivables (continued)

	Phase I expected credit loss over the next 12 months	Phase III financial assets with credit impairment (for the entire duration)	Total
1 January 2018	502,974,673.53	1,061,192.97	504,035,866.50
Increase in the year	215,031,420.62	–	215,031,420.62
Derecognition	(110,352,343.97)	–	(110,352,343.97)
Disposal of subsidiaries in the year	(75,567,891.48)	–	(75,567,891.48)
31 December 2018	532,085,858.70	1,061,192.97	533,147,051.67

For the six months ended 30 June 2019, the provision for bad debts was RMB4,390,424.23 (2018: RMB26,503,398.41), and received or reversed bad debts was RMB2,007,042.87 (2018: Nil).

Other receivables classified by nature are as follows:

	30 June 2019 (unaudited)	31 December 2018
Receivables from agency purchase	210,313,133.39	235,008,103.00
Receivables from income of entrusted management services	73,527,307.21	78,527,307.21
Receivables from project payment and guarantee deposit	45,049,012.94	46,076,197.79
Entrusted loans	36,824,925.52	36,824,925.52
Port construction and miscellaneous expenses	34,561,922.38	37,533,375.40
Receivables from freights, deposit and security deposit	27,493,079.03	30,009,601.58
Government subsidies receivable	31,500,625.37	32,409,706.59
Public infrastructure maintenance expenses	7,106,875.04	6,026,376.24
Others	43,547,578.83	30,731,458.34
	509,924,459.71	533,147,051.67
Less: Provision for bad debts	49,255,019.65	46,871,637.79
	460,669,440.06	486,275,413.88

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

6. Other receivables (continued)

Other receivables (continued)

As at 30 June 2019, 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	346,565,178.88	26,534,817.04	67.96

As at 31 December 2018, 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	387,753,163.21	26,775,038.18	72.73

As at 30 June 2019, the receivables from government grants were as follows (unaudited):

	Government grants	Amount	Aging	Basis
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	5,260,833.37	Within 1 year	Reply of Keerqin District People's Government on Subsidy to China-Europe Railway Lines
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Subsidy for warehouse construction and operation	13,359,192.00	Within 1 year and 2-3 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone and Minutes on Solving Major Difficulties of Suimu Dalian Port Logistics
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	12,880,600.00	Within 1 year	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
		31,500,625.37		

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

6. Other receivables (continued)

Other receivables (continued)

As at 31 December 2018, the receivables from government grants were as follows:

	Government grants	Amount	Aging	Basis
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	4,249,568.09	Within 1 year	Reply of Keerqin District People's Government on Subsidy to China-Europe Railway Lines
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Subsidy for warehouse construction and operation	13,359,192.00	Within 1 year and 2-3 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone and Minutes on Solving Major Difficulties of Suimu Dalian Port Logistics
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	14,800,946.50	Within 1 year	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
		32,409,706.59		

7. Inventories

	30 June 2019 (unaudited)			31 December 2018		
	Book balance	Provision for impairment of inventories	Carrying amount	Book balance	Provision for impairment of inventories	Carrying amount
Raw materials	71,007,736.68	7,803,794.80	63,203,941.88	87,663,016.37	7,803,794.80	79,859,221.57
Finished goods	47,304,416.09	-	47,304,416.09	60,916,714.52	-	60,916,714.52
Turnover materials	9,055,571.02	-	9,055,571.02	8,712,395.31	-	8,712,395.31
	127,367,723.79	7,803,794.80	119,563,928.99	157,292,126.20	7,803,794.80	149,488,331.40

As at 30 June 2019, no inventories of the Group were pledged as collateral (31 December 2018: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

7. Inventories (continued)

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

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Provision	Decrease in the current period			Closing balance
			Reversal	Write-off	Disposal of subsidiaries	
Raw materials	7,803,794.80	-	-	-	-	7,803,794.80

2018

	Opening balance	Provision	Decrease in the current year			Closing balance
			Reversal	Write-off	Disposal of subsidiaries	
Raw materials	7,803,794.80	-	-	-	-	7,803,794.80
Finished goods	7,054,584.56	-	-	-	(7,054,584.56)	-
	14,858,379.36	-	-	-	(7,054,584.56)	7,803,794.80

8. Contract assets

	30 June 2019 (unaudited)			31 December 2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Receivables from transfer of bulk grain carriages	-	-	-	49,549,600.00	12,387,400.00	37,162,200.00

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

8. Contract assets (continued)

The amount and reason for material movements in the carrying amount of contract assets were as follows:

	Amount of movements	Reason for movements
Receivables from transfer of bulk grain carriages	(37,162,200.00)	payment settlement

The movements of provision for impairment of contract assets are as below:

	Opening balance	Provision	Reversal	Write-off	Closing balance
For the six months ended 30 June 2019 (unaudited)	12,387,400.00	-	(12,387,400.00)	-	-
	Opening balance	Provision	Reversal	Write-off	Closing balance
2018	-	12,387,400.00	-	-	12,387,400.00

9. Other current assets

	30 June 2019 (unaudited)	31 December 2018
Input VAT to be deducted	73,376,789.56	85,053,922.47
Input VAT to be verified	126,832.40	915,050.93
Prepaid income tax	10,003,111.31	19,766,331.05
	83,506,733.27	105,735,304.45

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

10. Long-term equity investments

For the six months ended 30 June 2019 (unaudited)

	Movements for the period									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	Closing balance	
Joint Ventures										
Dalian Port Tongli Shipping Agency Co., Ltd.	1,157,737.63	-	-	206,600.48	-	-	-	-	1,364,338.11	-
Dalian Harbour ECL Logistics Co., Ltd.	31,867,289.81	-	-	312,929.85	-	19,606.37	(1,068,492.48)	-	31,131,333.55	-
Odfjell Terminals (Dalian) Co., Ltd.	164,438,966.96	-	-	15,006,829.59	-	309,299.56	(12,500,000.00)	-	167,255,096.11	-
Dalian Port PetroChina International Terminal Co., Ltd.	232,170,584.40	-	-	14,803,077.86	-	149,012.50	(25,000,000.00)	-	222,122,674.76	-
Dalian United International Shipping Agency Co., Ltd.	9,610,790.56	-	-	2,789,530.34	-	-	-	-	12,400,320.90	-
Dalian Vanguard International Logistics Co., Ltd.	31,781,755.23	-	-	(1,276,588.24)	-	92,780.69	-	-	30,597,947.68	-
Dalian Port Yidu Cold Chain Co., Ltd.	272,762,335.70	-	-	4,822,104.72	-	97,600.68	-	-	277,682,041.10	-
China United Tally (Dalian) Co., Ltd.	3,274,054.99	-	-	357,663.03	-	(6,965.49)	-	-	3,624,752.53	-
China Oil Dock Management (Dalian) Co., Ltd.	5,013,298.47	-	-	(2,775,818.75)	-	-	-	-	2,237,479.72	-
Liaoning Electronic Port Co., Ltd.	3,275,746.88	-	-	(1,396,799.31)	-	-	-	-	1,878,947.57	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	9,038,963.01	-	-	417,095.82	-	27,950.55	-	-	9,484,009.38	-
Dalian Jilong Logistics Co., Ltd.	21,653,975.12	-	-	90,405.83	-	-	-	-	21,744,380.95	-
China United International Rail Containers (Dalian) Co., Ltd.	177,849,777.29	-	-	(2,110,976.09)	-	-	-	-	175,738,801.20	-
Dalian Changxing Island Port Co., Ltd.	127,195,959.05	-	-	585,254.87	-	162,544.83	-	-	127,943,758.75	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	16,828,152.50	-	-	2,558,006.24	-	(14,778.61)	(10,787,468.44)	-	8,583,911.69	-
Odfjell Dalian Port Consulting Co., Ltd.	1,133,761.95	-	-	(141,645.02)	-	-	-	-	992,116.93	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

10. Long-term equity investments (continued)

For the six months ended 30 June 2019 (unaudited) (continued)

	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		
Dalian Changxing Island Port Investment and Development Co., Ltd.	431,816,017.85	-	-	5,589,527.55	-	415,282.88	-	-	437,820,828.28	-
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	7,609,240.55	-	-	(629,179.74)	-	-	-	-	6,980,060.81	-
Ha'ou International Logistics Co., Ltd.	13,559,115.40	-	-	1,980,100.27	-	-	-	-	15,539,215.67	-
Odfjell Changxing Terminals (Dalian) Co., Ltd.	9,023,496.96	-	-	(642,911.73)	-	-	-	-	8,380,585.23	-
Weifang Senda Container Service Co., Ltd.	2,321,236.78	-	-	290,834.31	-	-	-	-	2,612,071.09	-
Dalian Port Xiangyu Grain Logistics Co., Ltd.	37,931,417.68	-	-	826,660.15	-	-	-	-	38,758,077.83	-
China Shipping Gang Lian Co., Ltd.	91,053,318.99	-	-	(68,103.77)	-	-	-	-	90,985,215.22	-
Dalian New Silk Road International Logistics Co., Ltd.	2,655,028.43	-	-	(495,673.08)	-	-	-	-	2,159,355.35	-
Subtotal	1,705,022,022.19	-	-	41,098,925.18	-	1,252,333.96	(49,355,960.92)	-	1,698,017,320.41	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

10. Long-term equity investments (continued)

For the six months ended 30 June 2019 (unaudited) (continued)

	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	Investment profit/(loss) under equity method	Other comprehensive income	Other changes in equity	Cash dividends	Provision for impairment		
Associates										
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	35,729,600.86	-	-	6,146,298.78	-	-	-	-	41,875,899.64	-
Dalian Wanpeng Port Engineering Testing Co., Ltd.	3,408,100.79	-	-	(706,095.64)	-	-	(240,000.00)	-	2,462,005.15	-
Dalian Puji Storage Facility Co., Ltd.	113,137,548.87	-	-	(3,925,926.04)	-	-	-	-	109,211,622.83	-
Taicang Xinggang Tug Co., Ltd.	7,970,321.02	-	-	1,607,798.20	-	-	-	-	9,578,119.22	-
PetroChina Dalian LNG Co., Ltd.	679,743,611.61	-	-	66,509,318.24	-	459,591.37	-	-	746,712,521.22	-
Dalian North Oil Petroleum Logistics Co., Ltd.	72,828,582.52	-	-	2,810,725.20	-	-	-	-	75,639,307.72	-
Sino Rail Bohai Train Ferry Co., Ltd.	245,045,841.35	-	-	(640,635.86)	-	226,462.16	-	-	244,631,667.65	-
CDC International Logistics Co., Ltd.	139,320,757.64	-	-	(2,870,480.71)	-	-	-	-	136,450,276.93	-
Dalian Port Corporation Financial Co., Ltd.	975,897,542.10	-	-	40,918,841.74	-	-	-	-	1,016,816,383.84	-
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	852,931.86	-	(829,605.00)	9,982.31	-	-	(33,309.17)	-	-	-
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	5,791,532.32	-	-	26,636.63	-	-	-	-	5,818,168.95	-
Dalian Automobile Terminal Co., Ltd.	168,617,411.76	-	-	5,864,083.35	-	91,137.25	(1,600,000.00)	-	172,972,632.36	-
Dalian Singamas International Container Co., Ltd.	43,169,434.01	-	-	1,384,486.92	-	65,501.43	-	-	44,619,422.36	-
Subtotal	2,491,513,216.71	-	(829,605.00)	117,135,033.12	-	842,692.21	(1,873,309.17)	-	2,606,788,027.87	-
Total	4,196,535,238.90	-	(829,605.00)	158,233,958.30	-	2,095,026.17	(51,229,270.09)	-	4,304,805,348.28	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

10. Long-term equity investments (continued)

2018

	Movements for the year								Closing balance	Balance of provision for impairment at the end of the period
	Opening balance	Increase in investment	Decrease in investment	Investment 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	-	-	329,451.50	-	-	(725,000.00)	-	1,157,737.63	-
Dalian Harbour ECL Logistics Co., Ltd.	31,642,331.03	-	-	1,187,213.88	-	(5,931.95)	(956,323.15)	-	31,867,289.81	-
Odfjell Terminals (Dalian) Co., Ltd.	161,275,711.82	-	-	25,727,166.41	-	(63,911.27)	(22,500,000.00)	-	164,438,966.96	-
Dalian Port PetroChina International Terminal Co., Ltd.	210,260,341.43	-	-	27,916,407.12	-	782,142.85	(6,788,307.00)	-	232,170,584.40	-
Dalian United International Shipping Agency Co., Ltd.	7,716,852.84	-	-	4,513,937.72	-	-	(2,620,000.00)	-	9,610,790.56	-
Dalian Vanguard International Logistics Co., Ltd.	31,203,848.13	-	-	523,990.57	-	53,916.53	-	-	31,781,755.23	-
Dalian Port Yidu Cold Chain Co., Ltd.	328,081,877.49	17,500,000.00	-	11,598,527.48	-	371,755.08	(84,789,824.35)	-	272,762,335.70	-
China United Tally (Dalian) Co., Ltd.	3,013,183.04	-	-	416,317.59	-	133,494.41	(288,940.05)	-	3,274,054.99	-
China Oil Dock Management (Dalian) Co., Ltd.	2,171,883.10	-	-	2,841,415.37	-	-	-	-	5,013,298.47	-
Liaoning Electronic Port Co., Ltd.	5,624,628.60	-	-	(2,348,881.72)	-	-	-	-	3,275,746.88	-
Dalian Dagang China Shipping Container Terminal Co., Ltd.	9,158,016.11	-	-	1,757,858.36	-	90,936.57	(1,967,848.03)	-	9,038,963.01	-
Dalian Jilong Logistics Co., Ltd.	42,205,856.52	-	-	1,955,657.83	-	-	(22,507,539.23)	-	21,653,975.12	-
China United International Rail Containers (Dalian) Co., Ltd.	180,323,412.92	-	-	(2,473,635.63)	-	-	-	-	177,849,777.29	-
Dalian Changxing Island Port Co., Ltd.	143,335,282.66	-	-	(16,177,877.17)	-	38,553.56	-	-	127,195,959.05	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	13,712,386.51	-	-	11,312,655.52	-	(38,449.79)	(8,158,439.74)	-	16,828,152.50	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

10. Long-term equity investments (continued)

2018 (continued)

	Movements for the year								Closing balance	Balance of provision for impairment at the end of the period
	Opening balance	Increase in investment	Decrease in investment	Investment profit/(loss) under equity method	Other comprehensive income	Other changes in equity	Cash dividends	Provision for impairment		
Odfjell Dalian Port Consulting Co., Ltd.	1,244,149.26	-	-	(110,387.31)	-	-	-	-	1,133,761.95	-
Dalian Changxing Island Port Investment and Development Co., Ltd.	458,811,769.24	-	-	(27,084,615.88)	-	88,864.49	-	-	431,816,017.85	-
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	9,690,086.59	-	-	(2,080,846.04)	-	-	-	-	7,609,240.55	-
Ha'ou International Logistics Co., Ltd.	-	-	-	13,599,194.74	-	(40,079.34)	-	-	13,559,115.40	-
Odfjell Changxing Terminals (Dalian) Co., Ltd.	10,394,375.04	-	-	(1,370,878.08)	-	-	-	-	9,023,496.96	-
Weifang Senda Container Service Co., Ltd.	1,537,118.56	-	-	784,118.22	-	-	-	-	2,321,236.78	-
Dalian Port Xiangyu Grain Logistics Co., Ltd.	39,843,452.80	-	-	(1,912,035.12)	-	-	-	-	37,931,417.68	-
China Shipping Gang Lian Co., Ltd.	84,301,520.38	-	-	6,751,798.61	-	-	-	-	91,053,318.99	-
Dalian New Silk Road International Logistics Co., Ltd.	2,159,928.34	-	-	495,100.09	-	-	-	-	2,655,028.43	-
Subtotal	1,779,261,298.54	17,500,000.00	-	58,151,654.06	-	1,411,291.14	(151,302,221.55)	-	1,705,022,022.19	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

10. Long-term equity investments (continued)

2018 (continued)

	Movements for the period								Closing balance	Balance of provision for impairment at the end of the period
	Opening balance	Increase in investment	Disposal of a subsidiary	Investment profit/(loss) under equity method	Other comprehensive income	Other changes in equity	Cash dividends	Provision for impairment		
Associates										
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	29,032,422.33	-	-	8,647,178.53	-	-	(1,950,000.00)	-	35,729,600.86	-
Dalian Wanpeng Port Engineering Testing Co., Ltd.	3,466,382.25	-	-	341,718.54	-	-	(400,000.00)	-	3,408,100.79	-
Dalian Pujii Storage Facility Co., Ltd.	122,891,817.88	-	-	(9,754,269.01)	-	-	-	-	113,137,548.87	-
Taicang Xinggang Tug Co., Ltd.	7,746,479.04	4,497,900.00	-	4,297,361.98	-	-	(8,571,420.00)	-	7,970,321.02	-
PetroChina Dalian LNG Co., Ltd.	616,277,108.14	-	-	132,804,873.31	-	(38,724.33)	(69,299,645.51)	-	679,743,611.61	-
Dalian North Oil Petroleum Logistics Co., Ltd.	69,886,134.72	-	-	4,942,447.80	-	-	(2,000,000.00)	-	72,828,582.52	-
Sino Rail Bohai Train Ferry Co., Ltd.	261,332,415.92	-	-	(14,379,637.76)	-	-	(1,906,936.81)	-	245,045,841.35	-
CDC International Logistics Co., Ltd.	129,570,973.04	-	-	9,749,784.60	-	-	-	-	139,320,757.64	-
Dalian Port Corporation Financial Co., Ltd.	930,584,847.02	-	-	45,312,695.08	-	-	-	-	975,897,542.10	-
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	920,012.74	-	-	(61,257.62)	-	-	(5,823.26)	-	852,931.86	-
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	-	-	117,758.31	-	-	-	-	5,791,532.32	-
Ningbo United King Port Auto Trade Co., Ltd.	9,859,840.82	-	(9,905,901.51)	46,060.69	-	-	-	-	-	-
Dalian Automobile Terminal Co., Ltd.	166,546,488.69	-	-	6,889,741.61	-	(18,818.54)	(4,800,000.00)	-	168,617,411.76	-
Dalian Singamas International Container Co., Ltd.	43,138,701.80	-	-	2,913,382.08	-	65.03	(2,882,714.90)	-	43,169,434.01	-
Subtotal	2,402,176,839.43	4,497,900.00	(15,559,494.54)	192,271,990.14	-	(57,477.84)	(91,816,540.48)	-	2,491,513,216.71	-
Total	4,181,438,137.97	21,997,900.00	(15,559,494.54)	250,423,644.20	-	1,353,813.30	(243,118,762.03)	-	4,196,535,238.90	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

11. Investments in other equity instruments

30 June 2019 (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	51,045,505.98	103,889,139.98	-	-
Qinhuangdao Port Xingangwan Container Terminal Co., Ltd.	60,000,000.00	(9,497,938.96)	50,502,061.04	-	-
Dalian Port Design and Research Institute Co., Ltd.	634,600.00	1,159,665.16	1,794,265.16	-	290,000.00
Da-In Ferry Co., Ltd.	1,900,057.50	6,110,790.20	8,010,847.70	-	-
Fujian Ninglian Port Co., Ltd.	12,000,000.00	1,843,272.36	13,843,272.36	-	-
Dalian New Beiliang Co., Ltd.	16,184,400.00	797,927.62	16,982,327.62	-	-
	143,562,691.50	51,459,222.36	195,021,913.86	-	290,000.00

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

11. Investments in other equity instruments (continued)

31 December 2018

	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	24,600,766.52	77,444,400.52	–	7,760,250.43
Qinhuangdao Port Xingangwan Container Terminal Co., Ltd.	60,000,000.00	(18,481,490.35)	41,518,509.65	–	–
Dalian Port Design and Research Institute Co., Ltd.	634,600.00	3,707,884.49	4,342,484.49	–	290,000.00
Da-In Ferry Co., Ltd.	1,900,057.50	6,367,950.01	8,268,007.51	–	–
Fujian Ninglian Port Co., Ltd.	12,000,000.00	(1,717,555.10)	10,282,444.90	–	–
Dalian New Beiliang Co., Ltd.	16,184,400.00	(1,367,661.00)	14,816,739.00	–	–
Investments in other equity instruments – H shares (Note)	68,340,358.06	(45,866,572.83)	22,473,785.23	–	240,879.35
	211,903,049.56	(32,756,678.26)	179,146,371.30	–	8,291,129.78

Note: Investments in other equity instruments – H shares represent H shares held by the Group in Sinotrans Shipping Limited (the “Sinotrans Shipping”). In January 2019, Sinotrans Shipping repurchased its shares at HKD2.7 per share and delisted from Hong Kong Stock Exchange. The Group disposed of the investments in other equity instruments and transferred a total of RMB-41,215,576.63 of other comprehensive income to retained earnings accordingly.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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 2019 (unaudited)

	Buildings	Land use rights	Terminal facilities	Total
Cost				
Opening	151,479,241.57	36,071,687.60	99,645,981.17	287,196,910.34
Transfer to fixed assets	(240,000.00)	-	-	(240,000.00)
Transfer to intangible assets	-	(3,391,526.35)	-	(3,391,526.35)
Closing	151,239,241.57	32,680,161.25	99,645,981.17	283,565,383.99
Accumulated depreciation and amortization				
Opening	33,039,443.79	7,629,681.63	43,808,378.78	84,477,504.20
Provision	1,880,609.76	529,190.44	1,240,979.40	3,650,779.60
Transfer to fixed assets	(151,011.68)	-	-	(151,011.68)
Transfer to intangible assets	-	(856,936.84)	-	(856,936.84)
Closing	34,769,041.87	7,301,935.23	45,049,358.18	87,120,335.28
Carrying amount				
Closing	116,470,199.70	25,378,226.02	54,596,622.99	196,445,048.71
Opening	118,439,797.78	28,442,005.97	55,837,602.39	202,719,406.14

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

12. Investment properties (continued)

2018

	Buildings	Land use rights	Terminal facilities	Total
Cost				
Opening	114,356,252.78	69,785,783.60	746,469,631.62	930,611,668.00
Transfer from fixed assets	37,794,974.94	–	–	37,794,974.94
Transfer from construction in progress	1,368,117.50	–	5,123,790.80	6,491,908.30
Transfer to fixed assets	(2,040,103.65)	–	(651,947,441.25)	(653,987,544.90)
Transfer to intangible assets	–	(33,714,096.00)	–	(33,714,096.00)
Closing	151,479,241.57	36,071,687.60	99,645,981.17	287,196,910.34
Accumulated depreciation and amortization				
Opening	10,648,441.31	14,629,700.57	194,821,309.36	220,099,451.24
Transfer from fixed assets	20,630,705.08	–	–	20,630,705.08
Provision	2,770,329.24	784,560.00	2,177,973.00	5,732,862.24
Transfer to fixed assets	(1,010,031.84)	–	(153,190,903.58)	(154,200,935.42)
Transfer to intangible assets	–	(7,784,578.94)	–	(7,784,578.94)
Closing	33,039,443.79	7,629,681.63	43,808,378.78	84,477,504.20
Carrying amount				
Closing	118,439,797.78	28,442,005.97	55,837,602.39	202,719,406.14
Opening	103,707,811.47	55,156,083.03	551,648,322.26	710,512,216.76

As at 30 June 2019, 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 investment properties at the balance sheet date.

13. Fixed assets

	30 June 2019 (unaudited)	31 December 2018
Fixed assets	16,778,310,411.26	17,188,425,411.67
Disposal of fixed assets	21,320,458.03	19,881,550.83
	16,799,630,869.29	17,208,306,962.50

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

13. Fixed assets (continued)

Changes in fixed assets are as follows:

For the six months ended 30 June 2019 (unaudited)

	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
Cost										
Opening	2,105,051,416.23	7,643,406,685.82	2,873,707,918.58	3,954,573,901.79	728,236,392.33	1,880,453,022.21	4,458,248,938.35	1,295,438,560.82	828,815,818.02	25,767,932,654.15
Additions	2,958,940.00	-	-	2,158,051.74	78,706.89	-	18,000.00	1,102,917.70	1,218,154.59	7,534,770.92
Transfers from construction in progress	7,332,252.88	3,965,335.31	2,833,526.64	814,500.18	-	-	1,564,452.39	3,874,775.94	2,347,740.11	22,732,583.45
Transfers from investment properties	240,000.00	-	-	-	-	-	-	-	-	240,000.00
Disposal or obsolescence	-	(276,700.00)	-	(30,646,053.85)	(470,000.00)	-	-	(60,316.94)	(863,056.58)	(32,316,127.37)
Closing	2,115,582,609.11	7,647,095,321.13	2,876,541,445.22	3,926,900,399.86	727,845,099.22	1,880,453,022.21	4,459,831,390.74	1,300,355,937.52	831,518,656.14	25,766,123,881.15
Accumulated depreciation										
Opening	508,068,103.12	1,532,174,096.79	1,177,866,839.39	2,228,672,570.28	349,459,421.60	634,433,382.69	955,418,682.66	774,877,730.14	418,536,415.81	8,579,507,242.48
Provision	30,261,765.15	59,052,602.73	51,345,218.74	106,112,340.48	15,143,020.23	33,773,796.68	77,189,074.63	39,199,731.48	26,922,228.32	438,999,778.44
Transfers from investment properties	151,011.68	-	-	-	-	-	-	-	-	151,011.68
Disposal or obsolescence	-	(265,632.00)	-	(29,253,904.65)	(446,500.00)	-	-	(54,501.16)	(824,024.90)	(30,844,562.71)
Closing	538,480,879.95	1,590,961,067.52	1,229,212,058.13	2,305,531,006.11	364,155,941.83	668,207,179.37	1,032,607,757.29	814,022,960.46	444,634,619.23	8,987,813,469.89
Carrying amount										
Closing	1,577,101,729.16	6,056,134,253.61	1,647,329,387.09	1,621,369,393.75	363,689,157.39	1,212,245,842.84	3,427,223,633.45	486,332,977.06	386,884,036.91	16,778,310,411.26
Opening	1,596,983,313.11	6,111,232,589.03	1,695,841,079.19	1,725,901,331.51	378,776,970.73	1,246,019,639.52	3,502,830,255.69	520,560,830.68	410,279,402.21	17,188,425,411.67

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

13. Fixed assets (continued)

Changes in fixed assets are as follows (continued):

2018

	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	2,456,370.92	962,147.73	-	13,289,543.54	3,857,982.12	-	-	8,072,913.24	9,516,931.30	38,155,888.85
Transfers from										
construction in progress	315,303,902.27	38,819,112.05	19,601,932.56	38,386,018.37	4,956,700.17	21,571,881.40	160,553,162.63	67,699,253.64	57,913,181.55	724,805,144.64
Transfers from										
investment properties	2,040,103.65	453,970,783.18	-	-	-	-	184,429,848.42	5,055,167.03	8,491,642.62	653,987,544.90
Transfer to										
investment properties	(37,794,974.94)	-	-	-	-	-	-	-	-	(37,794,974.94)
Disposal of a subsidiary	-	-	-	-	-	-	-	(8,400.00)	(847,100.47)	(855,500.47)
Disposal or obsolescence	(2,284,444.38)	(22,749,350.72)	-	(9,477,022.52)	(2,006,722.99)	(9,929,437.21)	(2,192,427.83)	(3,287,506.78)	(29,313,029.24)	(81,239,941.67)
Closing	2,105,051,416.23	7,643,406,685.82	2,873,707,918.58	3,954,573,901.79	728,236,392.33	1,880,453,022.21	4,458,248,938.35	1,295,438,560.82	828,815,818.02	25,767,932,654.15
Accumulated depreciation										
Opening	472,281,572.77	1,283,004,245.09	1,076,708,360.58	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
Provision	56,222,212.25	164,997,242.54	101,158,488.81	232,321,528.86	30,319,779.99	67,635,121.23	106,514,897.93	78,345,081.52	54,855,610.07	892,369,963.20
Transfers from										
investment properties	1,010,031.84	95,132,283.72	-	-	-	-	49,277,349.82	4,202,980.13	4,578,289.91	154,200,935.42
Transfer to										
investment properties	(20,630,705.08)	-	-	-	-	-	-	-	-	(20,630,705.08)
Disposal of a subsidiary	-	-	-	-	-	-	-	(1,605.56)	(283,708.16)	(285,313.72)
Disposal or obsolescence	(815,008.66)	(10,959,674.56)	-	(9,252,129.84)	(1,887,421.49)	(6,705,630.04)	(915,855.39)	(3,067,683.62)	(26,173,290.75)	(59,776,694.35)
Closing	508,068,103.12	1,532,174,096.79	1,177,866,839.39	2,228,672,570.28	349,459,421.60	634,433,382.69	955,418,682.66	774,877,730.14	418,536,415.81	8,579,507,242.48
Carrying amount										
Closing	1,596,983,313.11	6,111,232,589.03	1,695,841,079.19	1,725,901,331.51	378,776,970.73	1,246,019,639.52	3,502,830,255.69	520,560,830.68	410,279,402.21	17,188,425,411.67
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)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

13. Fixed assets (continued)

As at 30 June 2019, fixed assets at a carrying amount of RMB440,245,630.29 (31 December 2018: RMB547,131,677.27) were pledged as collateral for the long-term borrowings of the Group. Please see Note V.59.

As at 30 June 2019, there were no temporarily idle fixed assets (31 December 2018: Nil).

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

Fixed assets leased out under operating leases are as follows:

For the six months ended 30 June 2019 (unaudited)

	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Other equipment	Total
Cost									
Opening	190,752,034.91	327,449,642.36	1,679,498.55	117,548,289.89	502,026,546.53	483,502,833.91	183,136,251.31	9,116,043.07	1,815,211,140.53
Increase	3,483,873.55	-	-	18,599,044.63	319,758.62	21,800,000.00	33,423,435.91	153,800.00	77,779,912.71
Decrease	(11,701,924.04)	-	-	(1,728,160.00)	-	-	(85,384,925.13)	(8,791,559.15)	(107,606,568.32)
Closing	182,533,984.42	327,449,642.36	1,679,498.55	134,419,174.52	502,346,305.15	505,302,833.91	131,174,762.09	478,283.92	1,785,384,484.92
Accumulated depreciation									
Closing	40,569,221.96	109,288,251.90	964,290.14	70,762,082.95	177,641,945.75	123,075,683.27	69,437,316.51	5,085,935.46	596,824,727.94
Provision	3,512,511.88	5,236,494.22	48,166.64	11,708,786.10	10,117,206.01	17,855,252.23	7,879,924.14	181,905.77	56,540,246.99
Decrease	(231,320.58)	-	-	(273,625.40)	-	-	(9,763,037.76)	(4,933,699.23)	(15,201,682.97)
Closing	43,850,413.26	114,524,746.12	1,012,456.78	82,197,243.65	187,759,151.76	140,930,935.50	67,554,202.89	334,142.00	638,163,291.96
Carrying amount									
Closing	138,683,571.16	212,924,896.24	667,041.77	52,221,930.87	314,587,153.39	364,371,898.41	63,620,559.20	144,141.92	1,147,221,192.96
Opening	150,182,812.95	218,161,390.46	715,208.41	46,786,206.94	324,384,600.78	360,427,150.64	113,698,934.80	4,030,107.61	1,218,386,412.59

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

13. Fixed assets (continued)

Fixed assets leased out under operating leases are as follows (continued):

	31 December 2018
Buildings	150,182,812.95
Terminal facilities	218,161,390.46
Oil tanks and pipelines	715,208.41
Loading equipment	46,786,206.94
Transportation equipment	324,384,600.78
Vessels	360,427,150.64
Storage facilities	113,698,934.80
Other equipment	4,030,107.61
Total	<u>1,218,386,412.59</u>

Disposal of fixed assets

	30 June 2019 (unaudited)	31 December 2018
Terminal facilities	10,678,907.45	10,678,907.45
Loading equipment	3,153,764.62	2,666,216.93
Transportation equipment	224,866.55	224,866.55
Buildings	1,376,339.56	1,376,339.56
Machinery and equipment	130,731.61	129,221.61
Storage facilities	1,276,572.44	1,276,572.44
Other equipment	4,479,275.80	3,529,426.29
Total	<u>21,320,458.03</u>	19,881,550.83

As at 30 June 2019, the fixed assets with no certificate of title are as follows (unaudited):

	Carrying amount	Reasons for not yet obtaining certificate of title
Buildings	<u>779,277,314.43</u>	In process

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

14. Construction in progress

	30 June 2019 (unaudited)			31 December 2018		
	Closing balance	Provision for impairment	Carrying amount	Closing balance	Provision for impairment	Carrying amount
Dayao Bay No. 13-16 Berth in Phase II	738,829,004.01	-	738,829,004.01	722,159,172.16	-	722,159,172.16
No.19-21 Berth	518,690,525.52	-	518,690,525.52	512,046,432.65	-	512,046,432.65
New Port No. 18-21 Berth	350,986,859.53	-	350,986,859.53	348,864,770.39	-	348,864,770.39
Dalian Automotive Terminal No.4 Berth	138,462,448.40	-	138,462,448.40	114,906,114.55	-	114,906,114.55
Dayao Bay North Shore Automotive Logistics Centre	148,898,592.13	-	148,898,592.13	148,898,592.13	-	148,898,592.13
Others	225,797,163.76	-	225,797,163.76	183,469,251.67	-	183,469,251.67
	2,121,664,593.35	-	2,121,664,593.35	2,030,344,333.55	-	2,030,344,333.55

The management of the Group believes that no provision for impairment of construction in progress is required at the balance sheet date.

For the six months ended 30 June 2019 (unaudited)

Project name	Budget	Opening balance	Additions	Including: Business combinations not under common control	Transferred to fixed assets	Other decreases	Closing balance	% of budget	Progress of construction	Accumulative amount capitalized of borrowing costs	Including: borrowing costs capitalized in current period	Capitalisation rate	Source of funds
Dayao Bay No. 13-16 Berth in Phase II	3,783,000,000.00	722,159,172.16	17,066,159.38	-	-	(396,327.53)	738,829,004.01	94%	94%	254,377,255.02	17,066,159.38	5.02%	Self-owned, loans from financial institutions and other sources
No.19-21 Berth	2,515,823,200.00	512,046,432.65	6,644,092.87	-	-	-	518,690,525.52	21%	21%	70,396,661.32	5,095,449.25	4.52%	Self-owned funds and loans from financial institutions
New Port No.18-21 Berth	413,770,000.00	348,864,770.39	2,122,089.14	-	-	-	350,986,859.53	86%	86%	83,522,029.54	-	-	Loans from financial institutions and other sources
Dalian Automotive Terminal No.4 Berth Project	461,050,000.00	114,906,114.55	23,556,333.85	-	-	-	138,462,448.40	85%	85%	32,412,070.21	-	-	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
Others	961,788,712.21	183,469,251.67	65,060,495.54	-	(22,732,583.45)	-	225,797,163.76			13,670,537.10	1,554,768.26	4.33%	
Total	8,585,431,912.21	2,030,344,333.55	114,449,170.78	-	(22,732,583.45)	(396,327.53)	2,121,664,593.35			462,432,993.47	23,716,376.89		

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

14. Construction in progress (continued)

2018

Project name	Budget	Opening balance	Additions	Including: Business combinations not under common control	Transferred to fixed assets or intangible assets or investment properties or long-term prepaid expenses	Other decreases	Closing balance	% of budget	Progress of construction	Accumulative amount capitalized of borrowing costs	Including: borrowing costs capitalized 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	33,882,164.53	-	-	-	722,159,172.16	93%	93%	237,311,095.64	25,659,637.68	5.31%	Self-owned funds, loans from financial institutions and other sources
No.19-21 Berth	2,515,823,200.00	498,523,717.65	13,522,715.00	-	-	-	512,046,432.65	20%	20%	65,301,212.07	10,425,427.76	4.54%	Self-owned funds and loans from financial institutions
New Port No.18-21 Berth	413,770,000.00	344,466,187.84	4,398,582.55	-	-	-	348,864,770.39	86%	86%	83,522,029.54	-	-	Loans from financial institutions and other sources
Dalian Automotive Terminal No.4 Berth Project	461,050,000.00	218,996,346.03	83,619,712.96	-	(187,709,944.44)	-	114,906,114.55	85%	85%	32,412,070.21	-	-	Self-owned funds and loans from financial institutions
Dalian Bay Passenger Centre	383,160,000.00	154,715,311.75	91,627,001.80	-	(246,342,313.55)	-	-	100%	100%	17,386,640.82	7,228,790.94	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	570,600,000.00	38,840,238.77	10,990,449.15	-	(49,830,687.92)	-	-	100%	100%	-	-	-	Raised funds
Dalian Bay Groceries and Ro-ro Berth Project	700,000,000.00	14,976,150.50	2,648,902.01	-	(17,625,052.51)	-	-	100%	100%	-	-	-	Self-owned funds and loans from financial institutions
Others	1,134,959,681.81	152,916,186.27	269,326,670.78	-	(238,721,908.68)	(51,696.70)	183,469,251.67			12,115,768.84	1,364,870.58	4.54%	
Total	10,412,362,881.81	2,260,609,738.57	510,016,198.78	-	(740,229,907.10)	(51,696.70)	2,030,344,333.55			456,103,257.40	44,678,726.96		

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

15. Right-of-use assets

For the six months ended 30 June 2019 (unaudited)

	Buildings and land	Terminal facilities	Other equipment	Total
Cost				
Opening and closing	1,570,326,270.36	1,736,558,762.52	109,213,880.04	3,416,098,912.92
Accumulated depreciation				
Opening	57,173,343.55	–	8,805,362.65	65,978,706.20
Provision	32,983,503.10	22,305,910.16	6,913,959.25	62,203,372.51
Closing	90,156,846.65	22,305,910.16	15,719,321.90	128,182,078.71
Carrying amount				
Closing	1,480,169,423.71	1,714,252,852.36	93,494,558.14	3,287,916,834.21
Opening (Note)	1,513,152,926.81	1,736,558,762.52	100,408,517.39	3,350,120,206.72

Note: Since 1 January 2019, the Group has applied the New Lease Standard. On the first day of application, the Group recognised right-of-use assets in accordance with the New Lease Standard. Please see Note III.34 for details.

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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

16. Intangible assets

For the six months ended 30 June 2019 (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
Cost									
Opening balance	1,557,185,514.89	64,310,000.00	15,970,000.00	46,660,098.18	217,088,636.73	1,977,376.00	3,455,982.72	407,216,152.62	2,313,863,761.14
Additions	-	-	-	-	344,091.01	-	-	-	344,091.01
Transferred from investment properties	3,391,526.35	-	-	-	-	-	-	-	3,391,526.35
Disposal	-	-	-	-	(12,820.51)	(1,977,376.00)	-	-	(1,990,196.51)
Closing balance	1,560,577,041.24	64,310,000.00	15,970,000.00	46,660,098.18	217,419,907.23	-	3,455,982.72	407,216,152.62	2,315,609,181.99
Accumulated amortisation									
Opening balance	229,425,898.64	64,310,000.00	15,970,000.00	36,635,277.30	124,017,375.92	1,002,955.09	3,231,290.26	114,297,170.05	588,889,967.26
Provision	16,438,184.39	-	-	1,564,657.32	12,095,614.43	5,731.80	207,359.18	4,660,184.64	34,971,731.76
Transferred from investment properties	856,936.84	-	-	-	-	-	-	-	856,936.84
Write-off	-	-	-	-	(3,632.56)	(1,008,686.89)	-	-	(1,012,319.45)
Closing balance	246,721,019.87	64,310,000.00	15,970,000.00	38,199,934.62	136,109,357.79	-	3,438,649.44	118,957,354.69	623,706,316.41
Carrying amount									
Closing	1,313,856,021.37	-	-	8,460,163.56	81,310,549.44	-	17,333.28	288,258,797.93	1,691,902,865.58
Opening	1,327,759,616.25	-	-	10,024,820.88	93,071,260.81	974,420.91	224,692.46	292,918,982.57	1,724,973,793.88

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

16. Intangible assets (continued)

2018

	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
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	122,384,681.96	-	-	-	7,943,589.20	-	-	-	130,328,271.16
Transferred from construction in progress	-	-	-	-	3,105,086.13	-	-	-	3,105,086.13
Transferred from investment properties	33,714,096.00	-	-	-	-	-	-	-	33,714,096.00
Disposal	-	-	-	-	(280,840.51)	-	-	-	(280,840.51)
Disposal of a subsidiary	-	-	-	-	(129,318.65)	-	-	-	(129,318.65)
Closing balance	1,557,185,514.89	64,310,000.00	15,970,000.00	46,660,098.18	217,088,636.73	1,977,376.00	3,455,982.72	407,216,152.62	2,313,863,761.14
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
Provision	32,126,539.58	2,679,583.33	156,000.00	2,916,256.08	23,726,300.89	13,756.32	414,717.84	9,320,369.28	71,353,523.32
Transferred from investment properties	7,784,578.94	-	-	-	-	-	-	-	7,784,578.94
Write-off	-	-	-	-	(168,679.70)	-	-	-	(168,679.70)
Disposal of a subsidiary	-	-	-	-	(64,176.93)	-	-	-	(64,176.93)
Closing balance	229,425,898.64	64,310,000.00	15,970,000.00	36,635,277.30	124,017,375.92	1,002,955.09	3,231,290.26	114,297,170.05	588,889,967.26
Carrying amount									
Closing	1,327,759,616.25	-	-	10,024,820.88	93,071,260.81	974,420.91	224,692.46	292,918,982.57	1,724,973,793.88
Opening	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

As at 30 June 2019, the ownership of land use rights are not limited (31 December 2018: the land use rights with a carrying amount of RMB14,518,901.29 were pledged as collateral for the long-term borrowings of the Group). Please see Note V.59.

The management of the Group is of the view that no provision for impairment of intangible assets is required at the balance sheet date.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

16. Intangible assets (continued)

As at 30 June 2019, the intangible assets with no certificate of title are as follows (unaudited):

	Carrying amount	Reasons for not yet obtaining certificate of title
Land use rights	152,356,292.90	In process

17. Goodwill

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Liaoning Con-Rail International 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

2018

	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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

17. Goodwill (continued)

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

The recoverable amount of the asset group (Liaoning Con-Rail International Logistics Co., Ltd., Dalian Jiyi Logistics Co., Ltd., DCT Logistics Co., Ltd. and Dalian Port Logistic Network Co., Ltd.) was determined according to the present value of expected future cash flows of the asset group. The expected future cash flows were based on financial budgets covering a five-year period approved by management. Cash flows beyond the five-year period are estimated on the basis of fixed growth rate (as described in the table below), and calculated using cash flows expectation method. The main assumptions for the recoverable amount for such asset groups 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.
Discount rates	12%	12%	11%	17%
Growth rates	3%	3%	3%	3%

The discount rates adopted above are after-tax discount rates which reflect the specific risk related to the relevant asset group. The growth rates are determined with reference to the expected growth rate of the industry and do not exceed the average growth rate of the industry for a long term. The key assumptions made in determining cash flow projections also include budgetary gross margins, which are determined based on past experience and forecast on market developments by the management.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

18. Long-term prepaid expenses

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Increase	Amortisation	Closing balance
Public facilities in a bonded port	7,695,604.60	–	(427,533.72)	7,268,070.88
Decoration	3,216,888.94	310,335.33	(1,014,699.35)	2,512,524.92
Site development expenses	11,207,110.19	–	(810,152.52)	10,396,957.67
Environmental reconstruction expenses	20,685,587.66	–	(598,916.70)	20,086,670.96
Reconstruction of No.6 bridge	21,046,380.34	–	(2,936,704.26)	18,109,676.08
Others	12,343,773.60	754,875.09	(2,192,990.43)	10,905,658.26
	76,195,345.33	1,065,210.42	(7,980,996.98)	69,279,558.77

2018

	Opening balance	Increase	Amortisation	Closing balance
Public facilities in a bonded port	8,550,672.04	–	(855,067.44)	7,695,604.60
Decoration	3,831,819.00	1,446,203.72	(2,061,133.78)	3,216,888.94
Site development expenses	12,827,415.23	–	(1,620,305.04)	11,207,110.19
Environmental reconstruction expenses	21,883,421.20	–	(1,197,833.54)	20,685,587.66
Reconstruction of No.6 bridge	21,323,321.71	4,884,189.50	(5,161,130.87)	21,046,380.34
Rental	22,522,522.50	102,375.14	(22,624,897.64)	–
Others	15,844,448.22	1,134,824.59	(4,635,499.21)	12,343,773.60
	106,783,619.90	7,567,592.95	(38,155,867.52)	76,195,345.33

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

19. Deferred income tax assets/liabilities

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

Deferred income tax assets and deferred income tax liabilities before offsetting:

	30 June 2019 (unaudited)		31 December 2018	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deferred income tax assets				
Intra-group unrealised profit	186,369,575.80	46,592,393.95	191,394,323.28	47,848,580.82
Depreciation differences	121,438,593.96	30,359,648.49	116,700,533.64	29,175,133.41
Lease liabilities	34,923,609.34	8,730,902.33	–	–
Provision for asset impairment	118,862,233.04	29,715,558.26	108,103,077.52	27,025,769.38
Accrued expenses	19,594,052.72	4,898,513.18	17,594,052.72	4,398,513.18
Changes in fair value of financial assets held for trading	2,299,652.52	574,913.13	4,115,492.52	1,028,873.13
Changes in fair value of investments in other equity instruments	–	–	1,367,661.00	341,915.25
Others	567,322.00	141,830.50	567,322.00	141,830.50
	484,055,039.38	121,013,759.84	439,842,462.68	109,960,615.67

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

19. Deferred income tax assets/liabilities (continued)

	30 June 2019 (unaudited)		31 December 2018	
	Taxable temporary differences	Deferred income liabilities	Taxable tax temporary differences	Deferred tax income liabilities
Deferred income tax liabilities				
Depreciation differences	351,610,369.96	87,902,592.49	357,347,916.72	89,336,979.18
Realisation of business combination in stages	151,564,015.08	37,891,003.77	151,564,015.08	37,891,003.77
Changes in fair value of investments in other equity instruments	51,459,222.36	12,864,805.59	14,477,555.56	3,619,388.90
Others	38,760,370.04	9,690,092.51	38,760,370.04	9,690,092.51
	593,393,977.44	148,348,494.36	562,149,857.40	140,537,464.36

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

	30 June 2019 (unaudited)		31 December 2018	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred income tax assets	(30,028,082.81)	90,985,677.03	(28,812,021.49)	81,148,594.18
Deferred income tax liabilities	(30,028,082.81)	118,320,411.55	(28,812,021.49)	111,725,442.87

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

19. Deferred income tax assets/liabilities (continued)

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

	30 June 2019 (unaudited)	31 December 2018
Deductible losses	543,541,512.72	432,589,763.51
Deductible temporary differences	9,938,901.41	19,264,706.92
Total	553,480,414.13	451,854,470.43

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

	30 June 2019 (unaudited)	31 December 2018
2019	68,643,382.49	68,923,485.05
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	152,320,016.58	152,320,016.58
2024	111,231,851.77	–
Total	543,541,512.72	432,589,763.51

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

20. Other non-current assets

	30 June 2019 (unaudited)	31 December 2018
Guarantee payment for land bidding	1,860,000.00	1,860,000.00
Input VAT to be deducted	34,306,694.81	32,398,731.85
Advances for construction projects	590,116.76	2,041,000.00
	36,756,811.57	36,299,731.85

21. Provision for impairment of assets

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Provision	Decrease			Closing balance
			Reversal	Write-off	Disposal of a subsidiary	
Provision for bad debts	107,176,589.60	16,681,628.50	(3,508,138.88)	-	-	120,350,079.22
Provision for impairment of inventories	7,803,794.80	-	-	-	-	7,803,794.80
Provision for impairment of contract assets	12,387,400.00	-	(12,387,400.00)	-	-	-
	127,367,784.40	16,681,628.50	(15,895,538.88)	-	-	128,153,874.02

2018

	Opening balance	Provision	Decrease			Closing balance
			Reversal	Write-off	Disposal of a subsidiary	
Provision for bad debts	94,954,400.55	65,514,190.39	-	-	(53,292,001.34)	107,176,589.60
Provision for impairment of inventories	14,858,379.36	-	-	-	(7,054,584.56)	7,803,794.80
Provision for impairment of contract assets	-	12,387,400.00	-	-	-	12,387,400.00
	109,812,779.91	77,901,590.39	-	-	(60,346,585.90)	127,367,784.40

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

22. Short-term borrowings

	30 June 2019 (unaudited)	31 December 2018
Credit borrowings	1,547,000,000.00	3,373,500,000.00
Pledged borrowings	26,262,590.14	26,036,753.89
	1,573,262,590.14	3,399,536,753.89

As at 30 June 2019, the interest rate for the above borrowings was 4.13%-6.80% (31 December 2018: 4.35%-6.80%) per annum.

As at 30 June 2019, the Group had no default repayment of short-term borrowings (31 December 2018: Nil).

23. Accounts payable

Accounts payable are non-interest bearing and are usually settled within 3-6 months.

	30 June 2019 (unaudited)	31 December 2018
Vessel leasing and ocean freight	85,684,679.55	66,750,317.05
Purchase of goods	17,592,760.27	6,482,312.42
Purchase of auxiliary materials	139,057,628.06	151,209,881.87
	242,335,067.88	224,442,511.34

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

23. Accounts payable (continued)

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

	30 June 2019 (unaudited)	31 December 2018
Within 1 year	227,275,956.92	211,557,703.99
1 to 2 years	4,950,794.14	4,055,467.41
2 to 3 years	6,023,792.47	6,090,455.65
Over 3 years	4,084,524.35	2,738,884.29
	242,335,067.88	224,442,511.34

As at 30 June 2019, major accounts payable with aging over one year are as follows (unaudited):

	Amount	Reasons for non-payment
Purchase of goods	2,631,773.60	Unsettled
Purchase of auxiliary materials and guarantee deposits	2,511,169.65	Unsettled
	5,142,943.25	

24. Advances from customers

	30 June 2019 (unaudited)	31 December 2018
Rental expenses	5,186,888.24	6,153,114.57

As at 30 June 2019, the Group had no significant advances from customers with aging over 1 year (31 December 2018: Nil).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

25. Contract liabilities

	1 January 2019	Increase	Transferred revenue	Other decrease	30 June 2019
Miscellaneous expenses	8,910,485.64	163,789,826.63	(154,197,671.00)	(4,865,296.87)	13,637,344.40
All-in charges for cargo handling within one year	16,875,000.00	2,751,368.00	(3,086,407.00)	(5,289,961.00)	11,250,000.00
Freight	414,887.10	1,528,917.85	(1,639,822.35)	-	303,982.60
Payment for goods	7,825,140.37	-	(7,115,140.37)	-	710,000.00
Others	11,757,725.97	18,737,453.02	(22,630,499.84)	(1,247,008.91)	6,617,670.24
	45,783,239.08	186,807,565.50	(188,669,540.56)	(11,402,266.78)	32,518,997.24

	1 January 2018	Increase	Transferred revenue	Other decrease	31 December 2018
Sales of motor vehicles	142,493,675.89	27,920,317.49	(25,728.40)	(170,388,264.98)	-
Miscellaneous expenses	3,994,771.99	76,486,782.49	(61,478,188.38)	(10,092,880.46)	8,910,485.64
All-in charges for cargo handling within one year	11,250,000.00	15,314,571.00	(9,689,571.00)	-	16,875,000.00
Freight	5,909,747.73	33,212,041.25	(34,500,884.71)	(4,206,017.17)	414,887.10
Payment for goods	-	479,074,883.67	(466,605,042.90)	(4,644,700.40)	7,825,140.37
Others	18,243,980.83	84,343,082.16	(69,237,072.02)	(21,592,265.00)	11,757,725.97
	181,892,176.44	716,351,678.06	(641,536,487.41)	(210,924,128.01)	45,783,239.08

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

26. Employee compensation payable

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Short-term employee compensation	256,572,076.39	729,546,891.25	839,973,458.65	146,145,508.99
Post-employment benefits payable (defined contribution plans)	4,281,949.99	100,093,941.25	99,447,371.17	4,928,520.07
	260,854,026.38	829,640,832.50	939,420,829.82	151,074,029.06

2018

	Opening balance	Increase	Decrease	Closing balance
Short-term employee compensation	241,069,727.91	1,496,904,347.10	1,481,401,998.62	256,572,076.39
Post-employment benefits payable (defined contribution plans)	9,598,572.87	183,130,813.52	188,447,436.40	4,281,949.99
	250,668,300.78	1,680,035,160.62	1,669,849,435.02	260,854,026.38

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

26. Employee compensation payable (continued)

Short-term employee compensations are as follows:

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	218,714,669.36	426,759,446.65	522,681,313.51	122,792,802.50
Staff welfare	660,962.34	29,355,504.01	29,270,931.28	745,535.07
Social insurances	106,551.50	40,487,226.98	40,485,830.37	107,948.11
Including: Medical insurance	97,301.46	31,856,516.00	31,855,119.39	98,698.07
Work injury insurance	7,075.26	2,996,009.69	2,996,009.69	7,075.26
Maternity insurance	2,174.78	4,752,005.29	4,752,005.29	2,174.78
Others	-	882,696.00	882,696.00	-
Housing funds	-	65,948,493.65	65,948,493.65	-
Labour union fund and employee education fund	2,509,397.06	10,183,842.25	10,277,894.33	2,415,344.98
Labour costs	15,475,794.57	156,606,314.20	166,512,479.73	5,569,629.04
Other short-term employee compensation	19,104,701.56	206,063.51	4,796,515.78	14,514,249.29
	256,572,076.39	729,546,891.25	839,973,458.65	146,145,508.99

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

26. Employee compensation payable (continued)

2018

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	217,172,195.75	871,660,598.59	870,118,124.98	218,714,669.36
Staff welfare	2,667,529.04	70,866,818.78	72,873,385.48	660,962.34
Social insurances	107,230.50	80,324,887.19	80,325,566.19	106,551.50
Including: Medical insurance	97,301.46	63,357,095.01	63,357,095.01	97,301.46
Work injury insurance	7,754.26	5,738,933.14	5,739,612.14	7,075.26
Maternity insurance	2,174.78	9,374,229.33	9,374,229.33	2,174.78
Others	–	1,854,629.71	1,854,629.71	–
Housing funds	–	130,982,348.34	130,982,348.34	–
Labour union fund and employee education fund	2,194,772.61	27,172,808.23	26,858,183.78	2,509,397.06
Labour costs	2,741,060.96	302,999,328.69	290,264,595.08	15,475,794.57
Other short-term employee compensation	16,186,939.05	12,897,557.28	9,979,794.77	19,104,701.56
	241,069,727.91	1,496,904,347.10	1,481,401,998.62	256,572,076.39

Defined contribution plans are as follows:

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Basic pensions	264,345.12	69,322,912.23	69,322,912.23	264,345.12
Payment of annuity (Note)	3,995,722.49	28,779,504.74	28,132,934.66	4,642,292.57
Unemployment insurance	21,882.38	1,991,524.28	1,991,524.28	21,882.38
	4,281,949.99	100,093,941.25	99,447,371.17	4,928,520.07

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

26. Employee compensation payable (continued)

Defined contribution plans are as follows (continued):

2018

	Opening balance	Increase	Decrease	Closing balance
Basic pensions	264,345.12	142,306,121.14	142,306,121.14	264,345.12
Payment of annuity (Note)	9,312,345.37	36,869,720.53	42,186,343.41	3,995,722.49
Unemployment insurance	21,882.38	3,954,971.85	3,954,971.85	21,882.38
	9,598,572.87	183,130,813.52	188,447,436.40	4,281,949.99

Note: The Group entrusts an independent third party to operate a defined contribution pension plan that requires payment of fees to an independently managed fund. According to the pension plan, the maximum amount of corporate contributions shall be subject to the national regulations, which is 8% of the total salary of the Group in the previous year. The total contributions of enterprises and individual employees do not exceed 12% of the total salary of the Group in the previous year. The amount of corporate contributions of the Group this period is calculated based on 5% of the total salary of the previous year.

27. Taxes payable

	30 June 2019 (unaudited)	31 December 2018
Corporate income tax	41,760,253.57	42,033,433.00
VAT	3,134,360.97	4,617,737.77
Individual income tax	467,357.41	2,047,322.93
City maintenance and construction tax	201,100.42	347,744.57
Educational surcharge	144,253.51	255,385.32
Environmental tax payable	763,660.71	1,065,617.43
Others	9,824,200.50	3,746,002.91
	56,295,187.09	54,113,243.93

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

28. Other payables

	30 June 2019 (unaudited)	31 December 2018
Interest payable	138,716,567.27	170,266,834.18
Interest of short-term borrowings	2,255,011.62	4,534,676.42
Interest of bonds	134,166,574.57	162,221,889.64
Interest of long-term borrowings with instalment payments and principal due upon maturity	2,294,981.08	3,510,268.12
Dividends payable	404,468,514.99	220,370,685.87
Dalian Port Corporation Limited	114,616,002.08	–
Singapore Dalian Port Investment Pte. Ltd.	75,847,997.41	107,025,432.70
China Merchants Port Holdings Co., Ltd.	51,706,934.40	–
China Shipping Terminal Development Co., Ltd.	32,060,365.06	32,060,365.06
Nippon Yusen Kabushiki Kaisha	19,983,030.09	30,275,340.05
COSCO Ports (Dalian) Limited	12,689,953.41	19,225,945.87
China Shipping Port Development Co., Ltd.	10,677,064.25	16,176,313.07
Dalian Bonded Zhengtong Company Limited	6,153,932.12	5,779,554.22
NYK Bulk & Projects Carriers Ltd.	1,796,354.84	1,285,945.46
Dalian Rongyuan Investment Project Management Co., Ltd.	748,755.80	–
United States Sankyo Holdings Limited	638,011.73	–
Dalian Detai Holdings Company Limited	374,377.90	–
Dalian Haitai Holdings Company Limited	374,377.90	–
PSA China Pte Ltd	–	7,888,266.76
Minority shareholders of subsidiaries	–	653,522.68
Other shareholders of outstanding A shares	44,213,842.42	–
Other shareholders of outstanding H shares	32,587,515.58	–
Other payables	809,443,262.65	520,393,447.57
Project and equipment expenses payable	306,273,187.88	299,832,998.16
Borrowings from related parties	213,500,000.00	–
Guaranty	41,266,872.41	33,218,869.67
Down payment	–	4,407,940.29
Port construction expenses collected for other companies	14,883,192.06	14,675,052.30
Freight forwarding	12,714,715.26	29,453,362.07
Security expenses payable to the Bureau of Port	19,594,052.70	17,594,052.70
Land compensation	27,570,000.00	27,570,000.00
Compensation received for other companies	3,271,596.35	2,278,443.92
Fares collected for other companies	18,787,135.99	8,730,614.23
River maintenance charges	3,835,259.21	3,832,886.91
Repair payments and outstanding payments	36,210,005.77	8,714,539.99
Others	111,537,245.02	70,084,687.33
	1,352,628,344.91	911,030,967.62

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

28. Other payables (continued)

As at 30 June 2019, major other payables with aging over one year of the Group are as follows (unaudited):

	Amount	Reasons for outstanding amounts
Project expenses payable and guarantee deposit	48,214,677.02	Unsettled
Security expenses payable to the Bureau of Port	17,594,052.70	Unsettled
Land compensation	27,570,000.00	Unsettled
	93,378,729.72	

29. Non-current liabilities due within one year

	30 June 2019 (unaudited)	31 December 2018
Long-term borrowings due within one year (Note V.30)	222,712,844.98	733,459,711.40
Long-term payables due within one year (Note V.33)	7,500,000.00	66,616,470.17
Lease liabilities due within one year (Note V.32)	70,944,766.44	–
	301,157,611.42	800,076,181.57

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

30. Long-term borrowings

	30 June 2019 (unaudited)	31 December 2018
Pledged borrowings	54,000,000.00	541,340,927.22
Credit borrowings	1,790,981,322.24	2,244,144,801.30
	1,844,981,322.24	2,785,485,728.52
Less: Long-term borrowings due within one year		
Pledged borrowings	10,000,000.00	497,340,927.22
Credit borrowings	212,712,844.98	236,118,784.18
	222,712,844.98	733,459,711.40
	1,622,268,477.26	2,052,026,017.12

As at 30 June 2019, the interest rate for the above borrowings was 4.35%-4.90% per annum (31 December 2018: 4.28%-4.90%).

The long-term borrowings maturity date is analyzed as follows:

	30 June 2019 (unaudited)	31 December 2018
Expired within 1 year (including 1 year)	222,712,844.98	733,459,711.40
Expired within 2 years (including 2 years)	86,393,257.26	675,150,797.12
Expired within 3 to 5 years (including 3 and 5 years)	264,000,000.00	59,000,000.00
Over 5 years	1,271,875,220.00	1,317,875,220.00
	1,844,981,322.24	2,785,485,728.52

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

31. Bonds payable

	30 June 2019 (unaudited)	31 December 2018
Corporate bonds	5,878,642,340.06	5,873,223,359.39

As at 30 June 2019, balances of bonds payable are listed as follows (unaudited):

	Par value	Date of issuance	Duration	Issue size	Opening balance	Issuance in the period	Accumulated interests in the period	Discount amortisation	Repayment	Closing balance
Corporate bond (Note 1)	100.00	2011-5-23	10 years	2,350,000,000.00	2,342,826,982.89	-	61,763,150.69	(1,410,087.86)	-	2,344,237,070.75
Corporate bond (Note 2)	100.00	2017-4-26	5 years	1,070,000,000.00	1,065,617,012.25	-	25,468,931.50	(610,211.15)	-	1,066,227,223.40
Corporate bond (Note 3)	100.00	2018-8-3	5 years	2,500,000,000.00	2,464,779,364.25	-	60,622,602.74	(3,398,681.66)	-	2,468,178,045.91

As at 31 December 2018, balances of bonds payable are listed as follows:

	Par value	Date of issuance	Duration	Issue size	Opening balance	Issuance in the year	Accumulated interests in the year	Discount amortisation	Repayment	Closing balance
Corporate bond (Note 1)	100.00	2011-5-23	10 years	2,350,000,000.00	2,340,072,819.54	-	124,550,000.01	2,754,163.35	-	2,342,826,982.89
Corporate bond	100.00	2011-9-26	7 years	2,650,000,000.00	2,650,000,000.00	-	117,278,835.49	-	2,650,000,000.00	-
Corporate bond	100.00	2015-2-17	3 years	800,000,000.00	799,545,262.51	-	5,128,646.57	454,737.49	800,000,000.00	-
Corporate bond (Note 2)	100.00	2017-4-26	5 years	1,070,000,000.00	1,064,425,828.25	-	51,359,999.98	1,191,184.00	-	1,065,617,012.25
Medium-term note (Note 3)	100.00	2018-8-3	5 years	2,500,000,000.00	-	2,500,000,000.00	50,574,657.54	(35,220,635.75)	-	2,464,779,364.25

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

31. 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-Dalian Port Corporation Limited.

Note 2: 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 amounts to RMB6,360,413.25.

Note 3: Under Registration Acceptance Letter (Zhong Shi Xie Zhu [2018] MTN360) issued by National Association of Financial Market Institutional Investors on 25 June 2018, the Company issued medium-term notes on 3 August 2018. The interest of such bonds is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 4.89%, which is payable every year. The related issuance expense amounts to RMB38,056,000.00.

32. Lease liabilities

30 June 2019
(unaudited)

Liabilities under operating leases	3,326,186,815.20
Less: Lease liabilities due within one year	70,944,766.44
	3,255,242,048.76

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

33. Long-term payables

	30 June 2019 (unaudited)	31 December 2018
Bond underwriting expenses	30,000,000.00	30,000,000.00
Repurchase of equity interests (Note)	17,500,000.00	17,500,000.00
Finance lease payable	–	59,116,470.17
	47,500,000.00	106,616,470.17
Less: Long-term payables due within one year		
Bond underwriting expenses	7,500,000.00	7,500,000.00
Finance lease payable	–	59,116,470.17
	40,000,000.00	40,000,000.00

Note: China Development Fund Co., Ltd. (hereinafter referred to as “China Development Fund”) injected a capital of RMB35 million to Dalian Port Yidu Cold Chain Co., Ltd., a joint venture of Dalian Port Jifa Logistics Co., Ltd. (hereinafter referred to as “Jifa Logistics”), a subsidiary of the Group. After the capital increase, the shareholding ratio of Jifa Logistics decreased from 50% to 46.6%. According to the investment contract, Jifa Logistics has the obligation to unconditionally repurchase the shares held by the China Development Fund before the capital increase. The Group confirms the long-term payable according to the repurchase obligation.

The long-term payable maturity date is analyzed as follows:

	30 June 2019 (unaudited)	31 December 2018
Expired within 1 year (including 1 year)	7,500,000.00	66,616,470.17
Expired within 2 years (including 2 years)	7,500,000.00	7,500,000.00
Expired within 3 to 5 years (including 3 years and 5 years)	15,000,000.00	15,000,000.00
More than 5 years	17,500,000.00	17,500,000.00
	47,500,000.00	106,616,470.17

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

34. Deferred income

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Government grants	587,760,573.96	-	19,786,284.99	567,974,288.97

2018

	Opening balance	Increase	Decrease	Closing balance
Government grants	570,082,092.47	66,556,438.01	48,877,956.52	587,760,573.96

On 30 June 2019, the liabilities related to government grants were as follows (unaudited):

	Opening balance	Increase	Recognised as other income	Recognised as non-operating income	Closing balance	Related to assets/income
Relocation compensation	392,795,735.45	-	14,781,008.40	-	378,014,727.05	Related to assets
Production safety fund	28,356,096.47	-	635,989.28	-	27,720,107.19	Related to assets
Sea-railway transportation subsidies	14,488,969.11	-	1,095,515.46	-	13,393,453.65	Related to assets
Transport junction passenger station project	109,431,185.76	-	1,706,442.72	-	107,724,743.04	Related to assets
Operation subsidies	8,750,000.00	-	-	-	8,750,000.00	Related to income
Log process project	8,300,000.00	-	-	-	8,300,000.00	Related to assets
Energy conservation and emission reduction special fund	9,629,891.96	-	562,046.39	-	9,067,845.57	Related to assets
Vessel acquisition subsidies	1,307,445.96	-	388,108.80	-	919,337.16	Related to assets
Equipment reconstruction subsidies	9,991,519.15	-	272,355.58	-	9,719,163.57	Related to assets
Others	4,709,730.10	-	344,818.36	-	4,364,911.74	Related to assets
	587,760,573.96	-	19,786,284.99	-	567,974,288.97	

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

34. Deferred income (continued)

As at 31 December 2018, the liabilities related to government grants were as follows:

	Opening balance	Increase in this year	Amount recognised in other income	Amount recognised in non-operating income	Closing balance	Related to assets/income
Relocation compensation	423,631,966.51	–	30,836,231.06	–	392,795,735.45	Related to assets
Production safety fund	29,527,500.00	98,926.23	1,270,329.76	–	28,356,096.47	Related to assets
Foreign trade and economic development special funds	–	1,000,000.00	1,000,000.00	–	–	Related to income
Sea-railway transportation subsidies	16,680,000.00	–	2,191,030.89	–	14,488,969.11	Related to assets
Transport junction passenger station project	80,000,000.00	30,000,000.00	568,814.24	–	109,431,185.76	Related to assets
Operation subsidies	712,676.19	10,797,800.00	2,760,476.19	–	8,750,000.00	Related to income
Log process project	8,300,000.00	–	–	–	8,300,000.00	Related to assets
Stable position subsidies	–	5,258,711.78	5,258,711.78	–	–	Related to income
Energy conservation and emission reduction special fund	3,827,813.11	9,052,900.00	3,250,821.15	–	9,629,891.96	Related to assets
Vessel acquisition subsidies	2,083,663.52	–	776,217.56	–	1,307,445.96	Related to assets
Equipment reconstruction subsidies	2,049,769.14	8,393,200.00	451,449.99	–	9,991,519.15	Related to assets
Others	3,268,704.00	1,954,900.00	513,621.67	252.23	4,709,730.10	Related to assets
	570,082,092.47	66,556,438.01	48,877,704.29	252.23	587,760,573.96	

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

35. Other non-current liabilities

	30 June 2019 (unaudited)	31 December 2018
All-in charges for cargo handling	105,081,758.00	105,416,797.00
Less: The portion due within one year	11,250,000.00	16,875,000.00
	93,831,758.00	88,541,797.00

On 18 January 2013, the Company entered into a cooperation agreement with Chinatex Grains and Oils (Heilongjiang) Co., Ltd. and 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. The first seven years were the deduction period, and the last three years represent the preferential period. On 1 June 2016, the Company signed a supplementary agreement with Chinatex Grains and Oils (Heilongjiang) Co., Ltd., and the cooperation period was extended for three years, that is, the first year to the seventh year is the interest-bearing deduction period for prepaid full-service logistics package fees. The eighth to tenth years are non-interest-bearing deduction periods, and the eleventh to thirteenth years are preferential periods.

36. Share capital

For the six months ended 30 June 2019 (unaudited)

	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 2019, 722,166,000 shares of foreign shares listed overseas were held by PDA Group through HKSCC Nominees Limited (31 December 2018: 722,166,000 shares).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

37. Capital reserve

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Share premium	2,910,765,975.69	-	-	2,910,765,975.69
Others(Note)	24,427,530.63	2,095,026.17	-	26,522,556.80
	2,935,193,506.32	2,095,026.17	-	2,937,288,532.49

2018

	Opening balance	Increase	Decrease	Closing balance
Share premium	2,910,765,975.69	-	-	2,910,765,975.69
Others(Note)	17,838,739.68	38,824,716.45	32,235,925.50	24,427,530.63
	2,928,604,715.37	38,824,716.45	32,235,925.50	2,935,193,506.32

Note: The Group's joint ventures and associates appropriated special reserves during the current period, which resulted in an increase in the capital reserve of RMB2,095,026.17(2018: RMB1,353,813.30).

38. Other comprehensive income

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

	1 January 2019	Increase or decrease	30 June 2019 (unaudited)
Changes in fair value of investments in other equity instruments (Note)	(32,850,282.56)	70,455,363.59	37,605,081.03
Differences on translation of foreign currency financial statements	38,774,283.33	(190,772.11)	38,583,511.22
	5,924,000.77	70,264,591.48	76,188,592.25

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

38. Other comprehensive income (continued)

	1 January 2018	increase or decrease	31 December 2018
Changes in fair value of investments in other equity instruments	(22,440,514.85)	(10,409,767.71)	(32,850,282.56)
Differences on translation of foreign currency financial statements	29,238,550.42	9,535,732.91	38,774,283.33
	6,798,035.57	(874,034.80)	5,924,000.77

Note: Due to the repurchase and delisting of shares of Sinotrans Shipping Limited in January 2019, the Group disposed of the investment in other equity instruments accordingly and transferred other comprehensive income of RMB-41,215,576.63 into retained earnings.

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

For the six months ended 30 June 2019 (unaudited)

	Amount Incurred before tax	Less: Previously included in OCI but transferred to profit or loss for the current period	Less: Previously included in OCI but transferred to retained earnings for the current period	Less: Income tax	Attributable to the parent	Attributable to minority interests
Changes in fair value of other equity instruments investment	38,349,327.79	-	-	(9,587,331.95)	29,239,786.96	(477,791.12)
Differences on translation of foreign currency financial statements	(190,772.11)	-	-	-	(190,772.11)	-
	38,158,555.68	-	-	(9,587,331.95)	29,049,014.85	(477,791.12)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

38. Other comprehensive income (continued)

For the six months ended 30 June 2018 (unaudited)

	Amount Incurred before tax	Less: Previously included in OCI but transferred to profit or loss for the current period	Less: Previously included in OCI but transferred to retained earnings for the current period	Less: Income tax	Attributable to the parent	Attributable to minority interests
Changes in fair value of other equity instruments investment	(2,995,803.67)	-	-	-	(2,995,803.67)	589,528.47
Differences on translation of foreign currency financial statements	378,956.85	-	-	-	378,956.85	-
	(2,616,846.82)	-	-	-	(2,616,846.82)	589,528.47

39. Special reserves

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Safety production expenses	32,179,588.47	19,193,181.23	9,130,422.56	42,242,347.14
2018				
	Opening balance	Increase	Decrease	Closing balance
Safety production expenses	32,603,491.61	33,545,882.09	33,969,785.23	32,179,588.47

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

40. Surplus reserve

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	823,024,072.80	-	-	823,024,072.80
Reserve fund	353,065.88	-	-	353,065.88
Discretionary surplus reserve	620,468.49	-	-	620,468.49
	823,997,607.17	-	-	823,997,607.17

2018

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	757,741,900.17	65,282,172.63	-	823,024,072.80
Reserve fund	353,065.88	-	-	353,065.88
Discretionary surplus reserve	620,468.49	-	-	620,468.49
	758,715,434.54	65,282,172.63	-	823,997,607.17

In accordance with the Company Law of the PRC and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital.

After the Company withdraws the statutory surplus reserve, it can withdraw the discretionary surplus reserve. The discretionary surplus reserve can be used to make up for previous loss or increase the share capital after approval from the appropriate authorities.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

41. Undistributed profits

	30 June 2019 (unaudited)	2018
Undistributed profit at the end of the previous year before adjustment	1,584,535,562.22	1,416,071,539.76
Changes in accounting policies (Note III. 34)	(7,703,297.95)	12,944,295.94
Undistributed profit at the beginning of the period/year after adjustment	1,576,832,264.27	1,429,015,835.70
Net profit attributable to shareholders of the parent	288,235,814.81	523,315,600.09
Less: Appropriation to statutory surplus reserve	–	65,282,172.63
Ordinary share cash dividends Payable (Note)	244,996,183.98	296,574,327.98
Appropriation to employees' bonus and welfare fund in subsidiaries	86,643.57	5,939,372.96
Other comprehensive income transferred to retained earnings (Note V. 11)	41,215,576.63	–
Undistributed profits at the end of the period/year	1,578,769,674.90	1,584,535,562.22

Note: According to the resolution of the board of directors held on 26 March 2019, the profit distribution for 2018 is calculated based on the number of ordinary shares outstanding 12,894,535,999 shares, and a cash dividend of RMB0.19 (including tax) is distributed to all shareholders for every 10 shares. Cash dividends of RMB244,996,183.98 were distributed. The above dividend distribution plan has been approved by the shareholders meeting held on 27 June 2019.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

42. Revenue and cost of sales

	For the six months ended 30 June 2019 (unaudited)		For the six months ended 30 June 2018 (unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	3,097,014,669.66	2,220,910,687.11	3,516,038,358.59	2,763,791,664.89
Other operations	124,950,358.49	119,541,386.81	135,150,328.22	119,770,500.83
	3,221,965,028.15	2,340,452,073.92	3,651,188,686.81	2,883,562,165.72

Revenue of sales is as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Revenue from commodity trading	180,903,223.14	836,642,920.97
Revenue from port handling services	1,973,881,323.39	1,700,525,208.79
Revenue from agency services	354,722,288.74	375,113,925.31
Revenue from logistics services	398,090,509.76	326,316,874.60
Revenue from leasing services	63,601,720.11	71,647,334.13
Revenue from port management services	50,524,917.76	116,935,211.09
Revenue from project construction and supervision services	29,614,508.93	27,555,334.44
Revenue from electric supply services	25,976,768.96	33,567,840.55
Revenue from information services	17,318,973.22	28,873,112.54
Revenue from tallying services	28,935,553.46	31,880,758.94
Revenue from sales of products	14,976,617.72	17,819,370.39
Other	83,418,622.96	84,310,795.06
	3,221,965,028.15	3,651,188,686.81

Revenue from leasing services is as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Operating leases	63,601,720.11	71,647,334.13

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

42. Revenue and cost of sales (continued)

Breakdown of revenue from contracts with customers

For the six months ended 30 June 2019 (unaudited)

Reporting segment	Commodity	Labour services or services	Others	Total
Principal business segment				
Container terminal and related logistics services and trading business	69,216,214.06	1,201,399,869.00	59,815,406.42	1,330,431,489.48
Oil/liquefied chemicals terminal and related logistics services and trading business	111,068,437.53	742,093,407.00	15,828,454.54	868,990,299.07
Bulk and general cargo terminal and logistics services	947,007.20	414,667,381.08	9,900,064.82	425,514,453.10
Grains terminal and related logistics services and trading business	13,286,000.00	48,449,074.88	7,226,981.17	68,962,056.05
Passenger and roll-on, roll-off terminal and related logistics services	231,925.10	79,306,785.29	3,919,710.23	83,458,420.62
Port value-added and ancillary services	25,296,681.09	348,126,566.26	28,831,389.68	402,254,637.03
Automobile terminal and related logistics services and trading business	1,810,344.84	3,585,347.92	685,529.39	6,081,222.15
Others	-	15,459,643.83	20,812,806.82	36,272,450.65
	221,856,609.82	2,853,088,075.26	147,020,343.07	3,221,965,028.15

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

42. Revenue and cost of sales (continued)

For the six months ended 30 June 2019 (unaudited) (continued)

Reporting segment	Commodity	Labour services or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	14,976,617.72	-	-	14,976,617.72
Revenue from electric supply services	25,976,768.96	-	-	25,976,768.96
Revenue from commodity trading	180,903,223.14	-	-	180,903,223.14
Recognised over a certain period				
Revenue from agency services	-	354,722,288.74	-	354,722,288.74
Revenue from project construction and inspection services	-	29,614,508.93	-	29,614,508.93
Revenue from logistics services	-	398,090,509.76	-	398,090,509.76
Revenue from port handling services	-	1,973,881,323.39	-	1,973,881,323.39
Revenue from port management services	-	50,524,917.76	-	50,524,917.76
Revenue from tallying services	-	28,935,553.46	-	28,935,553.46
Revenue from information services	-	17,318,973.22	-	17,318,973.22
Revenue from others	-	-	83,418,622.96	83,418,622.96
Others				
Revenue from leasing services	-	-	63,601,720.11	63,601,720.11
	221,856,609.82	2,853,088,075.26	147,020,343.07	3,221,965,028.15

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

42. Revenue and cost of sales (continued)

Breakdown of revenue from contracts with customers (continued)

For the six months ended 30 June 2018 (unaudited)

Reporting segment	Commodity	Labour services or services	Others	Total
Principal business segment				
Container terminal and related logistics services and trading business	445,076,704.32	1,213,053,389.93	48,087,178.81	1,706,217,273.06
Oil/liquefied chemicals terminal and related logistics services and trading business	77,890,604.47	410,202,400.78	91,709,842.93	579,802,848.18
Bulk and general cargo terminal and logistics services	318,144.07	435,929,071.19	94,742.02	436,341,957.28
Grain terminal and related logistics and trading business	100,071,610.38	63,308,991.35	9,430,076.99	172,810,678.72
Passenger and roll-on/roll-off terminal and logistics services	419,992.25	70,869,562.74	4,299,276.78	75,588,831.77
Port value-added services and ancillary port operations	32,551,651.73	373,418,880.93	1,434,782.70	407,405,315.36
Automobile terminal and related logistics services and trading business	231,701,424.69	–	–	231,701,424.69
Others	–	40,418,128.79	902,228.96	41,320,357.75
	888,030,131.91	2,607,200,425.71	155,958,129.19	3,651,188,686.81

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

42. Revenue and cost of sales (continued)

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

Reporting segment	Commodity	Labour services or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	17,819,370.39	–	–	17,819,370.39
Revenue from electric supply services	33,567,840.55	–	–	33,567,840.55
Revenue from commodity trading	836,642,920.97	–	–	836,642,920.97
Recognised over a certain period				
Revenue from agency services	–	375,113,925.31	–	375,113,925.31
Revenue from project construction and inspection services	–	27,555,334.44	–	27,555,334.44
Revenue from logistics services	–	326,316,874.60	–	326,316,874.60
Revenue from port handling services	–	1,700,525,208.79	–	1,700,525,208.79
Revenue from port management services	–	116,935,211.09	–	116,935,211.09
Revenue from tallying services	–	31,880,758.94	–	31,880,758.94
Revenue from information services	–	28,873,112.54	–	28,873,112.54
Revenue from others	–	–	84,310,795.06	84,310,795.06
Others				
Revenue from leasing services	–	–	71,647,334.13	71,647,334.13
	888,030,131.91	2,607,200,425.71	155,958,129.19	3,651,188,686.81

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

43. Taxes and surcharges

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Land use tax	10,101,144.50	8,379,180.70
Property tax	8,092,550.21	6,863,786.10
City maintenance and construction tax	3,633,885.65	3,746,890.30
Educational surcharge	2,595,185.55	2,677,049.38
Stamp duty	1,493,797.29	1,366,593.00
Environmental protection tax	1,546,758.61	1,709,438.79
Vehicle and vessel use tax	156,532.48	155,143.60
	27,619,854.29	24,898,081.87

44. General and administrative expenses

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Payroll	241,772,431.77	235,445,529.84
Labour cost	9,557,502.71	9,436,354.07
Commuting cost	3,597,427.44	4,047,403.52
Depreciation and amortisation	24,931,504.27	24,268,574.11
Business entertainment expenses	4,964,740.48	6,408,515.64
Office charges	2,126,182.90	3,574,676.58
Rental expenses	3,859,568.14	11,576,575.11
Property insurance expenses	4,032,218.02	4,897,397.97
Water, power and other energy consumption cost	4,042,901.36	3,737,768.69
Others	25,862,717.40	28,455,155.08
	324,747,194.49	331,847,950.61

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

45. Research and development expenses

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Payroll	6,368,868.91	4,633,127.69
Depreciation and amortisation	698,012.05	797,670.18
	7,066,880.96	5,430,797.87

46. Financial expenses

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Interest costs	368,388,194.35	317,884,422.43
Including: interest expense of lease liabilities	87,273,120.19	–
Less: Capitalised interest	(23,716,376.89)	(23,084,564.16)
Interest income	(43,549,350.83)	(66,904,778.20)
Foreign exchange (gains)/losses	(13,682,837.99)	(52,700,029.85)
Others	608,563.38	2,195,399.93
	288,048,192.02	177,390,450.15

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

The breakdown of interest income is as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Cash at bank and on hand	43,549,350.83	66,904,778.20

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

47. Other income

Government subsidies related to daily activities are as follows:

	For the six months ended 30 June 2019	For the six months ended 30 June 2018	Related to assets/income
Relocation compensation	14,781,008.40	15,418,115.52	Related to assets
Vessel acquisition subsidies	388,108.80	388,108.78	Related to assets
Energy conservation and emission reduction special fund	562,046.39	882,586.40	Related to assets
Equipment reconstruction subsidies	272,355.58	66,316.39	Related to assets
Sea-railway transportation subsidies	1,095,515.46	–	Related to assets
Transport junction passenger station project	1,706,442.72	–	Related to assets
Others related to assets	980,807.64	373,804.72	Related to assets
Operation subsidies	3,368,475.28	1,510,476.19	Related to income
Stable position subsidies	–	350,682.19	Related to income
Refund of commission for paying individual income tax	3,823,275.68	–	Related to income
Input tax plus deduction	3,395,742.84	–	Related to income
Others related to income	3,932,542.70	147,432.38	Related to income
	34,306,321.49	19,137,522.57	

48. Investment income

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Income from long-term equity investments under equity method	158,233,958.30	86,125,589.44
Income from disposal of long-term equity investments	295.00	–
Income earned during the holding period of financial assets held for trading	95,158.00	81,800.00
Dividend income from other investments on hand in equity instruments	290,000.00	530,879.35
Investment income from disposal of financial assets held for trading	25,826,548.42	4,266,726.69
	184,445,959.72	91,004,995.48

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

49. Gains on changes in fair value

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Financial assets at fair value through profit or loss		
Including: Investments in equity instruments held for trading	1,825,840.00	933,860.00
Other financial liabilities	-	4,837,128.00
	1,825,840.00	5,770,988.00

50. Credit impairment losses

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Losses on bad debts of accounts receivable	10,790,107.76	7,771,217.78
Losses on bad debts of other receivables	2,383,381.86	4,451,568.66
Impairment losses on contract assets	(12,387,400.00)	-
	786,089.62	12,222,786.44

51. Losses on disposal of assets

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Losses on disposal of fixed assets	-	82,305.49
Losses on disposal of intangible assets	946,305.78	-
	946,305.78	82,305.49

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

52. Non-operating income

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)	Amount recognised as non-recurring profit or loss of the six months ended 30 June 2019 (Unaudited)
Government subsidies unrelated to daily activities	–	288,000.00	–
Late fee income	23,180.00	5,785,788.00	23,180.00
Others	2,548,385.12	2,799,467.08	2,548,385.12
	2,571,565.12	8,873,255.08	2,571,565.12

53. Non-operating expenses

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)	Amount recognised as non-recurring profit or loss of the six months ended 30 June 2019 (Unaudited)
Losses on scrapping of fixed assets	31,236.73	716,647.11	31,236.73
Others	273,442.56	1,679,472.64	273,442.56
	304,679.29	2,396,119.75	304,679.29

54. Income tax expenses

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Current income tax	112,385,603.12	90,730,382.72
Deferred income tax	(11,161,383.85)	(1,499,740.56)
	101,224,219.27	89,230,642.16

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

54. Income tax expenses (continued)

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

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Total profit	454,982,863.87	337,654,210.24
Income tax expense at the statutory rate	113,745,715.97	84,413,552.56
Effect of different tax rates applicable to subsidiaries	542,385.58	1,504,566.08
Adjustments for current income tax of prior periods	327,408.22	(7,405,485.98)
Income not subject to tax	(39,558,563.33)	(25,385,926.24)
Expenses not deductible for tax purposes	1,877,015.94	581,868.35
Utilisation of deductible losses in previous years	(70,025.64)	(408,729.76)
Effect of unrecognised deductible temporary difference and deductible losses	24,360,282.53	35,930,797.15
Income tax expenses	101,224,219.27	89,230,642.16

55. 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 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Cost of goods sold	180,601,278.58	821,019,911.80
Payroll	832,642,800.34	796,005,302.50
Depreciation and amortisation	547,806,659.29	509,037,489.74
Agency cost	298,299,033.22	293,063,293.02
Leasing and warehousing expenses	76,986,834.29	162,793,893.86
Fuel costs	105,519,311.87	125,466,954.32
Outsourcing operation expenses	158,825,695.00	110,882,234.80
Electricity expenses	57,333,392.58	59,076,039.86
Maintenance charges	52,505,175.57	39,943,082.96
Materials expenses	31,038,779.46	37,753,756.59
Others	330,867,769.41	266,289,534.55
	2,672,426,729.61	3,221,331,494.00

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

56. Earnings per share

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

The calculation of the basic earnings per share is as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the parent (continuing operation)	288,235,814.81	176,180,847.60
Shares		
Weighted average number of ordinary shares in issue	12,894,535,999.00	12,894,535,999.00
Basic earnings per share	0.02	0.01

For the six months ended 30 June 2019 and 2018, there were no dilutive potential ordinary shares in issue.

57. Notes to the statement of cash flows

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Cash received relating to other operating activities		
Bank interest income received	52,947,997.49	87,759,539.74
Government grants received	3,368,475.28	4,726,459.36
Others	18,288,334.58	9,095,097.76
	74,604,807.35	101,581,096.86

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

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

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Cash paid relating to other operating activities		
Rental expenses	50,803,682.31	11,576,575.11
Insurance expenses	4,032,218.02	4,897,397.97
Intermediary fees	2,117,123.86	7,041,316.49
Travelling expenses	1,754,670.11	2,360,007.68
General office expenses	2,126,182.90	3,574,676.58
Repair expenses	552,327.36	2,595,695.47
Commuting expenses	3,597,427.44	4,047,403.52
Fuel expenses	84,777.60	1,692,079.67
Utility fees	4,042,901.36	3,737,768.69
Communication expenses	292,843.72	175,539.24
Others	9,972,252.81	33,968,099.83
	79,376,407.49	75,666,560.25
Cash received relating to other investing activities		
Receipt of fixed bank deposits of over six months	145,000,000.00	558,547,719.21
Cash received from restricted cash with financial institutions	2,084,866.62	32,633,759.71
Asset-related government grants received	-	20,000,000.00
	147,084,866.62	611,181,478.92
Cash paid relating to other investing activities		
Fixed bank deposits of over six months	160,000,000.00	373,000,000.00
Restricted cash with financial institutions	2,123,000.00	15,651,981.52
	162,123,000.00	388,651,981.52
Cash paid relating to other financing activities		
Bonds issuance expense paid	-	367,511.50
Rent paid	73,013,712.80	1,951,875.02
Bank commission charges paid	-	881,287.81
	73,013,712.80	3,200,674.33

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

58. 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 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Net profit	353,758,644.60	248,423,568.08
Add: Credit impairment loss	786,089.62	12,222,786.44
Depreciation of fixed assets	438,999,778.44	442,970,828.32
Depreciation of investment properties	3,650,779.60	10,069,456.38
Depreciation of right-of-use assets	62,203,372.51	–
Amortisation of intangible assets	34,971,731.76	36,752,101.80
Amortisation of long-term prepaid expenses	7,980,996.98	19,245,103.26
Net loss on disposal of fixed assets and intangible assets	946,305.78	82,305.49
Loss on retirement of fixed assets	31,236.73	716,647.11
Financial expenses	329,257,324.24	242,981,116.23
Investment income	(184,445,959.72)	(91,004,995.48)
Gains on changes in fair value	(1,825,840.00)	(5,770,988.00)
(Increase)/decrease in deferred tax assets	(1,448,095.75)	4,161,427.70
Decrease in deferred tax liabilities	(2,650,448.02)	(5,661,168.26)
Amortization of deferred income	(19,786,284.99)	(18,444,381.91)
Decrease in inventories	29,924,402.41	406,901,265.62
Increase in special reserve	13,376,159.96	10,755,328.31
Increase in operating receivables	(477,416,613.83)	(110,303,638.32)
Decrease in operating payables	(90,070,623.60)	(439,894,225.54)
Net cash flows from operating activities	498,242,956.72	764,202,537.23

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

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

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

Net changes in cash and cash equivalents:

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Cash and cash equivalents at the end of the period	3,552,339,363.75	5,919,526,700.69
Less: Cash and cash equivalents at the beginning of the period	(5,554,545,244.33)	(6,925,797,974.59)
Net decrease in cash and cash equivalents	(2,002,205,880.58)	(1,006,271,273.90)

(2) Information of disposal of a subsidiary

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Consideration for disposal of a subsidiary	-	-
Cash and cash equivalents received for disposal of a subsidiary	-	-
Less: Cash and cash equivalents held for disposal of a subsidiary	-	42,203,857.88
Net cash paid for disposal of a subsidiary	-	(42,203,857.88)

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

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

(3) Cash and cash equivalents

	30 June 2019 (unaudited)	30 June 2018 (unaudited)
Cash		
Including: Cash on hand	60,476.64	70,549.37
Bank deposits that can be readily drawn on demand	3,552,130,607.69	5,916,572,209.05
Other cash balances that can be readily drawn on demand	148,279.42	2,883,942.27
Balance of cash and cash equivalents at the end of the period	3,552,339,363.75	5,919,526,700.69

(4) Cash flows related to lease

	For the six months ended 30 June 2019 (unaudited)
Cash inflows related to lease	57,423,837.12
Cash outflows related to lease	123,817,395.10

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

59. Assets restricted by ownership or use right

	30 June 2019 (unaudited)	31 December 2018	
Cash at bank and on hand	3,278,759.40	3,240,626.02	Letters of credit and guarantee (Note 1)
Fixed assets	440,245,630.29	547,131,677.27	Long-term borrowings collateral (Note 2)
Intangible assets	-	14,518,901.29	Long-term borrowings collateral (Note 2)
Total	443,524,389.69	564,891,204.58	

Note 1: As at 30 June 2019, a bank deposit of RMB22,759.40 (31 December 2018: RMB22,759.40) was pledged as collateral for the Group's project payment guarantee of RMB227,594.00 (31 December 2018: RMB227,594.00).

As at 30 June 2019, other cash balances of RMB1,256,000.00 (31 December 2018: RMB1,217,866.62) were pledged as the Group's project performance guarantee.

As at 30 June 2019, other cash balances of RMB2,000,000.00 (31 December 2018: RMB2,000,000.00) were pledged as the guarantee for purchase of electricity.

Note 2: As at 31 December 2018, fixed assets with carrying amount of RMB367,327,204.76 were pledged as collateral for long-term borrowings of RMB487,340,927.22 which had been repaid in April 2019. As of 30 June 2019, the release of assets related to the above pledged fixed assets (carrying amount: RMB351,487,569.80) had not been completed.

As at 30 June 2019, fixed assets with carrying amount of RMB88,758,060.49 (31 December 2018: RMB90,645,473.11) were pledged as collateral for long-term borrowings of RMB54,000,000.00.

As at 31 December 2017, fixed assets with carrying amount of RMB91,589,154.99 and intangible assets with carrying amount of RMB14,871,587.05 were pledged as collateral for long-term borrowings of RMB7,010,023.77 which had been repaid in 2018. As of 31 December 2018, the release of assets related to the above pledged fixed assets (carrying amount: RMB89,158,999.35) and intangible assets (carrying amount: RMB14,518,901.29) had not been completed. As of 30 June 2019, the release of assets related to the above fixed assets (carrying amount: RMB89,158,999.35) and intangible assets (carrying amount: RMB14,518,901.29) had been completed.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

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

60. Monetary items denominated in foreign currencies

	30 June 2019 (unaudited)			31 December 2018		
	Original currency	Exchange rate	Translated RMB	Original currency	Exchange rate	Translated RMB
Cash at bank and on hand						
USD	53,232,122.77	6.8747	365,954,874.41	306,542,108.05	6.8632	2,103,859,795.97
JPY	14,096,787.46	0.0638	899,375.04	15,188,384.00	0.0619	940,160.97
HKD	1,466,503.84	0.8797	1,290,083.43	12,593,321.34	0.8762	11,034,268.16
Accounts receivable						
USD	3,720,364.40	6.8747	25,576,389.14	2,086,498.95	6.8632	14,320,059.59
JPY	55,798,044.51	0.0638	3,559,915.24	87,215,188.70	0.0619	5,398,620.18
KRW	-	-	-	30,338,136.00	0.0061	185,062.63
Other receivables						
USD	82,704.89	6.8747	568,571.31	495,704.50	6.8632	3,402,119.12
Accounts payable						
USD	3,646,682.63	6.8747	25,069,849.08	5,400,169.71	6.8632	37,062,444.75
Other payables						
USD	2,095.00	6.8747	14,402.50	6,795.00	6.8632	46,635.44
HKD	5,927.86	0.8797	5,214.74	6,449.30	0.8762	5,650.88
Investments in other equity instruments						
HKD	-	-	-	25,649,150.00	0.8762	22,473,785.23
Other non-current liabilities due within one year						
USD	-	-	-	8,549,124.50	6.8632	58,674,351.27

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities

1. Interests in subsidiaries

Subsidiaries of the Company are as follows:

	Major Business location	Place of registration	Nature of business	Registered capital	Percentage of shareholding	
					RMB' 0000	Direct (%)
Subsidiaries acquired from PDA Group 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	Logistics services	USD1,440,000	–	55
Dalian Jifa International Freight Co., Ltd.	Dalian	Dalian	Logistics services	500	–	100
Dalian Jifa Port Engineering Co., Ltd.	Dalian	Dalian	Technology services	1,200	–	100
Dalian Jifa Shipping Management Co., Ltd.	Dalian	Dalian	Management services	41,500	100	–
Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd.	Dalian	Dalian	Wholesale & agency	1,000	60	–
Subsidiaries acquired through establishment or investment						
Dalian Dilangsirui Caravan Co., Ltd.	Dalian	Dalian	Manufacturing sector	10,000	51	–
Dalian Ganghong International Trade Co., Ltd. (Note 2)	Dalian	Dalian	Trading sector	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 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	Logistics services	500	–	100
Dalian Port Grain and Oil Trading Co., Ltd.	Dalian	Dalian	Trading sector	2,500	100	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

1. Interests in subsidiaries (continued)

Subsidiaries of the Company are as follows: (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 Steel Logistics Park Co., Ltd.	Dalian	Dalian	Trading sector	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	–
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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

1. Interests in subsidiaries (continued)

Subsidiaries of the Company are as follows: (continued)

	Major Business location	Place of registration	Nature of business	Registered capital RMB' 0000	Percentage of shareholding	
					Direct (%)	Indirect (%)
Subsidiaries acquired through business combinations involving enterprises under common control						
Dalian Ocean Shipping Tally Co., Ltd.	Dalian	Dalian	Tallying	630.14	84	–
Dalian Portsoft Technology Co., Ltd. (Note 2, 3)	Dalian	Dalian	Computer system service	1,000	49	–
Dalian Portsoft Network Co., Ltd.	Dalian	Dalian	Computer system service	1,000	–	100
Dalian Port Construction Supervision & Consultation Co., Ltd.	Dalian	Dalian	Supervision service	1,000	75	–
Dalian Port Telecommunications Engineering Co., Ltd.	Dalian	Dalian	Telecommunication services	1,000	45	20
Dalian Golden Bay Grain Logistics Co., Ltd. (Note 5)	Dalian	Dalian	Logistics	9,733	37.5	–
Dalian Port Group Zhuanghe Terminal Co., Ltd.	Dalian	Dalian	Port industry	10,000	60	–
Dalian Port Power Supply Co., Ltd.	Dalian	Dalian	Engineering service	11,000	100	–
Dalian Changxing Island Economic Zone Wanpeng Port Construction Supervision & Consultation Co., Ltd.	Dalian	Dalian	Supervision service	10	–	100
Dalian Port Haiheng Ship Management Co., Ltd.	Dalian	Dalian	Service industry	500	100	–
Subsidiaries acquired through business combination not under common control						
Dalian Container Port Logistics Co., Ltd.	Dalian	Dalian	Logistics	15,538.70	–	100
Dalian Harbour Logistics Network Co., Ltd.	Dalian	Dalian	Information services	3,200	–	79.03
Dalian Jiyi Logistics Co., Ltd.	Dalian	Dalian	Freight services	10,000	–	100
Dalian Port LvshunHarbour Service Co., Ltd.	Lvshun	Lvshun	Port industry	35,000	60	–
Liaoning Con-Rail International Logistics Co., Ltd.	Shenyang	Shenyang	Logistics	1,600	–	100

Notes to the Financial Statements (continued)

*For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)*

VI. Interests in other entities (continued)

1. Interests in subsidiaries (continued)

Subsidiaries of the Company are as follows: (continued)

Note 1: Shareholding percentage in subsidiaries is different from voting right percentage. Based on the joint venture contract with other shareholders, other shareholders will align with the decision made by the Company in respect of significant operating matters. The Company, in fact, has effective control over the subsidiary.

Note 2: Shareholding percentage is different from voting right percentage. Shareholding percentage is determined based on the share of contribution as stated in the investment agreement, while voting right percentage is determined based on the voting manner of the highest decision-making organization in accordance with the articles of associations of the investee. As a result, there is inconsistency.

Note 3: The Company has the ultimate effective control over the subsidiary, as it has the majority voting rights in the board of shareholders.

Note 4: Based on the concerted action agreement signed with some of the other shareholders, the decision made by such shareholders align with that of the subsidiary Dalian Port Container Development Co., Ltd., The Company, in fact, has the ultimate control over the subsidiary.

Note 5: Based on the concerted action agreement signed with some of the other shareholders, the decision made by such shareholders aligns with that of the Company. The Company, in fact, has control over the subsidiary.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

1. Interests in subsidiaries (continued)

Subsidiaries with significant minority interests are as follows:

30 June 2019 (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%	76,378,799.96	-	2,014,871,360.88
Dalian Haijia Automobile Terminal Co., Ltd.	50.00%	(2,701,227.73)	-	217,559,127.22
Dalian Port Lvshun Harbour Service Co., Ltd.	40.00%	1,013,866.15	-	137,577,993.16
Dalian Golden Bay Grain Logistics Co., Ltd.	62.50%	(917,400.74)	-	120,814,562.35

31 December 2018

	Shareholding of minority shareholders	Profit or loss attributable to minority shareholders	Dividends paid to minority shareholders	Accumulative minority interests at the end of the year
Dalian Container Terminal Co., Ltd.	51.85%	158,219,219.01	(151,258,410.22)	1,935,163,769.30
Dalian Haijia Automobile Terminal Co., Ltd.	50.00%	(1,001,648.49)	-	220,260,431.33
Dalian Port Lvshun Harbour Service Co., Ltd.	40.00%	2,242,625.91	-	136,654,337.60
Dalian Golden Bay Grain Logistics Co., Ltd.	62.50%	(2,162,492.97)	-	121,731,963.09

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

1. Interests in subsidiaries (continued)

Subsidiaries with significant minority interests are as follows: (continued)

	Dalian Container Terminal Co., Ltd.	Dalian Haijia Automobile Terminal Co., Ltd.	Dalian Lvshun Harbour Services Co.,Ltd.	Dalian Golden Bay Grain Logistics Co.,Ltd.
30 June 2019 (unaudited)				
Current assets	512,196,595.59	85,535,330.80	22,817,637.73	148,898,675.02
Non-current assets	5,544,074,877.22	382,442,131.32	329,730,761.18	44,557,644.53
Total assets	6,056,271,472.81	467,977,462.12	352,548,398.91	193,456,319.55
Current liabilities	552,957,450.64	32,859,207.69	8,603,416.01	153,019.79
Non-current liabilities	1,617,351,898.96	-	-	-
Total liabilities	2,170,309,349.60	32,859,207.69	8,603,416.01	153,019.79
For the six months ended 30 June 2019 (unaudited)				
Operating income	674,862,498.47	2,766,182.01	31,910,607.76	1,199,063.22
Net profit/(loss)	147,307,232.32	(5,402,455.45)	2,534,665.37	(1,467,841.18)
Total comprehensive income	147,307,232.32	(5,402,455.45)	2,534,665.37	(1,467,841.18)
Net cash flows from operating activities	307,647,395.45	(1,656,772.46)	(11,254,499.80)	1,031,476.97

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

1. Interests in subsidiaries (continued)

Subsidiaries with significant minority interests are as follows: (continued)

	Dalian Container Terminal Co., Ltd.	Dalian Haijia Automobile Terminal Co., Ltd.	Dalian Lvshun Harbour Services Co.,Ltd.	Dalian Golden Bay Grain Logistics Co.,Ltd.
31 December 2018				
Current assets	613,719,303.01	112,623,977.52	41,847,040.46	149,611,640.33
Non-current assets	5,654,780,931.63	369,990,534.98	339,131,609.65	46,510,657.78
Total assets	6,268,500,234.64	482,614,512.50	380,978,650.11	196,122,298.11
Current liabilities	1,084,879,064.68	34,616,741.58	36,731,665.63	1,351,157.17
Non-current liabilities	1,451,386,320.77	7,476,908.26	2,611,140.49	–
Total liabilities	2,536,265,385.45	42,093,649.84	39,342,806.12	1,351,157.17
For the six months ended 30 June 2018 (unaudited)				
Operating income	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	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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. 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 ventures							
Dalian Port Tongli Shipping Agency Co., Ltd	Dalian	Dalian	Domestic freight and shipping agency	60	50	-	Equity method
Dalian Harbour ECL Logistics Co., Ltd	Dalian	Dalian	Warehousing, port loading and discharging	USD9,000,000	50	-	Equity method
Odfjell Terminals (Dalian) Co., Ltd.	Dalian	Dalian	Construction and operation of storage tank harbor	USD28,000,000	50	-	Equity method
Dalian Port PetroChina International Terminal Co., Ltd.	Dalian	Dalian	Oil product harbor, loading and discharging, advisory services	25,000	50	-	Equity method
Dalian United International Shipping Agency Co., Ltd.	Dalian	Dalian	Shipping agency, shipment technical advisory services	500	-	50	Equity method
Dalian Vanguard International Logistics Co., Ltd.	Dalian	Dalian	Storage of international containers	7,400	-	50	Equity method
Dalian Port Yidu Cold Chain Co., Ltd. (Note 1)	Dalian	Dalian	Agency of trade warehousing and freight	52,100	-	46.6	Equity method
China United Tally (Dalian) Co., Ltd.	Dalian	Dalian	Ship tally	280	50	-	Equity method
China Oil Dock Management (Dalian) Co., Ltd.	Dalian	Dalian	Oil product dock services	1,000	49	-	Equity method
Liaoning Electronic Port Co., Ltd.	Dalian	Dalian	Computer system services and data processing services	1,200	-	50	Equity method
Dalian Dagang China Shipping Container Terminal Co., Ltd. (Note 2)	Dalian	Dalian	Container dock services	1,000	-	57	Equity method
Dalian Jilong Logistics Co., Ltd.	Dalian	Dalian	Logistics storage	7,000	-	30	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 dock and harbor warehousing facilities	5,000	40	-	Equity method
Dalian Changxing Island Port Investment and Development Co., Ltd.	Dalian	Dalian	Port services	62,000	40	-	Equity method
Dalian Port Bulk Cargo Logistics Center 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 and Development Co., Ltd.	Dalian	Dalian	Development and construction of dock facilities	95,000	46.58	-	Equity method
China Shipping Gang Lian Co., Ltd.	Dalian	Dalian	Shipping services for Hong Kong	30,000	30	-	Equity method
Dalian New Silk Road International Logistics Co., Ltd.	Dalian	Dalian	Domestic and international freight forwarding service	1,000	-	40	Equity method

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. 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	
Joint ventures (continued)							
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	Dalian	Dalian	Import and export of goods & 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 2)	Dalian	Dalian	Freight agency	9,800	51	-	Equity method
Weifang Senda Container Service Co., Ltd.	Weifang	Weifang	Discharging and storage	500	-	50	Equity method
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	1,349.5	42.8571	-	Equity method
PetroChina Dalian LNG Co., Ltd.	Dalian	Dalian	LNG related services	260,000	20	-	Equity method
Dalian North Oil Petroleum Logistics Co., Ltd.	Dalian	Dalian	Development and construction of storage tank of petroleum and petroleum products	30,000	20	-	Equity method
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Dalian	Dalian	Engineering testing	500	-	40	Equity method
Dalian Port Corporation Financial 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 Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	Dalian	Dalian	Domestic and international freight agency	2,800	-	20	Equity method
Dalian Automobile Terminal Co., Ltd.	Dalian	Dalian	Domestic and international import and export, discharging and storage services	40,000	-	32	Equity method
Dalian Singamas International Container Co., Ltd.	Dalian	Dalian	Container services	USD13,250,000	-	43.63	Equity method

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

Note 1: Under the investment contract, the shareholder China Development Fund Co., Ltd. obtains fixed income each year, and thus Jifa Logistics recognises the investment income at 50% of the net profit of Dalian Port Yidu Cold Chain Co., Ltd. net of the income of China Development Fund Co., Ltd.

Note 2: 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 and other investors.

The following table shows the financial information of 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 2019 (unaudited)				
	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.
Current assets	427,576,213.09	61,522,269.62	372,580,995.55	7,942,636.94	91,545,034.76
Including: Cash and cash equivalents	180,024,524.46	29,122,954.82	13,302,254.29	2,577.47	73,839,187.07
Non-current assets	4,634,810,048.39	394,431,075.02	570,232,223.62	462,874,858.10	388,492,052.93
Total assets	5,062,386,261.48	455,953,344.64	942,813,219.17	470,817,495.04	480,037,087.69
Current liabilities	284,451,524.01	16,606,341.65	276,468,960.70	26,572,145.52	69,236,129.13
Non-current liabilities	3,825,305,166.69	-	110,980,176.28	-	76,290,766.34
Total liabilities	4,109,756,690.70	16,606,341.65	387,449,136.98	26,572,145.52	145,526,895.47
Minority interests	-	-	-	-	-
Equity attributable to shareholders of the parent	952,629,570.78	439,347,002.99	555,364,082.19	444,245,349.52	334,510,192.22
Share of net assets based on shareholding	443,734,854.07	175,738,801.20	277,682,041.10	222,122,674.76	167,255,096.11
Adjustments	(5,914,025.79)	-	-	-	-
Carrying amount of investment	437,820,828.28	175,738,801.20	277,682,041.10	222,122,674.76	167,255,096.11

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

	31 December 2018				
	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 Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.
Current assets	384,751,120.08	57,851,610.05	356,761,825.99	8,450,733.07	58,388,392.37
Including: Cash and cash equivalents	149,785,982.28	30,269,728.74	4,198,528.55	8,370,484.07	41,978,492.69
Non-current assets	4,667,337,273.37	400,015,618.84	574,074,279.78	471,667,812.03	389,609,553.69
Total assets	5,052,088,393.45	457,867,228.89	930,836,105.77	480,118,545.10	447,997,946.06
Current liabilities	325,885,598.11	13,242,785.67	279,311,434.37	15,777,376.31	40,922,322.52
Non-current liabilities	3,786,464,616.63	–	106,000,000.00	–	78,197,689.62
Total liabilities	4,112,350,214.74	13,242,785.67	385,311,434.37	15,777,376.31	119,120,012.14
Minority interests	–	–	–	–	–
Equity attributable to shareholders of the parent	939,738,178.71	444,624,443.22	545,524,671.40	464,341,168.79	328,877,933.92
Share in net assets based on shareholding percentage	437,730,043.64	177,849,777.29	272,762,335.70	232,170,584.40	164,438,966.96
Adjustments	(5,914,025.79)	–	–	–	–
Carrying value of investment	431,816,017.85	177,849,777.29	272,762,335.70	232,170,584.40	164,438,966.96

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

For the six months ended 30 June 2019 (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 Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.
Revenue	230,331,005.59	23,850,066.63	93,851,979.55	51,714,285.72	64,059,481.27
Income tax expenses	-	-	3,214,736.48	9,867,333.30	9,181,191.92
Net profit	11,999,844.46	(5,277,315.23)	10,370,117.68	29,606,155.72	30,013,659.18
Other comprehensive income	-	-	-	-	-
Total comprehensive income	11,999,844.46	(5,277,315.23)	10,370,117.68	29,606,155.72	30,013,659.18
Dividends received	-	-	-	25,000,000.00	12,500,000.00

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 Port PetroChina International Terminal Co., Ltd.	Odfjell Terminals (Dalian) Co., Ltd.
Revenue	57,666,500.23	27,773,057.25	60,601,978.90	51,714,285.72	61,406,466.55
Income tax expenses	-	-	2,674,913.57	9,373,490.52	8,168,331.13
Net profit	(95,781,672.14)	(1,639,965.14)	8,024,740.69	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	28,120,471.54	26,411,916.70
Dividends received	-	-	-	6,788,307.00	12,500,000.00

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

The following table presents the financial information of the associates material to the Group. The financial policies of these companies are not significantly different from those of the Group. As a result, they are accounted for using equity method.

	30 June 2019 (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.	Dalian Automobile Terminal Co., Ltd.
Current assets	39,916,727.74	5,508,801,532.83	126,826,888.84	8,947,557.14	87,520,429.29
Non-current assets	3,802,969,702.70	1,650,061,152.31	1,767,265,851.87	551,455,338.06	521,607,500.42
Total assets	3,842,886,430.44	7,158,862,685.14	1,894,092,740.71	560,402,895.20	609,127,929.71
Current liabilities	109,323,824.36	4,616,821,725.53	272,557,239.48	25,673,032.57	41,256,010.62
Non-current liabilities	-	-	200,202,714.27	200,000,000.00	35,000,000.00
Total liabilities	109,323,824.36	4,616,821,725.53	472,759,953.75	225,673,032.57	76,256,010.62
Minority interests	-	-	23,437,543.26	-	-
Equity attributable shareholders of the parent	3,733,562,606.08	2,542,040,959.61	1,397,895,243.70	334,729,862.63	532,871,919.09
Share of net assets based on shareholding	746,712,521.22	1,016,816,383.84	244,631,667.65	133,891,945.05	170,519,014.11
Adjustments	-	-	-	(24,680,322.22)	2,453,618.25
Carrying amount of investment	746,712,521.22	1,016,816,383.84	244,631,667.65	109,211,622.83	172,972,632.36

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

	31 December 2018				
	PetroChina Dalian LNG Co., Ltd.	Dalian Port Group Financial Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.
Current assets	775,190,700.33	6,568,176,717.47	143,032,255.69	7,106,319.83	81,081,624.28
Non-current assets	2,759,322,185.75	1,689,622,785.18	1,822,733,165.45	566,673,523.97	528,740,144.29
Total assets	3,534,512,886.08	8,257,799,502.65	1,965,765,421.14	573,779,843.80	609,821,768.57
Current liabilities	135,794,827.99	5,818,055,647.42	142,123,664.76	18,790,266.25	40,559,901.77
Non-current liabilities	-	-	400,000,000.00	209,517,999.15	50,000,012.08
Total liabilities	135,794,827.99	5,818,055,647.42	542,123,664.76	228,308,265.40	90,559,913.85
Minority interests	-	-	23,379,805.79	-	-
Equity attributable shareholders of the parent	3,398,718,058.09	2,439,743,855.23	1,400,261,950.59	345,471,578.40	519,261,854.72
Share in net assets based on shareholding percentage	679,743,611.61	975,897,542.10	245,045,841.35	138,188,631.36	166,163,793.51
Adjustments	-	-	-	(25,051,082.49)	2,453,618.25
Carrying value of investment	679,743,611.61	975,897,542.10	245,045,841.35	113,137,548.87	168,617,411.76

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

	For the six months ended 30 June 2019 (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.	Dalian Automobile Terminal Co., Ltd.
Revenue	647,258,109.84	160,963,697.26	208,186,871.51	21,561,081.88	63,173,832.97
Income tax expenses	112,488,177.59	33,521,534.81	615,367.29	-	6,386,944.68
Net profit/(loss)	332,546,591.21	102,297,104.36	(3,660,776.36)	(9,814,815.10)	18,325,260.47
Other comprehensive income	-	-	-	-	-
Total comprehensive income	332,546,591.21	102,297,104.36	(3,660,776.36)	(9,814,815.10)	18,325,260.47
Dividends received	-	-	-	-	-

	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.	Dalian Automobile Terminal Co., Ltd.
Revenue	536,175,892.74	152,258,564.12	183,394,460.54	17,804,513.58	54,731,222.75
Income tax expenses	86,388,310.96	27,091,188.76	242,448.28	-	4,888,358.79
Net profit/(loss)	259,164,932.86	81,292,959.16	(23,532,555.87)	(13,262,823.51)	14,006,474.18
Other comprehensive income	-	-	-	-	-
Total comprehensive income	259,164,932.86	81,292,959.16	(23,532,555.87)	(13,262,823.51)	14,006,474.18
Dividends received	-	-	-	-	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VI. Interests in other entities (continued)

2. Interests in joint ventures and associates (continued)

The following table presents summary of financial information of joint ventures and associates not material to the Group:

	30 June 2019 (unaudited)	31 December 2018
Joint ventures		
Aggregate carrying amount of investments	417,397,878.97	426,022,789.78
Aggregate amount of the following items calculated in the Group's equity proportion		
Net profit	2,988,361.55	22,467,804.56
Other comprehensive income	–	–
Total comprehensive income	2,988,361.55	22,467,804.56
Associates		
Aggregate carrying amount of investments	316,443,199.97	309,071,261.01
Aggregate amount of the following items calculated in the Group's equity proportion		
Net profit	8,409,646.69	31,398,586.91
Other comprehensive income	–	–
Total comprehensive income	8,409,646.69	31,398,586.91

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VII. 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 2019 (unaudited)

Financial assets

	Financial assets at fair value through profit or loss	Measured at amortised cost	At fair value through other comprehensive income	Total
Cash at bank and on hand	-	3,742,118,123.15	-	3,742,118,123.15
Financial assets held for trading	1,402,331,599.40	-	-	1,402,331,599.40
Notes receivable	-	176,730,811.15	-	176,730,811.15
Accounts receivable	-	1,269,571,059.87	-	1,269,571,059.87
Other receivables	-	627,856,246.28	-	627,856,246.28
Investments in other equity instruments	-	-	195,021,913.86	195,021,913.86
	1,402,331,599.40	5,816,276,240.45	195,021,913.86	7,413,629,753.71

Financial liabilities

	Financial liabilities at amortised cost
Short-term borrowings	1,573,262,590.14
Accounts payable	242,335,067.88
Other payables	1,352,628,344.91
Non-current liabilities due within one year	301,157,611.42
Long-term borrowings	1,622,268,477.26
Bonds payable	5,878,642,340.06
Lease liabilities	3,255,242,048.76
Long-term payables	40,000,000.00
	14,265,536,480.43

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

1. Financial instruments by category (continued)

31 December 2018

Financial assets

	Financial assets at fair value through profit or loss	Loans and receivables	Available- for-sale financial assets	Total
Cash at bank and on hand	–	5,729,285,870.35	–	5,729,285,870.35
Financial assets held for trading	1,892,520,046.14	–	–	1,892,520,046.14
Notes receivable	–	289,238,760.63	–	289,238,760.63
Accounts receivable	–	658,194,719.05	–	658,194,719.05
Other receivables	–	663,019,375.41	–	663,019,375.41
Investments in other equity instruments	–	–	179,146,371.30	179,146,371.30
	<u>1,892,520,046.14</u>	<u>7,339,738,725.44</u>	<u>179,146,371.30</u>	<u>9,411,405,142.88</u>

Financial liabilities

	Financial liabilities at amortised cost
Short-term borrowings	3,399,536,753.89
Accounts payable	224,442,511.34
Other payables	911,030,967.62
Non-current liabilities due within one year	800,076,181.57
Long-term borrowings	2,052,026,017.12
Long-term payables	40,000,000.00
Bonds payable	5,873,223,359.39
	<u>13,300,335,790.93</u>

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Risks arising from financial instruments

The Group is exposed to risks from various financial instruments in day-to-day operation, mainly including credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk). The major financial instruments of the Group primarily include cash at bank and on hand, equity investments, debt investments, borrowings, notes receivable and accounts receivable, and accounts payable. Risks in connection with such financial instruments, and the risk management strategies adopted by the Group to mitigate such risks are summarized as follows.

The board of directors is responsible for planning and establishing the risk management structure for the Group, and developing risk management policies and the related guidelines across the Group, and supervising the performance of risk management measures. The Group has developed risk management policies to identify and analyze risks affecting the Group. These risk management policies have clear regulations over specific risks, covering various aspects of market risk, credit risk and liquidity risk. The Group will evaluate the market environment and changes of the Group's operating activities on a regular basis to decide whether update the risk management policies and systems. Risk management of the Group is carried out by the Risk Management Committee based on the policies as approved by the board of directors. Risk Management Committee identifies, evaluates and mitigates related risks by working closely with other business divisions of the Group. Internal Audit Department of the Group will review the risk management control and process regularly, and submit the review results to Audit Committee of the Group.

The Group diverse risks of financial instruments through appropriate diversified investment and business portfolio, and mitigate concentration risk in any single sector, specific region or certain counterparties by formulating corresponding risk management policies..

Credit risk

The Group only has trade with recognized third party with good credit standing. Based on the Group's policies, customers who conduct credit transaction will be subject to credit review. In addition, the Group will continuously monitor balance of accounts receivable to ensure that the Group will not be exposed to significant risk of bad debts. In respect of the transactions not settled in the functional currency of related business division, the Group will not offer credit transaction conditions unless otherwise approved by the credit control department of the Group.

Since counterparties of cash at bank and on hand are banks with good reputation and high credit ratings, credit risk arising from these financial instruments is insignificant.

Other financial assets of the Group comprise of cash at bank and on hand, other receivables. Credit risk from such financial assets is from default of counterparties, and its maximum risk exposure is equivalent to the carrying amount of such instruments.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Risks arising from financial instruments (continued)

Credit risk (continued)

Since the Group only trades with recognized third parties with good credit standing, no guarantee is required. Credit risk concentration is managed based on customers. As of 30 June 2019, the Group is exposed to certain credit risk concentration, as 36% (31 December 2018: 18%) and 48% (31 December 2018: 43%) of accounts receivables are respectively from the customer with the largest balance of account receivable and top five customers with the largest balance of accounts receivable. The Group does not hold any security or other credit increment over balance of accounts receivable.

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.

Definition of assets with credit impairment

To determine whether there is credit impairment, the defining standards adopted by the Group are consistent with the objective of internal credit risk management for related financial instruments, by reference to the quantitative and qualitative indicators. When debtors are evaluated for credit impairment, the following factors will be taken account of:

- significant financial difficulty of issuer or debtor;
- breach of contract by debtors, such as default or overdue payment in interest or principal repayment;
- a concession granted by the creditor to the debtor due to economic or contractual considerations related to the debtor's financial difficulty, which will not be granted under any other circumstances;
- possible bankruptcy or other financial reorganization of the creditors;
- disappearance of an active market for the financial asset due to financial difficulty of the issuer or the debtor;
- purchase or creation of a financial asset at significant discount reflecting the fact of credit loss.

Credit impairment of financial assets may be a joint result of multiple events, rather than a single identifiable event.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Risks arising from financial instruments (continued)

Credit risk (continued)

Parameters for measurement of expected 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 analysis 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 2019, 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 Notes V. 46.

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 various financial methods including bank loans, finance leases, bonds payable and other interest-bearing borrowings. As at 30 June 2019, 15% (31 December 2018: 40%) of the Group's interest-bearing debts are due within less than one year.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Risks arising from financial instruments (continued)

Liquidity risk (continued)

The following table summarise the maturity analysis of financial liabilities at undiscounted contractual cash flows:

30 June 2019 (unaudited)

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	1,638,785,349.52	-	-	-	1,638,785,349.52
Accounts payable	242,335,067.88	-	-	-	242,335,067.88
Other payables	1,352,628,344.91	-	-	-	1,352,628,344.91
Non-current liabilities due					
within one year	480,656,596.16	-	-	-	480,656,596.16
Long-term borrowings	94,777,057.62	475,482,468.05	658,924,907.75	713,399,225.90	1,942,583,659.32
Bonds payable	166,624,054.79	2,649,311,808.22	3,989,255,506.85	-	6,805,191,369.86
Lease liabilities	-	244,956,041.71	648,694,632.61	6,297,617,783.90	7,191,268,458.22
Long-term payables	-	7,500,000.00	15,000,000.00	17,500,000.00	40,000,000.00
	3,975,806,470.88	3,377,250,317.98	5,311,875,047.21	7,028,517,009.80	19,693,448,845.87

31 December 2018

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	3,469,346,234.83	-	-	-	3,469,346,234.83
Notes payable and accounts payable	224,442,511.34	-	-	-	224,442,511.34
Other payables	911,030,967.62	-	-	-	911,030,967.62
Non-current liabilities due					
within one year	808,619,961.33	-	-	-	808,619,961.33
Long-term borrowings	90,054,002.06	849,426,563.89	669,487,177.53	841,118,846.35	2,450,086,589.83
Long-term payables	-	7,500,000.00	15,000,000.00	17,500,000.00	40,000,000.00
Bonds payable	138,086,794.52	299,793,753.42	6,515,647,452.05	-	6,953,527,999.99
	5,641,580,471.70	1,156,720,317.31	7,200,134,629.58	858,618,846.35	14,857,054,264.94

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VII. 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. Risk of changes in market interest rate exposed by the Group is primarily related to liabilities at variable interest rate.

In terms of management of interest rate exposures, the Group's policy is to manage its interest cost using a mix of fixed and variable rate debts to avoid interest rate risks.

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 shareholders' equity 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' equity Increase/ (decrease)
30 June 2019 (unaudited)			
RMB	50	(6,599,159.24)	(6,599,159.24)
RMB	(50)	6,693,528.24	6,693,528.24
31 December 2018			
RMB	50	(9,999,321.48)	(9,999,321.48)
RMB	(50)	9,999,321.48	9,999,321.48

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Risks arising from financial instruments (continued)

Market risk (continued)

Exchange rate risk

The Group's exposure to the exchange rate risk relates primarily to the Group's foreign currency deposits in overseas banks. 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 foreign currency occurs, with all other variables held constant.

30 June 2019 (unaudited)

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income net of tax	Increase/ (decrease) in total shareholders' equity
RMB strengthens against USD	(1%)	(2,311,820.11)	(1.97)	(2,311,822.08)
RMB strengthens against HKD	(1%)	(26.21)	(10,699.47)	(10,725.68)
RMB strengthens against JPY	(1%)	(33,444.68)	-	(33,444.68)
RMB weakens against USD	1%	2,311,820.11	1.97	2,311,822.08
RMB weakens against HKD	1%	26.21	10,699.47	10,725.68
RMB weakens against JPY	1%	33,444.68	-	33,444.68

31 December 2018

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income net of tax	Increase/ (decrease) in total shareholders' equity
RMB strengthens against USD	(1%)	(14,937,796.18)	(284,782.23)	(15,222,578.41)
RMB strengthens against HKD	(1%)	(26.11)	(280,494.76)	(280,520.87)
RMB strengthens against JPY	(1%)	(47,530.87)	-	(47,530.87)
RMB strengthens against KRW	(1%)	(1,387.97)	-	(1,387.97)
RMB weakens against USD	1%	14,937,796.18	284,782.23	15,222,578.41
RMB weakens against HKD	1%	26.11	280,494.76	280,520.87
RMB weakens against JPY	1%	47,530.87	-	47,530.87
RMB weakens against KRW	1%	1,387.97	-	1,387.97

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Risks arising from financial instruments (continued)

Market risk (continued)

Price risk of investment in equity instruments

Price risk of investment in equity instruments is the risk that fair value of equity securities is reduced due to change of stock index and value of individual stock. On 30 June 2019, the Group is exposed to price risk of investment in equity instruments arising from individual equity investment classified as equity instruments held for trading (Note V.2) and investments in other equity instruments (Note V.11). Investments in equity instruments held by the Group are listed in stock exchanges in Shanghai, Shenzhen and Hong Kong, and measured at market quotation on balance sheet date.

The market stock indices of stock exchanges at closing of the trading date closest to the balance sheet date, and the highest and lowest closing indices during the year:

	30 June 2019	For the six months ended 30 June 2019 Highest/lowest	At the end of 2018	2018 Highest/lowest
Shanghai – Shanghai Composite Index	2,979	3,288/2,441	2,494	3,587/2,486
Shenzhen – Shenzhen Component Index	9,178	10,541/7,011	7,240	11,633/7,187

The following table demonstrates the sensitivity to every 1% increase 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
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VII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Risks arising from financial instruments (continued)

Market risk (continued)

Price risk of investment in equity instruments (continued)

30 June 2019 (unaudited)

	Carrying amount of equity instrument investments	Increase in net profit or loss	Increase in other comprehensive income, net of tax	Increase in total shareholders' equity
Equity instrument investments				
Shanghai – Financial assets held for trading	4,740,670.00	35,555.03	–	35,555.03
Shenzhen – Financial assets held for trading	1,718,377.50	12,887.83	–	12,887.83
Unlisted equity instrument investments at fair value – Other equity investments	195,021,913.86	–	1,462,664.35	1,462,664.35

31 December 2018

	Carrying amount of equity instrument investments	Increase in net profit or loss	Increase in other comprehensive income, net of tax	Increase in total shareholders' equity
Equity instrument investments				
Shanghai – Financial assets held for trading	3,209,190.00	24,068.93	–	24,068.93
Shenzhen – Financial assets held for trading	1,427,157.50	10,703.68	–	10,703.68
Hong Kong – Other equity investments	22,473,785.23	–	168,553.39	168,553.39
Unlisted equity instrument investments at fair value – Other equity investments	156,672,586.07	–	1,175,044.40	1,175,044.40

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

3. Financial assets transfer

Financial assets transferred and derecognised fully but with continuous involvement

As at 30 June 2019, the Group has endorsed bank acceptance notes with a carrying amount of RMB 4,883,573.31 (31 December 2018: RMB48,602,332.58) to suppliers to settle the amounts payable. As at 30 June 2019, the notes will become due within 1 to 12 months. If acceptance banks dishonored the notes, endorsees shall have the right to turn to the Group for recourse ("Continuous Involvement") according to the Law of Bill. The Group considered that substantially all the risks and rewards 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 Continuous Involvement and repurchase are equal to the carrying amounts of the notes.

For the six months ended 30 June 2019 and for the six months ended 30 June 2018, the Group did not recognise any gain 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

4. Capital management

The Group's capital management mainly aims to ensure the Group's ability to operate as a going concern, and maintain healthy capital ratios to support business development and maximise shareholders' value.

The Group manages and adjusts the capital structure based on changes of economic situation and risk characteristics of related assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements. For the six months ended 30 June 2019, the objective, policies or process of capital management are not changed.

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 2019 (Unaudited)	31 December 2018
Short-term borrowings	1,573,262,590.14	3,399,536,753.89
Non-current liabilities due within one year	301,157,611.42	800,076,181.57
Long-term borrowings	1,622,268,477.26	2,052,026,017.12
Bonds payable	5,878,642,340.06	5,873,223,359.39
Long-term payables	40,000,000.00	40,000,000.00
Lease liabilities	3,255,242,048.76	–
Other non-current liabilities	93,831,758.00	88,541,797.00
Less: Cash at bank and on hand	3,742,118,123.15	5,729,285,870.35
Financial assets held for trading	1,402,331,599.40	1,892,520,046.14
Other receivables – entrusted loans	36,824,925.52	36,824,925.52
Net liabilities	7,583,130,177.57	4,594,773,266.96
Shareholders' equity	21,002,139,988.28	20,860,315,944.17
Capital and net liabilities	28,585,270,165.85	25,455,089,211.13
Leverage ratio	27%	18%

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VIII. Disclosure of fair value

1. Assets and liabilities measured at fair value

30 June 2019 (unaudited)

	Input used in 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 investments	-	-	1,395,872,551.90	1,395,872,551.90
Equity instrument investments	6,459,047.50	-	-	6,459,047.50
Investments in other equity instruments	-	-	195,021,913.86	195,021,913.86
	6,459,047.50	-	1,590,894,465.76	1,597,353,513.26

31 December 2018

	Input used in 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 investments	-	-	1,887,883,698.64	1,887,883,698.64
Equity instrument investments	4,636,347.50	-	-	4,636,347.50
Investments in other equity instruments	22,473,785.23	-	156,672,586.07	179,146,371.30
	27,110,132.73	-	2,044,556,284.71	2,071,666,417.44

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VIII. Disclosure of fair value (continued)

2. Assets and liabilities disclosed at fair value

30 June 2019 (unaudited)

	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial liabilities				
Long-term borrowings	-	-	1,613,925,769.45	1,613,925,769.45
Bonds payable	-	-	5,945,023,025.12	5,945,023,025.12
	-	-	7,558,948,794.57	7,558,948,794.57

31 December 2018

	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial liabilities				
Long-term borrowings	-	-	2,049,941,043.61	2,049,941,043.61
Bonds payable	-	-	5,942,202,555.25	5,942,202,555.25
	-	-	7,992,143,598.86	7,992,143,598.86

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VIII. Disclosure of fair value (continued)

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 2019 (Unaudited)	31 December 2018	30 June 2019 (Unaudited)	31 December 2018
Financial liabilities				
Long-term borrowings	1,622,268,477.26	2,052,026,017.12	1,613,925,769.45	2,049,941,043.61
Bonds payable	5,878,642,340.06	5,873,223,359.39	5,945,023,025.12	5,942,202,555.25

Management has assessed the cash at bank and on hand, 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. Their fair values approximate to their carrying amounts as the residual maturities of these instruments are not long.

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.

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 estimate of fair value.

The fair value of long-term and short-term borrowings, bonds payable, etc., is calculated by discounting the future cash flows using the 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 2019 and 31 December 2018, the Group's exposure to non-performance risk associated with the long-term and short-term borrowings is assessed as insignificant.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VIII. Disclosure of fair value (continued)

3. Fair value estimates (continued)

Fair value of financial instruments (continued)

The fair value of listed equity instruments is determined based on market quotation. The fair value of unlisted equity instrument investments is estimated using the valuation model. The assumptions used are not supported by the observable market price. The Group needs to make estimate for related assumptions and parameters. The Group believes that the fair value estimated using valuation techniques and its change are reasonable, and is the most applicable value on 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 in the valuation model: with the use of less favorable assumptions, the fair value decreased by approximately RMB19,502,191.39; with the use of more favorable assumptions, the fair value increased by approximately RMB19,502,191.39.

4. Unobservable inputs

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

	Fair value at the end of the period/year	Valuation technique	Unobservable inputs	Range (Weighted average)
Debt instrument investments	30 June 2019: 1,395,872,551.90 (Unaudited)	Discounted cash flow method	Prepayment rate	30 June 2019: 0%
	31 December 2018: 1,887,883,698.64		Probability of default	31 December 2018: 0%
				30 June 2019: 0%
				31 December 2018: 0%
Equity instrument investments	30 June 2019: 195,021,913.86 (Unaudited)	Listed company comparison method	Default loss rate	30 June 2019: 0%
	31 December 2018: 156,672,586.07		Liquidity discount	30 June 2019: 25-30%
				31 December 2018: 25-30%

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

VIII. Disclosure of fair value (continued)

5. Reconciliation of fair value measurement

The reconciliation of continuous fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

For the six months ended 30 June 2019(unaudited)

	Balance at the beginning of the period	Transfer into Level 3	Transfer out of Level 3	Total gain or loss for the period		Purchase	Issue	Sale	Settlement	Balance at the end of the period	Change in unrealised gain or loss of assets held at period-end and included in profit or loss
				Included in profit or loss	Included in other comprehensive income						
Equity instrument investments	156,672,666.07	-	-	-	36,349,327.79	-	-	-	-	195,021,913.86	-
Debt instrument investments	1,887,883,696.64	-	-	(3,301,146.74)	-	2,945,290,000.00	-	(3,334,000,000.00)	-	1,395,872,551.90	-

2018

	Balance at the beginning of the year	Transfer into Level 3	Transfer out of Level 3	Total gain or loss for the period		Purchase	Issue	Sale	Settlement	Balance at the end of the year	Change in unrealised gain or loss of assets held at year-end and included in profit or loss
				Included in profit or loss	Included in other comprehensive income						
Equity instrument investments	178,670,452.46	-	-	-	(17,930,179.78)	11,621,183.31	-	(15,688,669.92)	-	156,672,666.07	-
Debt instrument investments	150,000,000.00	-	-	7,863,696.64	-	2,870,000,000.00	-	(1,140,000,000.00)	-	1,887,883,696.64	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties

1. Parent

	Place of incorporation	Nature of business	Registered capital (RMB)	Percentage of shareholding in the Company (%)	Percentage of voting rights in the Company (%)
PDA Group	Dalian	Port business	12,083,156,000.00	46.78	46.78

2. Subsidiaries

For the subsidiaries, please refer to Note VI. 1.

3. Joint ventures and associates

For the joint ventures and associates, please refer to Note VI. 2.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

4. Other related parties

Company name	Relationship with the Group
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
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
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
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)	Subsidiary of the parent
Ocean Harvest Container 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

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

4. Other related parties (continued)

Company name	Relationship with the Group
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd.	Subsidiary of the parent
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the parent
Dalian Equipment Finance Lease Co., Ltd.	Joint venture of the parent
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Associate of the parent
Dalian Taiping Bay Construction Engineering 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 Gangxin Construction Engineering Co., Ltd.	Associate of the parent
Dalian Port Xingang Construction Engineering Co., Ltd.	Associate of the parent
Dalian Taiping Bay Beidahuang Grain Co., Ltd. (大連太平洋灣北大荒糧食有限公司)	Associate of the parent
Dalian CITIC Harbour Investment Co., Ltd.	Associate of the parent

Note: Dalian United King Port Auto Trade Co., Ltd. ("King Port Auto") was a subsidiary of the Company. The Company transferred its 60% of equity interests in King Port Auto to PDA Group on 26 June 2018. From 30 June 2018, King Port Auto was not included in the Group's consolidation scope.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties

(1) Goods and services transactions with related parties

Sales of goods and rendering of services to related parties

Type of goods or services (Note)	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Transactions with the parent		
PDA Group	6,605,982.54	7,226,559.68
Transactions with joint ventures and associates		
Dalian Changxing Island Port Investment and Development Co., Ltd.	98,774,354.15	-
China Oil Dock Management (Dalian) Co., Ltd.	5,997,837.09	7,588,531.18
Dalian North Oil Petroleum Logistics Co., Ltd.	5,277,169.80	-
Ha'ou International Logistics Co., Ltd.	1,516,759.70	1,761,593.06
Dalian Port Tongli Shipping Agency Co., Ltd.	606,417.49	1,313,314.78
China United Tally (Dalian) Co., Ltd.	116,403.77	-
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	47,169.81	91,265.49
Odfjell Dalian Port Consulting Co., Ltd.	3,728.16	-
China United International Rail Containers (Dalian) Co., Ltd.	-	12,030,103.60
Dalian Port Yidu Cold Chain Co., Ltd.	-	671,086.17
Dalian Jilong Logistics Co., Ltd.	-	23,542.45
Dalian Singamas International Container Co., Ltd.	-	683.02
Dalian Port Group Financial Co., Ltd.	-	66.04
	112,339,839.97	23,480,185.79

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties (continued)

(1) Goods and services transactions with related parties (continued)

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

Type of goods or services (Note)	For the six	For the six	
	months ended 30 June 2019 (unaudited)	months ended 30 June 2018 (unaudited)	
Transactions with other related parties			
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Purchase of fuel	26,551,170.12	30,106,274.20
Dalian Port Industrial Co., Ltd.	Comprehensive services	15,197,797.39	13,567,074.83
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Purchase of fuel	12,468,457.22	12,513,801.17
Dalian Port Machinery Co., Ltd.	Maintenance service	5,037,172.96	3,046,459.32
Dalian Port Security Services Co., Ltd.	Security services	1,943,599.43	1,021,872.41
Dalian Hongyu Building Co., Ltd.	Comprehensive services	1,694,743.04	2,041,161.32
Dalian Port Landscape Engineering Co., Ltd.	Comprehensive services	660,368.88	148,822.07
Dalian Harbour Building Co., Ltd.	Property management services	173,717.43	714,194.32
Dalian Harbour Engineering Co., Ltd.	Comprehensive services	463,788.24	426,776.28
Dalian Port Property Management Co., Ltd.	Comprehensive services	460,359.23	197,139.31
Dalian Port Xingang Construction Engineering Co., Ltd.	Comprehensive services	93,636.36	695,538.61
Dalian Life Raft Inspection Co., Ltd.	Maintenance service	70,309.12	70,942.90
Dalian Port Rixing Boiler Installation Co., Ltd.	Maintenance service	-	1,952,412.20
Dalian Port Design & Research Institute Co., Ltd.	Design services	-	451,792.45
Liaogang Commodity Trading Co., Ltd.	Comprehensive services	-	285,600.00
Jinzhou Port Co., Ltd.	Comprehensive services	-	6,800.00
		64,815,119.42	67,246,661.39
		183,760,941.93	97,953,406.86

The purchases of goods and receipt of services from related parties have been conducted in accordance with the terms of the agreements entered into between the Group and the related parties.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties (continued)

(1) Goods and services transactions with related parties (continued)

Sales of goods and rendering of services to related parties

		For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Transactions with the parent			
PDA Group	Comprehensive services	10,418,495.48	6,958,026.20
Transactions with joint ventures and associates			
China Oil Dock Management (Dalian) Co., Ltd.	Comprehensive services	33,319,678.27	23,854,942.69
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Comprehensive services	7,505,335.07	356,549.91
Taicang Xinggang Tug Co., Ltd.	Comprehensive services	6,480,000.00	8,963,962.29
Dalian Port Yidu Cold Chain Co., Ltd.	Transportation services	8,200,203.15	6,936,134.98
Odjell Terminals (Dalian) Co., Ltd.	Comprehensive services	1,343,375.14	3,570,407.82
Dalian Changxing Island Port Co., Ltd.	Comprehensive services	2,363,645.93	2,348,800.00
Dalian Jilong Logistics Co., Ltd.	Comprehensive services	1,108,409.36	3,437,088.34
Dalian Changxing Island Port Investment and Development Co., Ltd.	Comprehensive services	1,688,814.01	2,343,566.21
Dalian Puji Storage Facility Co., Ltd.	Comprehensive services	1,092,418.06	1,155,677.06
Dalian Vanguard International Logistics Co., Ltd.	Information services	869,347.42	820,383.62
Dalian North Oil Petroleum Logistics Co., Ltd.	Comprehensive services	849,127.16	715,247.85
Dalian Automobile Terminal Co., Ltd.	Comprehensive services	712,350.57	1,211,311.35
China United International Rail Containers (Dalian) Co., Ltd.	Supervision services	675,892.20	712,198.04
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Comprehensive services	537,697.20	546,879.45
Dalian United International Shipping Agency Co., Ltd.	Supervision services	469,811.34	469,811.34
Dalian Singamas International Container Co., Ltd.	Information services	346,256.14	407,028.94
Dalian Port Group Financial Co., Ltd.	Telecommunication services	328,596.88	323,830.36
Dalian Port Xiangyu Grain Logistics Co., Ltd.	Comprehensive services	-	87,697.04
China United Tally (Dalian) Co., Ltd.	Telecommunication services	355,394.80	47,950.89
Dalian Harbour ECL Logistics Co., Ltd.	Comprehensive services	143,746.96	2,688.20
Ha'ou International Logistics Co., Ltd.	Comprehensive services	106,575.48	-
Dalian Port PetroChina International Terminal Co., Ltd.	Telecommunication services	57,035.86	62,165.98
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Comprehensive services	730.86	765.18
Dalian Port Bulk Cargo Logistics Centre Co., Ltd.	Telecommunication services	-	2,505.64
Dalian Port Tongli Shipping Agency Co., Ltd.	Telecommunication services	-	417.69
		68,554,441.86	58,378,010.87

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties (continued)

(1) Goods and services transactions with related parties (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 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Transactions with other related parties			
Dalian Port Wantong Logistics Co., Ltd.	Supervision services	26,775,508.10	23,341,026.06
Dalian Wanfeng Properties Co., Ltd.	Telecommunication services	3,184,553.31	453,307.88
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	Comprehensive services	1,105,407.43	–
Dalian Port Industrial Co., Ltd.	Comprehensive services	1,046,187.06	29,508.57
Dalian Hongyu Building Co., Ltd.	Telecommunication services	971,502.45	1,104,301.40
Dalian Port North Shore Automobile Terminal Co., Ltd.	Telecommunication services	965,229.54	7,584.90
Dalian CITIC Harbour Investment Co., Ltd.	Comprehensive services	861,459.20	662,022.07
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Comprehensive services	781,534.63	–
Dalian Port Petroleum & Chemical Co., Ltd.	Comprehensive services	447,149.25	663,190.35
Dalian Port Machinery Co., Ltd.	Comprehensive services	384,698.14	502,319.61
Dalian Harbour Building Co., Ltd.	Comprehensive services	390,935.59	4,902.88
Dalian Port Machinery and Electric Co., Ltd.	Information services	307,191.68	52,362.27
Dalian Port North Shore Investment and Development Co., Ltd.	Telecommunication services	190,233.01	36,490.37
Dalian International Cruise City Development Co., Ltd.	Telecommunication services	66,226.42	95,054.92
Dalian Harbour Engineering Co., Ltd.	Comprehensive services	52,011.51	401,945.99
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Telecommunication services	50,627.81	386,845.46
Dalian Gangtai Insurance Brokers Co., Ltd.	Comprehensive services	48,260.95	–
Dalian Port Investment and Financing Holding Group Co., Ltd.	Comprehensive services	44,137.74	–
Dalian Port Design & Research Institute Co., Ltd.	Telecommunication services	33,672.43	1,011.26
Dalian United King Port Auto Trade Co., Ltd.	Comprehensive services	29,702.04	–
Dalian Creative Industry Project Development Co., Ltd.	Telecommunication services	27,231.06	27,214.78
Dalian Port Real Estate Co., Ltd.	Telecommunication services	19,673.55	19,280.09
Dalian Port North Shore Container Terminal Co., Ltd.	Telecommunication services	11,377.38	11,377.38

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties (continued)

(1) Goods and services transactions with related parties (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 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Transactions with other related parties (continued)			
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd.	Telecommunication services	10,311.39	10,909.90
Dalian Harbour City Construction Development Co., Ltd.	Telecommunication services	7,634.57	7,895.28
Dalian Port Real Estate Group Co., Ltd.	Telecommunication services	6,879.74	17,168.82
Dalian Port Landscape Engineering Co., Ltd.	Comprehensive services	5,152.87	3,332.72
Dalian Wantong Ronghai Shipping Co., Ltd.	Comprehensive services	3,792.58	-
Dalian Port Property Management Co., Ltd.	Comprehensive services	3,413.25	2,328.74
Dalian Port Rixing Boiler Installation Co., Ltd.	Telecommunication services	2,967.11	2,989.99
Dalian Port Xingang Construction Engineering Co., Ltd.	Comprehensive services	1,269.37	1,239.71
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Telecommunication services	1,094.72	2,505.00
Dalian Dagang Hongyu Housekeeping Services Co., Ltd.	Comprehensive services	603.07	611.59
Dalian Port Tongli Shipping Agency Co., Ltd.	Comprehensive services	369.77	-
Dalian Port Investment and Financing Holding Group Co., Ltd.	Telecommunication services	-	57,807.71
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	Comprehensive services	-	5,660.38
Liaogang Commodity Trading Co., Ltd.	Comprehensive services	-	2,060.00
Dalian Taiping Bay Construction Engineering Co., Ltd.	Comprehensive services	-	658.12
Dalian Port Petty Loan Co., Ltd.	Comprehensive services	-	188.68
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Telecommunication services	-	948,016.59
		37,837,998.72	28,863,119.47
		116,810,936.06	94,199,156.54

Sales of goods and rendering of service to related parties by the Group are subject to the terms of agreement entered into between the Group and the related parties.

Note: Comprehensive service includes handling, storage, agency, tallying, information, containers ancillary services, equipment and technology maintenance, water and electricity supply and other services.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties (continued)

(2). Leasing with related parties

The Group as the lessor

	Type of goods or services (Note)	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
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	2,451,492.38	2,393,239.96
Dalian Jilong Logistics Co., Ltd.	Site place	2,435,252.94	2,435,252.94
Dalian Port Yidu Cold Chain Co., Ltd.	Handling equipment	1,852,740.95	526,227.87
Dalian North Oil Petroleum Logistics Co., Ltd.	Oil pipe and tank	211,904.76	211,904.76
China United Tally (Dalian) Co., Ltd.	Communication device	53,106.24	–
		14,084,497.27	12,646,625.53
Transactions with other related parties			
Dalian Port Industrial Co., Ltd.	Automobile/Buildings	809,442.75	820,169.84
Dalian Harbour City Construction Development Co., Ltd.	Buildings	262,762.50	262,762.50
Dalian Wantong Ronghai Shipping Co., Ltd.	Buildings	147,619.05	147,619.05
Dalian CITIC Harbour Investment Co., Ltd.	Buildings	25,862.10	–
Dalian Port Wantong Logistics Co., Ltd.	Container/buildings	–	107,485.71
		1,245,686.40	1,338,037.10
		15,330,183.67	13,984,662.63

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties (continued)

(2). Leasing with related parties (continued)

The Group as the lessee

Type of assets leased		Rental expenses for the six months ended 30 June 2019 (unaudited)	Rental expenses for the six months ended 30 June 2018 (unaudited)
Transactions with the parent company			
PDA Group	Land use rights	46,638,688.06	29,504,113.39
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
		51,714,285.72	52,130,572.24
Transactions with other related parties			
Dalian Taiping Bay Beidahuang Grain Co., Ltd. (大連太平灣北大荒糧食有限公司)	Buildings	6,752,870.18	-
Dalian Port Wantong Logistics Co., Ltd.	Vessels	4,526,021.67	-
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Buildings	2,744,812.44	2,680,842.18
Dalian Harbour Building Co., Ltd.	Buildings	2,141,027.46	1,481,640.24
Dalian Hongyu Building Co., Ltd.	Buildings	648,904.68	227,699.63
Dalian Port Industrial Co., Ltd.	Vehicles	2,524.27	369,382.62
		16,816,160.70	4,759,564.67
		115,169,134.48	86,394,250.30

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties (continued)

(2). Leasing with related parties (continued)

Assets held under finance leases

	Type of assets leased	Rental expenses for the six months ended 30 June 2019 (unaudited)	Rental expenses for the six months ended 30 June 2018 (unaudited)
Ocean Harvest Container Co., Ltd.	Container	-	912,895.65
Dalian Equipment Finance Lease Co., Ltd.	ISO dry containers	-	2,009,295.76
		-	2,922,191.41

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 from related parties

Guarantees received from a related party

For the six months ended 30 June 2019 (unaudited)

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
PDA Group	2,350,000,000.00	23/5/2011	22/11/2021	No

For the six months ended 30 June 2018 (unaudited)

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
PDA Group	2,350,000,000.00	23/5/2011	22/11/2021	No
PDA Group	2,650,000,000.00	26/9/2012	25/3/2019	No

The above related parties provided the Group with guarantees for bonds payable without any charge, please refer to Note V.31.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties (continued)

(4). Borrowings with related parties

Borrowings from related parties

For the six months ended 30 June 2019 (unaudited), there were no borrowings from related parties for the Group.

For the six months ended 30 June 2018 (unaudited)

	Borrowing amount	Commencement date	Maturity date
Dalian Port Group Financial Co., Ltd.	4,600,000.00	10/2/2018	9/2/2019
Dalian Port Group Financial Co., Ltd.	8,000,000.00	14/3/2018	13/3/2019
Dalian Port Group Financial Co., Ltd.	5,000,000.00	17/3/2018	17/3/2019
Dalian United International Shipping Agency Co., Ltd.	15,000,000.00	4/5/2018	4/5/2021
Dalian Port Group Financial Co., Ltd.	20,000,000.00	22/5/2018	22/5/2019
Dalian Port Group Financial Co., Ltd.	5,800,000.00	22/5/2018	22/5/2019
Dalian Port Group Financial Co., Ltd.	20,000,000.00	22/5/2018	22/5/2019
Dalian Port Group Financial Co., Ltd.	10,000,000.00	9/6/2018	9/6/2019
Dalian Port Group Financial Co., Ltd.	20,000,000.00	13/6/2018	12/6/2019
Dalian Port Group Financial Co., Ltd.	3,000,000.00	20/6/2018	20/6/2019
Dalian Port Group Financial Co., Ltd.	5,000,000.00	20/6/2018	20/6/2019

Note: The aforementioned borrowings from Dalian Port Group Financial Co., Ltd. are entrusted loans between the entities within the Group.

	For the six months ended June 30 2019 (unaudited)	For the six months ended June 30 2018 (unaudited)
Borrowing repayment		
Dalian Port Group Financial Co., Ltd.	630,000,000.00	83,150,000.00
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	23,774,163.75	—

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties (continued)

(4). Borrowings with related parties (continued)

Borrowings from related parties (continued)

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Borrowing repayment (continued)		
Dalian Port Yidu Cold Chain Co., Ltd.	-	11,500,000.00
Dalian Harbour ECL Logistics Co., Ltd.	-	14,000,000.00
	653,774,163.75	108,650,000.00
Interest expenses		
Dalian Port Group Financial Co., Ltd.	12,795,609.99	33,162,396.35
Dalian United International Shipping Agency Co., Ltd.	358,229.18	114,791.67
	13,153,839.17	33,277,188.02

The borrowings from above 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.

Borrowings to related parties

For the six months ended 30 June 2019 and for the six months ended 30 June 2018, the Group had no borrowings to related parties.

Interest income

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Dalian Changxing Island Port Co., Ltd.	777,858.87	777,858.87
Dalian Vanguard International Logistics Co., Ltd.	161,450.60	185,695.77
	939,309.47	963,554.64

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)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties (continued)

(5) Transfer of assets of related parties

Acquisition of assets from:

	Content of transactions	For six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Dalian Port Machinery and Electric Co., Ltd.	Engineering construction	13,937,264.65	6,405,980.65
Dalian Harbour Engineering Co., Ltd.	Engineering construction	6,876,180.75	3,945,695.79
Dalian Port Xingang Construction Engineering Co., Ltd.	Engineering construction	2,899,190.00	-
Dalian Port Rixing Boiler Installation Co., Ltd.	Engineering construction	994,611.65	-
Dalian Port Design & Research Institute Co., Ltd.	Engineering construction	-	7,704,861.89
Dalian Port Machinery Co., Ltd.	Engineering construction	-	3,175,705.57
		24,707,247.05	21,232,243.90

Sale of assets to:

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
PDA Group	-	819,249.00
Dalian Port New Silk Road International Logistics Co., Ltd.	-	36,360.45
Dalian Automobile Terminal Co., Ltd.	-	4,153.25
	-	859,762.70

The prices of the assets acquired from and sold to the related parties were in accordance with the terms of agreements mutually agreed between the parties.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

5. Major transactions between the Group and related parties (continued)

(6) Remuneration of key management

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Remuneration of key management	1,287,209.93	1,344,670.44

(7) Commitments to related party

The following tables present the commitments that had been contracted but not yet recognised on the balance sheet:

<i>Leases</i>	30 June 2019 (unaudited)	31 December 2018
As lessee		
Dalian Port Wantong Logistics Co., Ltd.	405,978.33	–
PDA Group	–	149,578,488.42
Dalian Equipment Finance Lease Co., Ltd.	–	4,422,990.00
	405,978.33	154,001,478.42
As lessor		
Dalian Jilong Logistics Co., Ltd.	2,435,252.94	–
Dalian Port Yi Du Cold Chain Co., Ltd.	1,326,513.05	1,052,455.69
China United International Rail Containers (Dalian) Co., Ltd.	961,165.04	–
Dalian Port Industrial Co., Ltd.	840,814.17	–
Dalian Harbour City Construction Development Co., Ltd.	262,762.50	–
Dalian Harbour ECL Logistics Co., Ltd.	135,002.82	–
Dalian Port Wantong Logistics Co., Ltd.	53,742.84	–
Dalian CITIC Harbour Investment Co., Ltd.	–	94,827.59
	6,015,253.36	1,147,283.28
Acquisition of assets		
Dalian Harbour Engineering Co., Ltd.	–	492,087.44

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

6. Amounts due from related parties

Accounts receivable

	30 June 2019 (unaudited)		31 December 2018	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Due from the parent				
PDA Group	1,489,662.83	56,549.04	260,624.83	1,824.37
Due from joint ventures and associates				
Dalian Port Yidu Cold Chain Co., Ltd.	4,028,750.61	673,582.62	8,912,206.81	1,293,285.97
Dalian Changxing Island Port Co., Ltd.	4,474,443.31	695,427.92	2,917,913.31	598,783.57
Dalian United International Shipping Agency Co., Ltd.	1,053,622.62	7,375.36	1,664,086.56	11,648.60
Dalian Changxing Island Port Investment and Development Co., Ltd.	1,069,576.80	7,487.04	1,527,494.00	10,692.46
China Oil Dock Management (Dalian) Co., Ltd.	4,839,000.00	33,873.00	1,169,245.00	8,184.71
Dalian Automobile Terminal Co., Ltd.	400,989.30	3,968.95	433,842.10	3,036.89
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	527,907.00	3,695.35	158,388.00	1,108.72
Dalian Vanguard International Logistics Co., Ltd.	592,500.00	4,147.50	142,536.20	997.75
Dalian Dagang China Shipping Container Terminal Co., Ltd.	225,475.79	1,578.33	29,718.94	208.03
China United International Rail Containers (Dalian) Co., Ltd.	316,699.22	2,216.89	20,067.22	140.47
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	129,954.00	909.68	–	–
Odfjell Terminals (Dalian) Co., Ltd.	90,717.16	635.02	40,595.00	284.16
Dalian Jilong Logistics Co., Ltd.	71,500.00	500.50	12,000.00	84.00
Dalian Port Group Financial Co., Ltd.	–	–	84,600.00	592.20
Dalian Singamas International Container Co., Ltd.	–	–	41,755.00	292.28
Dalian Port New Silk Road International Logistics Co., Ltd.	1,568,691.54	10,980.84	–	–
Dalian North Oil Petroleum Logistics Co., Ltd.	93,000.00	651.00	–	–
Taicang Xinggang Tug Co., Ltd.	14,805.00	103.64	–	–
	19,497,632.35	1,447,133.64	17,154,448.14	1,929,339.81

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

6. Amounts due from related parties (continued)

Accounts receivable (continued)

	30 June 2019 (unaudited)		31 December 2018	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Amounts due from other related parties				
Dalian Creative Industry Project Development Co., Ltd.	4,765,246.86	737,963.33	3,855,273.54	206,167.53
Dalian Harbour Engineering Co., Ltd.	481,222.73	322,895.02	456,132.94	244,676.30
Dalian Port Petroleum & Chemical Co., Ltd.	193,230.00	48,307.50	193,230.00	1,352.61
Dalian Port Machinery and Electric Co., Ltd.	179,315.20	93,231.62	154,532.57	87,008.14
Dalian Port Wantong Logistics Co., Ltd.	100,947.00	706.63	717.00	5.02
Dalian Port Design & Research Institute Co., Ltd.	73,262.00	54,946.50	76,486.55	52,089.54
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	70,884.00	496.19	–	–
Dalian CITIC Harbour Investment Co., Ltd.	33,000.85	2,652.69	225,375.91	3,999.32
	5,897,108.64	1,261,199.48	4,961,748.51	595,298.46
	26,884,403.82	2,764,882.16	22,376,821.48	2,526,462.64

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

6. Amounts due from related parties (continued)

Other receivables

	30 June 2019 (unaudited)		31 December 2018	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Amount due from the parent				
PDA Group	6,892,566.81	409,327.39	3,436,644.27	303,849.72
Amounts due from joint ventures and associates				
Dalian Changxing Island Port Co., Ltd.	45,418,993.55	8,559,144.84	44,218,356.55	6,963,284.53
Dalian Changxing Island Port Investment and Development Co., Ltd.	13,070,017.94	598,004.51	80,741,514.18	11,153,115.09
Dalian Vanguard International Logistics Co., Ltd.	7,824,925.52	1,330,237.34	7,824,925.52	1,330,237.34
Dalian Port Yidu Cold Chain Co., Ltd.	3,478,915.38	125,156.48	5,450,720.01	184,310.57
China United International Rail Containers (Dalian) Co., Ltd.	2,515,000.00	75,450.00	15,000.00	450.00
Odfjell Terminals (Dalian) Co., Ltd.	1,196,987.06	198,761.40	1,168,227.06	197,898.60
Dalian United International Shipping Agency Co., Ltd.	1,012,411.00	30,372.33	1,551,265.00	46,537.95
Dalian Automobile Terminal Co., Ltd.	562,758.72	16,882.76	159,274.38	17,905.69
Odfjell Changxing Terminals (Dalian) Co., Ltd.	283,533.42	8,506.00	227,481.84	6,824.46
Dalian Puji Storage Facility Co., Ltd.	160,917.12	4,827.51	160,917.12	4,827.51
Dalian Port Group Financial Co., Ltd.	29,450.57	3,255.48	37,450.57	1,123.52
Dalian Gangsheng Tendering & Bidding Agency Co., Ltd.	34,000.00	1,020.00	36,800.00	1,104.00
Dalian Jilong Logistics Co., Ltd.	21,000.00	630.00	71,000.00	2,130.00
Dalian Dagang China Shipping Container Terminal Co., Ltd.	16,171.05	485.13	5,938.57	178.16
Dalian Port PetroChina International Terminal Co., Ltd.	8,537.00	256.11	8,537.00	256.11
Dalian Port Bulk Cargo Logistics Centre Co., Ltd.	-	-	281,705.47	8,451.16
Dalian North Oil Petroleum Logistics Co., Ltd.	-	-	180,134.35	30,622.84
PetroChina Dalian LNG Co., Ltd.	-	-	9,100.00	9,100.00
China United Tally (Dalian) Co., Ltd.	325,002.00	9,750.06	-	-
Dalian Harbour ECL Logistics Co., Ltd.	150,000.00	4,500.00	-	-
Dalian Port Tongli Shipping Agency Co., Ltd.	75,000.00	2,250.00	-	-
	76,183,620.33	10,969,489.95	142,148,347.62	19,958,357.53

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

6. Amounts due from related parties (continued)

Other receivables (continued)

	30 June 2019 (unaudited)		31 December 2018	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Amounts due from other related parties				
Dalian Taiping Bay Beidahuang Grain Co., Ltd. (大連太平洋灣北大荒糧食有限公司)	6,630,000.00	198,900.00	-	-
Dalian Port Machinery and Electric Co., Ltd.	2,062,467.67	703,131.26	2,037,685.38	702,387.79
Dalian Port Machinery Co., Ltd.	1,545,290.00	212,548.10	1,329,220.00	206,066.00
Dalian Port Industrial Co., Ltd.	1,830,183.47	54,905.50	1,186,748.39	35,602.45
Dalian Wanfeng Properties Co., Ltd.	1,823,951.02	86,373.03	226,103.57	6,783.11
Dalian Harbour Engineering Co., Ltd.	495,181.73	17,216.25	1,163,553.62	35,939.46
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	370,000.00	11,100.00	80,000.00	2,400.00
Dalian Harbour City Construction Development Co., Ltd.	275,900.58	8,277.02	-	-
Dalian Port North Shore Automobile Terminal Co., Ltd.	191,862.00	5,755.86	221,580.00	6,647.40
Dalian Port Petroleum & Chemical Co., Ltd.	187,039.38	5,611.18	208,655.34	26,477.38
Dalian Port Design & Research Institute Co., Ltd.	165,970.42	21,727.81	164,895.57	21,545.09
Dalian Port North Shore Investment and Development Co., Ltd.	90,000.00	2,700.00	60,000.00	21,000.00
Dalian Gangtai Insurance Brokers Co., Ltd.	20,000.00	600.00	20,000.00	600.00
Dalian International Cruise City Development Co., Ltd.	9,000.00	270.00	9,600.00	288.00
Dalian Port Xingang Construction Engineering Co., Ltd.	9,300.00	1,581.00	9,300.00	1,581.00
Dalian Port Security Services Co., Ltd.	800.00	24.00	800.00	24.00
Dalian Hongyu Building Co., Ltd.	-	-	15,387.00	5,385.45
	15,706,946.27	1,330,721.01	6,733,528.87	1,072,727.13
	98,783,133.41	12,709,538.35	152,318,520.76	21,334,934.38

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

6. Amounts due from related parties (continued)

Prepayments

	30 June 2019 (unaudited)		31 December 2018	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Amounts prepaid to joint ventures and associates				
Liaoning Electronic Port Co., Ltd.	21,619.50	-	21,619.50	-
Dalian Port Yi Du Cold Chain Co., Ltd.	4,672.00	-	-	-
	26,291.50	-	21,619.50	-
Amounts prepaid to other related parties				
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	2,000,784.43	-	1,377,209.27	-
Dalian Port Machinery Co., Ltd.	471,669.00	-	-	-
Dalian Port Industrial Co., Ltd.	-	-	7,609.08	-
	2,472,453.43	-	1,384,818.35	-
	2,498,744.93	-	1,406,437.85	-

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

6. Amounts due from related parties (continued)

Interest receivable

	30 June 2019 (unaudited)		31 December 2018	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Amounts due from associates and joint ventures				
Dalian Port Group Financial Co., Ltd.	5,510,370.01	-	6,922,997.11	-
Dalian Changxing Island Port Co., Ltd.	3,020,791.09	-	2,196,260.66	-
Dalian Vanguard International Logistics Co., Ltd.	167,917.60	-	2,836.54	-
	8,699,078.70	-	9,122,094.31	-

Notes receivable

	30 June 2019 (unaudited)		31 December 2018	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Amounts due from associates				
Dalian North Oil Petroleum Logistics Co., Ltd.	-	-	420,000.00	-
Amounts due from other related parties				
Dalian Harbour Engineering Co., Ltd.	1,650,000.00	-	2,000,000.00	-
	1,650,000.00	-	2,420,000.00	-

Except for entrusted loans due from related parties, amounts due from related parties were interest free, unsecured and with no fixed maturity date.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

7. Amounts due to related parties

Accounts payable

	30 June 2019 (unaudited)	31 December 2018
Amounts due to joint ventures and associates		
Dalian Changxing Island Port Investment and Development Co., Ltd.	16,650,000.00	26,471,467.00
China United International Rail Containers (Dalian) Co., Ltd.	966,012.25	–
Dalian Singamas International Container Co., Ltd.	841,572.53	550,587.72
Dalian Jilong Logistics Co., Ltd.	394,235.00	143,764.00
Ha'ou International Logistics Co., Ltd.	1,200.00	1,200.00
Dalian Vanguard International Logistics Co., Ltd.	–	29,671.00
Dalian North Oil Petroleum Logistics Co., Ltd.	2,730,000.00	–
	21,583,019.78	27,196,689.72
Amounts due to other related parties		
Dalian Port Wantong Logistics Co., Ltd.	2,466,000.00	–
Dalian Port Industrial Co., Ltd.	355,000.00	–
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	299,931.29	109,317.34
Dalian Harbour Engineering Co., Ltd.	284,191.00	284,191.00
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	255,853.56	–
Dalian Hongyu Building Co., Ltd.	202,229.28	–
Dalian Port Machinery Co., Ltd.	114,324.66	423,401.00
Dalian Port Xingang Construction Engineering Co., Ltd.	103,000.00	–
Dalian Port Landscape Engineering Co., Ltd.	9,873.00	–
Liaogang Commodity Trading Co., Ltd.	120.00	–
	4,090,522.79	816,909.34
	25,673,542.57	28,013,599.06

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

7. Amounts due to related parties (continued)

Other payables

	30 June 2019 (unaudited)	31 December 2018
Amount due to the parent		
PDA Group	15,503,322.75	2,593,745.24
Amounts due to joint ventures and associates		
Dalian Port Yi Du Cold Chain Co., Ltd.	213,891,540.00	100,000.00
Dalian Jilong Logistics Co., Ltd.	899,280.57	15,000.00
China United Tally (Dalian) Co., Ltd.	736,531.54	163,343.40
Dalian United International Shipping Agency Co., Ltd.	600,500.00	600,500.00
China United International Rail Containers (Dalian) Co., Ltd.	289,205.12	–
Dalian Singamas International Container Co., Ltd.	235,966.78	700.00
Dalian Changxing Island Port Investment and Development Co., Ltd.	63,600.00	96,000.00
Dalian Wanpeng Port Engineering Testing Co., Ltd.	40,000.00	–
Dalian Dagang China Shipping Container Terminal Co., Ltd.	20,000.00	–
	216,776,624.01	975,543.40
Amounts due to other related parties		
Dalian Harbour Engineering Co., Ltd.	56,446,416.73	54,567,216.22
Ocean Harvest Container Co., Ltd.	54,891,024.48	–
Dalian Port Machinery and Electric Co., Ltd.	19,358,429.30	7,363,005.77
Dalian Xingang Construction Engineering Co., Ltd.	3,963,113.85	3,123,662.33
Dalian Port Rixing Boiler Installation Co., Ltd.	5,181,864.51	2,763,228.78
Dalian Port Machinery Co., Ltd.	3,231,908.64	2,111,283.83
Dalian Hongyu Building Co., Ltd.	1,282,406.70	–
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	1,021,390.26	1,293,397.99
Dalian Wanpeng Engineering Engineering Co., Ltd.	630,184.43	1,276,300.43
Dalian Port Wantong Logistics Co., Ltd.	607,700.00	60,000.00
Dalian Port Landscape Engineering Co., Ltd.	577,512.00	–
Dalian CITIC Harbour Investment Co., Ltd.	300,000.00	–
Dalian Port Industrial Co., Ltd.	188,974.93	1,461,500.00
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	112,730.07	–
Dalian Port Design & Research Institute Co., Ltd.	48,634.00	1,469,134.00
Dalian Wantong Ronghai Shipping Co., Ltd.	30,000.00	–
Dalian Gangxin Construction Engineering Co., Ltd.	4,000.00	–
	147,876,289.90	75,488,729.35
	380,156,236.66	79,058,017.99

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

7. Amounts due to related parties (continued)

Interests payable

	30 June 2019 (unaudited)	31 December 2018
Amounts due to joint ventures and associates		
Dalian Port Yi Du Cold Chain Co., Ltd.	338,041.67	283,777.08
Dalian United International Shipping Agency Co., Ltd.	19,791.72	21,770.85
Dalian Port Group Financial Co., Ltd.	-	1,045,725.71
	357,833.39	1,351,273.64

Short-term borrowings

	30 June 2019 (unaudited)	31 December 2018
Amounts due to a joint venture and an associate		
Dalian Port Yi Du Cold Chain Co., Ltd.	-	213,500,000.00
Amounts due to other related party		
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	26,262,590.14	26,036,753.89
	26,262,590.14	239,536,753.89

Long-term borrowings

	30 June 2019 (unaudited)	31 December 2018
Amounts due to joint ventures and associates		
Dalian Port Group Financial Co., Ltd.	44,000,000.00	644,000,000.00
Dalian United International Shipping Agency Co., Ltd.	15,000,000.00	15,000,000.00
	59,000,000.00	659,000,000.00

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

7. Amounts due to related parties (continued)

Non-current liabilities due within one year

	30 June 2019 (unaudited)	31 December 2018
The parent		
PDA Group	18,548,842.00	–
Joint ventures and associates		
Dalian Port Group Financial Co., Ltd.	110,000,000.00	151,000,000.00
Dalian Port PetroChina International Terminal Co., Ltd.	14,495,322.67	–
	124,495,322.67	151,000,000.00
Other related parties		
Dalian Taiping Bay Beidahuang Grain Co., Ltd.	8,749,805.88	–
Dalian Equipment Finance Lease Co., Ltd.	1,050,976.16	–
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	845,733.41	–
Dalian Harbour Building Co., Ltd.	279,736.58	–
Dalian Hongyu Building Co., Ltd.	39,977.43	–
Ocean Harvest Container Co., Ltd.	–	59,116,470.17
	10,966,229.46	59,116,470.17
	154,010,394.13	210,116,470.17

Advances from customers

	30 June 2019 (unaudited)	31 December 2018
Other related party		
Dalian CITIC Harbor Investment Co., Ltd.	50,965.49	–

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

7. Amounts due to related parties (continued)

Contract liabilities

	30 June 2019 (unaudited)	31 December 2018
The parent		
PDA Group	9,647.09	–
Joint ventures and associates		
Dalian Singamas International Container Co., Ltd.	250.00	–
Dalian Port Yi Du Cold Chain Co., Ltd.	107.66	107.66
PetroChina Dalian LNG Co., Ltd.	–	328,960.78
Dalian Jilong Logistics Co., Ltd.	–	213,384.17
Taicang Xinggang Tug Co., Ltd.	–	104,716.98
Dalian United International Shipping Agency Co., Ltd.	–	38,114.00
	357.66	685,283.59
Other related parties		
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	5,262.00	8,603.82
Dalian United King Port Auto Trade Co., Ltd.	4,000.00	4,000.00
	9,262.00	12,603.82
	19,266.75	697,887.41

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

IX. Relationships and transactions with related parties (continued)

7. Amounts due to related parties (continued)

Lease liabilities

	30 June 2019 (unaudited)	31 December 2018
The parent		
PDA Group	1,356,661,630.23	–
Joint venture and associate		
Dalian Port PetroChina International Terminal Co., Ltd.	1,692,974,914.37	–
Other related parties		
Dalian Equipment Finance Lease Co., Ltd.	393,780.42	–
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	68,841,141.08	–
Dalian Taiping Bay Beidahuang Grain Co., Ltd.	76,172,415.01	–
Dalian Harbour Building Co., Ltd.	21,668,488.67	–
Dalian Hongyu Building Co., Ltd.	3,096,664.77	–
	170,172,489.95	–
	3,219,809,034.55	–

Except for short-term borrowings, long-term borrowings, lease liabilities and non-current liabilities due within one year, amounts due to related parties are interest-free, unsecured and have no fixed repayment terms.

8. Deposits with related parties

	30 June 2019 (unaudited)	31 December 2018
Dalian Port Group Financial Co., Ltd.	2,360,664,422.15	3,242,844,668.96

For the six months ended 30 June 2019, the interest rate per annum of the above deposits was 0.525% to 4.125% (2018: 0.35% to 4.13%).

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

X. Commitments and contingencies

1. Major commitments

	30 June 2019 (unaudited)	31 December 2018
Contracted but not yet provided		
Capital commitments	64,390,469.26	63,197,435.87
Investment commitments	48,400,000.00	48,400,000.00
	112,790,469.26	111,597,435.87

2. Contingencies

Guarantees

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 approved at the fifth meeting of the fourth 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 is two years since the date when China Zhenhua Oil Co., Ltd. has the guarantee responsibility to the lessor according to the guarantee contract. If China Zhenhua Oil Co., Ltd. fulfils its guarantee obligation to the lessor according to the guarantee contract more than once, the counter guarantee period provided by the Company will have to be calculated separately. As of 30 June 2019, DNPL had made a repayment of RMB66 million.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XI. 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 oil trade business
(2)	Container terminal and related logistics services and trading business	Loading and discharging, storage and transshipment of containers, leasing of terminals, various container logistics services, trading business and sale of properties
(3)	Bulk and general cargo terminal and logistics services	Loading and unloading of ore and general cargoes and provision of related logistics services 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 provision of related logistics services and automobile trading business

Management monitors the results of the Group's operating segments separately for the purpose of decision-making on 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.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XI. Other important items (continued)

1. Segment information (continued)

For the six months ended 30 June 2019 and as at 30 June 2019 (unaudited):

	Oil/liquefied chemicals terminal and related logistics services and trading business	Container terminal and related logistics services and trading business	Bulk and general cargo terminal and logistics services	Bulk grain terminal and related logistics services 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 services and trading business	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	868,990	1,330,432	425,515	68,962	83,458	402,255	6,081	36,272	-	3,221,965
Inter-segment revenue	582	184	538	-	-	76,018	-	43,745	(121,067)	-
Cost of sales	547,635	986,725	355,558	83,004	64,176	283,619	6,146	13,589	-	2,340,452
Investment income from associates and joint ventures	107,511	3,363	3,143	827	(709)	40,792	3,307	-	-	158,234
Credit impairment loss	2,668	2,370	6,242	(12,342)	(20)	690	17	1,161	-	786
Depreciation and amortisation	133,695	91,280	29,271	14,776	4,246	231,719	1,003	41,817	-	547,807
Total profit/(loss)	363,149	181,680	28,987	(15,192)	2,835	92,278	(3,365)	(195,389)	-	454,983
Income tax expenses	60,423	56,340	4,596	(3,628)	906	16,027	73	(33,513)	-	101,224
Net profit/(loss)	302,726	125,340	24,391	(11,564)	1,929	76,251	(3,438)	(161,876)	-	353,759
Total assets	8,607,457	10,286,028	3,746,847	1,261,840	1,486,847	2,908,741	929,956	8,971,981	(1,906,819)	36,292,878
Total liabilities	2,409,972	4,953,848	106,524	126,367	67,325	213,381	42,290	9,277,850	(1,906,819)	15,290,738
Long-term equity investments in associates and joint-ventures	1,704,401	714,587	136,528	38,758	335,617	1,034,360	340,554	-	-	4,304,805
Increase in non-current assets	12,858	19,455	132	2,947	863	1,576	23,556	64,089	-	125,476

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XI. 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 RMB'000	Container terminal and related logistics services and trading business RMB'000	Bulk and general cargo terminal and logistics services RMB'000	Bulk grain terminal and related logistics services and trading business RMB'000	Passenger and roll-on/roll-off terminal and logistics services RMB'000	Port value-added services and ancillary port operations RMB'000	Automobile terminal and related logistics services and trading business RMB'000	Other RMB'000	Elimination RMB'000	Total 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	1,990	1,919	6	47	98	47,714	-	46,214	(97,988)	-
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
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)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XI. 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.42.

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 2019, no sales to a single customer contributed 10% or more of the Group's total revenue (2018: Nil).

2. Lease

As lessor

Operating lease: According to the lease contracts signed with lessees, the minimum lease collection under non-cancellable leases are as follows:

	30 June 2019 (unaudited)
Within 1 year (including 1 year)	55,159,494.68
1 to 2 years (including 2 years)	19,483,919.20
2 to 3 years (including 3 years)	15,709,748.70
3 to 4 years (including 4 years)	4,794,214.82
	95,147,377.40

The fixed assets under operating lease are disclosed in Note V.13.

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XI. Other important items (continued)

2. Lease (continued)

As lessee

Fixed assets under operating lease include buildings and land, port facilities and other equipment leased from related parties and third parties by the Group. The Group has the option to renew or terminate the lease. The lease term includes the period covered by an option to renew the lease, see Note III.34, Notes V.15 and 32.

Supplementary information of lease expenses

Simplified treatment has been applied to short-term leases and leases of low-value assets by the Group, but the right-of-use assets and lease liabilities haven't been recognised. Set out below are short-term leases, low-value assets and convertible lease payment as expense but not included in lease liabilities:

	For the six months ended 30 June 2019 (unaudited)
Short-term lease expenses	59,030,485.97
Lease expenses of low-value assets (excluding short-term lease)	49,190.55
	59,079,676.52

Significant operating lease (applicable in 2018): According to the lease contracts signed with lessors, the minimum lease payments under non-cancellable leases are as follows:

	31 December 2018
Within 1 year (including 1 year)	102,609,510.68
1 to 2 years (including 2 years)	56,726,290.41
2 to 3 years (including 3 years)	51,436,670.13
Over 3 years	195,020,646.55
	405,793,117.77

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XI. Other important items (continued)

3. Benefits and interests of directors

(1) Emoluments of directors and chief executives

Emoluments of directors, supervisors and chief executives for the six months ended 30 June 2019 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/Non-executive director	Xu Song	-	-	-	-	-	-	
Vice chairman/Non-executive director	Yan Gang	-	-	-	-	-	-	
Vice chairman/Non-executive director	Cao Dong	-	-	-	-	-	-	
Non-executive director	Li Jianhui	-	-	-	-	-	-	
Non-executive director	Yuan Yi	-	-	-	-	-	-	
Executive director	Wei Minghui	101,592.00	21,290.88	-	59,893.50	-	182,776.38	
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	

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XI. 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 for 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/Executive director	Zhang Yiming	-	-	-	-	-	-	
General manager/Executive director	Wei Minghui	-	-	-	-	189,211.38	189,211.38	
Vice chairman/Non-executive director	Xu Song	-	-	-	-	-	-	
Vice chairman/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 committee/ Shareholder representative supervisor	Jia Wenjun	-	-	-	-	-	-	
Shareholder representative supervisor	Qi Yue	-	-	-	-	-	-	
Independent supervisor	Kong Xianjing	50,000.00	-	-	-	-	50,000.00	
Employee representative supervisor	Jiao Yingguang	199,441.38	-	-	-	-	199,441.38	
Employee representative supervisor	Lu Yongkui	201,343.38	-	-	-	-	201,343.38	

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XI. 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 2019, 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

During the 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

During the period, the Company did not sign any important transaction, arrangement or contract related to the business of the Group within which the directors of the Company directly or indirectly have substantial interests.

(5) The top five highest paid individuals

The top five highest paid employees for the six months ended 30 June 2019 and 2018 included no directors, whose total remuneration are set out in the following table:

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Salaries and allowances	2,549,537.34	2,923,954.90
Social security	197,268.12	213,989.52
	2,746,805.46	3,137,944.42

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XI. Other important items (continued)

3. Benefits and interests of directors (continued)

(5) The top five highest paid individuals (continued)

Emolument range	For the six months ended 30 June 2019 (unaudited) Headcount	For the six months ended 30 June 2018 (unaudited) Headcount
Nil – RMB1,000,000	5	5
RMB1,000,000 – RMB1,500,000	–	–
RMB1,500,000 – RMB2,000,000	–	–

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

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

An ageing analysis of accounts receivable is as follows:

	30 June 2019 (unaudited)	31 December 2018
Within 1 year	843,708,410.58	309,468,240.20
1 to 2 years	4,806,925.66	3,019,834.79
2 to 3 years	370,000.00	1,370,699.72
Over 3 years	51,218,197.82	49,847,498.10
	900,103,534.06	363,706,272.81
Less: Provision for bad debts	46,017,522.16	36,601,556.85
	854,086,011.90	327,104,715.96

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

Movements in the provision for bad debts of accounts receivable are as follows:

	Opening balance	Accrual	Reversal	Write-off	Cancelled after verification	Closing balance
For the six months ended 30 June 2019 (unaudited)	36,601,556.85	9,415,965.31	-	-	-	46,017,522.16
2018	8,143,445.57	28,458,111.28	-	-	-	36,601,556.85

	30 June 2019 (unaudited)				31 December 2018			
	Closing balance		Bad debt provision		Closing balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts on an individual basis	48,854,764.10	5.43	36,641,073.08	75.00	48,854,764.10	13.43	31,755,596.67	65.00
Provision for bad debts on the portfolio of credit risk characteristics	851,248,769.96	94.57	9,376,449.08	1.10	314,851,508.71	86.57	4,845,960.18	1.54
	900,103,534.06	100.00	46,017,522.16	5.11	363,706,272.81	100.00	36,601,556.85	10.06

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

	30 June 2019 (unaudited)			31 December 2018		
	Closing balance of estimated default	Expected credit loss rate(%)	Expected credit loss for the entire duration	Closing balance of estimated default	Expected credit loss rate(%)	Expected credit loss for the entire duration
	Within 1 year	843,708,410.58	0.7	5,905,958.87	309,468,240.20	0.7
1 to 2 years	4,806,925.66	25	1,201,731.42	3,019,834.79	25	754,958.70
2 to 3 years	370,000.00	70	259,000.00	1,370,699.72	70	959,489.80
3 to 4 years	1,370,699.72	75	1,028,024.79	110,000.00	75	82,500.00
4 to 5 years	110,000.00	90	99,000.00	-	90	-
Over 5 years	882,734.00	100	882,734.00	882,734.00	100	882,734.00
	851,248,769.96		9,376,449.08	314,851,508.71		4,845,960.18

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables

	30 June 2019 (unaudited)	31 December 2018
Interests receivable	25,634,796.82	25,118,505.66
Dividends receivable	1,231,367,217.69	1,220,792,292.25
Other receivables	388,520,479.66	388,175,300.56
	1,645,522,494.17	1,634,086,098.47

The management of the Company was of the opinion that impairment provision for interests receivable and dividends receivable as at the balance sheet date was not necessary.

Other receivables

The ageing analysis of other receivables is as follows:

	30 June 2019 (unaudited)	31 December 2018
Within 1 year	336,090,076.65	335,834,826.35
1 to 2 years	67,827,644.79	66,810,724.22
2 to 3 years	8,058,405.93	9,053,410.31
Over 3 years	8,763,939.59	6,935,284.66
	420,740,066.96	418,634,245.54
Less: Provision for bad debts of other receivables	32,219,587.30	30,458,944.98
	388,520,479.66	388,175,300.56

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Other receivables (continued)

Movements in the provision for bad debts of expected credit losses over the next 12 months and the entire duration are as follows:

	Phase I Expected credit loss over the next 12 months	Phase III Financial assets with credit impairment (for the entire duration)	Total
1 January 2019	30,442,846.51	16,098.47	30,458,944.98
Provision for the period	1,938,593.95	–	1,938,593.95
Reversal for the period	(177,951.63)	–	(177,951.63)
30 June 2019 (unaudited)	32,203,488.83	16,098.47	32,219,587.30
	Phase I Expected credit loss over the next 12 months	Phase III Financial assets with credit impairment (for the entire duration)	Total
1 January 2018	16,082,001.23	16,098.47	16,098,099.70
Provision for the year	14,360,845.28	–	14,360,845.28
31 December 2018	30,442,846.51	16,098.47	30,458,944.98

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Other receivables (continued)

Movements in the book balance of other receivables that affected changes in loss provision for the period are as follows:

	Phase I Expected credit loss over the next 12 months	Phase III Financial assets with credit impairment (for the entire duration)	Total
1 January 2019	418,618,147.07	16,098.47	418,634,245.54
Addition in the period	16,377,806.35	–	16,377,806.35
Derecognition	(14,271,984.93)	–	(14,271,984.93)
30 June 2019 (unaudited)	420,723,968.49	16,098.47	420,740,066.96

	Phase I Expected credit loss over the next 12 months	Phase III Financial assets with credit impairment (for the entire duration)	Total
Balance as at 1 January 2018	613,641,475.21	16,098.47	613,657,573.68
Derecognition	(195,023,328.14)	–	(195,023,328.14)
Balance as at 31 December 2018	418,618,147.07	16,098.47	418,634,245.54

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

Other receivables (continued)

Other receivables by nature are as follows:

	30 June 2019 (unaudited)	31 December 2018
Entrusted loans	300,000,000.00	300,000,000.00
Receivables from income of entrusted management services	79,210,308.39	88,537,307.21
Others	41,529,758.57	30,096,938.33
	420,740,066.96	418,634,245.54
Less: Provision for bad debts	32,219,587.30	30,458,944.98
	388,520,479.66	388,175,300.56

As at 30 June 2019, 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	396,582,243.43	27,231,794.42	94.26

As at 31 December 2018, 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	399,494,467.18	25,775,399.71	95.43

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments

For the six months ended 30 June 2019 (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	2,765,956.84
Dalian Jifa Shipping Management Co., Ltd.	419,011,554.73	-	419,011,554.73	-
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	-
Dalian Port Telecommunication Engineering Co., Ltd.	6,137,212.61	-	6,137,212.61	-
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 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	4,560,286,140.45	-	4,560,286,140.45	2,765,956.84

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments (continued)

For the six months ended 30 June 2019 (unaudited)

	Opening balance	Movement for the period			Closing balance
		Investment profit/(loss) under equity method	Other equity movement	Cash dividends	
Joint ventures					
Dalian Port Tongli Shipping Agency Co., Ltd.	1,157,737.63	206,600.48	-	-	1,364,338.11
Dalian Harbour ECL Logistics Co., Ltd.	31,867,289.81	312,929.85	19,606.37	(1,068,492.48)	31,131,333.55
Odfjell Terminals (Dalian) Co., Ltd.	164,438,966.96	15,006,829.59	309,299.56	(12,500,000.00)	167,255,096.11
Dalian Port PetroChina International Terminal Co., Ltd.	232,170,584.40	14,803,077.86	149,012.50	(25,000,000.00)	222,122,674.76
China United Tally (Dalian) Co., Ltd.	3,274,054.99	357,663.03	(6,965.49)	-	3,624,752.53
Dalian China Oil Dock Management Co., Ltd.	5,013,298.47	(2,775,818.75)	-	-	2,237,479.72
Dalian Changxing Island Port Co., Ltd.	127,195,959.05	585,254.87	162,544.83	-	127,943,758.75
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	16,828,152.50	2,558,006.24	(14,778.61)	(10,787,468.44)	8,583,911.69
Odfjell Dalian Port Consulting Co., Ltd.	1,133,761.95	(141,645.03)	-	-	992,116.92
Dalian Changxing Island Port Investment & Development Co., Ltd.	437,730,043.64	5,589,527.55	415,282.88	-	443,734,854.07
Odfjell Changxing Terminals (Dalian) Co., Ltd.	9,023,496.96	(642,911.73)	-	-	8,380,585.23
Dalian Port Xiangyu Grain Logistics Co., Ltd.	37,931,417.68	826,660.15	-	-	38,758,077.83
China Shipping Gang Lian Co., Ltd.	91,053,318.99	(68,103.77)	-	-	90,985,215.22
Subtotal	1,158,818,083.03	36,618,070.34	1,034,002.04	(49,355,960.92)	1,147,114,194.49
Associates					
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	35,729,600.86	6,146,298.78	-	-	41,875,899.64
Taicang Xinggang Tug Co., Ltd.	7,970,321.02	1,607,798.20	-	-	9,578,119.22
PetroChina Dalian LNG Co., Ltd.	679,743,611.61	66,509,318.24	459,591.37	-	746,712,521.22
Dalian North Oil Petroleum Logistics Co., Ltd.	72,828,582.52	2,810,725.20	-	-	75,639,307.72
Sino Rail Bohai Train Ferry Co., Ltd.	245,045,841.35	(640,635.86)	226,462.16	-	244,631,667.65
CDC International Logistics Co., Ltd.	139,320,757.64	(2,870,480.71)	-	-	136,450,276.93
Dalian Port Group Financial Co., Ltd.	975,897,542.10	40,918,841.74	-	-	1,016,816,383.84
Dalian Automobile Terminal Co., Ltd.	168,617,411.76	5,864,083.35	91,137.25	(1,600,000.00)	172,972,632.36
Subtotal	2,325,153,668.86	120,345,948.94	777,190.78	(1,600,000.00)	2,444,676,808.58
Total	8,044,257,892.34	156,964,019.28	1,811,192.82	(50,955,960.92)	8,152,077,143.52

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments (continued)

For the year of 2018

	Opening balance	Increase in investment	Decrease in investment	Closing balance	Cash dividends
Subsidiaries					
Dalian Port Container Development Co., Ltd.	3,201,948,622.38	-	-	3,201,948,622.38	206,190,866.75
Asia Pacific Ports Co., Ltd.	76,155,000.00	-	-	76,155,000.00	-
Dalian FTZ Jin Xin Petrochemical Co., Ltd.	6,629,301.65	-	-	6,629,301.65	6,285,158.80
Dalian Jifa Shipping Management Co., Ltd.	391,984,354.73	27,027,200.00	-	419,011,554.73	-
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	-	-	14,259,172.03	6,765,496.63
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	2,376,514.68
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	525,074.56
Dalian Hongyang International Logistics Co., Ltd.	10,000,000.00	-	-	10,000,000.00	-
Total	4,539,258,940.45	27,027,200.00	(6,000,000.00)	4,560,286,140.45	231,651,236.42

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments (continued)

For the year of 2018 (continued)

	Movement for the year						Closing balance
	Opening balance	Increase in investment	Decrease in investment	Investment profit/(loss) under equity method	Other changes in equity	Cash dividends	
Joint ventures							
Dalian Port Tongli Shipping Agency Co., Ltd.	1,553,286.13	-	-	329,451.50	-	(725,000.00)	1,157,737.63
Dalian Harbour ECL Logistics Co., Ltd.	31,642,331.03	-	-	1,187,213.88	(5,931.95)	(956,323.15)	31,867,289.81
Odfjell Terminals (Dalian) Co., Ltd.	161,275,711.82	-	-	25,727,166.41	(63,911.27)	(22,500,000.00)	164,438,966.96
Dalian Port PetroChina International Terminal Co., Ltd.	210,260,341.43	-	-	27,916,407.12	782,142.85	(6,788,307.00)	232,170,584.40
China United Tally (Dalian) Co., Ltd.	3,013,183.04	-	-	416,317.59	133,494.41	(288,940.05)	3,274,054.99
Dalian China Oil Dock Management Co., Ltd.	2,171,883.10	-	-	2,841,415.37	-	-	5,013,298.47
Dalian Changxing Island Port Co., Ltd.	143,335,282.66	-	-	(16,177,877.17)	38,553.56	-	127,195,959.05
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	13,712,386.51	-	-	11,312,655.52	(38,449.79)	(8,158,439.74)	16,828,152.50
Odfjell Dalian Port Consulting Co., Ltd.	1,244,149.26	-	-	(110,387.31)	-	-	1,133,761.95
Dalian Changxing Island Port Investment & Development Co., Ltd.	464,725,795.03	-	-	(27,084,615.88)	88,864.49	-	437,730,043.64
Odfjell Changxing Terminals (Dalian) Co., Ltd.	10,394,375.04	-	-	(1,370,878.08)	-	-	9,023,496.96
Dalian Port Xiangyu Grain Logistics Co., Ltd.	39,843,452.80	-	-	(1,912,035.12)	-	-	37,931,417.68
China Shipping Gang Lian Co., Ltd.	84,301,520.38	-	-	6,751,798.61	-	-	91,053,318.99
Subtotal	1,167,473,698.23	-	-	29,826,632.44	934,762.30	(39,417,009.94)	1,158,818,083.03
Associates							
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	29,032,422.33	-	-	8,647,178.53	-	(1,950,000.00)	35,729,600.86
Taicang Xinggang Tug Co., Ltd.	7,746,479.04	4,497,900.00	-	4,297,361.98	-	(8,571,420.00)	7,970,321.02
PetroChina Dalian LNG Co., Ltd.	616,277,108.14	-	-	132,804,873.31	(38,724.33)	(69,299,645.51)	679,743,611.61
Dalian North Oil Petroleum Logistics Co., Ltd.	69,886,134.72	-	-	4,942,447.80	-	(2,000,000.00)	72,828,582.52
Sino Rail Bohai Train Ferry Co., Ltd.	261,332,415.92	-	-	(14,379,637.76)	-	(1,906,936.81)	245,045,841.35
CDC International Logistics Co., Ltd.	129,570,973.04	-	-	9,749,784.60	-	-	139,320,757.64
Dalian Port Group Financial Co., Ltd.	930,584,847.02	-	-	45,312,695.08	-	-	975,897,542.10
Dalian Automobile Terminal Co., Ltd.	166,546,488.69	-	-	6,889,741.61	(18,818.54)	(4,800,000.00)	168,617,411.76
Subtotal	2,210,976,868.90	4,497,900.00	-	198,264,445.15	(57,542.87)	(88,528,002.32)	2,325,153,668.86
Total	7,917,709,507.58	31,525,100.00	(6,000,000.00)	228,091,077.59	877,219.43	(127,945,012.26)	8,044,257,892.34

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)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. Revenue and cost of sales

Revenue is as follows:

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Revenue from principal operations	1,517,787,340.36	1,270,498,481.32
Revenue from other operations	161,450,563.54	174,552,871.33
	1,679,237,903.90	1,445,051,352.65

Cost of sales is as follows:

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Cost of principal operations	1,066,496,285.33	935,416,402.94
Cost of other operations	86,650,696.25	100,759,991.35
	1,153,146,981.58	1,036,176,394.29

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. Revenue and cost of sales (continued)

Revenue by classification is as follows:

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Revenue from logistics services	226,008,427.00	212,687,542.10
Revenue from port operation	1,274,646,822.15	1,041,665,778.81
Revenue from agency services	9,840,186.45	8,853,255.65
Revenue from leasing services	44,648,487.08	46,108,462.61
Revenue from utility services	38,506,335.84	54,136,624.15
Revenue from others	85,587,645.38	81,599,689.33
	1,679,237,903.90	1,445,051,352.65

5. Investment income

	For the six months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Investment income from long-term equity investments under the cost method	2,765,956.84	15,793,283.80
Investment income from long-term equity investments under the equity method	156,964,019.28	79,038,330.23
Including: Investment income from joint ventures	36,618,070.34	92,527,000.18
Investment income from associates	120,345,948.94	(13,488,669.95)
Investment loss from disposal of a subsidiary	-	(6,000,000.00)
Investment income from held-for-trading financial assets during holding period	95,158.00	81,800.00
Investment income from disposal of held-for-trading financial assets	25,826,548.42	3,898,363.72
	185,651,682.54	92,811,777.75

Notes to the Financial Statements (continued)

For the six months ended 30 June 2019 (unaudited)
(All amounts in RMB unless otherwise stated)

XII. NOTES TO KEY ITEMS IN 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 2019 (unaudited)	For the six months ended 30 June 2018 (unaudited)
Net profit	268,890,066.16	184,440,560.67
Add: Credit impairment loss	(1,210,792.36)	4,206,549.80
Depreciation of fixed assets	270,721,781.29	267,441,957.29
Long-term prepaid expenses	1,883,027.64	1,939,852.38
Amortisation of intangible assets	10,504,052.86	9,476,549.98
Amortisation of deferred income	(18,864,572.91)	(15,422,915.16)
Depreciation provided for right-of-use assets	39,026,753.93	–
Losses from disposal of fixed assets, intangible assets and other non-current assets	–	68,660.49
Gains on changes in fair value	(1,825,840.00)	(933,860.00)
Financial expenses	260,867,182.52	162,281,074.11
Investment income	(185,651,682.54)	(92,811,777.75)
(Increase)/Decrease in deferred income tax assets	(2,442,239.38)	2,033,973.16
Decrease in inventories	2,473,182.14	6,251,325.46
Increase in special reserve	6,430,222.40	6,107,696.24
Increase in operating receivables	(463,734,507.18)	(109,100,255.55)
Decrease in operating payables	(55,776,618.50)	(70,851,139.11)
Net cash flows from operating activities	131,290,016.07	355,128,252.01

Supplementary Information to Financial Statements

For the six months ended 30 June 2019

I. Statement of non-recurring profit or loss

The Group recognised the non-recurring profit or loss for the six months ended 30 June 2019 in accordance with the “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 2019 (unaudited)
Profit or loss on disposal of non-current assets	(946,305.78)
Government grants charged to profit or loss for the current period (except for those closely related to the ordinary operation of the Company and received constantly at a fixed amount or quantity according to a certain standard based on state policies)	19,525,313.09
Except for the effective hedging activities related to the Group’s ordinary operation, profit or loss arising from changes in fair value of financial assets and financial liabilities, and investment income from disposal of financial assets and financial liabilities	27,747,546.42
Profit or loss from outward entrusted loans	939,309.47
Non-operating income and expenses other than aforesaid items	2,266,885.83
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Total of non-recurring profit or loss	49,532,749.03
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Less: effect of income tax	12,254,674.55
Effect of minority interests (after tax)	1,463,954.35
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	35,814,120.13
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Supplementary Information to Financial Statements (continued)

For the six months ended 30 June 2019

II. Return on net assets and earnings per share

For the six months ended 30 June 2019 (unaudited)

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	1.56%	0.02
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	1.37%	0.02

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 attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	0.92%	0.01

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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