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)

Interim Report 中期報告 2008

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Sun Hong *(Chairman)*
Mr. Zhang Fengge
Mr. Jiang Luning
Ms. Su Chunhua

Non-executive Directors

Mr. Lu Jianmin
Mr. Xu Jian

Independent Non-executive Directors

Mr. Wang Zuwen
Mr. Zhang Xianzhi
Mr. Ng Ming Wah, Charles

Joint Company Secretaries

Ms. Ma Jinru
Mr. Lee, Kin Yu Arthur

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Legal Counsel

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as to PRC law
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Auditors

International Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants, Hong Kong

PRC Auditors

Deloitte Touche Tohmatsu CPA Ltd.

Stock Code

2880

Hong Kong Share Registrar

Computershare Hong Kong Investor
Service Limited
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Principal Bankers

Industrial and Commercial Bank of China
China Construction Bank
Bank of China
Bank of Communications

MANAGEMENT DISCUSSION AND ANALYSIS

Summary

Facing a highly complex and uncertain global economic environment, China's economy continued to grow in the expected direction at a steady and relatively fast pace in the first half of 2008, during which China's GDP and foreign trade value increased by 10.4% and 25.7%, respectively.

The Group is principally engaged in four business segments, namely: the provision of oil/liquefied chemicals terminal and related logistics services ("Oil Segment"), the provision of container terminal and related logistics services ("Container Segment"), the provision of automobile terminal and related logistics services ("Automobile Terminal Segment"), and the provision of port value-added services ("Value-added Services Segment").

In the first half of 2008, the macro economy and industries which were relevant to the Group's core business were as the following:

Oil Segment: Although the crude oil price on the international market continued to rise in the first half of 2008, China imported 90.53 million tonnes of crude oil, an increase of 11% over the same period of 2007.

Container Segment: Compared with the same period of 2007, the increases in the GDP of the provinces of Heilongjiang, Jilin and Liaoning were 11.8%, 16.5% and 14%, respectively, with increases in foreign trade value of 23.5%, 43.5%, and 23.5%, respectively.

Despite the complex and uncertain factors in the first half of 2008, such as the US economy slowdown and the high oil prices, China's economy achieved strong development. The Group's business also achieved steady growth and showed strong defensiveness amid this highly fluid global economy. In the first half of 2008, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 17.2 million tonnes, a decrease of 1.2% as compared with the same period of 2007. The Group's imported crude oil throughput was approximately 9.2 million tones, an increase of 14%. In terms of container throughput, the Group handled a total of approximately 2.6 million TEUs, an increase of 34.7%. The Company's profit attributable to equity holders of the Company shareholders amounted to RMB534,185,000, representing an increase of 69.6% as compared with the same period of last year.

The business performance of the Group described in this report, such as throughput data, are the aggregate of the subsidiaries, jointly controlled entities and associated companies of the Company regardless the percentage of equity interests held by the member of the Group.

Overall analysis of results

The Group's condensed consolidated financial statements for the six-month ended 30 June 2008 are unaudited but have been reviewed by the Group's external auditors and the Company's Audit Committee.

For the first half of 2008, the Company's profit attributable to shareholders amounted to RMB534,185,000, representing an increase of 69.6% as compared with RMB314,930,000 for the first half of 2007. This increase was mainly driven by the growth of operating profit, gains on disposal of fixed assets (including property, plant and equipment, as well as non-current assets held for sale) and improved performance of the Group's associates and jointly controlled entities in the current period.

For the first half of 2008, the Group's earnings per share was RMB18.26 cents, representing an increase of 69.6% from RMB10.76 cents for the first half of 2007.

For the first half of 2008, the Group's revenue amounted to RMB745,884,000, representing an increase of 7.3% from RMB695,183,000 for the first half of 2007. The revenue increase was mainly attributable to the growth of income from throughput handling driven by the volume increase of exported refined oil and imported crude oil, the increase of tugging business revenue and rental income from container berths, as well as newly consolidated revenue from container logistics business.

For the first half of 2008, the Group's cost of services amounted to RMB351,938,000, which increased by 1.6% as compared with RMB346,445,000 for the first half of 2007. The increase in cost of services in the current period was mainly due to the recognition of the cost associated with the newly consolidated container logistics business, as well as the increase in staff and fuel costs caused by the business growth.

For the first half of 2008, the Group's gross profit reached RMB393,946,000, representing an increase of 13% from RMB348,738,000 for the first half of 2007. The gross margin increased to 52.8% in the current period from 50.2% for the first half of 2007. This increase was mainly due to the improved gross margin of the business of oil handling and container berths leasing in the current period.

For the first half of 2008, the Group's other income amounted to RMB299,060,000, representing an increase of 10 times as compared with RMB26,570,000 for the first half of 2007. The increase was mainly due to the disposal of container berths, oil tanks as well as container vessels.

For the first half of 2008, the Group's finance costs amounted to RMB53,860,000, representing an increase of 127.2% from RMB23,705,000 for the first half of 2007.This was mainly caused by an increase of borrowing costs recognized in profit and loss as a result of the completion of certain fixed assets in the current period.

For the first half of 2008, the Group's income tax expenses amounted to RMB99,244,000, which increased by 47.6% from RMB67,246,000 for the first half of 2007. The significant increase in the Group's income tax expenses in the current period was mainly caused by the increase of the Group's pre-tax profit, as well as the fact that the Company was entitled to a 50% exemption from PRC income tax in the first half of 2007, but required to pay the PRC income tax at the normal tax rate for the first half of 2008.

Assets and liabilities

As of 30 June 2008, the Group's total assets and net assets amounted to RMB10,300,911,000 and RMB6,244,675,000, respectively, and the net asset value per share was RMB2.13, representing an increase of 4.9% over RMB2.03 as of 31 December 2007.

As of 30 June 2008, the Group's total liabilities amounted to RMB4,056,236,000, of which bank loans and borrowing from Dalian Port Corporation Limited amounted to RMB2,336,528,000.

Financial resources and liquidity

For the first half of 2008, the Group's net cash flows generated from operating activities amounted to RMB246,792,000, and the net proceeds from disposal of fixed assets amounted to RMB646,451,000. These cash inflows will fund the Group's capital expenditure and other investments. The Group maintained a sound financial position.

As of 30 June 2008, the Group had a balance of cash and cash equivalents of RMB662,228,000 which represented an increase of RMB130,074,000 as compared with that at 31 December 2007. Such increase was mainly due to the surplus of cash inflows from operations.

For the first half of 2008, the Group obtained new loans of RMB949,435,000 and repaid loans of RMB875,868,000. As of 30 June 2008, the Group's loans from banks and borrowing from Dalian Port Corporation Limited amounted to RMB2,336,528,000 of which RMB2,132,892,000 was due after one year, and RMB203,636,000 was due within one year. Gearing, as measured by net debts to equity, decreased from 28.6% as at 31 December 2007 to 26.8% as at 30 June 2008.

As of 30 June 2008, the Group's unutilized banking facilities amounted to RMB3,102,000,000.

As of 30 June 2008, the Group had net current assets of RMB947,721,000, representing an increase of RMB53,098,000 as compared with that at 31 December 2007, and the Group's current ratio improved from 1.68 times as at 31 December 2007 to 1.80 times as at 30 June 2008.

During the first half of 2008, the Group was not considered to have significant exposure to fluctuations in exchange rates and did not entered into any forex hedging contracts.

Use of proceeds

Net proceeds of the global offering of 966 million H shares for the Group in 2006, after deducting related expenses, amounted to approximately RMB2,385,343,000. As at 30 June 2008, the Group had utilized approximately RMB2,144,713,000 of the net proceeds and the remaining of the net proceeds was RMB240,630,000.

There has been no change in the proposed use of proceeds from the H share global offering as stated in the Company's prospectus dated 18 April 2006. As at 30 June 2008, the details of the use of proceeds are as follows:

Projects	Proceeds from IPO	Use of proceeds as of 30 June 2008	Balance	Completion of construction/purchase
Construction of four new container berths at Dayaowan	400,000,000	369,480,000	30,520,000	two container berths
Construction of twelve crude oil storage tanks in Xingang	680,000,000	483,000,000	197,000,000	six crude oil storage tanks
Purchase of eight tugboats	270,000,000	256,890,000	13,110,000	eight tugboats
Repayment of a long-term bank loan	850,000,000	850,000,000	0	
General working capital	185,343,000	185,343,000	0	
Total	2,385,343,000	2,144,713,000	240,630,000	

It is expected that there will be no change in the proposed use of the remaining proceeds from the Global Offering.

Capital expenditure

For the first half of 2008, the Group's capital expenditure amounted to RMB601,775,000 which was mainly funded by surplus cash generated from operating activities, the proceeds from disposal of fixed assets and the proceeds of the Global Offering of H shares.

Business Review

The performance analysis of each business segment in the first half of 2008 is as follows.

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in the first half of 2008 and its comparative results in the first half of 2007:

	For the six months ended 30 June 2008 ('000 tonnes)	For the six months ended 30 June 2007 ('000 tonnes)	Increase/ (Decrease)
Crude Oil	**11,205**	11,664	(3.9%)
Refined Oil	**5,404**	5,074	6.5%
Liquefied Chemicals	**557**	635	(12.3%)
Total	**17,166**	17,373	(1.2%)

In the first half of 2008, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 17.2 million tonnes, a decrease of 1.2%.

In the current period, the Group's crude oil throughput decreased by 3.9%, as compared with the same period of 2007, to approximately 11.2 million tonnes of which approximately 9.2 million tonnes was imported crude oil, an increase of 14%, and approximately 2.0 million tonnes was transshipment volume, a decrease of 44.7%. The Group's major customers for imported crude oil were Dalian West Pacific Petro-chemical Co., Ltd. ("WEPEC") and PetroChina Dalian Petrochemical Company ("PetroChina"), and the major customers for crude oil transshipment were the local refineries located in Shandong peninsula and those around Bohai Bay. In the first half of 2008, continuous increase of crude oil prices on the international market restrained the local refineries' enthusiasm for production. This significantly reduced those refineries' transshipment volume of imported crude oil via Dalian Port. In addition, in order to maintain good relationship with PetroChina, the Group transferred to PetroChina a piece of land at Xingang oil terminal area and some crude oil tanks with total storage capacity of 450,000 cubic meters located on the land for its construction of commercial crude oil reserve base. The shortage of tanks for crude oil transshipment resulted from such transfer was the other main reason for the decrease in the throughput of crude oil transshipment.

In the first half of 2008, the Group's refined oil throughput amounted to approximately 5.4 million tonnes, an increase of 6.5% as compared with the same period of 2007 during which period WEPEC stopped production for one and half months owing to its machine overhaul, which had significant effects on the Group's refined oil throughput.

In the first half of 2008, the Group's liquefied chemicals throughput was 557,000 tonnes, a decrease of 12.3% as compared with the same period of 2007. One of the Group's major customers, PetroChina Liaoyang Petrochemical Company, adjusted its products composition in the second half of last year and changed in part to produce Pure Terephthalic Acid, a solid substance which did not require the services of the Group's liquefied chemicals terminal. In addition, the high crude oil price caused the increase of the refinery's production cost and constrained its production of liquefied chemicals. These resulted in the decrease in liquefied chemicals throughput of the Group in the current period.

In the first half of 2008, the volume of crude oil imported through the Group's terminals accounted for 99% (100% in the first half of 2007) of the total amount of crude oil imported in Liaoning Province and 96% (95% in the first half of 2007) of the total amount of crude oil imported in the three provinces in the northeastern of China. The total oil/liquefied chemicals throughput accounted for 70% (74% in the first half of 2007) of the total throughput of Liaoning Province and 55% (54% in the first half of 2007) of the total oil throughput of the three provinces of northeastern China.

For the first half of 2008, the revenue from oil/liquefied chemicals terminal and logistics services amounted to RMB325,296,000, representing an increase of 3.8% over RMB11,788,000 for the first half of 2007. Such increase was mainly caused by throughput growth of exported refined oil and imported crude oil. However, the rental income of crude oil storage tanks and sale of oil products showed a decrease as compared with that in the same period of 2007.

For the first half of 2008, the revenue from oil/liquefied chemicals terminal and logistics services accounted for 43.6% (45.1% for the first half in 2007) of the Group's total revenue.

For the first half of 2008, the gross profit from oil/liquefied chemicals terminal and logistics services amounted to RMB201,515,000, which increased by RMB20,116,000 or by 11.1% over the first half of 2007, accounted for 51.2% (52% for the first half in 2007) of the Group's total gross profit, and represented a gross margin of 62.0% (57.9% for the first half in 2007). Such increase in the gross margin was mainly caused by an improved gross margin in the business of oil handling.

In the first half of 2008, the Group's major measures and major projects undertaken were as follows:

- In the first half of 2008, the project of the new 300,000 dwt crude oil terminal, which the Group will develop jointly with PetroChina International Dalian Co., Ltd., was being reviewed by the National Development and Reform Commission of the PRC (the "NDRC").

- The Company is constructing 12 crude oil storage tanks (with a capacity of 100,000 cubic meters each). The construction of these tanks have been substantially completed and the ancillary facilities are expected to be completed by the fourth quarter of this year. The storage tanks will be put into operations then.

- Currently the Group owns 12 bonded crude oil storage tanks. The Group endeavored to utilize the bonded storage tanks to expand its transshipment business. In the first half of 2008, the Group handled a total of approximately 1.4 million tonnes of transshipment bonded crude oil, an increase of 37.4% as compared with the same period of 2007, of which 236,000 tonnes was for international transshipment.

- The Company transferred to PetroChina a piece of land comprising more than 300,000 square meters at Xingang oil terminal area for its construction of commercial crude oil reserve base. Part (14 storage tanks with the total capacity of 1,400,000 cubic meters) of PetroChina's first phase of commercial reserve base will be constructed at Xingang oil terminal. These storage tanks are expected to be put into operations in the middle of 2009.

- In terms of Caofeidian project, the Group is working with its business partners on site selection, obtaining use rights of coastal line, and monitoring the project progress closely.

Container Segment

The following table sets out the container throughput handled by the Group in the first half of 2008 and its comparative results in the first half of 2007:

		For the six months ended 30 June 2008 ('000 TEUs)	For the six months ended 30 June 2007 ('000 TEUs)	Increase
Foreign Trade Throughput	Dalian	**1,810**	1,553	16.5%
	Other Ports (note 1)	**63**	7	800%
	Sub-total	**1,873**	1,560	20.1%
Domestic Trade Throughput	Dalian	**257**	196	31.1%
	Other Ports (note 1)	**506**	201	151.7%
	Sub-total	**763**	397	92.2%
Total Throughput	Dalian	**2,067**	1,749	18.2%
	Other Ports (note 1)	**569**	208	173.6%
	Total	**2,636**	1,957	34.7%

Note 1: Throughput at other ports refers to the combined throughput of Jinzhou New Age Container Terminal Co., Ltd. (which is 15% owned by the Company) and Qinhuangdao Port New Harbour Container Terminal Co., Ltd. ("Qinhuangdao Terminal", which is 15% owned by the Company).

In the first half of 2008, in terms of container throughput, the Group handled a total of approximately 2.6 million TEUs, an increase of 34.7% over the same period of 2007. The container throughput for foreign trade was approximately 1.9 million TEUs, an increase of 20.1% and the container throughput for domestic trade was approximately 763,000 TEUs, an increase 92.2%. The growth of the Group's container throughput was linked closely with China's macro economy and the economic development in the hinterland of the Group. In the first half of 2008, foreign trade, especially import trade, of the hinterland in northeastern China, kept fast growth. Capitalising on this sound macro economic environment, the Group's container throughput for foreign trade achieved steady growth in the first half of 2008 and the Group's container throughput for domestic trade also increased rapidly. Qinhuangdao Terminal commenced operation at the end of November 2007. The Group's container throughput for domestic trade handled in Dalian port and other ports increased by 31.1% and 151.7%, respectively.

In the first half of 2008, the Group's volume of sea-to-rail intermodal transportation reached 110,000 TEUs, an increase of 31.4%. The volume of transshipment containers was 153,000 TEUs, an increase of 7.9%.

In the first half of 2008, the Group's container terminal business represented 98% (99% in the first half of 2007) of the total market share in Dalian and 69% (71% in the first half of 2007) of that in the three provinces in northeastern China. The Group's container throughput for foreign trade accounted for 100% (100% in the first half of 2007) of Dalian's total volume for foreign trade and 97% (94% in the first half of 2007) of that of the three provinces in northeastern China.

For the first half of 2008, the revenue from container terminal and logistics services amounted to RMB284,697,000 which represented an increase of RMB15,146,000 or by 5.6% over the first half of 2007. Such increase was mainly driven by the newly consolidated revenue in the container logistic business, as well as the increase of rental income from leasing container berths.

For the first half of 2008, the revenue from container terminal and logistics services accounted for 38.2% (38.8% for the first half of 2007) of the Group's total revenue.

For the first half of 2008, the gross profit from container terminal and logistics services amounted to RMB123,170,000 which increased by RMB21,777,000 or by 21.5% over the first half of 2007, accounted for 31.3% (29.1% for the first half in 2007) of the Groups' total gross profit and represented a gross margin of 43.3% (37.6% for the first half in 2007). Such increase in gross margin was mainly caused by a higher gross margin of leasing container berths in the current period.

In the first half of 2008, the major measures taken and the progress of the major projects related to the Group were as follows:

- The Group increased the tariff for foreign trade container handling services by 7% on the average with effect from 1 January 2008.

- The Group enhanced cargo solicitation in its hinterland in northeastern China and attracted shipping companies to increase their shipping capacity for domestic trade containers in Dalian port. As a result, the throughput for domestic trade containers achieved remarkable growth.

- The Group added 2 trunk routes. As at 30 June 2008, the Group's container terminals had a total number of 84 shipping routes of which 75 routes are for foreign trade and 9 for domestic trade. Among the foreign shipping routes, 14 lines are trunk routes.

- Dalian Railway Container Logistics Centre was constructed as planned. The preliminary preparation works of Harbin Railway Container Logistics Centre, such as site selection and feasibility study were completed. The approval on the feasibility study for Manzhouli Container Station project was also obtained and the construction of Manzhouli Container Station will commence according to the plan. Besides these large scale logistics centres, the Group promoted the development and construction of depots in other inland junctions (including Changchun, Jilin City, Yanji, Qiqihar, Xiachengzi in Mudanjiang and Suifenhe). In addition, the Group maintained its edge on sea-to-rail business by enhancing the railway container freight train services in northeastern China. The Group improved the inland multi-modal transportation system and enhanced its competitiveness through the construction of the centre stations, hinterland depots and railway container freight train services in hinterland.

- The transfer of No. 13 and No. 14 container berths by the Company to Dalian Port Container Terminal Co., Ltd., an associated company of the Company, has been approved by the NDRC. Such transfer was completed on 26 June 2008.

- On 22 January 2008, Dalian Port Jifa Logistics Co., Ltd. ("DPJL"), a subsidiary of the Company, acquired an additional 60% equity interest from Dalian Container Terminal Co., Ltd. in DCT Logistics Co., Ltd. ("DCTL"). DPJL's equity interest in DCTL increased from 5% to 65% and DCTL became a subsidiary of the Company.

- On 31 March 2008, the Group acquired an additional 35% equity interest from Pacific Logistics CN-NET Limited in Dalian Portnet Co., Ltd. ("DPN"). The Group's equity interest in DPN increased to 71.4% and DPN became a subsidiary of the Company.

Automobile Terminal Segment

In the first half of 2008, the Group handled a total of 10,264 vehicles. The number of vehicles for foreign trade was 5,682, a decrease of 60% as compared with the same period of 2007, and that for domestic trade was 4,582, an increase of 98.4%. The total car throughput decreased by 37.8%. In addition, the Group handled a total of 3,457 pieces of equipment with a total weight of 24,429 tonnes, an increase of 316.6% over the same period of 2007. The Group's car throughput accounted for 73% of the total volume handled by all ports in the three provinces in northeastern China.

In terms of foreign trade exported cars, due to the shortage of automobile shipping capacity, automobile enterprises in northeastern China exported cars mainly by using containers, which caused the diversion of cargo from the automobile terminals. The imported car business for foreign trade was relatively steady. The vehicles handled in the Group's automobile terminal, were mainly imported from Japan.

In terms of domestic trade, the shortage of the automobile shipping capacity remained unchanged, and as a result, many customers had to adopt road transportation in stead of sea transportation. Facing the unfavorable market situation, the Group closely monitored the market demand and the trend of the automobile logistics and strengthened cargo solicitation for its automobile terminal business. The Group achieved sound development in domestic trade business in the first half of 2008.

During the first half of 2008, the Group's share of loss in relation to its automobile terminal and logistics services amounted to RMB2,345,000, representing an increase of RMB1,247,000 over the first half in 2007.

In the first half of 2008, the Group took the following major measures:

- By taking the opportunity from the commencement of operation of the bonded port area, the Group extended the preferential policies to its automobile terminals and carried out the storage and distribution business for imported cars. The Group attracted importers to store and distribute their cars at the automobile terminal so as to increase the Company's income. The Group has attracted some luxury brands, such as Volve and Land Rover to develop the storage business in the Group's automobile terminal.

- The Group kept close contact with automobile manufacturing enterprises and automobile shipping carriers so as to enhance cargo solicitation and increase its market share of vehicle transportation in northeastern China.

- The Group obtained the relevant government's approval on the design of the automobile inspection booths for imported vehicles, and completed the business registration for the inspection company and the foundation construction for the booths. The inspection booths will be put into operation in the fourth quarter of 2008.

- The Company's wholly-owned subsidiary, Asia Pacific Ports Company Limited, acquired 20% equity interest in SINOECL Auto Liners, Limited ("SINOECL"). SINOECL is currently operating an 800-car RO-RO vessel for foreign trade car transportation. Through such acquisition, the Group was able to carry out the automobile RO-RO shipping business.

- The Group initiated a project of automobile RO-RO shipping for domestic trade and undertook the preliminary preparation work of the project.

Value-added Services Segment

In the first half of 2008, owing to the overall development of the port business in Dalian, the Group achieved steady business growth in terms of port value-added services which are closely linked with the overall business growth in Dalian port.

Tugging

- The Group expanded the tugging services in ports outside Dalian. As at 30 June 2008, the Group leased out a total of 11 tugboats, 2 more than the same period of 2007, for service in other ports. In addition, the Group raised the rental for these tugboats.

- In February 2008, the last 2 fully reversible tugboats of the 8 tugboats purchased by using the proceeds from the Company's Global Offering were delivered and put into operation. Currently the Group owns 32 fully reversible tugboats.

Tallying

- The total tallying throughput handled by the Group was approximately 17.0 million tonnes, an increase of 17.1% as compared with the same period of 2007.

For the first half of 2008, the revenue from port value-added services amounted to RMB135,891,000 which represented an increase of RMB23,767,000 or by 21.2% over the first half of 2007. This revenue increase was mainly caused by the growth of revenue in tugging business and software development business. The growth of tugging business was mainly attributable to the throughput growth of Dalian port, the business development in nearby shipyards, as well as an increase in the number of tugboats on long-term lease and increased leasing fees.

For the first half of 2008, the revenue from port value-added services accounted for 18.2% (16.1% for the first half of 2007) of the Group's total revenue.

For the first half of 2008, the gross profit from port value-added services amounted to RMB69,261,000 which increased by RMB3,314,000 or by 5.0% over the first half of 2007, accounted for 17.6% (18.9% for the first half in 2007) of the Groups' total gross profit and represented a gross margin of 51.0% (58.8% for the first half in 2007). Such decrease of gross margin was mainly caused by the rapid increase in the costs of software development, staff and fuel costs in tugging business.

Prospects for the second half of 2008

In the second half of 2008, some uncertain factors still exist in the world's macro economy. According to the forecast by the International Monetary Fund in July 2008, global growth is expected to decelerate significantly in the second half of 2008, before recovering gradually in 2009. In China, growth is now projected to moderate from near 12% in 2007 to around 10% in 2008-09.

In the second half of 2008, the Group will closely monitor international and domestic economic and industrial changes, enhance business expansion, and keep steady business growth. In terms of oil and liquefied chemicals terminal and related logistics services business, the Group will put new storage tanks into operation, promote the international transshipment business for the bonded crude oil, and follow up with the operation schedules of the national strategic oil reserve base in Dalian so as to increase oil throughput. In terms of container terminal and related logistics services business, the Group will continue to consolidate its internal business and management resources, endeavor to increase the container throughput, enhance the multi-modal transportation system for container transportation, promote investments outside Dalian and better utilize the preferential policies of the bonded port area. In terms of automobile terminal and related logistics services business, the Group will participate in the automobile shipping market, improve automobile logistics systems, and continuously expand the storage business for vehicles. In terms of port value-added services business, the Group will continue to expand the markets outside Dalian while continuing to provide excellent services to the current customers.

Oil Segment

- The new 300,000 dwt crude oil terminal project was approved by the NDRC in August 2008. The Group immediately carried out the works including terminal construction and joint venture establishment. The new terminal is planned to commence trial operation in the first half of 2010.

- The Group's 12 crude oil storage tanks, which are under constructions, will be put into operation in the fourth quarter of 2008.

- The Group will continue to take advantage of policies for bonded crude oil storage tanks and provide value-added services to its customers so as to increase transshipment volume.

- The Group will follow up with the construction and operation progress of the national strategic oil reserve base located at Xingang, and provide the terminal handling service once the injection of oil into the storage tanks starts.

- The Group will proceed with the Caofeidian liquefied chemicals project with an aim to obtain the approval for terminal site selection and project initiation from the relevant government authority.

Container Terminal Segment

- The first 2 berths of Dayao Bay phase-III container terminal will be put into trial operations in July 2008. The total quay length for these 2 berths is 793 metres.

- In terms of container transportation for foreign trade, while continuing to maintain the existing trunk routes, the Group will continue to strengthen marketing activities and increase the calling density of Bohai Bay feeder services. In addition, the Group will try to maintain current transshipment business and at the same time to make aggressive development in the international transshipment business.

- In terms of container transportation for domestic trade, the Group will continue to co-operate with the shipping lines on the expansion of shipping capacity and improve the hinterland container inter-modal system so as to attract more cargoes.

- The Group will speed up the construction of Dalian Railway Container Logistics Centre and try to commence the construction of Harbin Railway Container Logistics Centre by the end of the year. In addition, the Group will advance the construction of other hinterland depots in other junctions with an aim to put the depots at Changchun, Xiachengzi in Mudanjiang, and Jilin into operations by the end of the year.

- The Group will leverage the policies of the bonded port area and extend its preferential policies to hinterland in order to develop container transportation in northeastern China.

Automobile Terminal Segment

- The Group will complete the construction of automobile inspection booths in the fourth quarter of 2008 and put them into operation.

- The Group will monitor the trend of the automobile production in the hinterland and capture the business opportunities of vehicles exported in batch in order to increase the export volume for foreign trade.

- The Group will take advantage of the preferential policies of bonded port area to further expand the storage and distribution business of imported vehicles.

- The RO-RO vessel, built by the Group through cooperation with certain leading enterprises of the industry, will be put into the transportation market for foreign trade. In the second half of 2008, the Group will focus on the sea lane programming and marketing activities for the vessel so as to attract more throughput to the Group’s automobile terminal.

- The Group will continue to participate in the project of the domestic RO-RO vessel.

- The Group will monitor closely the trend of second-hand cars transshipped via Dalian automobile terminal. The Group will enhance the communication with logistics enterprises in order to resume the transshipment for second-hand cars via Dalian automobile terminal.

Value-added Services Segment

- The Group will monitor closely the market change for tugging business and further develop tugboat leasing business or investment in tugging business outside Dalian by leveraging on the Group's sizeable tugboat fleet and expertise.

- The construction of 8 new tugboats has commenced. They will gradually be put into operation in 2009 and 2010.

Others

Restatement of Comparative Figures

During the preparation of interim financial report for the period ended 30 June 2008, the management identified certain formula errors within the movement of property, plant and equipment and consolidated cash flow statement during the year ended 31 December 2007. The errors were due to the oversightness when combining the individual subsidiaries' movement of the property, plant and equipment and cash flow statement. The management decided to restate certain amounts for the year ended 31 December 2007. However, the restatement had no effect on the total net book values of property, plant and equipment, the amounts shown in net cash generated from operating activities in the consolidated cash flow statements, the consolidated results for the year ended 31 December 2007 and consolidated financial position of the Group as at 31 December 2007. Accordingly, no prior year adjustment was necessary on the results and financial position of the Group for the prior accounting periods. Please refer to note 10 "Property, plant and equipment" to the interim financial report for details of restatement and impact.

The Company shall put more attention in the preparation process of the consolidated financial statements in the future by strengthening internal control through increasing the level of cautiousness of accounts personnel and increasing the layers of review. In the opinion of the directors, by adopting additional internal control measures, they are confident that such errors shall not be committed again.

OTHER INFORMATION

Directors', supervisors' and chief executives' interests

As at 30 June 2008, none of the directors, supervisors or chief executives 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 pursuant to the Modal 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 apply to the Company's supervisors to the same extent as it applies to the Company's directors.)

Purchase, sale and redemption of listed securities

During the six months period ended 30 June 2008, the Company has not redeemed any of its listed shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares in the aforesaid period.

Interim dividends

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2008.

Human resources

As at 30 June 2008, the Group had a total of 2,280 full-time employees.

Environmental protection and safety initiatives

The Group attaches great importance on environmental protection and safety management and abides by the relevant PRC laws and regulations. The Group is committed to supporting environmental protection and safety initiatives in its operations to fulfill its corporate social responsibility in daily operations. The Group has so far achieved considerable success in implementing environment protection and safety measures.

The model code

The Company has adopted a code of conduct governing director's dealings in the Company's securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry on all directors, all directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct governing directors' dealing in the Company's securities transactions during the six months period ended 30 June 2008.

The code on corporate governance practices

The Company has complies with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months period ended 30 June 2008, and no material deviations from the Code have been noted.

Audit Committee

The Audit Committee consists of two independent non-executive directors, namely Mr. Zhang Xianzhi and Mr. Ng Ming Wah, Charles, and one non-executive director, Mr. Lu Jianmin. The chairman of the Audit Committee is Mr. Zhang Xianzhi. The Audit Committee has reviewed the interim results for the six months ended 30 June 2008.

Shareholdings and shareholders' information of the Company

Share capital

The share capital structure of the Company as at 30 June 2008 are set out in the table below:

Type of shares	Number of shares	Percentage (%)
Domestic Shares	1,863,400,000	63.68
H Shares	1,062,600,000	36.32
Total	2,926,000,000	100

Shareholdings of other shareholders with notifiable interests

As at 30 June 2008, so far as was known to the Directors of the Company, the following persons had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	As a % of relevant class of share capital[1]	As a % of total share capital[2]
Dalian Port Corporation Limited	Domestic shares	1,816,815,000 (long position)	Beneficial owner	97.5%	62.09%
Nippon Yusen Kabushiki Kaisha	H shares	114,800,000 (long position)	Interest of controlled corporation	10.80%	3.92%
N.Y.K. Line Group (Hong Kong) Limited	H shares	114,800,000 (long position)	Interest of controlled corporation	10.80%	3.92%
N.Y.K. Line (Hong Kong) Limited	H shares	114,800,000 (long position)	Beneficial owner	10.80%	3.92%
Capital Research and Management Company	H shares	85,506,000 (long position)	Beneficial owner	8.05%	2.92%
Fidelity International Limited	H shares	85,198,000 (long position)	Beneficial owner	8.02%	2.91%
The National Social Security Fund Council of the PRC	H shares	82,426,000 (long position)	Beneficial owner	7.76%	2.82%
China Shipping (Group) Co., Ltd.	H shares	73,610,000 (long position)	Interest of controlled corporation	6.92%	2.52%

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	As a % of relevant class of share capital[1]	As a % of total share capital[2]
China Shipping (Hong Kong) Holdings Co, Limited	H shares	73,610,000 (long position)	Interest of controlled corporation	6.92%	2.52%
China Shipping Terminal Development (Hong Kong) Company Limited	H shares	73,610,000 (long position)	Beneficial owner	6.92%	2.52%
Indus Capital Partners, LLC	H shares	64,341,200 (long position)	Interest of controlled corporation	6.06%	2.20%
Kasowitz Sheldon Fenton	H shares	64,341,200 (long position)	Interest of controlled corporation	6.06%	2.20%
Kowitz David Nathan	H shares	64,341,200 (long position)	Beneficial owner	6.06%	2.20%
Schroder Investment Management (Hong Kong) Limited	H share	53,250,000 (long position)	Beneficial owner	5.01%	1.82%

Notes:

1. The relevant class of share capital: Domestic shares - 1,863,400,000 shares, H shares - 1,062,600,000 shares.

2. Total share capital: 2,926,000,000 shares.

Save as disclosed above, as at 30 June 2008, so far as was known to the Directors of the Company, no other 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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF DALIAN PORT (PDA) COMPANY LIMITED
大連港股份有限公司
(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 23 to 48 which comprises the condensed consolidated balance sheet of Dalian Port (PDA) Company Limited as of 30 June 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 August 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	NOTES	Six months ended 30 June 2008 RMB'000 (unaudited)	2007 RMB'000 (unaudited)
Revenue	3	**745,884**	695,183
Cost of sales and services		**(351,938)**	(346,445)
Gross profit		**393,946**	348,738
Other income	4	**299,060**	26,570
Changes in fair value of derivative financial liabilities		**(8,894)**	(4,965)
Administrative expenses		**(70,766)**	(51,652)
Share of results of associates		**12,566**	2,055
Share of results of jointly controlled entities		**103,632**	95,622
Finance costs	5	**(53,860)**	(23,705)
Profit before tax		**675,684**	392,663
Income tax expense	6	**(99,244)**	(67,246)
Profit for the period	7	**576,440**	325,417
Attributable to:			
Equity holders of the Company		**534,185**	314,930
Minority interests		**42,255**	10,487
		576,440	325,417
Basic earnings per share (RMB)	9	**0.18**	0.11

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2008

	NOTES	30 June 2008 RMB'000 (unaudited)	31 December 2007 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	10	**4,939,485**	4,407,725
Prepaid lease payments		**289,016**	292,437
Investment properties		**896,740**	907,684
Intangible assets		**54,987**	48,738
Goodwill	11	**46,943**	–
Interests in jointly controlled entities		**787,445**	718,398
Interests in associates	12	**947,672**	717,545
Available-for-sale investments		**135,525**	160,559
Deferred tax assets		**73,170**	70,501
		8,170,983	7,323,587
Current assets			
Properties held for sale		**17,258**	84,207
Inventories - finished goods		**23,161**	24,931
Trade and other receivables	13	**320,801**	381,825
Prepaid lease payments		**6,409**	6,411
Amounts due from jointly controlled entities	14	**115,627**	58,040
Amounts due from associates	14	**979,410**	74,455
Amounts due from related companies	14	**113**	80
Amount due from a fellow subsidiary	14	**577**	2,679
Advance to Dalian Port Corporation Limited ("PDA")	14	**4,344**	37
Bank balances and cash		**662,228**	532,154
		2,129,928	1,164,819
Non-current assets held for sale	15	**–**	1,036,293
		2,129,928	2,201,112
Current liabilities			
Trade and other payables	16	**730,109**	375,855
Amounts due to jointly controlled entities	14	**5,665**	1,561
Amounts due to associates	14	**6,436**	4,761
Amounts due to related companies	14	**47,190**	96,683
Amounts due to fellow subsidiaries	14	**7,442**	4,891
Advance from PDA	14	**15,734**	16,547
Amount due to a minority shareholder	14	**21,233**	22,059
Tax liabilities		**106,742**	48,052
Bank borrowings — due within one year	17	**203,636**	698,060
Government grants		**38,020**	38,020
		1,182,207	1,306,489
Net current assets		**947,721**	894,623
Total assets less current liabilities		**9,118,704**	8,218,210

	NOTES	**30 June 2008 RMB'000 (unaudited)**	31 December 2007 RMB'000 (audited)
Non-current liabilities			
Bank borrowings – due after one year	17	**1,345,000**	1,529,900
Loan from PDA	18	**787,892**	–
Government grants		**729,332**	748,522
Derivative financial liabilities	19	**11,805**	2,911
		2,874,029	2,281,333
Net assets		**6,244,675**	5,936,877
Capital and reserves			
Paid-in capital		**2,926,000**	2,926,000
Share premium and reserves		**3,107,847**	2,850,425
Equity attributable to equity holders of the Company		**6,033,847**	5,776,425
Minority interests		**210,828**	160,452
Total equity		**6,244,675**	5,936,877

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Attributable to equity holders of the Company														
	Paid-in capital RMB'000	**Share premium** RMB'000	**Capital reserve** RMB'000	**Statutory surplus reserve fund** RMB'000 (Note a)	**Enterprise development fund** RMB'000 (Note b)	**Discretionary reserve fund** RMB'000 (Note c)	**Special reserve** RMB'000 (Note d)	**Other reserve** RMB'000 (Note e)	**Investment revaluation reserve** RMB'000	**Translation reserve** RMB'000	**Dividend reserve** RMB'000	**Retained earnings/ Shareholders' contribution** RMB'000	**Total** RMB'000	**Minority interests** RMB'000	**Total** RMB'000
At 1 January 2007	2,926,000	1,441,549	866,025	128,477	8,443	1,069	15,666	(614,756)	–	–	175,560	412,016	5,360,049	173,250	5,533,299
Profit and total recognised income	–	–	–	–	–	–	–	–	–	–	–	314,930	314,930	10,487	325,417
Adjustment arising from utilisation of deemed contribution	–	–	–	–	–	–	–	–	–	–	–	(17,207)	(17,207)	–	(17,207)
Dividend paid	–	–	–	–	–	–	–	–	–	–	(175,560)	–	(175,560)	–	(175,560)
At 30 June 2007 and 1 July 2007	2,926,000	1,441,549	866,025	128,477	8,443	1,069	15,666	(614,756)	–	–	–	709,739	5,482,212	183,737	5,665,949
Loss on fair value changes of available-for-sale investment	–	–	–	–	–	–	–	–	(14,555)	–	–	–	(14,555)	–	(14,555)
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	(6,754)	–	–	(6,754)	–	(6,754)
Net expense recognised directly in equity	–	–	–	–	–	–	–	–	(14,555)	(6,754)	–	–	(21,309)	–	(21,309)
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	296,438	296,438	8,527	304,965
Total recognised income and expense for the period	–	–	–	–	–	–	–	–	(14,555)	(6,754)	–	296,438	275,129	8,527	283,656
Adjustment arising from utilisation of deemed contribution	–	–	–	–	–	–	–	–	–	–	–	(308)	(308)	–	(308)
Overprovision of expenses relating to issue of new shares in prior year	–	19,392	–	–	–	–	–	–	–	–	–	–	19,392	–	19,392
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(6,873)	(6,873)
Transfer	–	–	–	–	(8,129)	(920)	–	30,806	–	–	–	(21,757)	–	–	–
Divided paid	–	–	–	–	–	–	–	–	–	–	–	–	–	(24,939)	(24,939)
Proposed find dividend	–	–	–	–	–	–	–	–	–	–	234,080	(234,080)	–	–	–
Appropriations	–	–	–	90,650	101	67	–	–	–	–	–	(90,818)	–	–	–

	Attributable to equity holders of the Company														
	Paid-in capital RMB'000	**Share premium** RMB'000	**Capital reserve** RMB'000	**Statutory surplus reserve fund** RMB'000 (Note a)	**Enterprise development fund** RMB'000 (Note b)	**Discretionary reserve fund** RMB'000 (Note c)	**Special reserve** RMB'000 (Note d)	**Other reserve** RMB'000 (Note e)	**Investment revaluation reserve** RMB'000	**Translation reserve** RMB'000	**Dividend reserve** RMB'000	**Retained earnings/ Shareholders' contribution** RMB'000	**Total** RMB'000	**Minority interests** RMB'000	**Total** RMB'000
At 31 December 2007 and 1 January 2008	2,926,000	1,460,941	866,025	219,127	415	216	15,666	(583,950)	(14,555)	(6,754)	234,080	659,214	5,776,425	160,452	5,936,877
Loss on fair value changes of available-for-sale investment	–	–	–	–	–	–	–	–	(21,461)	–	–	–	(21,461)	–	(21,461)
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	(7,975)	–	–	(7,975)	–	(7,975)
Net expense recognised directly in equity	–	–	–	–	–	–	–	–	(21,461)	(7,975)	–	–	(29,436)	–	(29,436)
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	534,185	534,185	42,255	576,440
Total recognised income and expense for the period	–	–	–	–	–	–	–	–	(21,461)	(7,975)	–	534,185	504,749	42,255	547,004
Adjustment arising from utilisation of deemed contribution	–	–	–	–	–	–	–	–	–	–	–	(13,247)	(13,247)	(12)	(13,259)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	8,324	8,324
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(191)	(191)
Transfer	–	–	–	–	–	–	–	11,456	–	–	–	(11,456)	–	–	–
Transfer to dividend payable	–	–	–	–	–	–	–	–	–	–	(234,080)	–	(234,080)	–	(234,080)
At 30 June 2008	**2,926,000**	**1,460,941**	**866,025**	**219,127**	**415**	**216**	**15,666**	**(572,494)**	**(36,016)**	**(14,729)**	**–**	**1,168,696**	**6,033,847**	**210,828**	**6,244,675**

Notes:

(a) According to the Articles of Association, the Company and certain subsidiaries are required to transfer 10% of the profit after tax (as determined under the People's Republic of China (the "PRC") accounting standards) to the statutory surplus reserve fund until the fund balance reaches 50% of the registered capital. The transfer to this fund must be made before distributing dividends to shareholders. The fund can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the Company and subsidiaries.

(b) Pursuant to regulations in the PRC, certain subsidiaries are required to transfer 5% to 10% of the profit after tax (as determined under the PRC accounting standards) to the enterprise development fund. The fund can only be used for the enterprise development and is not available for distribution to shareholders.

(c) According to the Articles of Association, the Company and certain subsidiaries can transfer the profit after tax to the discretionary reserve fund on a discretionary basis.

(d) Special reserve arose from the measurement of the non-interest bearing advance from PDA at fair value, in accordance with its accounting policies adopted for initial recognition of financial instruments.

(e) Other reserve represents the reversal of the revaluation surplus arising from the capital contribution by PDA to Dalian Container Terminal Co., Ltd and group reorganisation in 2005. Other reserve would be released to retained earnings upon the depreciation of those capital assets.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	NOTE	Six months ended 30 June **2008** **RMB'000** **(unaudited)**	 2007 RMB'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**246,792**	297,368
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(576,772)**	(250,080)
Capital contribution to associates		**(207,381)**	–
Net cash outflow arising on acquisition of subsidiaries	11	**(73,283)**	–
Acquisition of associates		**(4,088)**	(194,937)
Proceeds from disposal of non-current assets held for sale		**400,000**	–
Proceeds from disposal of property, plant and equipment		**246,451**	31,307
Dividend received from jointly controlled entities		**137,205**	150,922
Other investing cash flows		**(39,230)**	96,351
NET CASH USED IN INVESTING ACTIVITIES		**(117,098)**	(166,437)
FINANCING ACTIVITIES			
Loan from PDA		**787,892**	–
New bank loans raised		**161,543**	122,167
Repayment of bank loans		**(875,868)**	(526,241)
Interest paid		**(73,187)**	(57,913)
Dividend paid		**–**	(175,560)
Other financing cash flows		**–**	11,242
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		**380**	(626,305)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**130,074**	(495,374)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**532,154**	1,412,634
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash		**662,228**	917,260

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2008

1. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Main Board of the Stock Exchange of Hong Kong Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current period, the Group has applied, for the first time, some new interpretations ("new IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee of the IASB, which are effective for the Group's financial year beginning on 1 January 2008. The adoption of these new IFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is organised into four (2007: four) operating divisions - oil/liquefied chemicals terminal and logistics services, container terminal and logistics services, automobile terminal and logistics services and port value-added services. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Oil/liquefied chemicals terminal and logistics services	–	Loading and discharging, storage and transhipment for oil products and liquefied chemicals and related logistics services;
Container terminal and logistics services	–	Loading and discharging, storage and transhipment of containers, leasing of terminals and related facilities and various container logistics services;
Automobile terminal and logistics services	–	Loading and discharging of automobile and related logistics services; and
Port value-added services	–	Tallying, vessel navigation, tugging and information technology services.

Segment information about the Group's operations is presented below.

For the six months ended 30 June 2008 (unaudited)

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Port value-added services RMB'000	Eliminations RMB'000	Consolidated RMB'000
Revenue						
External sales	325,296	284,697	–	135,891	–	745,884
Inter-segment sales	–	255	–	1,848	(2,103)	–
Total revenue	325,296	284,952	–	137,739	(2,103)	745,884

Inter-segment sales are charged at prevailing market prices.

Result						
Segment result	267,492	301,022	–	60,307	–	628,821
	(Note 1)	(Note 2)				
Unallocated income						6,653
Unallocated expenses						(22,128)
Share of results of associates	1,041	12,538	(2,345)	1,332		12,566
Share of results of jointly controlled entities	3,898	91,962	–	7,772		103,632
Finance costs						(53,860)
Profit before tax						675,684
Income tax expense						(99,244)
Profit for the period						576,440

Notes:

(1) The amount includes gain on disposal of properties, plant and equipment of approximately RMB80,260,000.

(2) The amount includes gain on disposal of non-current assets held for sale of approximately RMB120,515,000, gain on disposal of property, plant and equipment of approximately RMB70,099,000, gain on disposal of properties held for sale of approximately RMB16,917,000. The amount also includes a credit to the cost of sales and services of approximately RMB27,093,000 in relation to the change of layout to properties held for sale in current period.

For the six months ended 30 June 2007 (unaudited)

	Oil/liquefied chemicals terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Port value-added services RMB'000	Eliminations RMB'000	Consolidated RMB'000
Revenue						
External sales	313,508	269,551	–	112,124	–	695,183
Inter-segment sales	–	564	–	1,087	(1,651)	–
Total revenue	313,508	270,115	–	113,211	(1,651)	695,183

Inter-segment sales are charged at prevailing market prices.

Result						
Segment result	177,638	86,460	–	57,918	–	322,016
Unallocated income						12,900
Unallocated expenses						(16,225)
Share of results of associates	–	1,958	(1,098)	1,195		2,055
Share of results of jointly controlled entities	16,866	73,658	–	5,098		95,622
Finance costs						(23,705)
Profit before tax						392,663
Income tax expense						(67,246)
Profit for the period						325,417

Geographical segments

All the Group's operations are located in the PRC.

4. OTHER INCOME

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Gain on disposal of property, plant and equipment		
– oil storage tanks	**80,260**	–
– vessels	**70,099**	–
– others	**–**	5,039
	150,359	5,039
Gain on disposal of non-current assets held for sale	**120,515**	–
Gain on disposal of properties held for sale	**16,917**	–
Bank interest income	**5,491**	7,334
Net interest income from derivative financial instruments	**1,162**	585
Changes in fair value of financial assets classified as held for trading	**–**	4,981
Others	**4,616**	8,631
	299,060	26,570

5. FINANCE COSTS

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank loans	**69,233**	62,735
Interest on loan from PDA	**9,630**	–
Less: Amount capitalised and included in the cost of property, plant and equipment	**(25,003)**	(34,208)
Less: Amount capitalised and included in the cost of properties held for sale	**–**	(4,822)
	53,860	23,705

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The charge comprises:		
Current tax charge	**114,933**	66,954
Deferred tax (credit) charge	**(15,689)**	292
	99,244	67,246

PRC enterprise income tax for the Company is calculated at the prevailing tax rate of 25% (for the six months ended 30 June 2007: 16.5%) for the six months ended 30 June 2008. Pursuant to the documents issued by Dalian Bonded Zone Local Tax Bureau (大連保稅區地方稅務局大地稅保發【2007】22號), the Company was entitled to 50% reduction of PRC enterprise income tax for the six months ended 30 June 2007.

The tax charges on other group entities for the six months ended 30 June 2008 represent PRC enterprise income tax calculated at the prevailing tax rate of 25% (for the six months ended 30 June 2007: 33%) on the taxable income in the PRC.

The deferred tax credit for the period ended 30 June 2008 mainly relates to the Group's unrealised profits arising from the sale of non-current assets held for sale to its associate and the injection of properties held for sale at revalued amount as further capital contribution by the Group to its associates.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**90,568**	62,397
Retirement benefits scheme contributions	**10,495**	7,871
Total staff costs	**101,063**	70,268
(Recovery of) allowance for bad and doubtful debts, net	**(53)**	3,438
Depreciation and amortisation	**106,164**	83,879
Less: Government grants related to depreciable assets released to income	**(19,190)**	(3,888)
	86,974	79,991
Loss on disposal of investment properties	**–**	2,526
Net foreign exchange loss	**2,969**	2,432
Release of prepaid lease payments to consolidated income statement	**3,204**	2,357
Share of tax of associates (included in share of results of associates)	**1,600**	785
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	**20,904**	17,760

8. DIVIDENDS

On 18 June 2008, a dividend of RMB8 cents per share amounting to RMB234,080,000 in aggregate (for the six months ended 30 June 2007: RMB6 cents per share amounting to RMB175,560,000 in aggregate for 2006 final dividend) was declared as the final dividend for 2007.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2008 (for the six months ended 30 June 2007: nil).

9. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2008 is based on the profit attributable to equity holders of the Company and the number of 2,926,000,000 shares (for the six months ended 30 June 2007: 2,926,000,000 shares) in issue.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Terminal facilities RMB'000	Terminal equipment RMB'000	Vessels and motor vehicles RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2007	125,041	2,386,596	180,367	506,886	142,343	1,958,802	5,300,035
Additions	18,480	168,791	36,438	5,615	54,595	803,349	1,087,268
Reclassifications	137,283	1,389,440	105,125	165,754	(127,093)	(1,670,509)	–
Transfer to intangible assets	–	–	–	–	–	(1,728)	(1,728)
Transfer to non-current assets held for sale	(21,875) (as restated)	(1,190,106) (as restated)	(85,757) (as restated)	–	–	–	(1,297,738) (as restated)
Transfer to investment properties	(6,410)	(158,691)	–	–	–	–	(165,101)
Disposals	(31,171)	(116,439)	(38,266)	(41,034)	(12,587)	–	(239,497)
At 31 December 2007 and 1 January 2008	221,348 (as restated)	2,479,591 (as restated)	197,907 (as restated)	637,221	57,258	1,089,914	4,683,239 (as restated)
Acquired on acquisition of assets and liabilities through acquisition of subsidiaries (note 11)	3,032	87,500	17,437	–	4,946	–	112,915
Additions	62	4,839	2,543	2,509	1,280	590,542	601,775
Reclassifications	42,686	35,018	3,361	108,219	411	(189,695)	–
Transfer to intangible assets	–	–	–	–	–	(300)	(300)
Disposals	(475)	(36,190)	(1,648)	(74,414)	(197)	(3,332)	(116,256)
At 30 June 2008	266,653	2,570,758	219,600	673,535	63,698	1,487,129	5,281,373
ACCUMULATED DEPRECIATION							
At 1 January 2007	11,832	95,994	15,988	32,355	25,649	–	181,818
Provided for the year	20,555	66,040 (as restated)	5,204	38,181	26,714	–	156,694 (as restated)
Eliminated on transfer to non-current assets held for sale	– (as restated)	– (as restated)	– (as restated)	–	–	–	– (as restated)
Reclassifications	516	(24)	5,352	–	(5,844)	–	–
Transfer to investment properties	(4,794)	(29,303)	–	–	–	–	(34,097)
Eliminated on disposals	(7,509)	(7,741)	(4,729)	(7,287)	(1,635)	–	(28,901)
At 31 December 2007 and 1 January 2008	20,600 (as restated)	124,966 (as restated)	21,815 (as restated)	63,249	44,884	–	275,514 (as restated)
Provided for the year	4,537	55,087	10,250	19,429	3,106	–	92,409
Reclassifications	–	–	17	–	(17)	–	–
Eliminated on disposals	(66)	(14,856)	(396)	(10,598)	(119)	–	(26,035)
At 30 June 2008	25,071	165,197	31,686	72,080	47,854	–	341,888
CARRYING AMOUNT							
At 30 June 2008	241,582	2,405,561	187,914	601,455	15,844	1,487,129	4,939,485
At 31 December 2007	200,748	2,354,625	176,092	573,972	12,374	1,089,914	4,407,725

The movements of property, plant and equipment for the year ended 31 December 2007 had been restated to reflect certain reclassification errors amongst the categories of buildings, terminal facilities and terminal equipment in the line items of depreciation provided for the year and cost and accumulated depreciation amounts transferred to non-current assets held for sale. After the reclassification, the amounts shown in the table for total depreciation provided for the year ended 31 December 2007 had been decreased from approximately RMB228,200,000 to RMB156,694,000, the total cost of property, plant and equipment transferred to non-current assets held for sale for the year ended 31 December 2007 had been increased from RMB1,276,865,000 to RMB1,297,738,000 and the total accumulated depreciation amounts of property, plant and equipment transferred to non-current assets held for sale for the year ended 31 December 2007 had been decreased from RMB50,633,000 to Nil, respectively.

In the opinion of the directors, the reclassification had no effect on the total net book values of property, plant and equipment and the non-current assets held for sale as at 31 December 2007, which remained unchanged at approximately RMB4,407,725,000 and RMB1,036,293,000 (note 15), respectively, and no effect on the amounts shown in the consolidated income statement for the year ended 31 December 2007. Accordingly, no prior year adjustment was necessary on the results and financial position of the Group for the prior accounting periods.

Similar reclassifications are also required to be made to the consolidated cash flow statement for the year ended 31 December 2007 to reflect these reclassification errors in the line items of depreciation and amortisation and movement in trade and other payables for the year ended 31 December 2007. After the reclassification, the depreciation and amortisation for the year ended 31 December 2007 shown in the "Operating Activities" section of the cash flow statement should be decreased from RMB250,183,000 to RMB178,677,000 and the movement in trade and other payables should be changed from a decrease of RMB300,991,000 to a decrease of RMB229,485,000. The reclassification have no effect on the net cash generated from operating activities for the year ended 31 December 2007 in the consolidated cash flow statements, which remained unchanged at RMB833,785,000. The details of the changes in consolidated cash flow statement will be presented in the Group's annual report for the year ending 31 December 2008.

11. GOODWILL

The amount mainly represents goodwill arising from the acquisitions of additional 31.27% equity interests in DCT Logistics Co., Ltd. ("DCTL") on 1 January 2008 and additional 35% equity interests in Dalian Portnet Co., Limited ("DPN") on 14 May 2008, with considerations of approximately RMB59 million and RMB37 million, respectively. The provisional fair value of the net assets acquired, which approximate to the carrying amounts at the date of acquisitions, were approximately RMB49 million in aggregate, resulting in goodwill of approximately RMB47 million.

Subsequent to the acquisitions, DCTL and DPN, which were previously a jointly controlled entity and an associate, respectively, became subsidiaries of the Group. The effective interests of DCTL and DPN attributable to the Group are 95.3% and 71.0%, respectively. DCTL and DPN are engaged in container logistics services and port value-added services, respectively.

The aggregate net assets acquired in the above transactions and the goodwill arising are as follows:

	Carrying amount and provisional fair value of net assets acquired		
	DCTL	**DPN**	**Total**
	RMB'000	RMB'000	RMB'000
Net assets acquired			
Property, plant and equipment	108,509	4,856	112,915
Intangible assets	296	8,053	8,349
Interest in an associate	–	2,645	2,645
Deferred tax assets	99	2	101
Inventories	1,026	–	1,026
Trade and other receivables	10,350	3,513	13,863
Bank balances and cash	4,132	18,135	22,267
Trade and other payables	(18,733)	(7,812)	(26,545)
Tax liabilities	(1,815)	(334)	(2,149)
Bank borrowings	(35,000)	–	(35,000)
	68,414	29,058	97,472
Minority interests	–	(8,324)	(8,324)
Goodwill	20,391	26,552	46,943
Interests in a jointly controlled entity	(30,004)	–	(30,004)
Interests in an associate	–	(10,537)	(10,537)
Total consideration satisfied by cash	58,801	36,749	95,550
Net cash outflow arising on acquisitions:			
Cash consideration	(58,801)	(36,749)	(95,550)
Bank balances and cash acquired	4,132	18,135	22,267
	(54,669)	(18,614)	(73,283)

The goodwill arising on the acquisitions of DCTL and DPN are attributable to the anticipated profitability of container terminal and port value-added services business and the anticipated operating synergies from the combination.

DPN contributed profit of RMB519,000 to the Group's profit for the period between the date of acquisition and the balance sheet date. DCTL contributed loss of RMB2 million to the Group's profit for the period between the date of acquisition and the balance sheet date.

If the acquisitions had been completed on 1 January 2008, total group revenue for the period would have been increased by RMB64 million, and profit for the period would have been increased by RMB3 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2008, nor is it intended to be a projection of future results.

The fair value of the property, plant and equipment and intangible assets acquired have been determined on a provisional basis, awaiting the receipt of professional valuations.

12. MOVEMENTS IN INTERESTS IN ASSOCIATES

During the six months ended 30 June 2008, the Group made further capital contribution in proportion to its respective shareholdings into Dalian Jilong Logistics Co., Ltd., Dalian Port Container Terminal Co., Ltd. and Dalian Puji Property Development Co., Ltd. (大連普集置業有限公司) of approximately RMB298 million in aggregate, in which approximately RMB91 million is injected by transfer of properties held for sale at revalued amount, resulting in a gain on disposal of properties held for sale of approximately RMB17 million after deducting the portion attributable to Group's interests in the associates. These associates are engaged in container terminal and logistics services.

13. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet dates:

	30 June 2008 RMB'000 (unaudited)	31 December 2007 RMB'000 (audited)
Trade receivables		
0 – 90 days	**89,643**	52,152
91 – 180 days	**341**	77
181 – 360 days	**328**	685
	90,312	52,914
Other receivables	**230,489**	328,911
	320,801	381,825

14. BALANCES WITH JOINTLY CONTROLLED ENTITIES/ASSOCIATES/RELATED COMPANIES/FELLOW SUBSIDIARIES/PDA/A MINORITY SHAREHOLDER

The amounts are unsecured, non-interest bearing and repayable on demand.

15. NON-CURRENT ASSETS HELD FOR SALE

	30 June 2008 RMB'000 (unaudited)	31 December 2007 RMB'000 (audited)
Container berths and related facilities	**–**	1,036,293

Pursuant to an agreement dated 25 September 2005 between the Group and its associate, Dalian Port Container Terminal Co., Ltd. ("DPCM"), the Group agreed to sell and DPCM agreed to acquire No. 13 and 14 container berths and related facilities situated in Dayao Bay of Dalian City, upon the completion of construction. The container berths and related facilities have been completed in the first half of 2007 and the transaction was completed in June 2008 at a consideration of approximately RMB1,255 million. After deducting the related cost to sell and eliminating the gain on disposal to the Group's interest in relevant associate, the gain on disposal to the Group of approximately RMB121 million was credited to consolidated income statement and included in other income. Part of the consideration of approximately RMB400 million has been received during the period and the remaining consideration was included in amounts due from associates as at 30 June 2008. Up to the date of this report, approximately a further RMB600 million was received.

16. TRADE AND OTHER PAYABLES

The average credit period taken for trade purchases is not more than 90 days. The following is an aged analysis of trade payables at the balance sheet dates:

	30 June 2008 RMB'000 (unaudited)	31 December 2007 RMB'000 (audited)
Trade payables		
0-90 days	**41,274**	61,931
91-180 days	**25,594**	383
Over 180 days	**2,353**	230
	69,221	62,544
Dividend payable	**252,766**	16,323
Other payables	**408,122**	296,988
	730,109	375,855

17. BANK BORROWINGS

During the six months ended 30 June 2008, the Group repaid bank loans of approximately RMB876 million (2007: RMB526 million) and obtained new bank loans of approximately RMB162 million (2007: RMB122 million). The proceeds were mainly used to finance the acquisition of property, plant and equipment.

18. LOAN FROM PDA

The amount is unsecured, bears interest at approximately 5.47% per annum and is repayable in full on 7 April 2018. The amounts are part of the unsecured loan notes issued by PDA which was approved by the relevant PRC authority for the ultimate use of the Group.

19. DERIVATIVE FINANCIAL LIABILITIES

The Group entered into a contract with a bank, under which the Group is required to pay interest at each specified date calculated by reference to a fixed interest rate of 5.6% per annum based on a notional amount of RMB410,000,000 whereas the bank is also required to pay interest at each specified date calculated by reference to a variable interest rate based on the same notional amount. The variable interest rate to be paid by the bank will depend on a formula, of which parameters will involve 30-year Constant Maturity Swap ("CMS") rate and 2-year CMS rate. The contract will expire on 24 December 2015.

20. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related companies/parties:

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Trading transactions		
Rental income received		
Associates	**69,809**	66,472
Jointly controlled entities	**36,923**	35,592
	106,732	102,064
Service income received (Note)		
PDA	**793**	9
Subsidiaries and jointly controlled entities of PDA	**1,103**	6,435
Associates	**15,509**	5,751
Jointly controlled entities	**14,272**	11,913
	31,677	24,108
Comprehensive services paid		
PDA	**10,535**	18,524
Subsidiaries and jointly controlled entities of PDA	**4,672**	11,167
Associates	**404**	–
Jointly controlled entities	**765**	709
	16,376	30,400
Agency services paid		
Subsidiaries and jointly controlled entities of PDA	**–**	1,541
Jointly controlled entities	**737**	–
Leasing expenses paid		
PDA	**732**	544
Subsidiaries and jointly controlled entities of PDA	**1,211**	150
Associates	**19**	–
Jointly controlled entities	**6,040**	380
	8,002	1,074
Construction management services paid		
Subsidiaries and jointly controlled entities of PDA	**1,882**	1,030

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Non-trading transactions		
Acquisition of associates		
PDA	**–**	194,937
Acquisition of property, plant and equipment		
PDA	**76**	2,857
Subsidiaries and jointly controlled entities of PDA	**24,670**	55,718
Associates	**266**	–
Jointly controlled entities	**25**	–
	25,037	58,575
Proceeds from disposal of property, plant and equipment		
PDA	**–**	48,837
Proceeds from disposal of non-current assets held for sale		
Associates	**1,254,956**	–
Interest paid		
PDA	**9,630**	–

Note: The amounts mainly represent income in relation to the provision of tugging, pilotage, provision of information technology and management services.

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term benefits	**2,691**	2,544
Post-employment benefits	**211**	215
	2,902	2,759

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

21. MATERIAL TRANSACTIONS AND BALANCES WITH OTHER STATE-CONTROLLED ENTITIES

In the opinion of the directors, the Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government (these enterprises other than PDA are hereinafter collectively referred to as "State-Controlled Entities"). During the period, the Group had material transactions with some of these State-Controlled Entities in its ordinary and usual course of business.

In establishing its pricing strategies and approval process for its products and services, the Group does not differentiate whether the counter-party is a State-Controlled Entity or not.

For the purpose of this report, the Group has identified the nature and quantified the amounts of its material transactions with State-Controlled Entities during the period as follows:

(a) Material transactions

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Nature of transactions		
Construction costs paid	**154,541**	70,986
Proceeds from disposal of oil storage tanks	**109,823**	–
Purchase of vessels and motor vehicles	**300**	–
Revenue from provision of services (Note)	**350,295**	338,092
Purchase of fuels	**4,453**	40
Purchase of raw materials and other services	**1,532**	6,860

Note: The amounts mainly represent revenue in relation to the provision of loading and discharging, storage, transhipment for oil products and containers and tugging service.

(b) Material balances

	30 June	31 December
	2008	2007
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade and other receivables	**73,555**	18,092
Trade and other payables	**299,006**	172,334

In addition, the Group entered into various transactions, including borrowings and other general banking facilities, with certain banks and financial institutions which are Stated-Controlled Entities in its ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

Except as disclosed above, the directors are of the opinion that transactions with other State-Owned Entities are not significant to the Group's operations.

22. COMMITMENTS

	30 June 2008 RMB'000 (unaudited)	31 December 2007 RMB'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– authorised but not contracted for	**72,120**	71
– contracted but not provided for	**422,297**	427,061
	494,417	427,132
Capital expenditure in respect of the acquisition of equity interests:		
– authorised but not contracted for	**37,000**	–
– contracted but not provided for	**26,900**	80,410
	63,900	80,410

23. SUBSEQUENT EVENTS

(a) In July 2008, the Group made further capital contribution into DCTL of approximately RMB36,670,000. The effective interest of DCTL attributable to the Group increased from 95.3% to 96.5% after such capital contribution.

(b) In July 2008, the Group established Dalian Jihai Logistics Co., Ltd. 大連集海物流有限公司 ("DJL") by making capital contribution of approximately RMB21,000,000, representing 67.6% effective interest in DJL. DJL is engaged in container terminal and logistics services.

大連港股份

DALIAN PORT (PDA) COMPANY LIMITED

大連港股份有限公司

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

(於中華人民共和國註冊成立之外商投資股份有限公司)

(Stock Code 股份代號：2880)

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