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 2009

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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

as to Hong Kong law
Morrison & Foerster
as to PRC law
Jingtian & Gongcheng, Beijing

Auditors

International Auditors

Ernst & Young

PRC Auditors

Ernst & Young Hua Ming

Stock Code

2880

Hong Kong Share Registrar

Computershare Hong Kong Investor Service Limited
Shops 1806-07, 18th Floor, Hopewell Centre
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Principal Bankers

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

Management Discussion and Analysis

Summary

In the first half of 2009, the Chinese economy continued to be affected to a certain extent by the global financial crisis. The Chinese government has launched a series of macro economic policies since late 2008. As a result, in the worsening global economic situation, the Chinese economy, driven by investments and supported by consumption, has showed signs of positive change and steady recovery. However, the Chinese economic structure was not well balanced. Chinese foreign trade continued to show a significant slowdown during the first half of 2009 caused by a slowdown in international trade. In the first half of the year, China's GDP increased by 7.1%, but its foreign trade value decreased by 23.5%.

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 Segment"), and the provision of port value-added services ("Value-added Services Segment").

In the first half of 2009, the macro economy and industries which were relevant to the Group's core business were as the following:

Oil Segment: In the first half of the year, international crude oil price rebounded after falling to a low level. China imported a total of approximately 90.77 million tonnes of crude oil, a slight increase of 0.3% over the same period of 2008.

Container Segment: Compared with the same period of 2008, the GDP of Heilongjiang Province, Jilin Province and Liaoning Province (the "Three Northeastern Provinces") increased by 8.9%, 11.7% and 11.5%, respectively, while the foreign trade value in the Three Northeastern Provinces decreased by 10.9%, 27.3% and 22.5%, respectively.

In the first half of 2009, the performance of the Group's major business segments was mixed. Both the Group's oil segment and the tugging business of its value-add service segment achieved sound growth and were resilient to the economic slowdown. In the first half of the year, the Group's oil/liquefied chemicals business achieved rapid growth with a total throughput of approximately 18.8 million tonnes, an increase of 9.4% as compared with the same period of 2008, of which the crude oil throughput was approximately 12.9 million tonnes, an increase of 15.1%. However, impacted by the decrease of the foreign trade in the Group's hinterland including the Three Northeastern Provinces, the Group's container terminal business declined. In terms of the container throughput, the Group handled approximately 2.5 million TEUs, a decrease of 6.5% as compared with the same period last year, of which foreign trade container throughput decreased by 9.1%. The Group handled approximately 2.0 million TEUs in Dalian, a decrease of 2.7%. The Company's profit attributable to equity holders amounted to RMB272,173,000, representing a decrease of 49.0% as compared with the same period last year. Such decrease was mainly due to the substantial decrease of gains on fixed asset disposal and the slowdown in the Group's Container Segment caused by the global economic downturn.

The business performance of the Group described in this report, such as throughput data, is the aggregate of all operating entities in which the Group has equity interests irrespective of the percentage of equity interest held by the members the Group.

Overall analysis of results

The Group's condensed consolidated financial statements for the six-month ended 30 June 2009 are unaudited but have been reviewed by the Group's external auditors and the Company's Audit Committee.

For the first half of 2009, the Company's profit attributable to shareholders amounted to RMB272,173,000, representing a decrease of 49.0% as compared with RMB534,185,000 for the first half of 2008. Such decrease was mainly due to the substantial decrease of gains on disposal of fixed assets and the global economic downturn in the first half of 2009. If the amount of approximately RMB 250,010,000 attributed to the gains, net of income tax, on disposal of fixed assets (including property, plant and equipment, as well as non-current assets held for sale) were excluded in the first half of 2008, the Company's profit attributable to shareholders in the first half of 2009 would have decreased by 4.2% from the first half of 2008. Such decrease was mainly due to the weakened performance of the Group's associates and jointly controlled entities in its Container Segment amid the global economic downturn in the first half of 2009.

For the first half of 2009, the Company's basic earnings per share were RMB9.30 cents, representing a decrease of 49.0% from RMB18.26 cents in the first half of 2008.

For the first half of 2009, the Group's revenue amounted to RMB752,681,000, representing an increase of 0.9% from RMB745,884,000 for the first half of 2008. The revenue increase was mainly attributable to the growth of income from oil storage tanks leasing and tugging business.

For the first half of 2009, the Group's cost of sales and services amounted to RMB379,603,000 which increased by 7.9% as compared with RMB351,938,000 for the first half of 2008. The increase in cost of sales and services in the current period was mainly due to the increase in depreciation of new assets, as well as the increase in staff and fuel costs caused by the growth in the tugging business.

For the first half of 2009, the Group's gross profit reached RMB373,078,000 which decreased by 5.3% from RMB393,946,000 for the first half of 2008. The gross margin decreased to 49.6% in the current period from 52.8% for the first half of 2008. The overall gross margin decrease was mainly due to the decrease of the gross margin of oil handling business and container berth leasing in the current period.

For the first half of 2009, the Group's other income was RMB14,864,000, representing a decrease of 95.0% as compared with RMB299,060,000 for the first half of 2008 due to the significant decrease of income from disposal of fixed assets (including property, plant and equipment, as well as non-current assets held for sale).

For the first half of 2009, the Group's finance costs amounted to RMB31,885,000, representing a decrease of 40.8% from RMB53,860,000 for the first half of 2008. The decrease was mainly caused by a decrease of the monthly average balance of short-term bank loans, an interest rate reduction for long-term bank loans and increase in the amount of capitalized finance costs in the current period.

For the first half of 2009, the Group's income tax expense amounted to RMB64,141,000 which decreased by 35.4% from RMB99,244,000 for the first half of 2008. The decrease was mainly caused by the decrease of gains on disposal of fixed assets.

Assets and liabilities

As of 30 June 2009, the Group's total assets and net assets reached RMB10,844,448,000 and RMB6,419,547,000, respectively, and its net asset value per share was RMB2.19, representing a decrease of RMB0.05 from RMB2.24 as of 31 December 2008.

As of 30 June 2009, the Group's total liabilities amounted to RMB4,424,901,000, of which total outstanding bank loans accounted for RMB2,833,512,000.

Financial resources and liquidity

For the first half of 2009, the Group's net cash flows generated from operating and financing activities amounted to RMB228,024,000 and RMB543,643,000, respectively. The Group is maintaining a sound financial position in the current period and will apply these cash inflows to fund the Group's capital expenditure and other investments.

As of 30 June 2009, the Group had a balance of cash and cash equivalents of RMB1,015,932,000 which represented an increase of RMB345,921,000 as compared with that as at 31 December 2008. Such increase was mainly due to the surplus of cash inflows from financing activities.

As of 31 December 2008, the Group's loans from banks and Dalian Port Corporation Limited amounted to RMB2,220,110,000. In the first half of 2009, the Group issued an aggregate of RMB2,500,000,000 five-year medium-term notes with an annual interest rate of 4.28% (the net proceeds from the issuance of medium-term notes after deducting issuance cost of RMB25,541,000 amounted to RMB2,474,459,000) obtained an aggregate of RMB429,053,000 new bank loans and repaid an aggregate of RMB2,290,110,000 bank loans and the loans from PDA. As of 30 June 2009, the Group's bank and other borrowings amounted to RMB2,833,512,000 of which RMB2,783,512,000 was due after one year and RMB50,000,000 was due within one year. Gearing, as measured by net debts to equity, was 28.3% as at 30 June 2009 (23.7% as at 31 December 2008).

As of 30 June 2009, the Group's unutilized banking facilities amounted to RMB3,275,440,000.

As of 30 June 2009, the Group had net current assets of RMB621,558,000, representing an increase of RMB175,946,000 as compared with that as at 31 December 2008. The Group's current ratio was 1.7 times as at 30 June 2009 (1.5 times as at 31 December 2008).

During the first half of 2009, the Group was not considered to have significant exposure to fluctuations in exchange rates and did not entered into any foreign exchange hedging contracts.

Use of proceeds

Net proceeds of the global offering of 966 million H shares ("IPO") obtained by the Group in 2006 amounted to approximately RMB2,385,343,000. As at 30 June 2009, the Group had utilized approximately RMB2,294,340,000 of the net proceeds and the remaining balance of the net proceeds was RMB91,000,000.

There has been no change in the proposed use of proceeds from the IPO as stated in the Company's prospectus dated 18 April 2006. As at 30 June 2009, the details of the use of proceeds were as follows:

Projects	Proceeds from IPO	Use of proceeds as of 30 June 2009	Balance	Completion of construction/purchase
Construction of four new container berths at Dayaowan	400,000,000	400,000,000		two container berths
Construction of twelve crude oil storage tanks in Xingang	680,000,000	602,000,000	78,000,000	twelve crude oil storage tanks
Purchase of eight tugboats	270,000,000	257,000,000	13,000,000	eight tugboats
Repayment of a long-term bank loan	850,000,000	850,000,000		
General working capital	185,343,000	185,343,000		
Total	2,385,343,000	2,294,340,000	91,000,000	

It is expected that all the remaining proceeds from the IPO will be used up by the end of 2009.

Capital expenditure

For the first half of 2009, the Group's capital expenditure amounted to RMB269,240,000 which was mainly funded by the surplus cash generated from operating activities and the proceeds from the issuance of medium-term notes.

Business Review

The performance analysis of each business segment in the first half of 2009 is as follows.

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in the first half of 2009 and its comparative results in the first half of 2008:

	For the six months ended 30 June 2009 ('000 tonnes)	For the six months ended 30 June 2008 ('000 tonnes)	Increase/ (Decrease)
Crude Oil	**12,895**	11,205	15.1%
Refined Oil	**5,519**	5,404	2.1%
Liquefied Chemicals	**358**	557	(35.7%)
Total	**18,772**	17,166	9.4%

In the first half of 2009, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 18.8 million tonnes, an increase of 9.4% as compared with the same period of 2008.

In the first half of 2009, the Group's crude oil throughput increased by 15.1%, as compared with the same period of 2008, to approximately 12.9 million tonnes. Although the total imported crude oil volume of China was almost the same as compared with the same period of 2008, the Group's crude oil business achieved sound growth due to an increase in the crude oil transshipment volume and the fill-up of the national strategic oil reserve base located in Dalian.

In the first half of 2009, the Group's refined oil throughput amounted to approximately 5.5 million tonnes, an increase of 2.1% as compared with the same period of 2008. The Group worked closely with petroleum sales enterprises, railway companies and shipping lines so as to speed up the transportation of refined oil via the Group's oil terminal, which efficiently increased the Group's refined oil throughput.

In the first half of 2009, the Group's liquefied chemicals throughput was approximately 358,000 tonnes, a decrease of 35.7% as compared with the same period of 2008. Impacted by the global financial crisis, the businesses of certain export-oriented manufacturing industries, that use chemical raw materials, encountered a significant slowdown, which resulted in a decrease in demand for chemical products. In addition, one of the Group's major customers switched to purchase some of its raw materials on the domestic market instead of the overseas market. These two factors caused a significant decrease in the Group's liquefied chemicals throughput.

In the first half of 2009, the volume of crude oil imported through the Group's terminal accounted for 100% (99% in the first half of 2008) of the total amount of crude oil imported in Dalian and 94% (96% in the first half of 2008) of the total amount of crude oil imported in the Three Northeastern Provinces. The total oil/liquefied chemicals throughput accounted for 67% (70% in the first half of 2008) of the total throughput of Dalian and 52% (55% in the first half of 2008) of the total oil throughput of the Three Northeastern Provinces.

For the first half of 2009, the revenue from oil/liquefied chemicals terminal and logistics services amounted to RMB394,303,000, representing an increase of RMB72,459,000 or 22.5% as compared with the first half of 2008. Such increase was mainly driven by the increasing rental income of the crude oil storage tanks.

For the first half of 2009, the revenue from oil/liquefied chemicals terminal and logistics services accounted for 52.4% (43.1% for the first half in 2008) of the Group's total revenue.

For the first half of 2009, the gross profit from oil/liquefied chemicals terminal and logistics services amounted to RMB218,713,000, which increased by RMB20,650,000 or by 10.4% over the first half of 2008, and accounted for 58.6% (50.3% for the first half in 2008) of the Group's total gross profit, and represented a gross margin of 55.5% (61.5% for the first half in 2008). Such decrease in the gross margin was mainly caused by the increase of the Group's oil transshipment business, which had a lower gross margin, in the Oil Segment.

In the first half of 2009, the major measures taken and the progress of major projects related to the Group's oil segment were as follows:

- At the end of 2008, the Group's 12 newly-constructed crude oil storage tanks were put into operations gradually, which addressed to some extent the current shortage of crude oil storage tanks. In the first half of 2009, the Group achieved significant growth in the crude oil transshipment business, especially bonded crude oil transshipment business. Such growth was partially attributable to the Group's large bonded crude oil storage capacity and partially attributable to the growth of the crude oil transshipment business, especially international transshipment business in the first half of 2009 which was brought by new foreign petroleum customers following domestic petroleum customers' commencing transshipment of crude oil via the Group's terminal. The significant growth of the crude oil transshipment business will help build the Group's reputation as an international oil distribution centre.

- The construction of the new crude oil terminal (with the capability to accommodate 400,000 tonnes loaded vessels), which the Group developed jointly with PetroChina International Dalian Co., Ltd. ("PretoChina International"), was carried out as scheduled and such terminal will be put into trial operation at the end of 2009.

- Dalian PetroChina International Storage Co., Ltd., a joint venture of the Group and PetroChina International, commenced the construction of the second phase of its oil storage tanks project with a total capacity of 1.25 million cubic meters. These storage tanks are expected to be put into operation at the end of 2009.

- In the first half of 2009, PetroChina Company Limited ("PetroChina") commenced construction of 12 commercial refined oil storage tanks (with a total capacity of 240,000 cubic metres) within the Group's oil terminal area. In addition, the construction of PetroChina's 14 commercial crude oil storage tanks (with a total capacity of 1.4 million cubic metres), which commenced at the end of 2008, continued during the current period and are expected to be put into operation by the end of 2009. The commencement of operation of these tanks will stimulate the growth of the Group's oil/liquefied chemicals business.

- In the first quarter of 2009, the Company entered into a joint venture contract with PetroChina and Dalian Construction Investment Company for the formation of a joint venture enterprise to invest in, construct, manage and operate a LNG terminal and a receiving station in Xingang, Dalian, the PRC. The first phase of the project is expected to be completed and put into trial operation in 2011. The annual handling capacity of the first phase of the project will be 3 million tonnes of LNG.

Container Segment

The following table sets out the container throughput handled by the Group in the first half of 2009 and its comparative results in the first half of 2008:

		For the six months ended 30 June 2009 ('000 TEUs)	For the six months ended 30 June 2008 ('000 TEUs)	Increase/ (Decrease)
Foreign Trade Throughput	Dalian	**1,660**	1,810	(8.3%)
	Other Ports (note 1)	**43**	63	(31.7%)
	Sub-total	**1,703**	1,873	(9.1%)
Domestic Trade Throughput	Dalian	**352**	257	37.0%
	Other Ports (note 1)	**410**	506	(19.0%)
	Sub-total	**762**	763	(0.1%)
Total Throughput	Dalian	**2,012**	2,067	(2.7%)
	Other Ports (note 1)	**453**	569	(20.4%)
	Total	**2,465**	2,636	(6.5%)

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

In the first half of 2009, in terms of container throughput, the Group handled a total of approximately 2.5 million TEUs, a decrease of 6.5% over the same period of 2008. In Dalian, the Group handled approximately 2.0 million TEUs, a decrease of 2.7% as compared with the first half of 2008, of which the container throughput for foreign trade decreased by 8.3% and the container throughput for domestic trade increased by 37.0%. The decrease in the container throughput for foreign trade was mainly due to a significant slowdown of foreign trade in the Group's hinterland in northeastern China as a result of the global financial crisis. The significant increase in container throughput for domestic trade attributed mainly to the rapid development of domestic trade and the improvement of containerization for domestic cargoes. In the first half of 2009, Jinzhou Container Terminal and Qinhuangdao Container Terminal were seriously impacted by the slowdown of the global economy and their container throughput declined in varying degrees as compared with the same period last year.

The volume of sea-to-rail intermodal transportation handled by the Group via Dalian port reached 114,000 TEUs, an increase of 1.8%. The volume of transshipment containers handled by the Group via Dalian port was 201,000 TEUs, an increase of 31.4%.

In the first half of 2009, the Group's container terminal business represented 97% (98% in the first half of 2008) of the total market share in Dalian and 68% (69% in the first half of 2008) of that in the Three Northeastern Provinces. The Group's container throughput for foreign trade accounted for 100% (100% in the first half of 2008) of Dalian's total volume for foreign trade and 97% (97% in the first half of 2008) of that of the Three Northeastern Provinces.

For the first half of 2009, the revenue from container terminal and logistics services amounted to RMB199,456,000 which represented a decrease of RMB85,241,000 or 29.9% as compared with the first half of 2008. Such decrease was mainly caused by the decrease in rental income from leasing container berths as a result of the disposal of container berths in 2008 and the decrease in container logistics revenue caused by the worsening global economy in the first half of 2009.

For the first half of 2009, the revenue from container terminal and logistics services accounted for 26.5% (38.2% for the first half of 2008) of the Group's total revenue.

For the first half of 2009, the gross profit from container terminal and logistics services amounted to RMB76,581,000, which decreased by RMB46,589,000 or by 37.8% as compared with the first half of 2008, and accounted for 20.5% (31.3% for the first half in 2008) of the Group's total gross profit and represented a gross margin of 38.4% (43.3% for the first half in 2008). Such decrease in gross margin was mainly caused by the decrease in the high-margin business of container berths leasing in the current period.

In the first half of 2009, the Group took the following major measures:

- The Group further enhanced marketing activities and cargo solicitation and upgraded the marketing system so that the Group's container business, in particular, the Group's container business for domestic trade, achieved sound growth. Due to the fast growth of domestic trade in China, major shipping lines continuously expanded their shipping services via the Group's container terminal. The Group enhanced its domestic trade container marketing activities in its hinterland in the northeastern China. In addition, the Group continued the promotion of domestic dry bulk cargo containerization projects so as to increase the container volume for domestic trade.

- The Group maintained its competitive position in sea-to-rail intermodal transportation business. Both of the operations of container rail services in the northeastern China and for cross-border shipments were stable. In addition, the operation of inland depots in Changchun, Jilin, Shenyang and some other cities in the northeastern China showed improvement.

- The Group proceeded with the construction of Dalian Railway Container Centre as planned. The Group continued the preliminary preparation work of Harbin Railway Container Centre. Commencement of operation of the railway container centres in the future will help improve the inland intermodal transportation system and promote the development of sea-to-rail intermodal transportation business.

Automobile Segment

In the first half of 2009, the Group handled a total of 16,590 vehicles, an increase of 61.6% as compared with the same period of 2008. The volume of vehicles for foreign trade was 3,846, a decrease of 32.3%, and 12,744 for domestic trade, an increase of 178.1%. In addition, the Group handled a total weight of 20,306 tonnes of equipment, a decrease of 16.9% over the same period of 2008. The Group's vehicle throughput accounted for 89% of the total volume handled by all ports in the Three Northeastern Provinces.

In terms of foreign trade business, due to the negative impact of the global financial crisis, the volume of vehicles imported via the Group's terminal declined sharply. Faced with such unfavorable situation, the Group redeployed the abundant foreign trade shipping capacity to actively solicit large scale vehicle export businesses via the Group's terminal. In the first half of 2009, the Group's automobile export business achieved sound growth.

In terms of domestic trade business, Guangzhou Honda's automobile Ro-Ro shipping project for domestic trade was implemented at the Group's automobile terminal at the end of March this year as a result of the Group's unremitting efforts. The project has been operated smoothly and established an automobile logistics supply route between southern China and northern China. In addition, the Group closely monitored the market needs and trend of automobile logistics so as to enhance cargo solicitation. In the first half of the year, the volume for domestic trade achieved strong growth.

In terms of automobile logistics services, an associate of the Company in which the Company holds 20% interest and which is mainly engaged in the foreign trade automobile transportation business encountered difficulties during the first half year of 2009. The global financial crisis had serious impact on the automobile industry, leading to the downturn in the automobile shipping industry.

During the first half of 2009, the Group's share of loss in relation to its automobile terminal and logistics services amounted to RMB5,837,000, representing an increase of RMB3,492,000 over the first half in 2008. The increase in the loss of this segment is mainly due to a loss of our automobile logistics services resulted from the dampened market demand for auto Ro-Ro shipping services in the first half of 2009.

In the first half of 2009, the Group took the following major measures:

- At the end of March, Guangzhou Honda's automobile Ro-Ro shipping project for domestic trade commenced operation with regular weekly services and the Group's automobile terminal became the only base port of Guangzhou Honda in the northeastern China. The project opened an automobile logistics channel between southern China and northern China with Dalian as a base port. It also made it much more convenient for automobile enterprises in the northeastern China to transport their products to southern China and established an automobile logistics supply route between southern China and northern China. Since the first call of the Guangzhou Honda shipping service till the end of June this year, a total of 6,541 vehicles have been shipped by the service via the Group's automobile terminal.

- The Group and Shanghai Automotive Industry Corporation (Group) ("SAIC Group") entered into a transportation contract in April to increase the shipping volume of SAIC Group's vehicles via the Group's terminal. In the first half of 2009, SAIC Group shipped a total of 6,045 vehicles via the Group's terminal, as a result, the Group's market share in respect of SAIC Group's total vehicles shipped to the northeastern China improved significantly.

- By taking the opportunity of the abundant foreign trade shipping capacity, the Group enhanced its cargo solicitation for export business and attracted Hafei Automobile Group ("Hafei") to ship the majority of its Ro-Ro exported automobiles via the Group's terminal. Currently, Dalian has become a Hafei's base port for automobile export.

- The automobile inspection booths for imported vehicles built within the Group's terminal area were put into operation in April. As a result, the service of the terminal further improved. Dalian port became the first Ro-Ro terminal integrated with automobile inspection booths in China.

- The Group proceeded with the construction of two 2,300-car Ro-Ro vessels as planned. These two vessels are expected to be put into operations in 2010 and 2011, respectively.

Value-added Services Segment

In the first half of 2009, the overall port business in Dalian achieved steady development. The port services, shipbuilding and ocean engineering industries served by the Group's tugboats had sound performance. As a result, the Group achieved steady business growth in terms of tugging business. However, since the port businesses related to foreign trade cargoes were seriously impacted by the global economic contraction, the Group's tallying business declined significantly.

Tugging

- Due to the overall development of the port business in Dalian, the Group's tugging business achieved sound growth in Dalian.

- The markets outside Dalian port were also the Group's targets of business expansion. Currently, the Group has leased 12 tugboats under long-term lease to other ports outside Dalian.

- The construction of the Group's newly ordered eight tugboats continued as planned. Two of them were put into operation in August 2009 and another one will be delivered in October this year.

Tallying

- The total tallying throughput handled by the Group was approximately 13.8 million tonnes, a decrease of 18.4% as compared with the same period of 2008.

IT

- The Group has independently developed an advanced terminal operating system and owns such proprietary technology. The system had been used in the operation of the Group's phase-III container terminal, which is currently under trial operation. The operation of the system has demonstrated stable.

- The Group is currently building up a northeastern China logistics information system. The Group has been trying to improve operation of the key logistics junctions and enhance information exchange with its customers by standardizing depot operating systems while it has been establishing a Cargo Tracking System by collecting information from each junction via a Multi-model Coordination System so as to provide value-added services to its customers and enhance the Group's advantages in the sea-to-rail transportation business.

For the first half of 2009, the revenue from port value-added services amounted to RMB155,932,000, which represented an increase of RMB20,041,000 or 14.7% over the first half of 2008. This revenue increase was mainly attributable to the increasing demands for tugboat services by the shipyards which have been growing in the proximity of Dalian, as well as an increase in the number of tugboats on long-term lease.

For the first half of 2009, the revenue from port value-added services accounted for 20.7% (18.2% for the first half of 2008) of the Group's total revenue.

For the first half of 2009, the gross profit from port value-added services amounted to RMB75,016,000 which increased by RMB5,755,000 or by 8.3% over the first half of 2008, accounted for 20.1% (17.6% for the first half in 2008) of the Groups' total gross profit and represented a gross margin of 48.1% (51.0% for the first half in 2008). Such decrease of gross margin was mainly caused by the increase in the fuel costs in the tugging business, higher depreciation charge for the tugboats newly put into operation, and additional staff costs of new hires for the growing tugging business.

Prospects for the Second Half of 2009

In the second half of 2009, the global economy will still not be optimistic. In June 2009, the World Bank reported that the global economy was expected to have a negative growth of 2.9% for 2009 due to the impacts of the global financial crisis. The report forecasted that the global economy would gradually recover since 2010. In terms of Chinese economy, owing to a series of macro economic control and stimulation policies released by the government, Chinese economy has showed the signs of positive changes and the sharp downturn has been restrained. In the second half of this year, domestic economy is expected to continuously improve. Investments and consumption will continue to play their role and Chinese economy is expected to continue to grow. However, the weaker foreign demand will still have significant impacts on foreign trade.

In the second half of 2009, the management of the Company will continue adhering to its development strategies and try to minimize negative impacts of the economic environment. In terms of marketing development, the Group will enhance cooperation with its existing strategic partners while further enhancing marketing activities to attract new customers and solicit cargoes so as to maintain and even expand its market share. In terms of financial control, the Group will continue to take measures to reduce operational costs and to avoid any unreasonable expenses. In terms of the construction of terminals and logistics facilities, the Group will commence the construction of its investment projects only when stable market demand arises. In respect of the businesses with uncertainty in growth, the Group will take measures to control the relevant project construction.

In the second half of 2009, in terms of oil/liquefied chemicals terminal and related logistics services, the Group will maintain good relationships with its existing major customers, at the same time, it will also seek to establish relationships with new important domestic customers and enhance cooperations with new foreign customers so as to increase transshipment volume. In addition, the Group will continue the construction of new berths and new storage tanks to ensure the commencement of operation as scheduled. In terms of container terminal and related logistics services, the Group will enhance marketing activities. For foreign trade container business, the Group will focus on "increasing volume by lanes" to maintain its market share in foreign trade market. At the same time, the Group will further explore potentials of its domestic trade container business and maintain high speed in business growth with great efforts. Moreover, the Group will further improve its inland intermodal transportation system. In terms of automobile terminal and related logistics services, the Group will put into efforts to solicitat cargo transportation between southern China and northern China for domestic trade and attract large scale automobile export businesses from northeastern China via the Group's automobile terminal so as to expand its foreign trade business. In terms of value-added services, the Group will focus on maintaining the steady operation of its current business and further expanding market outside Dalian.

Oil Segment

- The Group will proceed with the construction of the new crude oil terminal as planned. It will be put into operation by the end of 2009.

- The Group will continue to take advantage of the bonded crude oil storage capability to increase crude oil transshipment volume.

- The second phase of the oil storage project of Dalian PetroChina International Storage Co., Ltd. will be completed and put into operation by the end of 2009. The commencement of operation of these new storage tanks will help the Group develop its crude oil storage and international transshipment business. At the same time, the Group will commence the construction of additional crude oil storage tanks to meet market demand.

- PetroChina's 14 commercial crude oil storage tanks and 12 commercial refined oil storage tanks which are currently under construction within the Group's oil terminal area are expected to be put into operation by the end of 2009. The Group will closely monitor the construction progress and operation schedule of these tanks in order to provide efficient and convenient services to PetroChina and to increase the Group's throughput in oil business.

Container Terminal Segment

- The Group will improve the marketing system so as to further enhance its market development.

- In terms of container transportation for foreign trade, the Group will ensure steady operation of the existing trunk routes, seek to develop new truck routes and actively promote transshipment and empty container operation businesses so as to increase throughput.

- In terms of container transportation for domestic trade, the Group will enhance the construction of shipping channels for domestic trade between southern China and northern China, promote the development in large scale dry bulk cargo containerization projects, proceed with the construction of inland container intermodal transportation system and reduce logistics costs for domestic trade so as to build the Group's terminals as a container hub for domestic trade.

- The Group will speed up the construction of the railway container logistics centres in Dalian and Harbin. Dalian Railway Container Logistics Centre will be put into trial operation by the end of this year and the railway intermodal transportation capacity in Dalian will increase significantly by then. Harbin Railway Container Logistics Centre will commence construction in the second half of this year. At the same time, the Group will promote the preliminary preparation works for logistics centres in Daqing, Muling and other cities in the northeastern China and commence constructions at appropriate time.

- The members of the Group had invested in various businesses along the container logistics chain and certain investments overlapped. The Group will restructure its investments internally so as to make the overall logistics costs be more competitive and provide more efficient and comprehensive services to its customers.

Automobile Segment

- The Group will continue to cooperate with automobile enterprises to build up the automobile logistics system and upgrade the Group's ability of cargo solicitation and competitive strength.

- The Group will continue to develop cargo solicitation for domestic trade between southern China and northern China and promote transportation of automobiles between southern China and northern China by ocean shipping so as to increase the Group's throughput.

- The Group will maintain long-term cooperation relationship with automobile enterprises in its hinterland to closely monitor their export businesses and seek to attract other enterprises to export automobiles via the Group's terminal by utilizing Hafei's shipping route. At the same time, with the support of the government and port-related entities, the Group will seek to win more import businesses.

- The Group will enhance the communication with Japanese and Korean automobile enterprises and international shipping lines to explore cross-boarder and transshipment business so as to strengthen its hub position in the automobile transportation industry.

Value-added Services Segment

- The Group will continue to monitor closely the market trend in tugging business and maintain steady business development in Dalian. At the same time, the Group will follow up with the market changes in ports outside Dalian to capture business opportunities.

- With three new tugboats gradually put into operation, the Group will further adjust the allocation of tugboat fleet resources and expand its market.

- The Group's operation model of IT business is gradually developed. In the next step, the Group will further strengthen its external cooperation by ways of cooperation with other industries and through projects and promote the application of the terminal operating system of its own proprietary technologies in local and other regions.

- The Group will continue to construct the northeastern China logistics information system and to complete its implementation at the logistics junctions of Shenyang, Changchun, Jilin and other depots so as to enhance the Group's competitive edge in marketing and provision of services using improved logistics information systems.

Other Information

Directors', supervisors' and chief executives' interests

As at 30 June 2009, 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 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 2009, 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 2009.

Human resources

As at 30 June 2009, the Group had a total of 2,394 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 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 2009.

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 2009, 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 2009.

Shareholdings and shareholders' information of the Company

Share capital

The share capital structure of the Company as at 30 June 2009 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 2009, so far as known to the directors of the Company, the following persons had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	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	95,634,000 (long position)	Beneficial owner	9.00%	3.27%
FIL Limited	H shares	84,844,000 (long position)	Beneficial owner	7.98%	2.90%
The National Social Security Fund Council of the PRC	H shares	82,426,000 (long position)	Beneficial owner	7.76%	2.82%
Deutsche Bank Aktiengesellschaft	H share	64,585,550 (long position) 1,533,039 (short position)	Beneficial owner	6.08% (long position) 0.14% (short position)	2.21% (long position) 0.05% (short position)

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 2009, so far as 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 Condensed Consolidated Financial Statements

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

To the board of directors of
Dalian Port (PDA) Company Limited
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial statements set out on pages 23 to 46 of Dalian Port (PDA) Company Limited (the "Company") and its subsidiaries (collectively as the "Group") as at 30 June 2009, comprising the interim consolidated statement of financial position as at 30 June 2009 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months then ended and explanatory notes. The 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 Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board.

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made 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. Consequently, it 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 accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
21 August 2009

Condensed Consolidated Income Statement

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	**752,681**	745,884
Cost of sales and services		**(379,603)**	(351,938)
Gross profit		**373,078**	393,946
Other income	4	**14,864**	299,060
Change in fair value of derivative financial liabilities		**2,250**	(8,894)
Administrative expenses		**(71,555)**	(70,766)
Share of profits and losses of:			
Associates		**(12,195)**	12,566
Jointly-controlled entities		**59,959**	103,632
Finance costs	5	**(31,885)**	(53,860)
Profit before tax	3, 6	**334,516**	675,684
Income tax	3, 7	**(64,141)**	(99,244)
Profit for the period	3	**270,375**	576,440
Attributable to:			
Equity holders of the Company		**272,173**	534,185
Minority interests		**(1,798)**	42,255
		270,375	576,440
Dividend:			
Proposed interim	8	**–**	–
Earnings per share attributable to ordinary equity holders of the Company			
– Basic (RMB)	9	**0.09**	0.18

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Note	Six months ended 30 June 2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Profit for the period		**270,375**	576,440
Exchange differences on translation of foreign operations		**36**	(7,975)
Net gain/(loss) on available-for-sale financial assets	10	**11,851**	(21,461)
Other comprehensive income/(loss) for the period, net of tax		**11,887**	(29,436)
Total comprehensive income for the period, net of tax		**282,262**	547,004
Attributable to:			
Equity holders of the Company		**284,060**	504,749
Minority interests		**(1,798)**	42,255
		282,262	547,004

Condensed Consolidated Statement of Financial Position

30 June 2009

	Notes	**30 June 2009 RMB'000 (Unaudited)**	31 December 2008 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**5,605,102**	5,444,571
Prepaid lease payments		**287,434**	290,700
Investment properties		**852,597**	877,498
Intangible assets		**128,095**	133,415
Goodwill		**16,035**	16,035
Interests in jointly-controlled entities		**951,761**	893,697
Interests in associates		**1,186,823**	951,265
Available-for-sale financial assets		**141,353**	118,642
Deferred tax assets		**59,346**	55,158
Amount due from a jointly-controlled entity	13	**–**	3,588
Amounts due from associates	13	**66,645**	64,000
Total non-current assets		**9,295,191**	8,848,569
CURRENT ASSETS			
Properties held for sale		**9,987**	9,655
Inventories		**9,383**	7,699
Trade and other receivables	12	**354,235**	487,398
Prepaid lease payments		**6,495**	6,480
Amounts due from jointly-controlled entities	13	**9,802**	30,318
Amounts due from associates	13	**136,930**	122,091
Amounts due from fellow subsidiaries	13	**1,491**	351
Amounts due from Dalian Port Corporation Limited ("PDA")	13	**5,002**	5,175
Cash and bank balances		**1,015,932**	670,011
Total current assets		**1,549,257**	1,339,178
CURRENT LIABILITIES			
Trade and other payables	14	**732,341**	446,871
Amounts due to jointly-controlled entities	13	**19,971**	3,587
Amounts due to associates	13	**3,688**	2,594
Amounts due to related companies	13	**52,007**	88,789
Amounts due to fellow subsidiaries	13	**2,683**	2,892
Amounts due to PDA	13	**17,499**	31,634
Tax payable		**11,130**	82,086
Bank borrowings – due within one year	15	**50,000**	196,733
Government grants		**38,380**	38,380
Total current liabilities		**927,699**	893,566
NET CURRENT ASSETS		**621,558**	445,612
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,916,749**	9,294,181

	Notes	**30 June 2009 RMB'000 (Unaudited)**	31 December 2008 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Bank and other borrowings			
– due after one year	15	**2,783,512**	1,235,000
Government grants		**691,181**	711,178
Derivative financial liabilities	16	**6,784**	9,034
Loan from PDA	17	**–**	788,377
Long term payables	18	**15,725**	–
Total non-current liabilities		**3,497,202**	2,743,589
NET ASSETS		**6,419,547**	6,550,592
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**2,926,000**	2,926,000
Reserves		**3,445,632**	3,434,846
		6,371,632	6,360,846
Minority interests		**47,915**	189,746
Total equity		**6,419,547**	6,550,592

Sun Hong
Director

Su Chunhua
Director

Condensed Consolidate Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to equity holders of the Company														
	Issued capital RMB'000 (Unaudited)	**Share premium** RMB'000 (Unaudited)	**Capital reserves** RMB'000 (Unaudited)	**Statutory surplus reserve fund** RMB'000 (Unaudited) (Note a)	**Enterprise development fund** RMB'000 (Unaudited) (Note b)	**Discretionary reserve fund** RMB'000 (Unaudited) (Note c)	**Special reserve** RMB'000 (Unaudited) (Note d)	**Other reserve** RMB'000 (Unaudited) (Note e)	**Available-for-sale financial assets revaluation reserve** RMB'000 (Unaudited)	**Exchange fluctuation reserve** RMB'000 (Unaudited)	**Proposed final dividend** RMB'000 (Unaudited)	**Retained earnings** RMB'000 (Unaudited)	**Total** RMB'000 (Unaudited)	**Minority interests** RMB'000 (Unaudited)	**Total equity** RMB'000 (Unaudited)
At 1 January 2009	2,926,000	1,460,941	866,025	291,989	415	216	15,666	(480,245)	–	(10,453)	263,340	1,026,952	6,360,846	189,746	6,550,592
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	272,173	272,173	(1,798)	270,375
Other comprehensive income	–	–	–	–	–	–	–	–	11,851	36	–	–	11,887	–	11,887
Total comprehensive income	–	–	–	–	–	–	–	–	11,851	36	–	272,173	284,060	(1,798)	282,262
Acquisition of minority interests	–	–	(9,934)	–	–	–	–	–	–	–	–	–	(9,934)	(140,033)	(149,967)
Final 2008 dividend declared	–	–	–	–	–	–	–	–	–	–	(263,340)	–	(263,340)	–	(263,340)
Transfer	–	–	–	–	–	–	–	52,080	–	–	–	(52,080)	–	–	–
At 30 June 2009	**2,926,000**	**1,460,941***	**856,091***	**291,989***	**415***	**216***	**15,666***	**(428,165)***	**11,851***	**(10,417)***	**–***	**1,247,045***	**6,371,632**	**47,915**	**6,419,547**

* These reserve accounts comprise the consolidated reserves of RMB3,445,632,000 (30 June 2008: RMB3,107,847,000) in the interim condensed consolidated statement of financial position.

	Attributable to equity holders of the Company														
	Issued capital RMB'000 (Restated)	**Share premium** RMB'000 (Restated)	**Capital reserves** RMB'000 (Restated)	**Statutory surplus reserve fund** RMB'000 (Restated) (Note a)	**Enterprise development fund** RMB'000 (Restated) (Note b)	**Discretionary reserve fund** RMB'000 (Restated) (Note c)	**Special reserve** RMB'000 (Restated) (Note d)	**Other reserve** RMB'000 (Restated) (Note e)	**Available-for-sale financial assets revaluation reserve** RMB'000 (Restated)	**Exchange fluctuation reserve** RMB'000 (Restated)	**Proposed final dividend** RMB'000 (Restated)	**Retained earnings** RMB'000 (Restated)	**Total** RMB'000 (Restated)	**Minority interests** RMB'000 (Restated)	**Total equity** RMB'000 (Restated)
At 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
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	534,185	534,185	42,255	576,440
Other comprehensive income	–	–	–	–	–	–	–	–	(21,461)	(7,975)	–	–	(29,436)	–	(29,436)
Total comprehensive income	–	–	–	–	–	–	–	–	(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 minority interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(191)	(191)
Transfer	–	–	–	–	–	–	–	11,456	–	–	–	(11,456)	–	–	–
Final 2007 dividend declared	–	–	–	–	–	–	–	–	–	–	(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 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 ("DCT") and the group reorganisation in prior years and the difference between the fair values and the carrying values of the underlying assets and liabilities attributable to the acquisition of additional interests of subsidiaries. Other reserve would be released to retained earnings upon the depreciation and the disposal of those capital assets.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**228,024**	246,792
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(331,614)**	(576,772)
Capital contribution to associates	**(60,000)**	(207,381)
Acquisition of subsidiaries, net of cash acquired	**–**	(73,283)
Acquisition of/investment in associates	**(200,000)**	(4,088)
Acquisition of equity interests of a subsidiary from minority shareholders	**(196)**	–
Acquisition of available-for-sale financial assets	**(12,000)**	–
Proceeds from disposal of non-current assets held for sale	**–**	400,000
Proceeds from disposal of property, plant and equipment	**27,191**	246,451
Proceeds from disposal of an associate	**4,400**	–
Dividend received from jointly-controlled entities	**134,894**	137,205
Other investing cash flows	**11,579**	(39,230)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(425,746)**	(117,098)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(1,501,733)**	(875,868)
Repayment of a loan from PDA	**(788,377)**	–
Interest paid	**(87,544)**	(73,187)
Proceeds from issuance of medium term notes, net	**2,492,244**	–
Proceeds from a loan from PDA	**–**	787,892
Proceeds from bank borrowings	**429,053**	161,543
NET CASH FLOWS FROM FINANCING ACTIVITIES	**543,643**	380
NET INCREASE IN CASH AND CASH EQUIVALENTS	**345,921**	130,074
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**670,011**	532,154
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**1,015,932**	662,228
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,015,932**	662,228

Notes to the Condensed Consolidated financial Statements

30 June 2009

1. Corporate information

The Company was incorporated in the People's Republic of China (the "PRC") as a joint stock limited company on 16 November 2005 and it has been registered in Hong Kong as an overseas company under Part XI of the Hong Kong Companies Ordinance. The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") with effect from 28 April 2006.

The Company's parent and ultimate holding company is PDA, which is a state-owned enterprise established on 30 April 2003 under the laws of the PRC.

The Group is engaged in oil/liquefied chemicals terminal and logistics services, container terminal and logistics services, automobile terminal and logistics services and port value-added services.

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group as at 31 December 2008.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2008, except for the following:

On 1 January 2009, the Group adopted revised IAS 1 "Presentation of Financial Statements" (IAS 1). The revised standard aims to improve users' ability to analyse and compare information given in financial statements. The adoption of this revised standard has no effect on the results reported in the Group's interim condensed consolidated financial statements. It does, however, result in certain presentational changes in the Group's primary financial statements, including:

– the adoption of revised title "Statement of financial position" for the "Balance sheet"; and

– the presentation of all items of income and expenditure in two financial statements, the "Income statement" and "Statement of comprehensive income".

Besides, the Group also adopted a number of new and revised standards and interpretations that have no material impact on the accounting policies of the Group and the methods of computation in the Group's interim condensed consolidated financial statements. These are described under Note 2 of the Company's 2008 Annual Report and Accounts.

3. Segment information

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

Oil/liquefied chemicals terminal and logistics services	Loading and discharging, storage and transhipment of oil products and liquefied chemicals and port management 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 and sale of properties;
Automobile terminal and logistics services	Loading and discharging of automobile and related logistics services; and
Port value-added services	Tallying, tugging and information technology services.

The items of income and expenses and the assets attributable to the headquarter of the Company have not been allocated.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. The Group's reportable segments adopt accounting policies that are the same as those described in note 2 to the notes to the interim condensed consolidated financial statements.

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

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

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2009 and 2008, respectively:

For the six months ended 30 June 2009 (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	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Revenue							
External sales	394,303	199,456	-	155,932	2,990	-	752,681
Intersegment sales	-	300	-	2,388	-	(2,688)	-
Total revenue	394,303	199,756	-	158,320	2,990	(2,688)	752,681
Results							
Profit/(loss) before tax	205,763	77,791	(5,837)	65,675	(8,876)	-	334,516
Income tax	(45,944)	(4,348)	-	(16,068)	2,219	-	(64,141)
Net profit/(loss)	159,819	73,443	(5,837)	49,607	(6,657)	-	270,375

For the six months ended 30 June 2008 (restated)

	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	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Revenue							
External sales	321,844	284,697	–	135,891	3,452	–	745,884
Intersegment sales	–	255	–	1,848	–	(2,103)	–
Total revenue	321,844	284,952	–	137,739	3,452	(2,103)	745,884
Results							
Profit/(loss) before tax	276,947	381,260	(2,345)	69,370	(49,548)	–	675,684
Income tax	(60,930)	(35,502)	–	(14,987)	12,175	–	(99,244)
Net profit/(loss)	216,017	345,758	(2,345)	54,383	(37,373)	–	576,440

Segment profit after tax represents the profit earned by each segment. This is the measure reported to Chief Executive Officer for the purposes of resources allocation and assessment of segment performance.

The following tables present segment assets of the Group's operating segments as at 30 June 2009 and 31 December 2008:

30 June 2009 (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	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	**4,344,093**	**2,455,039**	**219,707**	**788,834**	**898,191**	**-**	**8,705,864**
Interests in jointly-controlled entities	**257,702**	**665,116**	**3,939**	**25,004**	**-**	**-**	**951,761**
Interests in associates	**219,138**	**889,168**	**74,665**	**3,852**	**-**	**-**	**1,186,823**
Total assets	**4,820,933**	**4,009,323**	**298,311**	**817,690**	**898,191**	**-**	**10,844,448**

31 December 2008 (audited)

	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	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	4,363,778	2,519,434	173,560	830,522	455,491	–	8,342,785
Interests in jointly-controlled entities	220,440	646,401	4,078	22,778	–	–	893,697
Interests in associates	18,060	848,850	80,365	3,990	–	–	951,265
Total assets	4,602,278	4,014,685	258,003	857,290	455,491	–	10,187,747

The Group's sales to customers which accounted for 10% or more of its sales are as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**125,273**	142,125
Customer B	**115,823**	41,744
Customer C	**89,774**	92,436
	330,870	276,305

The above customers are in the segment of oil/liquefied chemicals terminal and logistics services.

4. Other income

An analysis of other income is as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment		
– oil storage tanks	**–**	80,260
– vessels	**–**	70,099
	–	150,359
Gain on disposal of non-current assets held for sale	**–**	120,515
Gain on disposal of properties held for sale	**–**	16,917
Government grants	**6,330**	–
Bank interest income	**6,969**	5,491
Net interest income from derivative financial liabilities	**1,158**	1,162
Others	**407**	4,616
	14,864	299,060

5. Finance costs

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	**44,626**	69,233
Interest on a loan from PDA	**18,852**	9,630
Less: Amount capitalised in property, plant and equipment	**(31,593)**	(25,003)
	31,885	53,860

6. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs, including directors' remuneration		
– Salaries, wages and other benefits	**98,953**	90,568
– Retirement benefit scheme contributions	**9,675**	10,495
Total staff costs	**108,628**	101,063
Depreciation and amortisation	**125,297**	106,164
Less: Government grants released against depreciation	**(19,190)**	(19,190)
	106,107	86,974
Loss on disposal of property, plant and equipment, net	**98**	–
Recovery of allowance for bad and doubtful debts, net	**–**	(53)
Net foreign exchange loss	**47**	2,969
Release of prepaid lease payments to the consolidated income statement	**3,251**	3,204
Share of tax of associates (included in share of profits and losses of associates)	**940**	1,600
Share of tax of jointly-controlled entities (included in share of profits and losses of jointly-controlled entities)	**16,125**	20,904

7. Income tax

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The charges comprise:		
Current – PRC enterprise income tax	**68,329**	114,933
Deferred tax	**(4,188)**	(15,689)
Total tax charge for the period	**64,141**	99,244

The PRC enterprise income tax for the Company and the majority of its subsidiaries is calculated at the prevailing tax rate of 25% on their estimated assessable profit for the six months ended 30 June 2009 (for the six months ended 30 June 2008: 25%).

8. Dividend

On 19 June 2009, a dividend of RMB9 cents per share amounting to RMB263,340,000 in aggregate (for the six months ended 30 June 2008: RMB8 cents per share amounting to RMB234,080,000 in aggregate for the 2007 final dividend) was declared as the final dividend for 2008.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (for the six months ended 30 June 2008: nil).

9. Earnings per share attributable to equity holders of the Company

The calculation of the basic earnings per share for the six months ended 30 June 2009 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 2008: 2,926,000,000 shares) in issue.

Diluted earnings per share amounts for the periods ended 30 June 2009 and 2008 have not been disclosed as no diluting events existed during both periods.

10. Components of other comprehensive income

For the six months ended 30 June 2009, the net gain on available-for-sale financial assets of RMB11,851,000 (for the six months 30 June 2008: net loss on available-for-sale financial assets of RMB21,461,000) did not have any reclassification adjustments included in the consolidated income statement or related tax effect.

11. Property, plant and equipment

For the six months ended 30 June 2009, the Group acquired items of property, plant and equipment with a total cost of RMB252,869,000 (for the six months ended 30 June 2008: RMB601,775,000).

Items of property, plant and equipment with a net book value of RMB199,000 (for the six months ended 30 June 2008: RMB90,221,000) were disposed of by the Group during the six months ended 30 June 2009, resulting in a net loss on disposal of RMB98,000 (for the six months ended 30 June 2008: net gain on disposal of RMB150,359,000).

12. 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 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Trade receivables:		
0 to 90 days	**90,861**	75,114
91 to 180 days	**4,733**	4,194
181 to 365 days	**3,401**	2,896
Over 365 days	**1,776**	279
	100,771	82,483
Other receivables:		
Receivable in respect of disposal of oil tanks and prepaid lease payments	**47,783**	74,873
Receivable in respect of compensation for terminal relocation	**172,596**	172,596
Dividend receivable from jointly-controlled entities	**1,888**	135,686
Others	**31,197**	21,760
	253,464	404,915
	354,235	487,398

13. Balances with jointly-controlled entities/associates/related companies/ fellow subsidiaries/PDA

The amounts are unsecured, non-interest-bearing and repayable on demand, except for the followings:

(i) The amounts due from jointly-controlled entities consist of the amount due from Dalian Harbour ECL Logistic Co., Ltd. of RMB3,588,000 which is unsecured, interest-bearing at 3% per annum and repayable in full on 14 February 2010.

(ii) The amounts due from associates consist of the amount due from Dalian Automobile Terminal Co., Ltd. of RMB64,000,000 which is unsecured, interest-bearing at the market prevailing rate and repayable in full on 24 April 2011; the amount due from China Unite Northeast Rail Containers Co., Ltd. of RMB110,000,000 is unsecured, interest-bearing at rates ranging from 5.43% to 5.91% per annum and repayable on demand; and the amount due from SINOECL Auto Liners Limited of RMB2,645,000 is unsecured, interest-bearing at the market prevailing rate and repayable in full on 24 April 2012.

(iii) The amounts due to jointly-controlled entities consists of the amounts due to Dalian Assembling Transportation Logistics Co., Ltd. of RMB10,000,000 and RMB5,000,000 which are unsecured, interest-bearing at 4% and nil per annum, and repayable on 15 February 2010 and 20 May 2010, respectively.

14. 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 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Trade payables:		
0 to 90 days	**53,395**	36,974
91 to 180 days	**29,413**	47,738
181 to 365 days	**1,483**	185
Over 365 days	**366**	237
	84,657	85,134
Other payables:		
Dividend payables	**280,732**	–
Payables for acquisition of minority interests	**149,771**	–
Construction payables	**96,913**	204,313
Others	**120,268**	157,424
	647,684	361,737
	732,341	446,871

15. Bank and other borrowings

During the six months ended 30 June 2009, the Group repaid bank loans of RMB1,501,733,000 (for the six months ended 30 June 2008: RMB875,868,000) and obtained new bank loans of RMB429,053,000 (for the six months ended 30 June 2008: RMB161,543,000).

On 26 May 2009 and 1 June 2009, the Group issued medium term notes at nominal value of RMB1,500,000,000 and RMB1,000,000,000, respectively. As at 30 June 2009, the amount of other borrowings of RMB2,474,459,000 represents the total nominal value of medium term notes, after deducting the issuance costs of RMB25,541,000.

16. 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 required to pay interest to the Group 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 and is therefore shown as non-current liabilities.

17. Loan from PDA

The balance had been fully settled during the six months ended 30 June 2009.

18. Long term payables

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Payables for the issuance costs	**15,725**	–

The balance represents the amount payables to financial institutions for rendering professional services relating to the issuance of medium term notes during the six months ended 30 June 2009 which is unsecured, interest-free and repayable within five years. The current portion of RMB2,060,000 has been included in trade and other payables as at 30 June 2009.

19. Related party transactions

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

Trading transactions

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Rental income received:		
Associates	**43,903**	69,809
Jointly-controlled entities	**34,966**	36,923
	78,869	106,732
Service income received (Note):		
PDA	**200**	793
Subsidiaries and jointly-controlled entities of PDA	**721**	1,103
Associates	**16,144**	15,509
Jointly-controlled entities	**16,012**	14,272
	33,077	31,677
Comprehensive service paid:		
PDA	**13,544**	10,535
Subsidiaries and jointly-controlled entities of PDA	**5,431**	4,672
Associates	**539**	404
Jointly-controlled entities	**642**	765
	20,156	16,376
Agency fee paid:		
Jointly-controlled entities	**1,329**	737
Leasing expenses paid:		
PDA	**1,471**	732
Subsidiaries and jointly-controlled entities of PDA	**2,134**	1,211
Associates	**1,229**	19
Jointly-controlled entities	**4,113**	6,040
	8,947	8,002

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction management services paid:		
Subsidiaries and jointly-controlled entities of PDA	**3,602**	1,882
Non-trading transactions		
Acquisition of property, plant and equipment:		
PDA	**1,130**	76
Subsidiaries and jointly-controlled entities of PDA	**24,805**	24,670
Associates	**327**	266
Jointly-controlled entities	**–**	25
	26,262	25,037
Proceeds from disposal of non-current assets held for sale:		
Associates	**–**	1,254,956
Interest paid:		
PDA	**18,852**	9,630
Jointly-controlled entities	**167**	–
	19,019	9,630

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

The above transactions were carried out in the Group's ordinary and usual course of business and in accordance with the terms of the agreements governing the transactions.

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	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	**2,612**	2,691
Post-employment benefits	**56**	211
	2,668	2,902

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

20. Commitments

	30 June	31 December
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment:		
Contracted but not provided for	**227,140**	775,695
Capital expenditure in respect of the acquisition of equity interests:		
Authorised but not contracted	**–**	95,684
Contracted but not provided for	**320,000**	196,000

21. Major non-cash transactions

(i) Included in trade and other payables as at 30 June 2009 is a balance of RMB149,771,000 which represents the unpaid balance for the acquisition of an 8.66% equity interest in Dalian Port Container Co., Ltd. from minority shareholders during the six months ended 30 June 2009 (note 14).

(ii) Included in long term payables and trade and other payables as at 30 June 2009 are balances of RMB15,725,000 and RMB2,060,000, respectively, which represent the unpaid balances to financial institutions for rendering professional services relating to the issuance of medium term notes during the six months ended 30 June 2009 (note 18).

22. Approval of the interim financial report

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 21 August 2009.

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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