



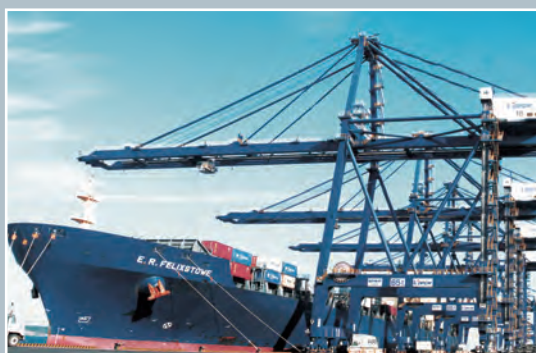
DALIAN PORT (PDA) COMPANY LIMITED

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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Corporate Information

General information on the company

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| 1. Chinese name | 大連港股份有限公司 |
| Abbreviated Chinese name | 大連港 |
| English name | Dalian Port (PDA) Company Limited |
| Abbreviated English name | Dalian Port |
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| Postal Code | 116000 |
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| Place of Business in Hong Kong | 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road
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| Company e-mail | ir@dlport.cn |
| 5. Designated newspapers for disclosure of
the Company's information in China | China Securities Daily, Shanghai Securities Daily, Securities Times,
Securities Daily |
| Website designated by the China Securities
Regulatory Commission for publishing the
A share annual reports | www.sse.com.cn |
| Website for publishing the H share annual report | www.hkexnews.hk |
| Place for collection of annual report | Room 616, 6th Floor,
No.1, Gangwan Street, Zhongshan District, Dalian, Liaoning, PRC |

Corporate Information

6.	Places of listing Stock abbreviations Stock codes	Shanghai Stock Exchange Dalian Port 601880 (Shanghai)	Hong Kong Stock Exchange Dalian Port 2880 (Hong Kong)
7.	A share registrar and transfer office H share registrar and transfer office	China Securities Depository and Clearing Corporation Limited, Shanghai Branch Computershare Hong Kong Investor Services Limited	
8.	PRC auditors	Ernst & Young Hua Ming Address: Level 16, Ernst & Young Tower, Oriental Plaza, No.1 East Chang An Avenue, Dong Cheng District, Beijing, China	
9.	Other information	<p>Legal counsel (as to Hong Kong law) Morrison & Foerster 33/F Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong</p> <p>Legal counsel (as to PRC law) Jintian & Gongcheng, Beijing 34/F, Tower 3, China Central Place, 77 Jianguo Road, Chaoyang District, Beijing 100025, China</p> <p>Principal bankers Industrial and Commercial Bank of China Agriculture Bank of China China Construction Bank Bank of China Bank of Communications</p>	

Management Discussion and Analysis

Summary

In the first half of 2011, in spite of the complicated economic and financial situations, China's overall economy maintained sound growth and such growth has been in line with the microeconomic control directed by the government. In the first half of 2011, China's GDP grew by 9.6% and the total value of foreign trade increased by 25.8%, as compared with the corresponding period in 2010.

In the first half of 2011, the total cargo throughput at the major ports of China achieved 4.42 billion tonnes, an increase of 13.2% as compared with the corresponding period in 2010, out of which the throughput of domestic trade cargoes amounted to 3.09 billion tonnes, an increase of 15.6% and the throughput of foreign trade cargoes amounted to 1.33 billion tonnes, an increase of 8.0% over the same period of last year. The container throughput grew steadily to 77.7 million TEUs, an increase of 12.9% as compared with the corresponding period in 2010.

The principal business of the Company and its subsidiaries (collectively, the "**Group**") is categorized into eight segments, namely: provision of oil/liquefied chemicals terminal and related logistics services ("**Oil Segment**"), provision of container terminal and related logistics services ("**Container Segment**"), provision of automobile terminal and related logistics services ("**Automobile Terminal Segment**"), provision of ore terminal and related logistics services ("**Ore Segment**"), provision of general cargo terminal and related logistics services ("**General Cargo Segment**"), provision of bulk grain terminal and related logistics services ("**Bulk Grain Segment**"), provision of passenger and roll-on, roll-off terminal and related logistics services ("**Passenger and Ro-Ro Segment**"), and provision of port value-added services and ancillary port operations ("**Value-added Services Segment**").

In the first half of 2011, the situation of macro economy and industries relevant to the Group's principal business were set out as follows:

Oil Segment: With commencement of operations of the newly built refineries and newly added capacity of existing refineries, and commencement of operations of the State's strategic reserve base and commercial storage tanks, China's demand of crude oil continuously grew. However, in the first half of 2011, the high oil prices in the international market, the overhaul of a large number of refineries and the slowdown in industrial production resulted from the tight credit policy have together constrained the growth of China's crude oil import. In the first half of 2011, China imported a total of 125.75 million tonnes of crude oil, an increase of 9.6% as compared with the corresponding period in 2010.

Container Segment: In the first half of 2011, the foreign trade in Heilongjiang Province, Jilin Province and Liaoning Province (collectively, the "**Three Northeastern Provinces of China**") continued to grow. The import and export trade value of the Three Northeastern Provinces of China achieved a 23% period-over-period growth. The foreign trade value in the Three Northeastern Provinces of China accounted for 4.5% of China's total foreign trade value. During the same period, the government of Liaoning Province and Dalian City respectively launched series of policies to speed up the development of container transportation industry, which has provided strong support for the business development of the Group's Container Segment.

Automobile Terminal Segment: In the first half of 2011, due to various unfavorable factors, the growth of China's automobile production slowed down sharply. China manufactured 8,934,400 vehicles, an increase of only 2.48% and sold 9,023,300 vehicles, an increase of 3.35% as compared with the corresponding period in 2010. Negatively affected by the Japanese earthquake, the number of cars imported from Japan, mainly Toyota, dropped substantially. Meanwhile, owing to the shortage of auto parts, some of car manufacturers have stopped production or cut production on occasions.

Management Discussion and Analysis

Ore Segment: In the first half of 2011, the quarterly iron ore prices kept rising and the growth of China's monthly import of iron ore fell gradually. In the first half of 2011, China imported 334 million tonnes of iron ore, increased by approximately 24.77 million tonnes or 8.1% as compared with the corresponding period in 2010.

General Cargo Segment: In the first half of 2011, driven by the economic growth, the coal demand maintained a rapid growth. Major ports of China handled a total of 325 million tonnes of coal, an increase of 20.1% as compared with the corresponding period in 2010. The output of the crude steel in China maintained growing and achieved a total volume of 350 million tonnes, an increase of 8.36% as compared with the corresponding period in 2010.

Bulk Grain Segment: In the first half of 2011, impacted by the change of State's agricultural policies and certain market factors, the grain inventory in major ports of China reached a historical peak, which constrained the grain transshipment. The throughput declined for the major grain commodities, including corn shipped to southern ports of China and imported soybeans and wheat.

Passenger and Ro-Ro Segment: In the first half of 2011, although the State's relevant economic policies had a negative impact on the passenger resources in Liaoning Province and Shandong Province and their extended hinterland to some extent, the number of passengers and volume of cargoes originated from such area were higher than the same period of the previous year, showing an upward trend after an initial decline.

In the first half of 2011, except for the Oil Segment, the Group's major business had sound performance. The Group handled a total of approximately 19.221 million tonnes of oil and liquefied chemicals, a decrease of 21.0% as compared with the same period of 2010, of which approximately 8.92 million tonnes was imported crude oil, a decrease of 40.3% as compared with the corresponding period in 2010. In the Container Segment, the Group handled approximately 3.446 million TEUs, an increase of 16.5%, of which approximately 2.896 million TEUs were handled by the Group at Dalian port, an increase of 17.9%. In the Automobile Terminal Segment, the Group handled 79,302 vehicles, an increase of 23.7%. In the Ore Segment, the Group handled approximately 14.971 million tonnes, an increase of 10.2%. In the General Cargo Segment, the Group handled approximately 16.434 million tonnes of cargoes, an increase of 21.9%. In the Bulk Grain Segment, the Group handled approximately 3.42 million tonnes of bulk grain, a decrease of 7.6%. In the Passenger and Ro-Ro Segment, the Group transported approximately 1.725 million passengers, an increase of 28.5% and approximately 304,000 vehicles, an increase of 25.6% as compared to with corresponding period in 2010.

Notes:

1. The business performance of the Group described in this report, such as throughput data, is an aggregate of all operating entities in which the Group had an equity interest, irrespective of the percentage of equity interest held by the members of the Group.
2. Part of the Group's current businesses, including the Ore Segment, the General Cargo Segment, the Bulk Grain Segment and the Passenger and Ro-Ro Segment, were acquired from the Company's controlling shareholder, Dalian Port Corporation Limited ("**PDA**"), by issuing A Shares as the consideration during the Company's initial public offering of A Shares in China in the second half of 2010. In the first half of 2010, such businesses were not operated by the Group. The description of the throughput for these businesses in the first half of 2010 was mainly for comparison.

Management Discussion and Analysis

Overall analysis of results

In the first half of 2011, The Group's profit attributable to shareholders amounted to RMB337,726,075.10, representing a decrease of 12.9% as compared with RMB387,770,560.22 in the first half of 2010. The decrease was mainly caused by the decrease of oil throughput and oil handling gross margin. However, the terminal business acquired from PDA in the second half of 2010 maintained stronger growth in the current period. Diversification of the Group's terminal business has enhanced the Group's defensiveness against the risk of the downturn of the operating result of a single operating segment.

In the first half of 2011, the Group's basic earnings per share were RMB7.63 cents, representing a decrease of 27.9% from RMB10.58 cents¹ in the first half of 2010.

In the first half of 2011, the Group's revenue amounted to RMB1,714,544,622.36, representing an increase of 7.4% from RMB1,595,967,291.30 in the first half of 2010. Except for the oil business, the income of other businesses increased with different growth rates. Furthermore, the consolidation of Dalian Container Terminal Co., Ltd. has resulted in an increase of the Group's revenue.

In the first half of 2011, the Group's cost of sales and services amounted to RMB1,061,501,293.83 which increased by 17.3% as compared with RMB904,800,278.33 in the first half of 2010. The increase in cost of sales and services in the current period was mainly due to expansion of the scope of consolidation, the increase of depreciation of newly acquired assets, as well as the increase in operating expenses and staff costs caused by the growth of business.

In the first half of 2011, the Group's gross profit was RMB653,043,328.53 which decreased by 5.5% from RMB691,167,012.97 in the first half of 2010. The gross margin reached 38.1% which was 5.2% lower than that in the first half of 2010. The decrease of gross margin was mainly due to the decrease of throughput of high-margined oil business and the decrease of tugboat business as well as the increase of depreciation of newly acquired assets.

In the first half of 2011, the Group's finance expenses amounted to RMB37,278,671.78, representing an increase of 9.7% from RMB33,979,915.50 in the first half of 2010. The increase was mainly caused by the interest expenses of new bank loans.

In the first half of 2011, the Group's investment income amounted to RMB74,522,522.30, representing an increase of 17.7% from RMB63,321,284.31 in the first half of 2010. The growth of throughput and the increase of tariff drove the rapid growth in the net profit of the Group's investees in the Container Segment, General Cargo Segment, and Automobile Segment.

In the first half of 2011, the Group's income tax expense amounted to RMB101,627,058.55 which decreased by 20.3% from RMB127,582,391.44 in the first half of 2010, which was due to the decrease of the taxable income as a result of the decrease of profit in the oil business.

¹ In the first half of 2010, the number of share used in calculation of the earnings per share was 3,664,180,000.

Management Discussion and Analysis

Assets and liabilities

As of 30 June 2011, the Group's total assets and net assets amounted to RMB27,544,634,539.85 and RMB12,307,165,894.59, respectively, and its net asset value per share was RMB2.78, representing an increase of 1.1% as compared with that as of 31 December 2010. The increase was mainly due to the business accumulation.

As of 30 June 2011, the Group's total liabilities amounted to RMB14,190,818,671.06, of which total outstanding bank and other borrowings accounted for RMB10,290,160,779.15.

Financial resources and liquidity

In the first half of 2011, the Group's net cash flows generated from operating and financing activities amounted to RMB429,761,045.72 and RMB3,039,855,024.28, respectively. With stable cash inflows from its operating activities and the proceeds from the public offering of corporate bonds with an aggregate principal amount of RMB2.35 billion, the Group has maintained a sound financial position and capital structure and will apply these cash inflows to fund the Group's capital expenditure and other investments.

As of 30 June 2011, the Group had a balance of cash and cash equivalents of RMB4,886,997,881.57 which represented an increase of RMB1,629,413,007.04 as compared with that as at 31 December 2010. Such increase was mainly due to the surplus of cash inflows from operating and financing activities.

As of 30 June 2011, the Group has obtained an aggregate of RMB5,186,350,000.00 new bank loans and repaid an aggregate of RMB1,350,000,000.00 bank loans. As of 30 June 2011, the Group's bank and other borrowings amounted to RMB10,290,160,779.15 of which RMB8,375,160,779.15 was due after one year and RMB1,915,000,000.00 was due within one year. The Group's net gearing ratio was 40.5% as at 30 June 2011 (31 December 2010: 23.5%).

As of 30 June 2011, the Group's unutilized banking facilities amounted to RMB11,800,000,000.00.

As of 30 June 2011, the Group had net current assets of RMB1,202,995,122.06, representing a increase of RMB1,630,701,472.35 as compared with that as at 31 December 2010. The Group's current ratio was 1.2 as at 30 June 2011 (31 December 2010: 0.9).

As of 30 June 2011, the Group did not have any significant exposure to fluctuations in exchange rates and did not enter into any foreign exchange hedging contracts.

Management Discussion and Analysis

Use of proceeds

Use of proceeds (A Shares)

Net proceeds of the public offering of 762 million A shares (“**A-Share IPO**”) by the Company in 2010 amounted to approximately RMB2,772,091,500.00. As of 30 June 2011, the Group had utilized approximately RMB1,554,671,900.00 of the net proceeds and the remaining balance of the net proceeds was RMB1,217,419,600.00.

There has been no material change in the proposed use of proceeds from the A-Share IPO as stated in the Group’s prospectus dated 3 December 2010 except for the changes announced on 30 December 2010. As of 30 June 2011, the details of the use of proceeds were as follows:

Projects	Proceeds from A-Share IPO	Use of proceeds as of 30 June 2011	Balance
Construction of oil storage tanks with a total capacity of 1,000,000 m ³ in Xingang	760,000,000.00	311,709,500.00	448,290,500.00
Construction of oil storage tanks with a total capacity of 600,000 m ³ at Xingang Resort	550,000,000.00	249,631,200.00	300,368,800.00
Construction of phase II of the Shatuozi oil storage tank project at Xingang Shatuozi	29,600,000.00	29,600,000.00	—
LNG project	320,000,000.00	320,000,000.00	—
No. 4 stacking yard for ore terminal	520,000,000.00	155,800,000.00	364,200,000.00
Purchase of gantry for ore terminal	37,200,000.00	37,200,000.00	—
Purchase of 300 bulk grain carriages	150,000,000.00	150,000,000.00	—
Ro-Ro vessels for carrying cars	230,000,000.00	212,000,000.00	18,000,000.00
Construction of railway line in Muling	41,250,000.00	—	41,250,000.00
Construction of information systems	50,000,000.00	4,689,700.00	45,310,300.00
Contribution to the increase of the registered capital of Dalian International Container Terminal Co., Ltd.	84,041,500.00	84,041,500.00	—
Total	2,772,091,500.00	1,554,671,900.00	1,217,419,600.00

Use of proceeds (H shares)

Net proceeds of the initial public offering (“**IPO**”) of 966 million H shares by the Company in 2006 amounted to approximately RMB2,385,343,000.00. As of 30 June 2011, the Group had utilized approximately RMB2,329,343,000.00 of the net proceeds and the remaining balance of the net proceeds was RMB56,000,000.00.

Management Discussion and Analysis

There has been no material change in the proposed use of proceeds from the IPO of H Shares as stated in the Group's prospectus dated 18 April 2006. As of 30 June 2011, the details of the use of proceeds were as follows:

Projects	Proceeds from IPO of H Shares	Use of proceeds as of 30 June 2011	Balance
Construction of four new container berths at Dayaowan	400,000,000.00	400,000,000.00	—
Construction of twelve crude oil storage tanks in Xingang	680,000,000.00	624,000,000.00	56,000,000.00
Purchase of eight tugboats	270,000,000.00	257,000,000.00	—
Repayment of a long-term bank loan	850,000,000.00	850,000,000.00	—
General working capital	185,343,000.00	198,343,000.00	—
Total	2,385,343,000.00	2,329,343,000.00	56,000,000.00

The remaining RMB13,000,000.00 which was previously designated for the purchase of 8 tugboats has been re-allocated as working capital and the remaining RMB56,000,000.00 designated for the construction of 12 crude oil storage tanks will be used for future payment of construction projects.

Capital expenditure

In the first half of 2011, the Group's capital expenditure amounted to RMB1,142,865,504.84 which was mainly funded by the surplus cash generated from operating activities, the proceeds from the issuance of medium-term notes, public offering of A shares and corporate bonds.

Business Review

The performance analysis of each business segment in the first half of 2011 is as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in the first half of 2011 and its comparative results in the first half of 2010.

	For the six months ended 30 June 2011 ('000 tonnes)	For the six months ended 30 June 2010 ('000 tonnes)	Increase/ (Decrease)
Crude oil	13,515	17,452	(22.6%)
— Foreign trade imported crude oil	8,920	14,939	(40.3%)
Refined oil	5,161	6,141	(16.0%)
Liquefied chemicals	476	619	(23.1%)
Others	69	115	(40.0%)
Total	19,221	24,327	(21.0%)

Management Discussion and Analysis

In the first half of 2011, in terms of oil/liquefied chemicals throughput, the Group handled a total of approximately 19.221 million tonnes, a decrease of 21.0% as compared with the corresponding period in 2010.

In the first half of 2011, the Group's crude oil throughput decreased by 22.6% as compared with the corresponding period in 2010, to approximately 13.515 million tonnes, of which approximately 8.92 million tonnes were imported crude oil, a decrease of 40.3% as compared with the corresponding period in 2010. During the first half of 2011, the major refineries located in the Group's hinterland suspended operations for a period for conducting overhaul. Facing high oil prices in the international markets, these refineries reduced their production to implement the strategy of reducing losses from decreased production. Further, more crude oil imported from Russia was used for their production, which negatively affected the throughput of imported crude oil shipped via the sea. In addition, the transshipment business of some customers including PetroChina International was affected as the operation of part of PetroChina's crude oil storage facilities, which were damaged in the explosion accident happened on 16 July 2010 (the "**7.16 Explosion Accident**"), was not fully resumed. As a result of the above factors, the Group recorded a decrease in its imported crude oil throughput.

In the first half of 2011, the Group's refined oil throughput amounted to approximately 5.161 million tonnes, a decrease of 16.0% as compared with the corresponding period in 2010. The refining production in the Group's hinterland was reduced due to the overhaul of the refineries located in this area and their decreased production for the refineries to reduce losses, which resulted in the decrease in the volume of refined oil shipped out.

In the first half of 2011, the Group's liquefied chemicals throughput was approximately 476,000 tonnes, a decrease of 23.1% as compared with the corresponding period in 2010. That is due to the decrease in liquefied chemicals transshipment business resulted from the 7.16 Explosion Accident and the shrink of the volume of customers' transactions caused by the fluctuation in the international crude oil prices.

In the first half of 2011, the total imported crude oil volume handled by the Group accounted for 100% (100% in the first half of 2010) of the total volume of crude oil imported into Dalian and 68.3% (80% in the first half of 2010) of the total volume of crude oil imported into the Three Northeastern Provinces of China. The total oil/liquefied chemicals throughput accounted for 65.5% (69.7% in the first half of 2010) of the total oil/liquefied chemicals throughput of Dalian and 41.9% (46.4% in the first half of 2010) of the total oil/liquefied chemicals throughput of the Three Northeastern Provinces of China. The decrease in our market share of imported crude oil throughput in the Three Northeastern Provinces was mainly due to subsequent impact of the 7.16 Explosion Accident and suspension of production of refineries for overhaul in the reporting period.

In the first half of 2011, the revenue from oil/liquefied chemicals terminal and logistics services amounted to RMB390,323,246.51, representing an decrease of RMB87,275,527.82 or 18.3% as compared with that in the first half of 2010. In the first half of 2011, the overhaul of the major refineries in the hinterland led to a substantial decline in the oil throughput, thus reduced the Group's oil handling revenues. The revenue decrease was partly offset by the increase in revenue from oil transshipment business after the Group's No.7 oil tanks were put into operation and the increase in rental revenue from the leasing of certain oil tanks.

In the first half of 2011, the revenue from oil/liquefied chemicals terminal and logistics services accounted for 22.8% (29.9% in the first half of 2010) of the Group's total revenue.

Management Discussion and Analysis

In the first half of 2011, the gross profit from oil/liquefied chemicals terminal and logistics services amounted to RMB174,105,257.57, representing a decrease of RMB123,934,162.08 or 41.6% as compared with that in the first half of 2010. This profit accounted for 26.7% (43.1% in first half of 2010) of the Group's total gross profit, and represented a gross margin of 44.6% (62.4% in the first half of 2010). Such decrease in gross margin was mainly caused by the decrease of oil throughput and the increase in fixed costs resulted from new oil berth being put into operation in the current period.

In the first half of 2011, the Group's major measures taken and the progress of major projects related to the Group's Oil Segment were as follows:

- No. 7 crude oil storage tanks with a total capacity of 600,000 cubic meters were gradually put into operation in January 2011, which has expanded storage capacity the trans-shipment business.
- In the first half of 2011, the Group signed agreements with several customers to raise the rental on storage tanks leased to these customers, which has supported the increase of revenue.

Container Segment

The following table sets out the container throughput handled by the Group in the first half of 2011 and its comparative results in the first half of 2010:

		For the six months ended 30 June 2011 (^{'000} TEUs)	For the six months ended 30 June 2010 (^{'000} TEUs)	Increase/ (Decrease)
Foreign Trade	Dalian	2,244	1,903	17.9%
	Other Ports (note 1)	75	62	21.0%
	Sub-total	2,319	1,965	18.0%
Domestic Trade	Dalian	652	553	17.9%
	Other Ports (note 1)	475	439	8.2%
	Sub-total	1,127	992	13.6%
Total	Dalian	2,896	2,456	17.9%
	Other Ports (note 1)	550	501	9.8%
	Total	3,446	2,957	16.5%

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

Management Discussion and Analysis

In the first half of 2011, in terms of container throughput, the Group handled a total of approximately 3.446 million TEUs, representing an increase of 16.5% as compared to the corresponding period in 2010. In Dalian, the Group handled approximately 2.896 million TEUs, representing an increase of 17.9% as compared to the corresponding period in 2010, of which container throughput for foreign trade increased by 17.9%, container throughput for domestic trade increased by 17.9%. During the first half of 2011, the Group handled a total of 182,000 TEUs of containers via sea-to-rail intermodal, representing a 27.0% period-over-period growth, and a total of 320,000 TEUs of transshipment containers, representing an 8.4% increase. In the first half of 2011, as a result of having taken effective measures to enhance its container market development, the Group's container business has achieved sound growth.

In the first half of 2011, the Group's container terminal business accounted for 99.7% (97% in the first half of 2010) of the total market share in Dalian and 56.3% (59% in the first half of 2010) of that in the Three Northeastern Provinces of China. The Group's container throughput for foreign trade accounted for 100% (100% in the first half of 2010) of the total market share in Dalian and 96.9% (97% in the first half of 2010) of the total market share in the Three Northeastern Provinces of China.

In the first half of 2011, the revenue from container terminal and logistics services amounted to RMB346,734,965.36 which represented an increase of RMB142,235,958.26 or 69.6% as compared with that in the first half of 2010. Consolidating of Dalian Container Terminal Co., Ltd. resulted in an income expansion for the Group in the current period. Without the consolidation of the income of Dalian Container Terminal Co., Ltd. the Group's revenue grew by 0.3% over the same period of 2010.

In the first half of 2011, the revenue from container terminal and logistics services accounted for 20.2% (12.8% in the first half of 2010) of the Group's total revenue.

In the first half of 2011, the gross profit from container terminal and logistics services amounted to RMB117,362,198.92, representing an increase of RMB74,086,291.97 or 1.71 times as compared with that in the first half of 2010. This gross profit accounted for 18.0% (6.3% in the first half of 2010) of the Group's total gross profit and represented a gross margin of 33.8% (21.2% in the first half of 2010). Such increase in the Group's gross margin was mainly caused by consolidation of Dalian Container Terminal Co., Ltd., which recorded a relatively higher gross margin.

In the first half of 2011, the Group's major measures taken and the progress of major projects related to the Group's Container Segment were as follows:

- In terms of foreign trade container transportation, leveraging on the economic advantages of Dalian port, the Group has set up strategic corporation mechanism with shipping companies. The Group has encouraged the shipping companies to upgrade their shipping capacity in the existing well-operated mainhaul routes and also attract their introduction of new shipping routes so as to improve the shipping network for foreign trade containers. Diversion of cargoes transshipped via overseas ports has been effectively restrained. The Group's position as a hub port has been enhanced and the Group's leading advantages in foreign trade container transportation among ports in the Three Northeastern Provinces has been strengthened.
- Having taken into account changing trends of cargo transportation in the hinterland, the Group strengthened its support to its domestic trade container businesses in terms of terminal operations and cargo marketing. The Group maintained close co-operation with China Shipping and COSCO so as to set up major shipping routes to East China and South China. Meanwhile, the Group actively supported the medium-sized or small-sized shipping companies to introduce regional shipping routes. With these efforts, the Group's domestic trade container businesses have been developing rapidly.

Management Discussion and Analysis

- The Group continued to promote the construction of extended service systems with a focus on transshipment and sea-to-rail transportation services. The Group paid great efforts in the establishment of Bohai rim public feeder platform by launching more shipping capacity and in the development of such businesses as domestic trade container transshipment, international transshipment, vessel change, empty container allocation and temporary berthing of vessels so as to ensure the steady growth of transshipment volume and extend its sea hinterland. The Group paid great importance to the development of sea-to-rail transportation business. The Group introduced three additional rail services by implementing preferential policies on sea-to-rail transportation, obtaining recognition as one of the State's sea-to-rail transportation pilots and enhancing project development and hinterland depot construction. With these efforts, the Group has made great progress in the sea-to-rail transportation business, which had positive effect on the growth of regional cargo resources.
- The Group promoted the dry bulk containerization projects so as to increase containerized cargoes. The Group set up a dedicated team for promoting dry bulk containerization projects, which has been actively engaged in the improvement of efficiency, reduction of operational wastage and design of comprehensive logistics scheme so as to speed up the development of dry bulk containerization projects.

Automobile Segment

The following table sets out the throughput handled by the Group's automobile terminal in the first half of 2011 and its comparative results in the first half of 2010.

		For the six months ended 30 June 2011	For the six months ended 30 June 2010	Increase/ (Decrease)
Vehicles (unites)	Foreign Trade	20,251	16,288	24.3%
	Domestic Trade	59,051	47,811	23.5%
	Total	79,302	64,099	23.7%
Equipments (tonnes)		6,707	14,410	(53.5%)

In the first half of 2011, the Group handled a total of 79,302 vehicles, representing an increase of 23.7% when compared to the corresponding period in 2010.

In the first half of 2011, The Group's vehicle throughput accounted for 96.5% (95% in the first half of 2010) of the total volume handled by ports in the Three Northeastern Provinces of China.

During the first half of 2011, the Group's share of profits in relation to its automobile terminal and logistics services amounted to RMB5,816,628.33, representing an increase of RMB4,671,710.59 or 409.6% as compared with that in the first half of 2010. The improvement of this segment is mainly due to better performance of the Group's investees resulted from the rapid growth of both vehicle production and sales in the automobile sector.

Management Discussion and Analysis

In the first half of 2011, the Group's major measures taken and the progress of major projects related to the Group's Automobile Segment were as follows:

- The Group enhanced the market development in the northeastern hinterland with the joint efforts of shipping companies by taking full use of the exiting shipping routes so as to achieve the steady growth of vehicles shipment to South China. With market cultivation for years, the Group started to serve three new customers of large-scaled automobile manufacturers. Currently the shipping routes connecting southern China and northern China for domestic trade automobiles are fully loaded for round-trip transportation and Dalian Port's position as a hub port has been further enhanced.
- The Group further strengthened its co-operation with the customers in the hinterland. With the joint efforts of the Group and the shipping companies, the third foreign trade Ro-Ro shipping route for export services was introduced. Meanwhile, the Group attracted nearly 1,300 agricultural machineries imported via the Company's automobile terminal, an increase of nearly 1.8 times as compared with the same period of 2010.
- The first Ro-Ro vessel invested by the Group launched its maiden voyage in July 2011. The vessel has been put into operation on the shipping route connecting Tianjin and Guangzhou.

Ore Segment

The following table sets out the throughput handled by the Group's ore terminal in the first half of 2011 and its comparative results in the first half of 2010.

	For the six months ended 30 June 2011 (^{'000} TEUs)	For the six months ended 30 June 2010 (^{'000} TEUs)	Increase/ (Decrease)
Ore	14,971	13,585	10.2%
Others	74		
Total	15,045	13,585	10.7%

In the first half of 2011, the Group's ore terminal handled approximately 14.971 million tonnes of ore, an increase of 10.2% as compared with the corresponding period in 2010.

Focusing on the northeastern hinterland, the Group strengthened the relationship with its customers and enhanced its market development efforts. In the first half of 2011, the cargoes imported to the hinterland in the Three Northeastern Provinces of China rose by 12.6%. The cargoes imported via the Group's ore terminal rose by 23.9%, higher than the average growth of the Three Northeastern Provinces of China.

In the first half of 2011, the Group's ore throughput accounted for 34% (38.5% in the first half of 2010) of the total throughput in the Three Northeastern Provinces of China.

In the first half of 2011, the revenue from the Ore Segment amounted to RMB139,565,247.76, which represented an increase of RMB17,345,264.62 or 14.2% over the first half of 2010. Such increase was mainly caused by the increase in throughput.

Management Discussion and Analysis

In the first half of 2011, the revenue from the Ore Segment accounted for 8.1% (7.7% in the first half of 2010) of the Group's total revenue.

In the first half of 2011, the gross profit from the Ore Segment amounted to RMB44,890,012.14, representing an increase of RMB13,661,105.33 or 43.7% as compared with that in the first half of 2010, accounted for 6.9% (4.5% in the first half of 2010) of the Group's total gross profit, and represented a gross margin of 32.2% (25.6% in the first half of 2010). Such increase in gross margin was achieved by averaging down in fixed costs with throughput growth.

In the first half of 2011, the Group's major measures taken and the progress of major projects related to the Group's Ore Segment were as follows:

- The Group visited its customers frequently to track the production and import plan of the steel companies. The Group also enhanced its marketing activities to attract vessels' calling and stabilize the cargo resources of major customers and strategic customers. Meanwhile, the Group strengthened its internal management to ensure high operational efficiency, close relationship with customers and high-quality services to its customers.
- The Group kept monitoring market change so as to find new source of cargoes and capture new market opportunities. The Group also improved its value-added service system and provided a convenient service platform for communication with customers so as to attract more customers.

General Cargo Segment

The following table sets out the throughput handled by the Group's general cargo terminal in the first half of 2011 and its comparative results in the first half of 2010.

	For the six months ended 30 June 2011 ('000 TEUs)	For the six months ended 30 June 2010 ('000 TEUs)	Increase/ (Decrease)
Steel	4,097	4,477	(8.5%)
Coal	6,639	4,157	59.7%
Timber	220	281	(21.7%)
Equipment	847	596	42.1%
Packed grain	327	661	(50.5%)
Others	4,304	3,312	30.0%
Total	16,434	13,484	21.9%

In the first half of 2011, the Group's general cargo terminal handled approximately 16.434 million tonnes, an increase of 21.9% as compared with the corresponding period in 2010.

In the first half of 2011, the volume of steel handed by the Group was approximately 4.097 million tonnes, a decrease of 8.5% from the same period of last year. Since the production capacity of Anshan Iron and Steel Group Corporation ("Angang") at other ports increased and its production volume at the production facilities located at Anshan reduced accordingly, the transshipment cargo volume of Angang via Dalian Port declined.

Management Discussion and Analysis

In the first half of 2011, the volume of coal handled by the Group was approximately 6.639 million tonnes, a significant increase of 59.7% over the same period of 2010. The increase was mainly due to the remarkable growth of coal shipped out via the Group's terminals resulted from the nationwide growing coal demand, the growth of coal transportation of Tader Coal Net via the Group's terminals. Coal is expected to be the Group's fifth cargo with an annual volume over 10 million tonnes following oil, container, ore and passenger and Ro-Ro cargoes.

In the first half of 2011, the volume of equipment handed by the Group was approximately 847,000 tonnes, a significant increase of 42.1% over the same period of 2010, mainly due to the rapid development of machinery industry in the northeastern area of China and the Company's enhanced marketing efforts with an aim to develop itself into a hub port for the export of equipments manufactured in northeastern of China.

In the first half of 2011, the volume of packed grain handled by the Group was 327,000 tonnes, a decrease of 50.5% from the same period of 2010. The decrease was caused by the gradual decrease of the volume of the exported primary grain.

In the first half of 2011, the steel throughput and coal throughput handled by the Group's ore terminal accounted for 18.1% (23.3% in the first half of 2010) and 15% (13.7% in the first half of 2010) of the total throughput in the Three Northeastern Provinces of China, respectively.

In the first half of 2011, the revenue from the General Cargo Segment amounted to RMB175,351,741.15 which represented an increase of RMB20,720,370.22 or 13.4% as compared with that in the first half of 2010. Such increase was mainly caused by the increase in throughout and the increases in handling charges in the reporting period.

In the first half of 2011, the revenue from general cargo terminals operation services accounted for 10.2% (9.7% in the first half of 2010) of the Group's total revenue.

In the first half of 2011, the gross profit from the General Cargo Segment amounted to RMB19,241,015.20, representing an increase of RMB6,903,529.30 or 56.0% as compared with that in the first half of 2010, accounted for 2.9% (1.8% in the first half of 2010) of the Group's total gross profit, and represented a gross margin of 11.0% (8.0% in the first half of 2010). Such increase in gross margin was mainly caused by the increase in throughout and increases in handling charges.

In the first half of 2011, the Group's major measures taken and the progress of major projects related to the Group's General Cargo Segment were as follows:

- By regular visiting customer and improvement of cargo transportation quality, the Group enhanced the cargo solicitation of steel shipped out by the steel companies in the hinterland. Meanwhile, the Group adjusted the port charges for certain customers so as to improve profitability.
- Capturing the opportunity in the growth of coal market, the Group established closer co-operation relationship with new customers. With well-organized operations, the Group has improved its operational efficiency and quality, attracted bulk coal to be shipped via its terminals and started the shipment of scaled coal for export.
- By taking the technical advantages in handling large-sized equipments, the Group has set up its brand for its high-quality and high-efficiency shipment of large-sized equipments and attracted more customers to ship their cargoes via Dalian port.

Management Discussion and Analysis

- Capturing the opportunity that many projects commenced operations in Zhuanghe near Dalian and its neighboring area, the Group successfully attracted new cargoes of construction materials with overall competitive logistics cost and capability of offering assistance in engaging transportation service providers.
- The Group's joint venture in Changxing Island worked closely with the railway bureau and its subordinate entities for the cargo solicitation in the hinterland. The Group attracted new cargoes of coal and pellets by leveraging its strength of sea-to-rail transportation and comprehensive logistics services.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in the first half of 2011 and its comparative results in the first half of 2010.

	For the six months ended 30 June 2011 (^{'000} TEUs)	For the six months ended 30 June 2010 (^{'000} TEUs)	Increase/ (Decrease)
Corn	1,808	2,038	(11.3%)
Soy bean	448	662	(32.3%)
Barley	107	185	(42.2%)
Wheat	12	139	(91.4%)
Others	1,045	679	53.9%
Total	3,420	3,703	(7.6%)

In the first half of 2011, the throughput handled by the Group's bulk grain terminal was approximately 3.42 million tonnes, a decrease of 7.6% as compared with the corresponding period in 2010.

In the first half of 2011, the Group's corn throughput was approximately 1.808 million tonnes, a decrease of 11.3% as compared with the same period of last year, mainly due to (i) the decrease in the domestic trade grain volume as a result of the gradual growth of grain processing in the Three Northeastern Provinces of China; and (ii) the decrease in the demand for corn resulted from continuing low livestock numbers at the farms in southern area of China.

In the first half of 2011, the Group's soy bean throughput was approximately 448,000 tonnes, a decrease of 32.3% as compared with the same period of last year. Such decrease was mainly due to a large quantity of oil processing companies stopping production or cutting production during the reporting period as a result of severe operating losses and the low price of bean pulp in the domestic market.

In the first half of 2011, the Group's wheat throughput was approximately 107,000 tonnes, a decrease of 42.2% as compared with the same period of last year. Since the barley price in the international market rose continually, more and more domestic barley, wheat and even starch was used as substitutes, which caused the significant decrease of the volume of imported wheat as compared with the same period of last year.

In the first half of 2011, the throughput handled by the Group's bulk grain terminal accounted for 16.0% (16.9% in the first half of 2010) of the total throughput in the Three Northeastern Provinces of China.

Management Discussion and Analysis

In the first half of 2011, the revenue from the Bulk Grain Segment amounted to RMB157,473,230.52 which represented an increase of RMB7,847,711.27 or 5.2% as compared with that in the first half of 2010. Such increase was mainly attributed to increase in rental rates on our 500 new bulk grain trucks and the grain handling charges in the current period.

In the first half of 2011, the revenue from the Bulk Grain Segment accounted for 9.2% (9.4% in the first half of 2010) of the Group's total revenue.

In the first half of 2011, the gross profit from the Bulk Grain Segment amounted to RMB79,370,259.27, representing an increase of RMB6,142,263.30 or 8.4% as compared with that in the first half of 2010, accounted for 12.3% (10.6% in the first half of 2010) of the Group's total gross profit, and represented a gross margin of 50.4% (48.9% in the first half of 2010). Such increase in gross margin was mainly caused by the increase in the higher-margined bulk grain truck leasing business and higher handling charges of grain.

In the first half of 2011, the Group's major measures taken and the progress of major projects related to the Group's Bulk Grain Segment were as follows:

- The Group put great importance on the cargo solicitation from both hinterland and coastal customers to attract corn to be shipped out via its terminals by taking full advantages of the port trade platform and value-added logistics services.
- The Group enhanced cargo solicitation for imported cargoes. Taking the capacity of Group's silos and the arrangement of evacuation of cargoes from the Group's terminals into consideration, the Group conducted pertinent cargo solicitation and provided high-quality services to its customers.
- Capturing the opportunity of the operation of the newly-purchased 500 bulk grain carriages, the Group signed leasing contracts with large-size grain trade companies so as to ensure the profitability of the bulk grain carriages and lock the customers' cargo resources for the whole year.

Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on roll-off throughput handled by the Group in the first half of 2011 and its comparative results in the first half of 2010.

	For the six months ended 30 June 2011	For the six months ended 30 June 2010	Increase/ (Decrease)
Passengers ('000 persons)	1,725	1,342	28.5%
Vehicles ('000 units) (Note 2)	304	242	25.6%

Note 2: Units of vehicles refer to the units of vehicles handled at the passenger and roll-on, roll-off terminals of the Group and the terminals of the companies in which it has equity interests.

Management Discussion and Analysis

In the first half of 2011, the Group transported approximately 1.725 million passengers, an increase of 28.5% as compared with the corresponding period in 2010, and handled approximately 304,000 vehicles, an increase of 25.6% as compared with the corresponding period in 2010.

In the first half of 2011, the numbers for both the passengers and vehicles transported from our terminals to the other ports had achieved growth as compared with the same period last year. The passenger transportation volume rebounded after an initial decline and grew steadily. By adding the shipping capacity of two vessels and acquiring equity interests in Dalian Lvshun Port Co., Ltd. ("**Lvshun Port**") and Sino Rail Bohai Train Ferry Co., Ltd. ("**SBTF**"), the Group has achieved development in both market influence and market share.

In the first half of 2011, the revenue from passenger and roll-on roll-off and logistics services amounted to RMB46,201,700.90, which represented an increase of RMB15,737,064.09 or 51.7% over the first half of 2010. Such increase was mainly attributed to the acquisition of Lvshun Port and commencement of operation of newly acquired ships. Excluding the income of the newly-acquired Lvshun Port, the revenue of the reporting period grew by 33.9% over the same period of 2010.

In the first half of 2011, the revenue from passenger and roll-on roll-off and logistics services accounted for 2.7% (1.9% in the first half of 2010) of the Group's total revenue.

In the first half of 2011, the gross profit from passenger and roll-on roll-off and logistics services amounted to RMB19,644,791.36, representing an increase of RMB3,876,632.24 or 24.6% as compared with that in the first half of 2010, accounted for 3.0% (2.3% in the first half of 2010) of the Group's total gross profit, and represented a gross margin of 42.5% (51.8% in the first half of 2010). Such decrease in the gross margin was mainly caused by the lower gross margin of Lvshun Port.

In the first half of 2011, the Group's major measures taken and the progress of major projects related to the Group's Passenger and Ro-Ro Segment were as follows:

- Two vessels named Longxing Island and Yongxing Island and invested by China Shipping Ganglian Co., Ltd. were put into the operations of the route connecting Dalian with Yantai in succession, by which the Group's market influence and competitiveness were highly upgraded.
- The Group held several meetings with China Shipping Passenger Liners Co., Ltd. for the coordination of port and shipping services. The two parties had active communication on the preparation for the calling of the vessels, namely Longxing Island and Yongxing Island. The two parties also had subsequent operational coordination, and communication on market development strategies and measures to be taken so as to ensure the orderly operations upon the new vessels' calling.
- The Group took measures to ensure the prompt response within 24 hours for the internet enquiries, therefore the service efficiency for dealing with enquiries has been improved.
- The Group enhanced administration of the ticket selling services by cooperation with the relevant authorities to crack down the scalpers so as to improve the ticket selling services.

Management Discussion and Analysis

Value-added Services Segment

Tuging

In the first half of 2011, the port services, ocean engineering and shipbuilding industries recorded a stable performance. The Group paid great attention to communication with its customers and improvement in tuging services to achieve sound growth in the tuging business in Dalian.

In the market outside Dalian, facing changing market conditions, the Group timely changed tugboats' location and optimized tuging services so that it maintained a stable long-term customer base and developed relationships with customers. As at the end of June 2011, the Group leased out 1 additional tugboat to the other port outside Dalian. By the end of June 2011, the Group had a total of 39 tugboats and four pilot boats. Among these vessels, 15 tugboats were leased out under long-term leases to other ports outside Dalian. The Group retained a leading tuging services position amongst all port operators in China.

Tallying

In the first half of 2011, the total tallying throughput handled by the Group was approximately 18.402 million tonnes, an increase of 5.7% over the same period of last year.

Railway

In terms of the operation of railway transportation, the Group handled a total of 370,000 carriages, an increase of 3.9% as compared with the corresponding period in 2010.

In the first half of 2011, the revenue from port value-added services amounted to RMB400,927,044.57, which represented an increase of RMB2,047,121.93 or 0.5% over the same period of 2010.

In the first half of 2011, the revenue from port value-added services accounted for 23.4% (25.0% in the first half of 2010) of the Group's total revenue.

In the first half of 2011, the gross profit from port value-added services amounted to RMB157,533,226.37, representing an decrease of RMB12,560,511.32 or 7.4% as compared with that in the first half of 2010, accounted for 24.4% (24.6% in the first half of 2010) of the Group' total gross profit, and represented a gross margin of 39.3% (42.6% in the first half of 2010). The gross margin decreased mainly due to the increase in depreciation of newly acquired assets and operating costs.

Others

2011 Phase-I Domestic Corporate Bonds

The Company completed the issue of the 2011 first phase domestic corporate bonds ("**2011 Phase-I Domestic Corporate Bonds**") with an aggregate principal amount of RMB2.35 billion on 25 May 2011. The 2011 Phase-I Domestic Corporate Bonds was issued in the denomination of RMB100 each. The issue price for each of the 2011 Phase-I Domestic Corporate Bonds is RMB100. The issuance was in a combined form of online public offer to the public investors and offline issue to institutional investors in the PRC. The coupon rate is 5.30% and the term is 10 years.

2011 Phase-II Domestic Corporate Bonds

The Issue Review Committee (發行審核委員會) of China Securities Regulatory Commission has approved the application of the Company for issue of the second phase domestic corporate bonds ("**2011 Phase-II Domestic Corporate Bonds**") with an aggregate principal amount of not more than RMB2.65 billion to the public in the PRC. The issue of the 2011 Phase-II Domestic Corporate Bonds is expected to be completed by the end of 2011.

Management Discussion and Analysis

Prospects for 2011

In the second half of 2011, in spite of a series of challenges existed in the domestic and overseas macro economy, there are still a certain favorable factors which will lead the Chinese economy to maintain a stable and rapid development. The large-scaled infrastructure construction including indemnificatory accommodation projects will effectively increase the domestic demand, thus the domestic cargo resources are expected to continue sound growth.

In the second half of 2011, with the implementation of preferential policies granted by the provincial and municipal governments to accelerate the development of the Group's container business, the gradual resumption of operations of PetroChina's storage tanks damaged by the 7.16 Exploration Accident and with the newly constructed berths in Dalian Bay being gradually put into operation, the Group's competitive advantages and capability to accumulate cargoes will be effectively strengthened. Meanwhile, the consolidation of SBTF and commencement of operation of LNG terminal will contribute to the growth in the Group's throughput and revenue.

In the second half of 2011, the Group's major measures to be taken for market development are as follows:

Oil Segment

- In the second half of 2011, it is expected that the Group's two major customers which are engaged in oil refining business will increase their respective refining volume so as to make up for the decline in production caused by the suspension of operations for overhaul in the first half of 2011. The Group will proactively coordinate with customers and provide high-quality services to meet their production needs.
- With resumption of operation of PetroChina's storage facilities, the Group will coordinate with relevant entities to speed up the transshipment of bonded crude oil via its terminal and improve the utilization rate of its storage tanks.
- The storage tanks with a capacity of 400,000 cubic meters jointly constructed by the Company and a partner will be put into operations. Capturing this opportunity and leveraging competitive strength of two deep water berths, large capacity of storage tanks and bonded crude oil storage services, the Group will explore new markets and attract new customers for its crude oil and bonded crude oil transshipment business.
- PetroChina International started filling the storage tanks at its crude oil commercial reserve base with a total capacity of 4.2 million cubic meters in August 2011. The successive completion of oil filling will yield one-off increment of throughput for the Group. The Group will coordinate with relevant parties to speed up the process for putting those facilities into operation so as to complete oil filling as much as possible in the second half of 2011.
- The Group will leverage strength of function of the refined oil commercial reserve base in balancing supply of and demand for refined oil and deploy large-scaled vessels to substantially reduce transportation cost, which will help the Group attract more refined oil cargoes.

Management Discussion and Analysis

Container Segment

- By taking advantage of the favorable policies issued by the government of Liaoning Province and Dalian Municipality for accelerating the development of container business, the Group will further enhance its core competitiveness for container business and stabilize its market coverage.
- The Group will push for the overall development of mainhaul and feeder services, and domestic and foreign trade shipping routes so as to improve its market competitiveness. In terms of the attraction of the shipping routes for foreign trade containers, the Group will closely monitor the change of cargo resources in the mainhaul shipping market and push for the introduction of direct shipment routes by major shipping companies. In terms of the attraction of the shipping routes for domestic trade containers, the Group will propel the major shipping companies including China Shipping and COSCO to increase their input in the shipping services. Meanwhile, with the preferential policies on port operations and cargo solicitation, the Group will push for other medium-sized and small-sized shipping companies to introduce shipping routes connecting Dalian with the ports including Wenzhou, Fuzhou, Haikou so as to further improve the shipping network layout.
- The Group will put more efforts in developing the transshipment services via Bohai Rim feeder network and expand such operational pattern. Meanwhile, the Group will further implement the international transshipment strategy and expand the services for vessel changes and reallocation of empty containers for the increment of volume so as to develop itself into a regional hub for transshipment.
- The Group will enhance its competitiveness in the multi-modal transportation system and take its extended services in the hinterland into full play. The Group will push for the implementation of preferential policies issued by the railway authorities, extend the effect of the State's pilot project for sea-to-rail transportation and strengthen the brand advantages of rail services. The Group will endeavor to put the preferential policies on road transportation into effect to reduce the road transportation cost. The Group will bring the function of the inland depots into full play, carefully form the layout of the newly built inland depots and optimize multi-modal container transportation network. Meanwhile, the Group will speed up the development of large-scaled projects, raise the frequency of rail services and accelerate the growth of cargo resources.
- The Group will strengthen the operational organization for the bulk cargo containerization projects to speed up development of such business and raise the containerization rate. The Group will also study and explore new logistics patterns including the transportation of ore by containers.

Management Discussion and Analysis

Automobile Segment

- The Group will continue to enhance the existing automobile transportation pattern between southern China and northern China for domestic trade automobiles and strengthen its position as an export hub for automobiles so as to improve its profitability.
- The Group will enhance its co-operation with the automobile manufacturers in the hinterland and push them to increase the number of automobiles transported by vessels to a higher percentage so as to stabilize the Group's position in the transportation channel between northern China and southern China for domestic trade automobiles.
- The Group will enhance its co-operation with partners in the operation of two Ro-Ro vessels so as to ensure stable operations.
- The Group will accelerate the construction of the third-party logistics system to achieve breakthrough results in the business of handling Semi knocked down and probe into possibility of providing such service to other customers. At the same time, the Group will upgrade its integrated logistics services so as to provide one-stop logistics services.

Ore Segment

- In order to serve the customers whose cargoes are transported via railway after being imported via the Group's terminals, the Group will enhance its communication with steel companies and railway authorities so as to improve the efficiency of coordination among different parties. The Group will try to deploy more empty trains, ensure the quality of train loading, enhance the cargo transshipment so as to meet the daily demand of steel companies and serve them better during the storage period in winter time.
- The Group will improve its value-added services and provide a more convenient trade platform for customers so as to increase the Company's influence while reducing the inventory of ores at the terminals.
- The Group will speed up the dredging project for its ore terminal and the construction of a new yard, install advanced equipment and further strengthen its cooperation with the large-scaled international ore enterprises for the development of new businesses.

Management Discussion and Analysis

General Cargo Segment

- The Group will further expand steel business, stabilize its cooperation with major customers by means of improving port service quality, expanding services and reducing comprehensive logistics cost so as to develop itself into a primary steel allocation center.
- The Group will accomplish deeper cooperation with major coal enterprises. With well-organized operational arrangement for yard services, vessel and truck loading and unloading, and cargo movement, the Group will further improve its operational efficiency and quality so as to attract bulk coal to be shipped via its terminals.
- With the development of equipment manufacturing industry in the Three Northeastern Provinces of China, the quantity of exported equipment has increased remarkably. Leveraging its advantages of its high-quality services on large-sized equipments, the Group will extend cargo solicitation so as to gradually build Dalian Bay area as a large-scaled equipment transshipment base.
- Four general cargo berths in Dalian Bay with a total capacity of 3.95 million tonnes will be put into operations by the end of 2011. There will be ancillary stacking yard with a total area of 300,000 square meters. The Group will purchase more handling equipment. With commencement of operations of these new facilities, the Group's competitiveness will be further strengthened.
- Taking the opportunity of the revitalization of northeastern oil industrial base, the Group will focus on the transportation services for the coal shipped to the northeastern hinterland, the coal shipped out from the northeastern hinterland and the establishment of the center for the handling of different categories of coals, so as to develop coal as a new mainstay cargo and set up the foundation for the establishment of coal trade market.

Dry Grain Segment

- Focusing on building up strength of its comprehensive logistics system, the Group will accelerate the internal adjustment of operations, optimization of resource allocation and establishment of the logistics chain for transportation of grains from northern China to southern China in order to improve the Group's capability in cargo transshipment, throughput growth and profitability.
- The Group will optimize the operation of the bulk grain carriers with a focus on the cargoes for vessel loading or vacancy filling and the cargoes for major customers so as to increase capacity utilization of the Group's terminal facilities and the profitability of these bulk grain carriers.
- By implementing the proactive marketing strategies and providing high-quality port logistics services, the Group will solicit customers such as agencies for the import of grains and companies engaged in manufacturing soy bean and barley so as to stabilize the cargo resources for imported grain.
- The Group will enhance the management of customers' information and implement pertinent marketing strategies to major customers so as to provide high-efficiency, low-cost and differential port logistics services and solutions and seek strategic cooperation in other fields.
- In the second half of 2011, the railway lines dedicated for the State grain reserve will be put into operations. Taking this opportunity, the Group will strengthen its coordination and cooperation with the State grain reserve's Dalian depot so as to attract more corn for domestic trade to be shipped via the Group's terminal.

Management Discussion and Analysis

Passenger and Ro-Ro Segment

- The Group will enhance its market promotions to better meet the transportation needs of customers during the summer time. Meanwhile, the Group will strengthen its communication with the shipping companies and partner ports so as to plan reasonable shipping schedules to satisfy the demands of passengers and car owners.
- The Group will maintain its relationships with Dalian railway station and expand the multimodal transportation. Meanwhile, the Group will provide value-added services for the shipping companies so as to attract more passengers.
- The Group will enhance the administration on the procedure of internet ticket selling by working with the relevant internet operator, further improve service quality and expand the ticket selling channels.
- The Group will make appropriate arrangement the passenger transportation in the peak seasons including the Golden Week holidays.

Value-added Service Segment

- Benefiting from the development of regionalization and port consolidation, the Group will explore new driving forces for revenue increases by optimizing resource deployment and adjusting its tugboat deployment structure.
- The Group plans to build additional eight to ten tugboats during the Twelfth Five-Year Plan period. Four 7,000-horsepower fully reversible tugboats are planed to be built in 2011 so as to meet the demand for large-sized vessels.

Other Information

Directors', supervisors' and chief executives' interests

As at 30 June 2011, 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 Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (which shall be deemed to be also applicable to the Company's supervisors to the same extent as it applies to the Company's directors).

The Model Code

The Company has adopted a code of conduct governing director's and supervisor's dealings in the Company's securities transactions on terms no less exacting than the required standard set out in the Model Code. Upon specific enquiries, all directors and supervisors have confirmed that they had complied with the provisions of the Model Code and the code of conduct governing their dealing in the Company's securities transactions during the six months ended 30 June 2011.

The Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the six month ended 30 June 2011, and so far as known to the directors of the Company, there has been no material deviation from the code.

Purchase, sale or redemption of listed securities

During the six months ended 30 June 2011, 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 during the aforesaid period.

Interim dividends

The board of directors did not recommend the payment of any interim dividend for the six months ended 30 June 2011.

Audit committee

As at 30 June 2011, the Audit Committee consists of two independent non-executive directors, namely Mr. Liu Yongze and Mr. Wan Kam To, Peter, and one non-executive director, namely Mr. Zhang Zuogang. The chairman of the Audit Committee is Mr. Liu Yongze. The Audit Committee has reviewed the interim results for the six months ended 30 June 2011.

Information on share capital and shareholders of the Company

The share capital structure of the Company as at 30 June 2011 is set out in the table below:

Type of shares	Number of shares	Percentage (%)
A shares	3,363,400,000	75.99
H Shares	1,062,600,000	24.01
Total	4,426,000,000	100

Other Information

Shareholdings of shareholders with notifiable interests

As at 30 June 2011, so far as known to the directors of the Company, the following persons had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage of the relevant class of share capital	Percentage of the total share capital
Dalian Port Corporation Limited	A Shares	2,408,745,000 (long position)	Beneficial owner	71.62%	54.42%
N.Y.K. Line (Hong Kong) Limited	H Shares	114,800,000 (long position)	Beneficial owner	10.80%	2.59%
N.Y.K. Line Group (Hong Kong) Limited	H Shares	114,800,000 (long position)	Interest of controlled corporation	10.80%	2.59%
Nippon Yusen Kabushiki Kaisha	H Shares	114,800,000 (long position)	Interest of controlled corporation	10.80%	2.59%
Macquarie Group Limited	H Shares	85,012,090 (long position)	Beneficial owner	8.00%	1.92%
Schroder Investment Management (Hong Kong) Limited	H Shares	74,666,000 (long position)	Beneficial owner	7.03%	1.69%
Capital Research and Management Company	H Shares	73,963,000 (long position)	Beneficial owner	6.96%	1.67%

Notes:

1. The relevant class of share capital: A shares — 3,363,400,000 shares, H shares — 1,062,600,000 shares.
2. Total share capital: 4,426,000,000 shares.

Save as disclosed above, as at 30 June 2011, so far as known to the directors of the Company, no other person had an interest or short position in the shares of the Company which would fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO.

Changes to Information in respect of Directors and Supervisors

During the six months ended 30 June 2011, there was no change to information which are required to be disclosed and has been disclosed by the directors or supervisors of the Company pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Hong Kong Listing Rules.

Other Information

Human resources

As at 30 June 2011, the Group had a total of 6,860 full-time employees, the total number of employees of the Group and its invested businesses are 8,560.

In the first half of 2011, taking into consideration the Company's major development strategies, the actual situation of human resources management and the changes in human resources policies in the Liaoning province and Dalian city, the Company further revised and improved its human resources management regulations including the *Labor Contract Management Procedures*, the *Collective Contract and the Special Collective Contract for Protection of Female Staff's Special Interests*, the *Procedures for Management of Paid Annual Leave and Other Leaves of Employees* and the *Procedures for Management of Labour Cost* and such other so as to ensure the systematic and standardized human resources management of the Group and effectively avoid potential risks in human resources management.

Meanwhile, the Company attaches much importance to the improvement of the staff's comprehensive capabilities, including professional skills, management skills and all-round development. The Company frequently provided a series of practical and pertinent training programs including the Social Insurance Law, internal control management and tax planning to its relevant staff, which set up strong foundation for the Company's basic internal management.

The Company takes seriously the establishment of sound and harmonious internal labor relationship and consistently insists in the principle of "human oriented". In the first half of 2011, as recommended by Labour and Personnel Department of Dalian Bonded Zone, the Company was granted the honor of "AAA Corporation in Labour Security, Compliance with Law and of Good Faith" for the second successive year.

Environmental protection responsibility

The Group has complied with the national and local environmental protection laws and regulations and international conventions on environmental protection. With the target to build a modern green port, the Group adheres to the strategies of strengthening management, taking responsibility, saving energy and reducing emission, and protecting environment, and seriously performs the social responsibility of environmental protection. The Group's environmental management system has been operated normally, and the energy saving and emission reduction have been well implemented. In the first half of 2011, the Group did not have any accident causing environment pollution.

1. Environmental management system

The Group has established the management system for environmental protection and created the relevant positions and deployed relevant staff for environmental management to undertake environmental monitoring. Many entities invested in by the Group have passed the third-party verification on the comprehensive management system of quality management, occupational health and safety management and environmental management.

Other Information

2. *Energy-saving, emission reduction and environmental protection*

2.1 **Operation of environmental protection facilities**

The Group continued to perform well in the control and management of pollution sources. In the first half of 2011, the environmental protection facilities in various port areas have been operating well. The pollutant emission met the stipulated standards and the requirements of the environmental protection on port production. Meanwhile, the Group completed the dephosphorization renovation projects for sewage treatment in Dayao Bay and Dalian Bay, and the desulfurization renovation project for the central boiler room at the oil terminal. These improvement and renovation projects are under the verification process of the environmental protection authorities.

2.2 **Environmental pollution hazard investigation**

In the first half of 2011, the Group organized and conducted the investigation into the hidden and potential risks for environmental pollution. 46 risks were identified, among which the rectification of 37 items have been completed and 9 will be completed by the end of 2011. Meanwhile, the Group held the “special conference on emergency measures in dealing with the leakage and pollution from dangerous goods containers” so as to make special study on how to prevent and avoid the leakage and pollution from dangerous goods and proposed corresponding remedial measures.

The Group started the special evaluation on the risks of environmental pollution caused by vessel operations at the port and the port’s prevention and curing capability. The appraisal entrusted to a specialized institution is under progress and expected to be completed in the third quarter of this year.

2.3 **Energy saving and emission reduction by means of technical renovation**

In the first half of 2011, through committing to resource saving and port logistics cost reduction, the Group made relatively sound achievements in the control of energy consumption for production and energy consumption for the output of RMB10,000. In the first half of 2011, the unit consumption of comprehensive energy for production was 3.68 tonnes of standard coal per 10,000 tonnes of throughput while that for the same period of last year was 4.03 tonnes. The comprehensive energy consumption for the output of RMB10,000 was 0.256 tonnes of standard coal per RMB10,000 while that for the same period of last year was 0.322 tonnes per RMB10,000. In the first half of 2011, the Group’s unit energy consumption for loading, unloading and production was 1.97 tonnes of standard coal per 10,000 tonnes of throughput while that for the same period of last year was 2.28 tonnes.

2.4 **Improving contingency facilities for oil spills**

In accordance with the relevant requirements and actual circumstances, the Group has been equipped with spill containment booms, oil collection machines, mobile storage tanks and spraying device for spilt oil dispersant, all which are kept in good conditions to ensure the port’s necessary capability for contingency purpose.

Other Information

3. *Participation in the environmental protection and pro bono services*

The Group actively participated in the Earth Hour event initiated by Dalian Environmental Protection Volunteers Association and also assisted Dalian Environmental Protection Bureau in holding successfully “June 5th World Environment Day” of 2011 in Dalian City and the kick-off ceremony for the activity of salvage of flotage. There were 70 staff from 6 entities of the Group participating in such event.

Safety management

In the first half of 2011, the Group fully implemented the spirit of the *Notice of the State Council Regarding Further Strengthening Enterprises' Safety in Production* (《國務院關於進一步加強企業安全生產工作的通知》). The Group focused on strengthening the infrastructure, established the management system and formulated regulations for sound and improved safe production. By conducting works including education on safety, inspection for safety purpose, hidden and potential risk investigation and curing, activities of cultivation of safety culture and post risk identification, the Group actively promoted the finalization of reconstruction work for the 7.16 Exploration Accident and the special renovation project. In the first half of 2011, the Group's overall management has been improved and the safe production maintained stable without any serious accident in production. There was only one minor injury accident.

Report on Interim Review



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

We have reviewed the accompanying financial statements of Dalian Port (PDA) Company Limited and its subsidiaries, which comprise the consolidated and company balance sheets as at 30 June 2011 and the consolidated and company income statements, the statements of changes in equity and the statements of cash flows for the six-month period then ended and notes to these financial statements (collectively as the “interim financial statements”). The management is responsible for the preparation of interim financial statements in accordance with Accounting Standards for Business Enterprises No.32 — Interim Financial Reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

We conducted our review in accordance with Chinese Audit Standard on Review Engagements 2101 *Review of Financial Statements*. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements are not prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises No.32 — Interim Financial Reporting.

Ernst & Young Hua Ming
Certified Public Accountants
Beijing, the People’s Republic of China
26 August 2011

Consolidated Balance Sheet

As at 30 June 2011
(Expressed in Renminbi Yuan)

	Note V	30 June 2011	31 December 2010
ASSETS			
Current assets			
Cash and cash equivalents	1	4,886,997,881.57	3,257,584,874.53
Financial assets held for trading	2	451,530,201.65	—
Notes receivable	3	69,716,487.24	95,490,533.52
Accounts receivable	6	492,718,249.57	340,819,755.89
Prepayments	8	34,385,250.21	166,551,421.26
Interests receivable	5	11,140,228.13	1,563,707.73
Dividends receivable	4	15,000,000.00	89,327,526.20
Other receivables	7	192,729,131.42	187,942,498.48
Inventories	9	90,545,380.75	54,414,586.22
Other current assets	10	20,969,565.58	68,000,000.00
Total current assets		6,265,732,376.12	4,261,694,903.83
Non-current assets			
Available-for-sale financial assets	11	42,507,549.92	26,804,054.61
Long-term equity investments	13	3,217,984,487.27	3,313,648,446.59
Investment properties	14	696,895,669.36	883,406,540.44
Fixed assets	15	11,069,512,316.24	8,929,837,715.51
Fixed assets pending for disposal		7,734,701.84	—
Construction in progress	16	5,204,719,057.15	4,617,098,892.35
Intangible assets	17	816,209,471.04	472,017,152.49
Goodwill	18	77,735,288.74	77,735,288.74
Long-term prepaid expenses	19	22,364,115.66	20,845,569.25
Deferred tax assets	20	78,130,884.78	62,139,576.76
Other non-current assets	22	45,108,621.73	25,590,961.60
Total non-current assets		21,278,902,163.73	18,429,124,198.34
TOTAL ASSETS		27,544,634,539.85	22,690,819,102.17

Consolidated Balance Sheet (continued)

As at 30 June 2011
(Expressed in Renminbi Yuan)

	Note V	30 June 2011	31 December 2010
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term borrowings	24	1,865,000,000.00	1,265,000,000.00
Notes payable	25	—	12,650,000.00
Accounts payable	26	112,458,658.30	94,303,798.29
Advances from customers	27	64,611,819.78	129,702,144.78
Employee benefits payable	28	75,631,511.37	83,678,190.23
Taxes payable	29	82,996,864.16	154,914,443.03
Interests payable	30	31,449,145.74	68,309,952.01
Dividends payable	31	228,091,885.54	6,791,885.54
Other payables	32	2,552,497,369.17	2,854,050,840.24
Non-current liabilities due within one year	33	50,000,000.00	20,000,000.00
Total current liabilities		5,062,737,254.06	4,689,401,254.12
Non-current liabilities			
Long-term borrowings	34	3,565,961,757.04	2,392,963,068.52
Bonds payable	35	4,809,199,022.11	2,481,670,772.08
Long-term payables	36	4,035,700.00	7,941,050.00
Deferred tax liabilities	20	78,055,052.08	74,672,592.27
Other non-current liabilities	37	670,829,885.77	688,478,086.57
Total non-current liabilities		9,128,081,417.00	5,645,725,569.44
Total liabilities		14,190,818,671.06	10,335,126,823.56
Owners' equity			
Share capital	38	4,426,000,000.00	4,426,000,000.00
Capital surplus	39	6,127,632,823.58	6,134,167,505.26
Surplus reserve	40	347,502,417.01	347,502,417.01
Retained earnings	41	1,400,739,772.57	1,283,035,481.54
Exchange differences on foreign currency translation		5,290,881.43	(479,519.45)
Equity attributable to owners of the parent		12,307,165,894.59	12,190,225,884.36
Minority interests		1,046,649,974.20	165,466,394.25
Total owners' equity		13,353,815,868.79	12,355,692,278.61
TOTAL LIABILITIES AND OWNERS' EQUITY		27,544,634,539.85	22,690,819,102.17

The interim financial statements have been signed by:

Legal representative:
Sun Hong

Principal in charge of accounting:
Zhang Guofeng

Head of accounting department:
Wang Ping

Consolidated Income Statement

For the six months ended 30 June 2011
(Expressed in Renminbi Yuan)

	Note V	For the six months ended	
		30 June 2011	30 June 2010
Revenue	42	1,714,544,622.36	1,595,967,291.30
Less: Cost of sales	42	1,061,501,293.83	904,800,278.33
Taxes and surcharges	43	71,290,731.34	64,254,171.30
General and administrative expenses	44	175,073,153.23	163,917,875.62
Financial expenses	45	37,278,671.78	33,979,915.50
Add: Gains on changes in fair values	46	1,530,201.65	28,944.74
Investment income	47	74,522,522.30	63,321,284.31
Including: Share of profits and losses of associates and jointly-controlled entities		68,190,143.20	54,431,513.38
Operating profit		445,453,496.13	492,365,279.60
Add: Non-operating income	48	29,073,775.07	53,006,319.30
Less: Non-operating expenses	49	907,731.90	15,500,729.98
Including: Losses on disposal of non-current assets		635,290.37	14,010,415.77
Total profit		473,619,539.30	529,870,868.92
Less: Income tax expenses	50	101,627,058.55	127,582,391.44
Net profit		371,992,480.75	402,288,477.48
Including: Net profit of the absorbed party before business combination under common control		—	93,879,472.13
Attributable to:			
Owners of the parent		337,726,075.10	387,770,560.22
Minority interests		34,266,405.65	14,517,917.26
Earnings per share			
Basic earnings per share	51	0.08	0.11
Diluted earnings per share		Not applicable	Not applicable
Other comprehensive income	52	1,547,778.72	(3,159,864.43)
Total comprehensive income		373,540,259.47	399,128,613.05
Attributable to:			
Owners of the parent		339,273,853.82	384,610,695.79
Minority interests		34,266,405.65	14,517,917.26

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011
(Expressed in Renminbi Yuan)

	Attributable to owners of the parent					Subtotal	Minority interests	Total owner's equity
	Share capital	Capital surplus	Surplus reserve	Retained earnings	Exchange differences on foreign currency translation			
I. Opening balance of the period	4,426,000,000.00	6,134,167,505.26	347,502,417.01	1,283,035,481.54	(479,519.45)	12,190,225,884.36	165,466,394.25	12,355,692,278.61
II. Movements for the period								
(I) Net profit	—	—	—	337,726,075.10	—	337,726,075.10	34,266,405.65	371,992,480.75
(II) Other comprehensive income	—	(4,222,622.16)	—	—	5,770,400.88	1,547,778.72	—	1,547,778.72
Total comprehensive income	—	(4,222,622.16)	—	337,726,075.10	5,770,400.88	339,273,853.82	34,266,405.65	373,540,259.47
(III) Transfer within owners' equity								
(1) Business combination not under common control	—	—	—	—	—	—	848,976,830.71	848,976,830.71
(2) Capital contribution to a subsidiary	—	(1,033,843.59)	—	—	—	(1,033,843.59)	1,033,843.59	—
(3) Others	—	(1,278,215.93)	—	1,278,215.93	—	—	—	—
(IV) Profit distribution								
(1) Profit distribution to shareholders (Note)	—	—	—	(221,300,000.00)	—	(221,300,000.00)	(3,093,500.00)	(224,393,500.00)
(2) Appropriation of employee bonus and welfare fund	—	—	—	—	—	—	—	—
III. Closing balance of the period	4,426,000,000.00	6,127,632,823.58	347,502,417.01	1,400,739,772.57	5,290,881.43	12,307,165,894.59	1,046,649,974.20	13,353,815,868.79

Note: Pursuant to the resolution in the fourth session of the board meeting in 2011 held on 28 March 2011, the Company proposed to pay a cash dividend to shareholders of RMB221,300,000, which is calculated based on issued ordinary shares, in aggregate of 4,426,000,000 shares, and RMB5 cents per share (inclusive of applicable tax). The distribution of the final dividends has been approved by the shareholders at the annual general meeting held on 24 June 2011.

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2011
(Expressed in Renminbi Yuan)

	Attributable to owners of the parent						Minority interests	Total owner's equity
	Share capital	Capital surplus	Surplus reserve	Retained earnings	Exchange differences on foreign currency translation	Subtotal		
I. Closing balance of the prior year	2,926,000,000.00	2,383,904,892.68	290,448,397.89	1,430,898,649.26	(10,212,227.46)	7,021,039,712.37	46,320,215.98	7,067,359,928.35
Business combination under common control	—	2,332,466,341.93	—	156,390,430.04	—	2,488,856,771.97	95,345,046.33	2,584,201,818.30
II. Opening balance of the period	2,926,000,000.00	4,716,371,234.61	290,448,397.89	1,587,289,079.30	(10,212,227.46)	9,509,896,484.34	141,665,262.31	9,651,561,746.65
III. Movements for the period								
(I) Net profit	—	—	—	387,770,560.22	—	387,770,560.22	14,517,917.26	402,288,477.48
(II) Other comprehensive income	—	(5,017,354.87)	—	—	1,857,490.44	(3,159,864.43)	—	(3,159,864.43)
Total comprehensive income	—	(5,017,354.87)	—	387,770,560.22	1,857,490.44	384,610,695.79	14,517,917.26	399,128,613.05
(III) Transfer within owners' equity								
(1) Others	—	(1,278,215.93)	—	1,278,215.93	—	—	—	—
(IV) Profit distribution								
(1) Profit distribution to shareholders	—	—	—	(731,500,000.00)	—	(731,500,000.00)	(5,655,986.51)	(737,155,986.51)
(2) Appropriation of employee bonus and welfare fund	—	—	—	(77,247.75)	—	(77,247.75)	(25,749.25)	(102,997.00)
IV. Closing balance of the period	2,926,000,000.00	4,710,075,663.81	290,448,397.89	1,244,760,607.70	(8,354,737.02)	9,162,929,932.38	150,501,443.81	9,313,431,376.19

Consolidated Statement of Cash Flows

For the six months ended 30 June 2011
(Expressed in Renminbi Yuan)

	Note V	For the six months ended	
		30 June 2011	30 June 2010
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		1,618,066,753.53	1,540,609,166.58
Refunds of taxes		1,482,841.38	2,065,635.42
Cash received relating to other operating activities	53	28,732,945.52	25,991,867.35
Subtotal of cash inflows		1,648,282,540.42	1,568,666,669.35
Cash paid for goods and services		535,863,858.20	475,277,441.18
Cash paid to and on behalf of employees		348,238,350.24	310,365,493.96
Cash paid for all types of taxes		290,590,906.30	161,798,910.32
Cash paid relating to other operating activities	53	43,828,379.97	38,769,158.64
Subtotal of cash outflows		1,218,521,494.71	986,211,004.10
Net cash flows from operating activities	54	429,761,045.72	582,455,665.25
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from the sale of investments		55,000,000.00	67,588,150.00
Cash received from return on investments		20,498,802.90	43,192,195.74
Net cash received from acquisition of a subsidiary	54	14,546,796.94	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		52,984,351.25	42,147,674.64
Subtotal of cash inflows		143,029,951.09	152,928,020.38
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		920,193,588.02	476,759,311.94
Cash paid for acquisition of investments		1,063,456,700.00	715,427,900.00
Subtotal of cash outflows		1,983,650,288.02	1,192,187,211.94
Net cash flows used in investing activities		(1,840,620,336.93)	(1,039,259,191.56)

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2011
(Expressed in Renminbi Yuan)

	Note V	For the six months ended	
		30 June 2011	30 June 2010
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from the issuance of corporate bonds		2,326,350,000.00	—
Cash received from borrowings		2,860,000,000.00	973,888,585.12
Subtotal of cash inflows		5,186,350,000.00	973,888,585.12
Cash repayments of borrowings		1,350,000,000.00	230,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses		303,226,432.49	158,577,686.28
Including: Dividends paid to minority shareholders of subsidiaries		2,040,000.00	5,192,500.00
Cash paid relating to other financing activities	53	493,268,543.23	3,905,350.00
Subtotal of cash outflows		2,146,494,975.72	392,483,036.28
Net cash flows from financing activities		3,039,855,024.28	581,405,548.84
IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH		417,273.97	272,099.76
V. NET INCREASE IN CASH AND CASH EQUIVALENTS		1,629,413,007.04	124,874,122.29
Add: Cash and cash equivalents at the beginning of the period		3,257,584,874.53	1,260,269,509.32
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	54	4,886,997,881.57	1,385,143,631.61

Balance Sheet

As at 30 June 2011
(Expressed in Renminbi Yuan)

	Note X	30 June 2011	31 December 2010
ASSETS			
Current assets			
Cash and cash equivalents		4,511,303,447.18	2,829,874,153.32
Financial assets held for trading		451,530,201.65	—
Notes receivable		60,301,441.54	89,645,668.71
Accounts receivable	1	310,733,693.25	235,072,402.14
Prepayments		5,589,038.89	152,359,115.49
Interests receivable		17,612,136.78	6,693,227.33
Dividends receivable		103,589,635.95	153,841,477.61
Other receivables	2	133,722,229.98	180,728,282.86
Inventories		56,385,394.57	41,269,891.36
Other current assets		206,880,000.00	414,450,000.00
Total current assets		5,857,647,219.79	4,103,934,218.82
Non-current assets			
Available-for-sale financial assets		24,111,560.00	2,950,860.00
Long-term equity investments	3	5,727,457,667.35	4,359,434,884.77
Fixed assets		8,312,011,735.21	7,911,471,731.92
Fixed assets pending for disposal		4,411,207.09	—
Construction in progress		3,255,186,029.54	2,918,162,552.35
Intangible assets		166,867,970.83	176,510,594.89
Long-term prepaid expenses		211,912.30	211,912.30
Deferred tax assets		17,069,866.84	10,098,490.25
Other non-current assets		812,000,000.00	892,800,000.00
Total non-current assets		18,319,327,949.16	16,271,641,026.48
TOTAL ASSETS		24,176,975,168.95	20,375,575,245.30

Balance Sheet (continued)

As at 30 June 2011
(Expressed in Renminbi Yuan)

	30 June 2011	31 December 2010
LIABILITIES AND OWNERS' EQUITY		
Current liabilities		
Short-term borrowings	600,000,000.00	400,000,000.00
Notes payable	—	12,650,000.00
Accounts payable	15,183,096.16	5,201,566.17
Advances from customers	40,016,901.64	115,156,259.09
Employee benefits payable	43,927,295.25	47,973,005.46
Taxes payable	47,743,937.90	56,314,474.24
Interests payable	27,993,459.98	66,777,213.91
Dividends payable	221,300,000.00	—
Other payables	2,885,057,783.02	2,866,307,193.00
Total current liabilities	3,881,222,473.95	3,570,379,711.87
Non-current liabilities		
Long-term borrowings	2,650,000,000.00	1,500,000,000.00
Bonds payable	4,809,199,022.11	2,481,670,772.08
Long-term payables	4,035,700.00	7,941,050.00
Other non-current liabilities	645,607,805.78	662,860,397.78
Total non-current liabilities	8,108,842,527.89	4,652,472,219.86
Total liabilities	11,990,065,001.84	8,222,851,931.73
Owners' equity		
Share capital	4,426,000,000.00	4,426,000,000.00
Capital surplus	6,225,781,495.28	6,225,781,495.28
Surplus reserve	302,622,154.25	302,622,154.25
Retained earnings	1,232,506,517.58	1,198,319,664.04
Total owners' equity	12,186,910,167.11	12,152,723,313.57
TOTAL LIABILITIES AND OWNERS' EQUITY	24,176,975,168.95	20,375,575,245.30

Income Statement

For the six months ended 30 June 2011
(Expressed in Renminbi Yuan)

	Note X	For the six months ended	
		30 June 2011	30 June 2010
Revenue	4	1,185,682,428.42	676,143,843.73
Less: Cost of sales	4	742,492,790.65	267,012,775.19
Taxes and surcharges		43,482,401.50	26,194,593.72
General and administrative expenses		105,104,054.08	31,846,819.51
Financial expenses		31,575,474.69	26,016,336.15
Add: Gains on changes in fair values		1,530,201.65	28,944.74
Investment income	5	38,377,217.94	27,070,002.37
Including: Share of profits and losses of associates and jointly-controlled entities		28,730,338.84	27,070,002.37
Operating profit		302,935,127.09	352,172,266.27
Add: Non-operating income		23,167,927.91	50,095,309.08
Less: Non-operating expenses		857,530.73	12,668,858.53
Including: Losses on disposal of non-current assets		620,117.61	12,668,858.53
Total profit		325,245,524.27	389,598,716.82
Less: Income tax expenses		69,758,670.73	85,913,572.91
Net profit		255,486,853.54	303,685,143.91
Other comprehensive income		—	—
Total comprehensive income		255,486,853.54	303,685,143.91

Statement of Changes in Equity

For the six months ended 30 June 2011
(Expressed in Renminbi Yuan)

	Share capital	Capital surplus	Surplus reserve	Retained earnings	Total equity
I. Opening balance of the period	4,426,000,000.00	6,225,781,495.28	302,622,154.25	1,198,319,664.04	12,152,723,313.57
II. Movements for the period					
(I) Net profit	—	—	—	255,486,853.54	255,486,853.54
(II) Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	—	255,486,853.54	255,486,853.54
(III) Profit appropriation					
(1) Profit distribution to shareholders (Note)	—	—	—	(221,300,000.00)	(221,300,000.00)
III. Closing balance of the period	4,426,000,000.00	6,225,781,495.28	302,622,154.25	1,232,506,517.58	12,186,910,167.11

Note: Details are set out in note to the consolidated statement of changes in equity for the six months period ended 30 June 2011.

Statement of Changes in Equity (continued)

For the six months ended 30 June 2010
(Expressed in Renminbi Yuan)

	Share capital	Capital surplus	Surplus reserve	Retained earnings	Total equity
I. Opening balance of the period	2,926,000,000.00	2,448,964,866.57	245,568,135.14	1,416,333,492.03	7,036,866,493.74
II. Movements for the period					
(I) Net profit	—	—	—	303,685,143.91	303,685,143.91
(II) Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	—	303,685,143.91	303,685,143.91
(III) Profit appropriation					
(1) Profit distribution to shareholders	—	—	—	(731,500,000.00)	(731,500,000.00)
III. Closing balance of the period	2,926,000,000.00	2,448,964,866.57	245,568,135.14	988,518,635.94	6,609,051,637.65

Statement of Cash Flows

For the six months ended 30 June 2011
(Expressed in Renminbi Yuan)

	Note X	For the six months ended	
		30 June 2011	30 June 2010
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		1,111,926,169.12	597,023,065.99
Cash received relating to other operating activities		29,407,194.59	3,520,009.54
Subtotal of cash inflows		1,141,333,363.71	600,543,075.53
Cash paid for goods and services		352,033,465.09	103,246,998.96
Cash paid to and on behalf of employees		236,961,066.66	81,183,512.15
Cash paid for all types of taxes		139,926,606.63	106,952,988.22
Cash paid relating to other operating activities		31,646,985.29	32,298,010.74
Subtotal of cash outflows		760,568,123.67	323,681,510.07
Net cash flows from operating activities	6	380,765,240.04	276,861,565.46
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from the sale of investments		442,000,000.00	773,588,150.00
Cash received from return on investments		92,128,033.41	54,306,315.89
Cash received from disposal of fixed assets, intangible assets and other long-term assets		52,505,731.29	336,320,363.94
Subtotal of cash inflows		586,633,764.70	1,164,214,829.83
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		806,295,469.42	205,298,646.73
Cash paid for acquisition of investments		1,759,264,300.00	1,372,471,066.00
Cash paid for acquisition of a subsidiary		80,110,000.00	—
Subtotal of cash outflows		2,645,669,769.42	1,577,769,712.73
Net cash flows used in investing activities		(2,059,036,004.72)	(413,554,882.90)

Statement of Cash Flows (continued)

For the six months ended 30 June 2011
(Expressed in Renminbi Yuan)

	For the six months ended	
	30 June 2011	30 June 2010
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from the issuance of corporate bonds	2,326,350,000.00	—
Cash received from borrowings	1,950,000,000.00	550,565,000.00
Subtotal of cash inflows	4,276,350,000.00	550,565,000.00
Cash repayments of borrowings	600,000,000.00	200,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	180,256,091.31	109,322,885.60
Cash paid relating to other financing activities	136,393,850.15	5,051,801.30
Subtotal of cash outflows	916,649,941.46	314,374,686.90
Net cash flows from financing activities	3,359,700,058.54	236,190,313.10
IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH	—	—
V. NET INCREASE IN CASH AND CASH EQUIVALENTS	1,681,429,293.86	99,496,995.66
Add: Cash and cash equivalents at the beginning of the period	2,829,874,153.32	762,507,290.06
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4,511,303,447.18	862,004,285.72

Notes to Financial Statements

30 June 2011
(Expressed in Renminbi Yuan)

I. General information

Dalian Port (PDA) Company Limited (the “Company”) was incorporated in Dalian City, Liaoning Province, the People’s Republic of China (the “PRC”) as a joint stock limited company on 16 November 2005, with the approval by Da Zheng [2005] No.153 issued by the People’s Government of Dalian City on 8 November 2005. The registration number of the Company’s business license is Qi Gu Liao Da Zong Zi No.015478.

The total share capital upon incorporation of the Company is RMB1,960,000,000 and in aggregate of 1,960,000,000 shares. Dalian Port Corporation Limited (“PDA”) contributed its capital with net assets of an appraised value of RMB2,777,025,274.96, which was converted into 1,911,000,000 shares at an exchange ratio of 68.81% and accounting for 97.5% of the total shares. Dalian Rongda Investment Company Limited, Dalian Haitai Holdings Company Limited, Dalian Detai Holdings Company Limited and Dalian Bonded Zhengtong Company Limited contributed their capital by cash of RMB28,482,310.50, RMB14,241,155.26, RMB14,241,155.26 and RMB14,241,155.26, respectively, which were converted into 19,600,000 shares, 9,800,000 shares, 9,800,000 shares and 9,800,000 shares at an exchange ratio of 68.81% and accounting for 1%, 0.5%, 0.5% and 0.5% of the total shares, respectively.

Pursuant to the shareholders’ resolution at the first extraordinary general meeting in 2005 held on 17 November 2005, “The Approval Reply in relation to Issue of Overseas Listed Foreign Shares by Dalian Port (PDA) Company Limited” (Zheng Jian Guo He Zi [2006] No.4) (《關於同意大連港股份有限公司發行境外上市外資股的批覆》證監國合字[2006]4號) issued by the China Securities Regulatory Commission (the “CSRC”) on 21 March 2006, and the approval from the Stock Exchange of Hong Kong Limited (the “HKSE”), the Company issued to the public 966,000,000 new shares which were listed and traded on the HKSE on 28 April 2006 with a nominal value of RMB1.00 per share, all of which are ordinary shares. Upon the completion of issuance of H shares, the registered and share capital increased to RMB2,926,000,000. The capital injection has been verified by Deloitte Touche Tohmatsu Huayong Certified Public Accountants Co., Ltd. with a verification report “De Shi Bao (Yan) (06) No. 0032”.

Pursuant to the shareholders’ resolution at the second extraordinary general meeting in 2009 and “The Approval Reply in relation to Initial Public Offering of Shares by Dalian Port (PDA) Company Limited” (Zheng Jian Xu Ke [2010] No.1540) (《關於核准大連港股份有限公司首次公開發行股票的批覆》證監許可[2010]1540號) by the CSRC, the Company issued an aggregate of 1,500,000,000 ordinary shares via a combination of direct placement of shares to PDA, offline offering to strategic investors and placement through online subscription at issue price. As a result, an aggregate of 738,180,000 A shares were issued to PDA in exchange for the target assets and an aggregate of 761,820,000 A shares were issued to the public. Upon completion of the issuance of A shares, the registered and share capital increased to RMB4,426,000,000. The capital injection has been verified by Reanda Certified Public Accountants with a verification report “Reanda (Yan) (2010) No. 1701” on 26 November 2010. The A shares of the Company have been listed and traded on the Shanghai Stock Exchange on 6 December 2010 and the stock code is 601880.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the provision of: terminal business and logistics services such as international and domestic cargo loading and discharging, transportation, transshipment, storage and etc.; tallying, piloting and tugging services for vessels sailing on international and domestic lines; port logistics and port information technology consultation services; other services which can be independently operated and are permitted by the laws and regulations.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

I. General information (continued)

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

The financial statements were approved and authorised for issue by the board of directors on 26 August 2011.

II. Significant accounting policies and estimate

1. Basis of preparation

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprises — Basic Standard and 38 specific standards issued in February 2006, and implementation guidance, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (the "MOF") (collectively referred as "Accounting Standards for Business Enterprises").

The financial statements have been prepared in accordance with Accounting Standards for Enterprises No.32 — Interim Financial Reporting issued by the MOF and do not include all the information and disclosures of the audited financial statements for the year ended 31 December 2010. Accordingly, these interim financial statements should be read in conjunction with the Group's financial statements for the year ended 31 December 2010 which were prepared in accordance with Accounting Standards for Business Enterprises.

The financial statements are presented on a going concern basis.

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

2. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial position of the Group and the Company as at 30 June 2011, and of their financial performance and their cash flows for the six months ended 30 June 2011 in accordance with Accounting Standards for Business Enterprises. The accounting policies adopted in the preparation of these interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 which were prepared in accordance with Accounting Standards for Business Enterprises.

3. Accounting period

The accounting year of the Group is from 1 January to 31 December. However, the latest accounting period for these interim financial statements is from 1 January 2011 to 30 June 2011.

4. Reporting currency

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

The subsidiaries, jointly-controlled entities and associates of the Group outside Mainland China may determine their own functional currencies based on their specific economic environments. In preparation of financial statements, their functional currencies shall be translated into RMB.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

II. Significant accounting policies and estimate (continued)

5. Business combinations

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

Business combinations under common control

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

Assets and liabilities that are obtained by the acquirer in a business combination shall be measured at their carrying amounts at the combination date as recorded by the party being acquired. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to share premium under capital reserve and the balance of "capital reserve transferred from capital reserve under the old accounting system". If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not under common control

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

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

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

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

II. Significant accounting policies and estimate (continued)

6. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements for the six-month period ended 30 June 2011 of the Company and all of its subsidiaries. A subsidiary is an enterprise or entity that is controlled by the Company.

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

Where the amount of losses for the current period attributed to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is allocated against minority interests. A change in the ownership interests, without a loss of control, is accounted for as an equity transaction.

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

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

7. Cash and cash equivalents

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

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

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

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

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

II. Significant accounting policies and estimate (continued)

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

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

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

9. Financial instruments

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

Recognition and derecognition

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

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

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

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

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

II. Significant accounting policies and estimate (continued)

9. Financial instruments (continued)

Recognition and derecognition (continued)

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

Classification and measurement of financial assets

Financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and derivatives designated as effective hedging instruments. A financial asset is recognised initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit and loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognised.

The subsequent measurement of financial assets depends on its category as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. A financial asset held for trading is the financial asset that meets one of the following conditions: (i) the financial asset is acquired for the purpose of selling in a short term; (ii) the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; (iii) the financial asset is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement. All the realised or unrealised gains or losses on these financial assets are recognised in profit or loss for the current period. Dividend income or interest income related to financial assets at fair value through profit or loss is charged to profit or loss for the current period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that an entity has the positive intention and ability to hold to maturity. Such a kind of financial assets are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from amortisation or impairment and derecognition are recognised in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such a kind of financial assets are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from amortisation or impairment are recognised in profit or loss for the current period.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

II. Significant accounting policies and estimate (continued)

9. Financial instruments (continued)

Classification and measurement of financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as any of the other categories at initial recognition. After initial recognition, available-for-sale financial assets are measured at fair value. The discount/premium is amortised using the effective interest method and recognised as interest income or expense. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised as other comprehensive income in capital reserve, except for impairment losses and foreign exchange gains and losses resulted from monetary financial assets, until the financial asset is derecognised or determined to be impaired, at which time the accumulated gain or loss previously recognised is transferred to profit or loss for the current period. Interest and dividends relating to an available-for-sale financial asset are recognised in profit or loss for the current period.

Classification and measurement of financial liabilities

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

The subsequent measurement of financial liabilities depends on its category as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated at fair value through profit or loss. A financial liability held for trading is the financial liability that meets one of the following conditions: (i) the financial liability is assumed for the purpose of repurchasing it in a short term; (ii) the financial liability is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; (iii) the financial liability is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such a kind of financial liabilities, fair values are adopted for subsequent measurement. All the realised or unrealised gains or losses on these financial liabilities are recognised in profit or loss for the current period.

Other financial liabilities

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

Fair value of financial instruments

The fair value of financial assets and liabilities for which there are active markets is determined by reference to the quoted market prices. For financial instruments where there are no active markets, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions between knowledgeable and willing parties, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis; and option pricing models or other valuation models.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

II. Significant accounting policies and estimate (continued)

9. Financial instruments (continued)

Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment. Objective evidence that a financial asset is impaired is one or more events that occur after the initial recognition of the asset and have an impact (which can be reliably estimated) on the expected future cash flows of the financial asset.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on a financial asset has incurred, the carrying amount of the asset is reduced to the present value of expected future cash flows (excluding future credit losses that have not been incurred). The present value of expected future cash flows is discounted at the financial asset's original effective interest rate (i.e., effective interest rate computed on initial recognition) and includes the value of any related collateral. If a financial asset has a variable interest rate, the Group uses the current effective interest rate stipulated in the contract as the discount rate to calculate the present value of future cash flows.

For a financial asset that is individually significant, the asset is individually assessed for impairment, and the amount of impairment is recognised in profit or loss if there is objective evidence of impairment. For a financial asset that is not individually significant, it is individually assessed for impairment. If no objective evidence of impairment incurs for an individually assessed financial asset (whether the financial asset is individually significant or not individually significant), it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets for which an impairment loss is individually recognised is not included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

If, subsequent to the Group's recognition of an impairment loss on a financial asset carried at amortised cost, there is objective evidence of a recovery in value of the financial asset and the recovery can be related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in profit or loss. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment loss not been recognised at the date the impairment is reversed.

Available-for-sale financial assets

If there is objective evidence that an available-for-sale asset is impaired, the accumulated losses arising from decline in fair value previously recognised in other comprehensive income are removed and recognised in profit or loss. The accumulated losses that removed from other comprehensive income are the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on the financial asset previously recognised in profit or loss.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed with the amount of the reversal recognised in profit or loss. The impairment loss on an available-for-sale equity instrument is not reversed through profit or loss, and any increase of fair value that occurs after the impairment is recognised directly in other comprehensive income.

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II. Significant accounting policies and estimate (continued)

9. Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets carried at cost

If there is objective evidence that such an asset is impaired, the difference between its carrying amount and the present value of expected future cash flows which are discounted at the current market interest rate is recognised as an impairment loss in profit or loss. Once an impairment loss is recognised, it is not reversed.

For a long-term equity investment accounted for according to Accounting Standards for Business Enterprises No.2 — Long-term Equity Investments and which is not quoted in an active market and for which the fair value cannot be reliably measured, any impairment is accounted for in accordance with the above principles.

Transfers of financial assets

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

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

10. Receivables

- (1) Receivables that are individually significant and individually assessed for impairment

As at the balance sheet date, receivables greater than RMB5,000,000 are considered as individually significant and are subject to separate impairment assessment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the receivable and the present value of estimated future cash flows.

- (2) Receivables that are not individually significant but individually assessed for impairment

The Company performs an ageing analysis and impairment is assessed for the receivables that are individually not significant but with long age. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the receivable and the present value of estimated future cash flows.

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

11. Inventories

Inventories include raw materials, work in progress, finished goods, turnover materials and property development costs. Property development costs mainly include land cost, earlier-stage development cost, construction cost, infrastructure cost, supporting facility cost and other expenditure relating to construction.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The cost of inventories transferred out is assigned by using the weighted average method. Turnover materials include low-value consumables and packing materials, which are amortised by using the equal-split amortisation method.

The Group adopts a perpetual inventory system.

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

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

12. Long-term equity investments

Long-term equity investments include investments in subsidiaries, jointly-controlled entities and associates, as well as investments where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and the fair values of which cannot be reliably measured.

A long-term equity investment is recorded at its initial investment cost on acquisition. For a long-term equity investment acquired through a business combination, the initial investment cost of the long-term equity investment is the acquirer's share of the owner's equity of the party being acquired at the combination date for a business combination under common control; the initial investment cost of the long-term equity investment is the cost of acquisition for a business combination not under common control (for a business combination not under common control achieved in stages, the initial investment cost is measured at the carrying amount of the equity investments in the acquiree before the acquisition date plus the additional investment cost incurred on the acquisition date). The cost of combination includes the assets transferred and the liabilities incurred or assumed by the acquirer, and the fair value of equity securities issued. For a long-term equity investment acquired otherwise than through a business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued; for a long-term equity investment contributed by the investors, the initial investment cost is the value stipulated in the investment contract or agreement, except where the value stipulated in the investment contract or agreement is not fair.

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

12. Long-term equity investments (continued)

For a long-term equity investment where the Group does not have joint control or significant influence over the investee, the investment is not quoted in an active market and its fair value cannot be reliably measured, the Group uses the cost method. And for a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost method in the Company's financial statements. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Under the cost method, the long-term equity investment is measured at its initial investment cost. Except for the cash dividend or profit distribution declared but unpaid that is included in the price or consideration paid upon acquisition of a long-term equity investment, the Company recognises its share of cash dividends or profit distributions declared by the investee as investment income in the current period, and considers whether the long-term equity investment is impaired according to the policies related to asset impairment.

The equity method is adopted when the Group holds joint control, or exercises significant influence on the investee. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the financial and operational decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control with other parties over those policies.

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

Under the equity method, the Group recognises its share of the net profits or losses made by the investee as investment income or losses, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits or losses based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its jointly-controlled enterprises and associates, attributable to the investing entity according to its share ratio (but impairment losses for assets arising from internal transactions shall be recognised in full). For any long-term equity investment differences (debit side) arising from investments in jointly-controlled enterprises and associates held before the first-time adoption of new Accounting Standards for Business Enterprises, the investment income and loss is recognised after deducting the debit balance to be amortised over the remaining period on the straight-line basis. The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net losses of the investee is recognised to the extent the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has incurred obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in shareholders' equity of the investee (other than net profits or losses), includes the corresponding adjustments in the shareholders' equity of the Group and transfers the changes to profit or loss for the current period on a pro-rata basis according to the proportion disposed of.

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

12. Long-term equity investments (continued)

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss for the current period. For a long-term equity investment accounted for using the equity method, any changes in the shareholders' equity of the investee included in the shareholders' equity of the Group are transferred to profit or loss for the current period on a pro-rata basis according to the proportion disposed of.

For a long-term equity investment in a subsidiary, jointly-controlled entity or associate, refer to Note II.25 for the test for impairment and recognition of provision for impairment. For other long-term equity investment where the investment is not quoted in an active market and its fair value cannot be measured reliably, refer to Note II.9 for the test for impairment and recognition of provision for impairment.

13. Investment property

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

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

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

For an investment property that is subsequently measured using the cost model, refer to Note II.25 for the test for impairment and recognition of provision for impairment.

14. Fixed assets

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

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

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

14. Fixed assets (continued)

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

	Estimated useful life	Estimated residual value	Annual depreciation rate
Buildings	20 – 45 years	5 – 10%	2 – 4.8%
Terminal facilities	50 years	5 – 10%	1.8 – 1.9%
Storage facilities	40 years	0%	2.5%
Oil tanks and pipelines	18 years	4%	5.3%
Loading equipment	10 – 20 years	5 – 10%	4.5 – 9.5%
Machinery and equipment	12 years	5%	7.9%
Vessels	10 – 20 years	4 – 10%	4.5 – 9.6%
Transportation equipment	7 – 10 years	5 – 10%	9 – 13.6%
Other equipment	5 – 11 years	4 – 10%	8.18 – 19.2%

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

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

For the test for impairment and recognition of provision for impairment related to a fixed asset, refer to Note II.25.

15. Construction in progress

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

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

For the test for impairment and recognition of provision for impairment related to construction in progress, refer to Note II.25.

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

16. Borrowing costs

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

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

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

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

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

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

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

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

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

17. Intangible assets

An intangible asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

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

The useful lives of the intangible assets are as follows:

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

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

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

For the test for impairment and recognition of provision for impairment related to an intangible asset, refer to Note II.25.

18. Long-term prepaid expenses

Long-term prepaid expenses represent expenditures that have incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised over the expected beneficial period.

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

19. Provisions

Except for contingent consideration or contingent liabilities assumed in a business combination, the Group recognises a provision for an obligation related to a contingency meets the following conditions:

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

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

20. Revenue

Revenue is recognised only when it is probable that the associated economic benefits will flow to the Group, its amount can be measured reliably, and all of the following conditions are satisfied.

Revenue from the sale of goods

The Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the associated costs incurred or to be incurred can be measured reliably. The amount of revenue arising from the sale of goods is determined in accordance with the consideration received or receivable from the buyer under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair. Where the consideration receivable under contract or agreement is deferred, such that the arrangement is in substance of a financing nature, the amount of revenue arising on the sale of goods is measured at the fair value of the consideration receivable.

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognised using the percentage of completion method, or otherwise, the revenue is recognised to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Group; the stage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction involving the rendering of services by using the proportion of costs incurred to date to the estimated total costs. The total service revenue on a transaction involving the rendering of services is determined in accordance with the consideration received or receivable from the recipient of services under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair.

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

20. Revenue (continued)

Revenue from the rendering of services (continued)

When the Group has entered into a contract or agreement with other enterprises comprising both sales of goods and rendering of services, if the sales of goods component and the rendering of services component can be separately identified and measured, they are accounted for separately; if the sales of goods and the rendering of services cannot be separately identified, or can be separately identified but cannot be separately measured, the contract is treated as the sales of goods.

Interest income

It is determined according to the length of period for which the Group's currency fund is used by others and the effective interest rate.

Royalty income

It is determined according to the period and the method of charging as stipulated in the relevant contract or agreement.

Lease income

Lease income from operating leases is recognised on a straight-line basis. Contingent rents are charged to profit or loss in the period in which they actually arise.

21. Government grants

Government grant shall be recognised only when the attached conditions are met and it can be received. The government grant shall be measured at the amount received or receivable when in the form of monetary asset, and at fair value when in the form of non-monetary asset. Where the fair value is not reliably determinable, the government grant is measured at the nominal amount. Government grant related to income shall be recognised as deferred income and recognised in profit or loss over the periods in which the related costs are recognised if it is a compensation for related expenses or losses to be incurred by the entity in subsequent periods, and shall be recognised immediately in profit or loss for the current period if it is a compensation for related expenses or losses already incurred. Government grant related to an asset shall be recognised as deferred income and evenly amortised to profit or loss over the useful life of the related asset. The government grant measured at a nominal amount, however, is recognised immediately in profit or loss for the current period.

22. Income tax

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

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

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

22. Income tax (continued)

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

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

23. Leases

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

In the case of the lessee of an operating lease

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

In the case of the lessor of an operating lease

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

24. Non-current assets held for sale

Non-current assets, except for financial assets, deferred tax assets, that meet all of the following conditions, are classified as held for sale:

- (1) A resolution on the disposal of the non-current assets has been made by the Group;
- (2) A non-cancellable transfer agreement has been signed with the transferee; and
- (3) The transfer is expected to be completed within one year.

Individual assets and disposal groups that are classified as non-current assets held for sale are neither depreciated nor amortised, and stated at fair value less cost to sell, but the amount shall not exceed the original carrying amount when they meet the criterion of being held for sale. The excess of the original carrying amount over the fair value less costs to sell is recognised as impairment loss of the asset in the profit or loss for the current period.

25. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, deferred income taxes, financial assets and long-term equity investments, which are accounted for using the cost method and have no quoted market prices in active markets, and whose fair value cannot be reliably measured, using the following methods:

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

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

25. Impairment of assets (continued)

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

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

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

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

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

26. Employee benefits

Employee benefits are all forms of consideration other than share-based payments given and other relevant expenditures incurred by the Group in exchange for service rendered by employees. In the accounting period in which an employee has rendered service to the Group, the employee benefits payable is recognised as a liability. For employee benefits payable due in more than one year after the balance sheet date, if the discounted value is significant, it is presented at the present value.

The employees of the Group participate in social insurance, such as pension insurance, medical insurance, and unemployment insurance, and housing fund, which is managed by the local government, and the relevant expenditure is recognised, when incurred, in the costs of relevant assets or the profit or loss for the current period.

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

27. Profit distribution

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

28. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, these two parties are identified as related parties. Two parties or more are identified as related parties as well if they are subject to control, joint control or significant influence from the same party.

29. Segment reporting

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group:

- (1) that engages in business activities from which it may earn revenues and incur expenses;
- (2) whose operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance; and
- (3) for which the information on financial position, operating results and cash flows is available to the Group.

If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

30. Significant accounting judgements and estimations

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

Judgements

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

Operating lease — the Group as lessor

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

Notes to Financial Statements (continued)

30 June 2011
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II. Significant accounting policies and estimate (continued)

30. Significant accounting judgements and estimations (continued)

Judgements (continued)

Classification between investment properties and owner-occupied properties

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

Estimation uncertainty

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

Useful lives and residual value of fixed assets

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

Impairment of accounts and other receivables

Impairment of accounts and other receivables is made based on assessment of the recoverability of accounts and other receivables. The identification of impairment of accounts and other receivables requires management judgement and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the receivables and bad and doubtful debt expenses/write-back in the period in which the estimate has been changed.

Impairment of goodwill

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

Notes to Financial Statements (continued)

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II. Significant accounting policies and estimate (continued)

30. Significant accounting judgements and estimations (continued)

Estimation uncertainty (continued)

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale financial assets and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement.

Deferred tax assets

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

Impairment of non-financial assets other than goodwill

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to Financial Statements (continued)

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III. Taxation

1. Major tax items and rates are as follows:

Value added tax ("VAT")	—	Output VAT is calculated at 17% on the taxable sales and is levied after deducting deductible input VAT for the current period.
Business tax	—	It is levied at 3% – 5% on the taxable revenue.
City maintenance and construction tax	—	It is levied at 7% on the VAT and business taxes paid.
Corporate income tax ("CIT")	—	It is levied at 25% on the taxable profit, except for certain subsidiaries established in Mainland China which enjoy tax preferences and those subsidiaries incorporated outside Mainland China which are subject to local income tax regulations.
Property tax	—	It is calculated at a tax rate of 1.2% based on 70% of costs of properties.
Withholding of individual income tax	—	In accordance with the relevant tax laws in the PRC, the Company and its subsidiaries are required to withhold individual income tax on salaries paid to their employees.

2. Tax preferences and official approval

Land use tax

According to the Tentative Regulations of the People's Republic of China of Urban Land Use Tax and 《關於對交通部門的港口用地徵免土地使用稅問題的規定》(Guo Shui Di [1989] No.123), land used for dock is exempted from land use tax. Accordingly, the land use rights held by the Group used for dock are exempted from land use tax.

VAT

According to 《財政部國家稅務總局海關總署關於鼓勵軟件產業和集成電路產業發展有關稅收政策問題的通知》(Cai Shui [2000] No.25) and 《進一步鼓勵軟件產業和集成電路產業發展若干政策的通知》(Guo Fa [2011] No.4), VAT paid by those VAT ordinary tax payers who sell self-developed software which were taxed at the statutory rate of 17% will be refunded for the portion exceeding 3% of the actual tax burden. The tax refund should be restricted to be used for software development and expanding reproduction, and are exempted from CIT. Dalian Port Logistics Technology Co., Ltd. ("DPLT"), Dalian Jifa Technology Co., Ltd. ("DJT") and Dalian Portsoft Technology Co., Ltd. ("DPT") can enjoy the aforesaid preferential tax policy.

CIT

DPLT, DJT, DPT and Dalian Portnet Co., Ltd. are subject to a preferential CIT rate of 15% as they are reassessed by relevant government authorities as High and New Technology Enterprises ("HNTE").

Notes to Financial Statements (continued)

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IV. Consolidation scope of the consolidated financial statements

1. Subsidiaries

Subsidiaries of the Group are as follows:

	Type of subsidiary	Place of registration	Legal representative	Principal activities	Registered capital RMB'0000	Scope of business	Code of organisation
Subsidiaries acquired from PDA as equity injection at the date of incorporation							
Dalian Port Container Development Co., Ltd. ("DPC")	Limited liability	Dalian	Sun Hong	Container services	256,621	Container loading, discharging and storage	73640137-6
Dalian Port Jifa Logistics Co., Ltd.	Limited liability	Dalian	Sun Hong	Logistics services	71,765	Depot leasing and operating	24238906-3
Dalian Port Logistics Technology Co., Ltd.	Limited liability	Dalian	Li Guanghui	Software development	1,000	Development and sale of software	72886169-8
Dalian Jifa Shipping Agency Co., Ltd.	Limited liability	Dalian	Sun Qian	Vessels agency	50	Vessels agency	751575024
Dalian International Logistics Park Development Co., Ltd.	Limited liability	Dalian	Sun Hong	Property development	15,000	Operation and development of a bonded logistics park	740935522
Dalian Port Jihuo Logistics Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Freight agency	200	Freight and vessels agency	72604986-6
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Limited liability	Dalian	Sun Qian	Transportation	4,923	Container transportation	72888006-3
Dalian International Container Services Co., Ltd.	Limited liability	Dalian	Xu Song	Freight agency	USD1,440,000	International transportation agency services	604863915
Dalian Jifa International Freight Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Freight agency	500	Freight agency	75608995-7
Dalian TBT Consulting Co., Ltd.	Limited liability	Dalian	Li Guanghui	Software development	100	Development and sale of software	75990868-x
Dalian Jifa Port Engineering Co., Ltd.	Limited liability	Dalian	Zhang Chunquan	Technology services	1,200	Equipment technology supporting	76079479-8
Dalian Techport Service Co., Ltd.	Limited liability	Dalian	Xu Song	Software development	350	Development and sale of software	77304690-8
Dalian ETDZ Jin Xin Petro-chemistry Company Limited	Limited liability	Dalian	Fu Bin	Sale of goods	500	Sale of fuels	24130984-2
Dalian Jifa Shipping Management Co., Ltd.	Limited liability	Dalian	Sun Qian	Vessels management services	8,000	Vessels leasing and management services	777290510
Subsidiaries acquired from establishment or investment							
Asia Pacific Ports Company Limited	Limited company	HK	N/A	Logistics services	HKD7,500,000	Investment holding	N/A
Asia Pacific Carrier Ltd.	Limited company	British Virgin Islands ("BVI")	N/A	Logistics services	USD50,000	Shipping and related services	N/A
Harbour Full Group Limited	Limited company	BVI	N/A	Logistics services	USD50,000	Investment holding	N/A
Asia Pacific Ports Investment Co., Ltd.	Limited company	HK	N/A	Logistics services	HKD10,000	Investment holding	N/A
Asia Pacific Ports (Dalian) Co., Ltd.	Limited liability	Dalian	Jiang Luning	Logistics services	USD31,580,000	Operation of port facilities	683047050
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	Limited liability	Dalian	Jiang Luning	Shipping services	19,600	Leasing and management of car-carrying vessels	683026348
Heilongjiang Suimu Logistics Co., Ltd.	Limited liability	Muling	Ju Hongbin	Logistics services	4,500	Logistics and storage related services	69263421-4

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IV. Consolidation scope of the consolidated financial statements (continued)

1. Subsidiaries (continued)

	Type of subsidiary	Place of registration	Legal representative	Principal activities	Registered capital RMB'0000	Scope of business	Code of organisation
<u>Subsidiaries acquired in business combinations involving entities under common control</u>							
Dalian Ocean Shipping Tally Co., Ltd.	Limited liability	Dalian	Fu Bin	Tallying services	309	Cargo tallying services	782461169
Dalian Portsoft Technology Co., Ltd.	Limited liability	Dalian	Liu Wei	Software development	1,000	Development and sale of software	76077248-4
Dalian Portsoft Network Co., Ltd.	Limited liability	Dalian	Liu Wei	Software development	1,000	Development and sale of software	66114935-5
Dalian Port Construction Supervision & Consultation Co., Ltd.	Limited liability	Dalian	Xu Jian	Supervision services	500	Supervisory and consulting services	24123682-3
Dalian Port Telecommunication Engineering Co., Ltd.	Limited liability	Dalian	Liu Wei	Telecommunication services	1,000	Telecommunication engineering consulting services	24183141-1
Dalian Port Construction Management Co., Ltd.	Limited liability	Dalian	Xu Jian	Port construction services	500	Construction implementation and management services	79692326-4
Dalian Golden Bay Grain Logistics Co., Ltd.	Limited liability	Dalian	Fu Bin	Logistics services	9,733	Storage and transportation services	77728428-4
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	Limited liability	Dalian	Zhan Wei	Terminal services	3,000	Port transportation, loading and discharging services	79202572-3
Dalian Port Power Supply Co., Ltd.	Limited liability	Dalian	Wang Anyuan	Construction services	2,000	Power cable installation	11866435-5
<u>Subsidiaries acquired in business combinations involving entities not under common control</u>							
DCT Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics services	10,000	Container logistics services	72885637-0
Dalian Portnet Co., Ltd.	Limited liability	Dalian	Sun Hong	Information services	USD2,800,000	Information services	72346333-2
Dalian Jiye Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Freight agency	2,650	Freight agency and container loading and discharging services	72348332-5
Dalian Port Petroleum & Chemical Co., Ltd.	Limited liability	Dalian	Wang Yi	Terminal operation	15,000	Storage and transportation of petroleum and petroleum products	74094577-1
Dalian Container Terminal Co., Ltd.	Limited liability	Dalian	Jiang Luning	Terminal services	135,000	Cargo loading, discharging and storage services	604874630
Dalian Lvshun Port Co., Ltd.	Limited liability	Dalian	Liu Wei	Terminal services	35,000	Port construction and operation	66922205-1
大连鑫海客運有限公司	Limited liability	Dalian	Liu Wei	Agency services	50	Ticket agency services	69600259-9

Notes to Financial Statements (continued)

30 June 2011
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IV. Consolidation scope of the consolidated financial statements (continued)

1. Subsidiaries (continued)

	Investment cost at the end of the period	Percentage of shareholding		Percentag of voting rights (%)	In scope of consolidation	Minority interests	Minority interests used to offset the profits or losses of minority shareholders
		Directly (%)	Indirectly (%)				
<u>Subsidiaries acquired from PDA as equity injection at the date of incorporation</u>							
Dalian Port Container Development Co., Ltd. ("DPC")	2,804,047,222.35	100.00	—	100.00	Yes	—	—
Dalian Port Jifa Logistics Co., Ltd.	809,894,309.37	—	100.00	100.00	Yes	—	—
Dalian Port Logistics Technology Co., Ltd.	9,715,289.71	—	100.00	100.00	Yes	—	—
Dalian Jifa Shipping Agency Co., Ltd.	500,000.00	—	98.94	100.00	Yes	—	—
Dalian International Logistics Park Development Co., Ltd.	135,000,000.00	—	90.00	90.00	Yes	10,852,939.85	—
Dalian Port Jihuo Logistics Co., Ltd.	4,194,494.61	—	99.66	100.00	Yes	—	—
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	67,345,151.04	—	97.36	97.36	Yes	1,226,439.37	—
Dalian International Container Services Co., Ltd.	7,784,345.68	—	74.00	75.00	Yes	4,779,271.71	—
Dalian Jifa International Freight Co., Ltd.	5,256,204.82	—	98.65	100.00	Yes	—	—
Dalian TBT Consulting Co., Ltd.	1,174,745.53	—	100.00	100.00	Yes	—	—
Dalian Jifa Port Engineering Co., Ltd.	12,047,877.11	—	100.00	100.00	Yes	—	—
Dalian Techport Service Co., Ltd.	2,043,136.26	—	58.57	60.00	Yes	521,862.25	—
Dalian ETDZ Jin Xin Petro-chemistry Company Limited	6,629,301.65	100.00	—	100.00	Yes	—	—
Dalian Jifa Shipping Management Co., Ltd.	80,984,354.73	70.00	29.21	100.00	Yes	—	—
<u>Subsidiaries acquired from establishment or investment</u>							
Asia Pacific Ports Company Limited	76,155,000.00	100.00	—	100.00	Yes	—	—
Asia Pacific Carrier Ltd.	193,396.90	—	60.00	60.00	Yes	224,819.16	—
Harbour Full Group Limited	321,999.67	—	100.00	100.00	Yes	—	—
Asia Pacific Ports Investment Co., Ltd.	0.83	—	100.00	100.00	Yes	—	—
Asia Pacific Ports (Dalian) Co., Ltd.	204,103,027.50	—	100.00	100.00	Yes	—	—
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	190,542,604.50	51.00	49.00	100.00	Yes	—	—
Heilongjiang Suimu Logistics Co., Ltd.	41,250,000.00	—	91.67	91.67	Yes	3,750,000.00	—

Notes to Financial Statements (continued)

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IV. Consolidation scope of the consolidated financial statements (continued)

1. Subsidiaries (continued)

	Investment cost at the end of the period	Percentage of shareholding		Percentag of voting rights (%)	In scope of consolidation	Minority interests	Minority interests used to offset the profits or losses of minority shareholders
		Directly (%)	Indirectly (%)				
<u>Subsidiaries acquired in business combinations involving entities under common control</u>							
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	84.00	—	84.00	Yes	4,404,683.44	—
Dalian Portsoft Technology Co., Ltd. (Note 1)	11,126,271.39	49.00	—	60.00	Yes	11,331,801.26	—
Dalian Portsoft Network Co., Ltd.	10,000,000.00	—	49.00	100.00	Yes	—	—
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	75.00	—	75.00	Yes	8,452,206.86	—
Dalian Port Telecommunication Engineering Co., Ltd.	8,137,212.61	45.00	14.28	65.00	Yes	4,547,196.83	—
Dalian Port Construction Management Co., Ltd.	13,778,541.68	100.00	—	100.00	Yes	—	—
Dalian Golden Bay Grain Logistics Co., Ltd. (Note 2)	53,156,426.75	37.50	—	75.00	Yes	102,595,461.21	—
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	—	100.00	—	100.00	Yes	—	—
Dalian Port Power Supply	25,895,508.24	100.00	—	100.00	Yes	—	—
<u>Subsidiaries acquired in business combinations involving entities not under common control</u>							
DCT Logistics Co., Ltd.	121,231,134.73	—	97.78	100.00	Yes	—	—
Dalian Portnet Co., Ltd.	42,034,518.66	—	71.43	71.43	Yes	21,724,586.46	—
Dalian Jiye Logistics Co., Ltd.	28,500,000.00	—	95.00	95.00	Yes	988,718.81	—
Dalian Port Petroleum & Chemical Co., Ltd.	466,800,000.00	100.00	—	100.00	Yes	—	—
Dalian Container Terminal Co., Ltd.	732,655,068.71	—	51.00	51.00	Yes	726,884,512.95	—
Dalian Lvshun Port Co., Ltd.	217,580,000.00	60.00	—	60.00	Yes	144,365,474.04	—
大連鑫海客運有限公司	500,000.00	—	60.00	100.00	Yes	—	—

Note 1: The Company has control over this entity as the Company has majority voting rights in the board of the entity.

Note 2: Another shareholder of this entity has unanimous consent with the decisions of the Company pursuant to a consent agreement with the shareholder. Accordingly, the Company has de-facto control over the entity.

Notes to Financial Statements (continued)

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IV. Consolidation scope of the consolidated financial statements (continued)

2. Change of consolidation scope

The Group holds 51% equity interests in Dalian Container Terminal Co., Ltd. ("DCT"). According to the board's resolution "Agreement of inclusion of DCT in the consolidated financial statements of the Chinese party" of DCT, DCT has been included in the consolidation scope of the Group from 1 April 2011.

On 28 March 2011, the Company acquired 60% equity interests in Dalian Lvshun Port Co., Ltd. Accordingly, Dalian Lvshun Port Co., Ltd. and its wholly-owned subsidiary Dalian Xinhai Passenger Transportation Co., Ltd. became the Group's subsidiaries. Details are disclosed in Note IV.4.

Except for the above changes, the consolidation scope remains the same with last year.

3. Entities newly included in the consolidation scope during the period

	Net assets as at 30 June 2011	Net profit/ (loss) from the combination date to 30 June 2011
Dalian Lvshun Port Co., Ltd.	360,913,685.11	(1,719,648.22)
DCT	1,483,437,781.60	46,859,215.51
	1,844,351,466.71	45,139,567.29

The operating results and cash flows of DCT from 1 April 2011 to the end of the current period are listed as follows:

	From 1 April to 30 June 2011
Revenue	141,618,218.60
Net profit	46,859,215.51
Net cash flows from operating activities	77,856,365.97
Net cash flows from investing activities	(820,405.54)
Net cash flows from financing activities	(6,388,952.72)

Notes to Financial Statements (continued)

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IV. Consolidation scope of the consolidated financial statements (continued)

3. Entities newly included in the consolidation scope during the period (continued)

The operating results and cash flows of Dalian Lvshun Port Co., Ltd. and its subsidiary from the acquisition date to the end of the current period are listed as follows:

	From 31 March to 30 June 2011
Revenue	5,422,214.76
Net profit	(1,719,648.22)
Net cash flows from operating activities	(1,976,014.44)
Net cash flows from investing activities	(4,270,424.68)
Net cash flows from financing activities	—

4. Acquisition of Dalian Lvshun Port Co., Ltd. during the current period

In the first half of 2011, the Company acquired 60% equity interests in Dalian Lvshun Port Co., Ltd. at a consideration of RMB217,580,000 in cash. The change of the relevant business registration was completed on 28 March 2011 and the acquisition date was determined at 31 March 2011.

The fair values and carrying amounts of the identifiable assets and liabilities of Dalian Lvshun Port Co., Ltd. and its subsidiary as at the acquisition date were as follows:

	Fair value	Carrying amount
Cash and cash equivalents	33,719,938.91	33,719,938.91
Accounts receivable	978,321.89	978,321.89
Prepayments	27,940,714.40	27,940,714.40
Other receivables	8,024,310.70	8,024,310.70
Inventories	557,650.74	557,650.74
Long-term equity investments	200,000.00	200,000.00
Fixed assets	184,979,235.36	184,979,235.36
Construction in progress	190,326,901.16	173,926,027.59
Intangible assets	3,455,982.72	3,455,982.72
Advances from customers	(6,380,000.00)	(6,380,000.00)
Employee benefits payable	(9,702.27)	(9,702.27)
Taxes payable	130,499.25	130,499.25
Other payables	(17,190,301.14)	(17,190,301.14)
Long-term borrowings	(60,000,000.00)	(60,000,000.00)
Deferred tax liabilities	(4,100,218.39)	—
Net assets	362,633,333.33	350,332,678.15
Minority interests	(145,053,333.33)	
Cost of the business combination	217,580,000.00	

Notes to Financial Statements (continued)

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IV. Consolidation scope of the consolidated financial statements (continued)

5. Exchange rates applied to financial statements items of entities outside Mainland China

	Average exchange rate		Exchange rate at the end of the period	
	For the six months ended	For the year ended	30 June 2011	31 December 2010
	30 June 2011	31 December 2010		
USD	6.5293	6.7668	6.4716	6.6227
HKD	0.8388	0.8708	0.8316	0.8509

V. Notes to consolidated financial statements

1. Cash and cash equivalents

	30 June 2011			31 December 2010		
	Original currency	Exchange rate	RMB equivalents	Original currency	Exchange rate	RMB equivalents
Cash						
— RMB			659,980.49			94,970.27
Bank deposits						
— RMB			4,764,414,918.28			3,069,695,791.44
— USD	1,863,074.83	6.4716	12,057,544.36	2,806,075.62	6.6227	18,582,111.91
— JPY	370,122.00	0.0802	29,609.76	2,277,277.00	0.0813	184,459.44
— HKD	1,165,710.71	0.8316	969,405.03	1,471,305.61	0.8509	1,252,061.51
Others						
cash balances						
— RMB			107,226,808.58			166,097,867.40
— HKD	1,971,639.09	0.8316	1,639,615.07	1,971,574.29	0.8509	1,677,612.56
			4,886,997,881.57			3,257,584,874.53

As at 30 June 2011, there were no cash and cash equivalents that were restricted to use (31 December 2010: Nil).

Cash at banks earns interest at floating rates based on current bank deposit rates. Short term time deposits are made for varying periods of between seven days and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

2. Financial assets held for trading

	30 June 2011	31 December 2010
Open monetary fund	451,530,201.65	—

As at 30 June 2011, there was no material restriction on the realisation of the Group's financial assets held for trading.

3. Notes receivable

	30 June 2011	31 December 2010
Bank acceptance bills	69,716,487.24	95,490,533.52

As at 30 June 2011, there were no pledged or discounted bank acceptance bills (31 December 2010: Nil).

4. Dividends receivable

For the six months ended 30 June 2011

	Opening balance	Increase	Decrease	Closing balance
<u>Ageing within one year</u>				
Dalian Singamas International Container Co., Ltd.	757,470.18	—	(757,470.18)	—
Dalian Container Terminal Co., Ltd.	78,818,744.72	—	(78,818,744.72)	—
Dalian Port Container Terminal Co., Ltd.	8,612,437.46	—	(8,612,437.46)	—
Dalian Dagang China Shipping Container Terminal Co., Ltd.	1,057,521.71	—	(1,057,521.71)	—
Dalian Assembling Transportation Logistics Co., Ltd	81,352.13	—	(81,352.13)	—
大連萬鵬港口工程檢測有限公司	—	48,000.00	(48,000.00)	—
太倉興港拖輪有限公司	—	300,000.00	(300,000.00)	—
大仁輪渡有限公司	—	875,067.64	(875,067.64)	—
Odfjell Terminals (Dalian) Co., Ltd.	—	15,000,000.00	—	15,000,000.00
	89,327,526.20	16,223,067.64	(90,550,593.84)	15,000,000.00

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

4. Dividends receivable (continued)

For the year ended 31 December 2010

	Opening balance	Increase	Decrease	Closing balance
<u>Ageing within one year</u>				
Dalian Singamas International Container Co., Ltd.	1,919,572.57	757,470.18	(1,919,572.57)	757,470.18
China United Tally Co., Ltd. Dalian	3,817,254.04	1,614,025.80	(5,431,279.84)	—
Dalian China Oil Dock Management Co., Ltd.	—	4,900,000.00	(4,900,000.00)	—
太倉興港拖輪有限公司	450,000.00	675,000.00	(1,125,000.00)	—
Weihai Port Group Co., Ltd.	—	1,595,979.21	(1,595,979.21)	—
Dalian United International Shipping Agency	—	1,630,000.00	(1,630,000.00)	—
Dalian Container Terminal Co., Ltd.	105,468,297.10	78,818,744.72	(105,468,297.10)	78,818,744.72
Dalian Port Container Terminal Co., Ltd.	—	8,612,437.46	—	8,612,437.46
Dalian Dagang China Shipping Container Terminal Co., Ltd.	549,185.92	1,057,521.71	(549,185.92)	1,057,521.71
Dalian Assembling Transportation Logistics Co., Ltd.	180,206.02	81,352.13	(180,206.02)	81,352.13
大連港口設計研究院有限公司	452,877.46	—	(452,877.46)	—
大連萬鵬港口工程檢測有限公司	—	40,000.00	(40,000.00)	—
大仁輪渡有限公司	—	699,366.43	(699,366.43)	—
	112,837,393.11	100,481,897.64	(123,991,764.55)	89,327,526.20

Management of the Company is of the opinion that no impairment provision was necessary for dividends receivable at each balance sheet date.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

5. Interests receivable

	30 June 2011	31 December 2010
Opening balance	1,563,707.73	185,787.95
Increase	10,905,539.16	3,699,514.84
Decrease	(1,329,018.76)	(2,321,595.06)
Closing balance	11,140,228.13	1,563,707.73

Management of the Company is of the opinion that no impairment provision was necessary for interests receivable at each balance sheet date.

6. Accounts receivable

The credit terms of accounts receivable are usually 90 days. Accounts receivable are interest-free.

An ageing analysis of accounts receivable is as follows:

	30 June 2011	31 December 2010
Within 1 year	485,994,451.80	335,771,356.01
1 to 2 years	2,839,992.71	2,305,233.14
2 to 3 years	1,281,486.08	5,177,071.28
Over 3 years	5,598,796.52	505,620.00
Less: Provision for bad debts	(2,996,477.54)	(2,939,524.54)
	492,718,249.57	340,819,755.89

Movements in provision for bad debts are as follows:

	For the six months ended 30 June 2011	For the year ended 31 December 2010
Opening balance	2,939,524.54	3,240,744.54
Increase due to change in consolidation scope	56,953.00	—
Write-off	—	(301,220.00)
Closing balance	2,996,477.54	2,939,524.54

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

6. Accounts receivable (continued)

	30 June 2011				31 December 2010			
	Ending balance		Bad debt provision		Ending balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	290,731,881.98	58.65	—	—	192,692,424.74	56.05	—	—
Not individually significant but subject to separate provision	204,982,845.13	41.35	2,996,477.54	1.46	151,066,855.69	43.95	2,939,524.54	1.95
	495,714,727.11	100.00	2,996,477.54		343,759,280.43	100.00	2,939,524.54	

As at 30 June 2011, accounts receivable that were not individually significant but subject to separate provision are as follows:

	Ending balance	Provision for bad debts	Percentage (%)	Reason
First	4,089,706.97	1,942,004.58	47.48%	Partly uncollectable
Second	418,000.00	418,000.00	100.00%	Uncollectable
Others	954,922.03	636,472.96	66.65%	Partly uncollectable
	5,462,629.00	2,996,477.54		

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

6. Accounts receivable (continued)

As at 31 December 2010, accounts receivable that were not individually significant but subject to separate provision are as follows:

	Ending balance	Provision for bad debts	Percentage (%)	Reason
First	4,089,706.97	1,942,004.58	47.48%	Partly uncollectable
Second	418,000.00	418,000.00	100.00%	Uncollectable
Others	897,969.03	579,519.96	64.54%	Partly uncollectable
	<u>5,405,676.00</u>	<u>2,939,524.54</u>		

As at 30 June 2011, except for the receivables due from the parent, PDA, of RMB528,550.00 (31 December 2010: Nil), there was no other accounts receivable due from shareholders holding 5% or more of the Company's voting shares.

As at 30 June 2011 and 31 December 2010, accounts receivable due from related parties are disclosed in Note VI. Related parties and related party transactions.

As at 30 June 2011, the top five accounts receivable were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
West Pacific Petrochemical Co., Ltd.	Third party	54,500,681.20	Within 1 year	10.99
Benxi Steel Group Corporation	Third party	45,342,184.28	Within 1 year	9.15
Shenyang Oriental Steel Co., Ltd.	Third party	25,769,833.48	Within 1 year	5.20
Tonghua Iron & Steel Group Import & Export Co., Ltd.	Third party	23,427,187.95	Within 1 year	4.73
Hebei Iron & Steel Co., Ltd.	Third party	17,601,180.60	Within 1 year	3.55
		<u>166,641,067.51</u>		<u>33.62</u>

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

6. Accounts receivable (continued)

As at 31 December 2010, the top five accounts receivable were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
Dalian Angang International Trade Transportation Agency Co., Ltd.	Third party	50,242,883.81	Within 1 year	14.62
Benxi Steel Group Corporation	Third party	38,800,524.28	Within 1 year	11.29
Shenyang Oriental Steel Co., Ltd.	Third party	21,856,741.08	Within 1 year	6.36
Hebei Iron & Steel Co., Ltd.	Third party	19,291,678.60	Within 1 year	5.61
Tonghua Iron & Steel Group Import & Export Co., Ltd.	Third party	11,130,265.95	Within 1 year	3.24
		<u>141,322,093.72</u>		<u>41.12</u>

7. Other receivables

An ageing analysis of other receivables is as follows:

	30 June 2011	31 December 2010
Within 1 year	104,517,291.94	58,900,858.55
1 to 2 years	11,997,847.13	6,674,335.12
2 to 3 years	3,321,400.54	48,383,352.00
Over 3 years	74,498,006.38	74,077,662.88
	194,334,545.99	188,036,208.55
Less: Provision for bad debts	(1,605,414.57)	(93,710.07)
	192,729,131.42	187,942,498.48

Movements in provision for bad debts are as follows:

	For the six months ended 30 June 2011	For the year ended 30 December 2010
Opening balance	93,710.07	101,828.93
Increase due to change in consolidation scope	1,511,704.50	93,710.07
Write-off	—	(101,828.93)
Closing balance	1,605,414.57	93,710.07

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

7. Other receivables (continued)

	30 June 2011				31 December 2010			
	Ending balance		Bad debt provision		Ending balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	92,064,706.75	47.37	–	–	125,399,297.85	66.69	–	–
Not individually significant but subject to separate provision	102,269,839.24	52.63	1,605,414.57	1.57	62,636,910.70	33.31	93,710.07	0.15
	194,334,545.99	100.00	1,605,414.57		188,036,208.55	100.00	93,710.07	

As at 30 June 2011, other receivables that were not individually significant but subject to separate provision are as follows:

	Ending balance	Provision for bad debts	Percentage (%)	Reason
First	852,287.50	81,427.50	9.55%	Partly uncollectable
Second	589,515.00	71,685.00	12.16%	Partly uncollectable
Others	2,232,552.07	1,452,302.07	65.05%	Partly uncollectable
	3,674,354.57	1,605,414.57		

As at 31 December 2010, other receivables that were not individually significant but subject to separate provision are as follows:

	Ending balance	Provision for bad debts	Percentage (%)	Reason
Top one	39,602.00	39,602.00	100.00%	Uncollectable
Top two	38,009.60	38,009.60	100.00%	Uncollectable
Others	16,098.47	16,098.47	100.00%	Uncollectable
	93,710.07	93,710.07		

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

7. Other receivables (continued)

As at 30 June 2011, the top five other receivables were as follows:

	Relationship	Amount	Ageing	Percentage of other receivables (%)
Dalian Financial Bureau	Third party	72,596,153.85	4 to 5 years	36.82
Dalian North Petroleum Logistics Co., Ltd.	Associate	8,403,780.00	Within 1 year	4.26
Dalian Port Pilotage Station	Third party	5,715,780.00	Within 1 year	2.90
Dalian Port Container Terminal Co., Ltd.	Jointly-controlled entity	5,348,992.90	Within 1 year	2.71
Heilongjiang Harbin Railway Construction Co., Ltd.	Third party	4,490,900.00	Within 1 year	2.28
		<u>96,555,606.75</u>		<u>48.97</u>

As at 31 December 2010, the top five other receivables were as follows:

	Relationship	Amount	Ageing	Percentage of other receivables (%)
Dalian Financial Bureau	Third party	72,596,153.85	3 to 4 years	38.61
Petro China Dalian Petrochemical Co., Ltd.	Third party	47,783,250.00	2 to 3 years	25.41
Dalian Angang International Trade Transportation Agency Co., Ltd.	Third party	5,019,894.00	Within 1 year	2.67
Dalian Port Pilotage Station	Third party	4,424,480.00	Within 1 year	2.35
PDA	Parent	<u>3,258,697.65</u>	Within 1 year	<u>1.73</u>
		<u>133,082,475.50</u>		<u>70.77</u>

As at 30 June 2011, except for the receivables due from the parent, PDA, of RMB4,102,495.65 (31 December 2010: RMB3,258,697.65), there were no other receivables due from shareholders holding 5% or more of the Company's voting shares.

As at 30 June 2011 and 31 December 2010, other receivables due from related parties are disclosed in Note VI. Related parties and related party transactions.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

8. Prepayments

An ageing analysis of prepayments is as follows:

	30 June 2011		31 December 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	33,952,624.43	98.74	166,291,566.06	99.84
1 to 2 years	255,125.78	0.74	259,855.20	0.16
2 to 3 years	177,500.00	0.52	—	—
	34,385,250.21	100.00	166,551,421.26	100.00

As at 30 June 2011, the top five prepayments were as follows:

	Relationship	Amount	Ageing	Percentage of prepayments (%)
Dalian Xinyang Transportation Co., Ltd.	Third party	5,830,924.35	Within 1 year	16.96
Sunshine Property and Casualty Insurance Co., Ltd.	Third party	2,291,915.91	Within 1 year	6.67
Shenyang Railway Bureau Songyuan Station	Third party	1,958,059.90	Within 1 year	5.69
PDA	Parent	1,814,000.00	Within 1 year	5.28
Harbin Railway Bureau Manzhouli Station	Third party	1,756,634.90	Within 1 year	5.11
		13,651,535.06		39.71

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

8. Prepayments (continued)

As at 31 December 2010, the top five prepayments were as follows:

	Relationship	Amount	Ageing	Percentage of prepayments (%)
Dalian Construction Investment Corporation	Third party	137,470,000.00	Within 1 year	82.54
No.5 Engineering Corporation of China	Third party	6,720,000.00	Within 1 year	4.03
Railway 19 Bureau Group				
CCCC Tianjin Dredging Co., Ltd.	Third party	4,933,242.00	Within 1 year	2.96
Harbin Railway Bureau Hegang Station	Third party	3,870,916.37	Within 1 year	2.32
Harbin Railway Bureau Manzhouli Station	Third party	3,490,211.80	Within 1 year	2.10
		<u>156,484,370.17</u>		<u>93.95</u>

As at 30 June 2011, except for the prepayments to the parent, PDA, of RMB1,814,000.00, there were no other prepayments to shareholders holding 5% or more of the Company's voting shares (31 December 2010: Nil).

As at 30 June 2011 and 31 December 2010, prepayments to related parties are disclosed in Note VI. Related parties and related party transactions.

9. Inventories

	30 June 2011			31 December 2010		
	Ending balance	Provision	Carrying amount	Ending balance	Provision	Carrying amount
Raw materials	83,202,294.62	2,037,642.99	81,164,651.63	47,387,691.47	—	47,387,691.47
Work in progress	275,508.78	—	275,508.78	9,102.57	—	9,102.57
Finished goods	3,575,245.06	—	3,575,245.06	1,440,487.35	—	1,440,487.35
Property development cost	5,529,975.28	—	5,529,975.28	5,577,304.83	—	5,577,304.83
	<u>92,583,023.74</u>	<u>2,037,642.99</u>	<u>90,545,380.75</u>	<u>54,414,586.22</u>	<u>—</u>	<u>54,414,586.22</u>

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

9. Inventories (continued)

The movements of provision for inventories are as follows:

	For the six months ended 30 June 2011	For the year ended 31 December 2010
Opening balance	—	—
Increase due to change in consolidation scope	2,037,642.99	—
Write-off	—	—
Closing balance	2,037,642.99	—

10. Other current assets

	30 June 2011	31 December 2010
Entrusted loans	15,830,000.00	68,000,000.00
Loan to an associate	5,139,565.58	—
	20,969,565.58	68,000,000.00

The above entrusted loans include:

- (1) unsecured loan of RMB13,000,000.00 to Dalian Vanguard International Logistics Co., Ltd. entrusted by Agricultural Bank of China. The loan was repayable in full on 9 August 2011 with an interest rate of 4.779% per annum.
- (2) unsecured loans of RMB1,775,000.00 and RMB1,075,000.00 to Liaoning Con-Rail International Logistics Co., Ltd. entrusted by China Construction Bank. The loans were repayable in full on 20 April 2012 and 27 June 2012 with an interest rate of 6.31% per annum.

The Group provided an unsecured loan of RMB5,139,565.58 to its associate SINOECL Auto Liners Limited in 2009. The loan bears an interest rate of HIBOR+2% per annum and is repayable in full on 24 April 2012.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

11. Available-for-sale financial assets

	30 June 2011	31 December 2010
Available-for-sale equity investments — H share	18,395,989.92	23,853,194.61
Available-for-sale equity investments — A share	24,111,560.00	2,950,860.00
	42,507,549.92	26,804,054.61

The above available-for-sale equity investments — H share represent an investment in approximately 0.24% shareholding of Sinotrans Shipping Limited (a company incorporated and listed in Hong Kong). The shares were acquired through strategic allotment and are measured at fair value.

The above available-for-sale equity investments — A share represent newly issued shares acquired through subscription in the primary market and yet to be traded in the secondary market.

12. Jointly-controlled entities and associates

30 June 2011

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
Jointly-controlled entities 大連港通利船務代理有限公司	Limited liability	Dalian	Zhang Hong	Domestic freight and vessels agency	60	736423049
Dalian Harbour ECL Logistics Co., Ltd.	Limited liability	Dalian	Jiang Luning	Storage loading and discharging services	USD3,000,000	751550812
Odfjell Terminals (Dalian) Ltd.	Limited liability	Dalian	Xu Song	Construction and operation of storage terminal	USD28,000,000	604859369
Dalian Port Petro China International Terminal Co., Ltd.	Limited liability	Dalian	Sun Hongwei	Loading, discharging and consulting of refined oil	25,000	67998086-8
Dalian Assembling Transportation Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	International container storage services	3,000	67996100X
Dalian United International Shipping Agency	Limited liability	Dalian	Hu Hongxian	Vessels agency and shipping consulting services	500	242375710

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

12. Jointly-controlled entities and associates (continued)

30 June 2011 (continued)

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
<u>Jointly-controlled entities (continued)</u>						
Dalian Vanguard International Logistics Co., Ltd.	Limited liability	Dalian	Sun Hong	International container storage services	7,400	679965844
Dalian Yidu Jifa Cold Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Freight and storage agency	3,600	75606813-6
China United Tally Co., Ltd. Dalian	Limited liability	Dalian	Fu Bin	Tallying services	280	76444766-2
Dalian China Oil Dock Management Co., Ltd.	Limited liability	Dalian	Dong Renping	Oil terminal services	1,000	71690643-0
Liaoning Electronic Port Co., Ltd.	Limited liability	Dalian	Yu Jianjun	Computer supporting and data analysis services	1,200	67997824X
Liaoning Con-Rail International Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics and storage services	1,600	750763242
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Limited liability	Dalian	Zeng Xiaomin	Container terminal services	1,000	71138833-9
Dalian Port Container Terminal Co., Ltd.	Limited liability	Dalian	Jiang Luning	Container services	73,000	764420857
Dalian International Container Terminal Co., Ltd.	Limited liability	Dalian	Fang Meng	International container terminal services	140,000	71788096-5
Dalian Jilong Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics and storage services	7,000	71696834-0
Dalian Automobile Terminal Co., Ltd.	Limited liability	Dalian	Jiang Luning	International trading, loading, discharging and storage	32,000	75606659-5
Dalian Singamas International Container Co., Ltd.	Limited liability	Dalian	Xu Song	Container services	USD13,250,000	71695281-6
Dalian Shunda Logistics Services Corporation	Limited liability	Dalian	Ju Hongbin	Logistics and storage services	USD5,800,000	60486170-9
China Unite Northeast Rail Containers Co., Ltd.	Limited liability	Dalian	Zhu Youwen	International container services	16,000	79202427X
ODFJELL AP Port Holding Pte. Ltd.	Private limited	Singapore	N/A	Investment holding	USD100,000	N/A

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

12. Jointly-controlled entities and associates (continued)

30 June 2011 (continued)

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
<u>Associates</u>						
Dalian Prologis-Jifa Logistics Development Co., Ltd.	Limited liability	Dalian	Yang Chuande	Other storage services	USD80,000,000	792040405
Dalian Petro China International Warehousing and Transportation Co., Ltd.	Limited liability	Dalian	Zhang Jingfu	Crude oil tank leasing services	10,000	77728456-7
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	Limited liability	Shenyang	Yang Chuande	Other storage services	USD16,670,000	798492541
太倉興港拖輪有限公司	Limited liability	Suzhou	Wang Zengtai	Vessels tugging services	300	76050857-9
Petro China Dalian LNG Co., Ltd.	Limited liability	Dalian	Wang Weihe	LNG related services	260,000	68707182-4
SINOECL Auto Liners, Limited	Limited company	HK	N/A	Shipping services	HKD4,149,300	N/A
Jadeway Limited	Limited company	HK	N/A	Shipping services	HKD10,000	N/A
Dalian North Petroleum Logistics Co., Ltd.	Limited liability	Dalian	Yue Lianjun	Development and construction of petroleum and petroleum products	14,800	554959117
China Shipping Gang Lian Co., Ltd.	Limited liability	Dalian	Meng Qingkuan	Shipping agency	30,000	66922139-0
Dalian Changxing Island Port Co., Ltd.	Limited liability	Dalian	Fu Bin	Terminal services	42,000	79202683-0
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	Limited liability	Dalian	Zhu Liyan	Construction examination	80	74787065-3
Dalian Port Corporation Finance Company Limited	Limited liability	Dalian	Zhang Zuogang	Financial services	50,000	In process
中鐵渤海鐵路輪渡有限公司	Limited liability	Yantai	Qu Jianming	Ferry transportation	120,000	71092935-9
中世國際物流有限公司	Limited liability	Wuhu	Ma Deji	International freight agency	30,000	56896799-4
大連鑫海陽環保工程有限公司	Limited liability	Dalian	He Yedong	Ballast water disposal and garbage recycling	200	69143298-7

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

12. Jointly-controlled entities and associates (continued)

31 December 2010

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
<u>Jointly-controlled entities</u>						
大連港通利船務代理有限公司	Limited liability	Dalian	Zhang Hong	Domestic freight and vessels agency	60	736423049
Dalian Harbour ECL Logistics Co., Ltd.	Limited liability	Dalian	Jiang Luning	Storage loading and discharging services	USD3,000,000	751550812
Odfjell Terminals (Dalian) Ltd.	Limited liability	Dalian	Fu Bin	Construction and operation of storage terminal	USD28,000,000	604859369
Dalian Port Petro China International Terminal Co., Ltd.	Limited liability	Dalian	Sun Hongwei	Oil terminal, loading, discharging and consulting services	25,000	67998086-8
Dalian Assembling Transportation Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	International container storage services	3,000	67996100X
Dalian Container Terminal Co., Ltd.	Limited liability	Dalian	Jiang Luning	Container logistics services	135,000	604874630
Dalian United International Shipping Agency	Limited liability	Dalian	Hu Hongxian	Vessels agency and shipping consulting services	500	242375710
Dalian Vanguard International Logistics Co., Ltd.	Limited liability	Dalian	Sun Hong	International container storage services	7,400	679965844
Dalian Yidu Jifa Cold Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Freight and storage agency	3,600	75606813-6
China United Tally Co., Ltd. Dalian	Limited liability	Dalian	Fu Bin	Tallying services	280	76444766-2
Dalian China Oil Dock Management Co., Ltd.	Limited liability	Dalian	Dong Renping	Oil terminal services	1,000	71690643-0
Liaoning Electronic Port Co., Ltd.	Limited liability	Dalian	Yu Jianjun	Computer supporting and data analysis services	1,200	67997824X
Liaoning Con-Rail International Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics and storage services	1,600	750763242
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Limited liability	Dalian	Fang Meng	Container terminal services	1,000	71138833-9

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

12. Jointly-controlled entities and associates (continued)

31 December 2010 (continued)

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
<u>Jointly-controlled entities (continued)</u>						
Dalian Port Container Terminal Co., Ltd	Limited liability	Dalian	Jiang Luning	Container services	73,000	764420857
Dalian International Container Terminal Co., Ltd.	Limited liability	Dalian	Fang Meng	International container terminal services	140,000	71788096-5
Dalian Jilong Logistics Co., Ltd.	Limited liability	Dalian	Xu Song	Logistics and storage services	7,000	71696834-0
Dalian Automobile Terminal Co., Ltd.	Limited liability	Dalian	Jiang Luning	International trading, loading, discharging and storage	32,000	75606659-5
Dalian Singamas International Container Co., Ltd	Limited liability	Dalian	Xu Song	Container services	USD13,250,000	71695281-6
Dalian Shunda Logistic Corporation	Limited liability	Dalian	Ju Hongbin	Logistics and storage services	USD5,800,000	60486170-9
China Unite Northeast Rail Containers Co., Ltd	Limited liability	Dalian	Zhu Youwen	International container services	16,000	79202427X
ODFJELL AP Port Holding Pte. Ltd.	Private limited	Singapore	N/A	Investment holding	USD100,000	N/A
<u>Associates</u>						
Dalian Prologis-Jifa Logistics Development Co., Ltd.	Limited liability	Dalian	Yang Chuande	Other storage services	USD80,000,000	792040405
Dalian Petro China International Warehousing and Transportation Co., Ltd.	Limited liability	Dalian	Zhang Jingfu	Crude oil tank leasing services	10,000	77728456-7
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	Limited liability	Shenyang	Yang Chuande	Other storages services	USD16,670,000	798492541
太倉興港拖輪有限公司	Limited liability	Suzhou	Wang Zengtai	Vessels tugging services	300	76050857-9
Petro China Dalian LNG Co., Ltd.	Limited liability	Dalian	Wang Weihe	LNG related services	260,000	68707182-4
SINOECL Auto Liners, Limited	Limited company	HK	N/A	Ferry ownership and operation	HKD4,149,300	N/A
Jadeway Limited	Limited company	HK	N/A	Ferry ownership and operation	HKD10,000	N/A

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

12. Jointly-controlled entities and associates (continued)

31 December 2010 (continued)

	Type of enterprise	Place of registration	Legal representative	Type of business	Registered capital RMB'0000	Code of organisation
<u>Associates (continued)</u>						
Dalian North Petroleum Logistics Co., Ltd.	Limited liability	Dalian	Yue Lianjun	Development and construction of petroleum and petroleum products	14,800	554959117
China Shipping Gang Lian Co., Ltd.	Limited liability	Dalian	Meng Qingkuan	Shipping agency	30,000	66922139-0
Dalian Changxing Island Port Co., Ltd.	Limited liability	Dalian	Fu Bin	Terminal services	42,000	79202683-0
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	Limited liability	Dalian	Zhu Liyan	Construction examination	80	74787065-3

Notes to Financial Statements (continued)

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(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

12. Jointly-controlled entities and associates (continued)

30 June 2011

	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Revenue during the period	Net profit/(loss) during the period
<u>Jointly-controlled entities</u>					
大連港通利船務代理有限公司	3,770,357.00	179,553.84	3,590,803.16	1,718,170.06	1,008,689.47
Dalian Harbour ECL Logistics Co., Ltd.	22,954,961.74	582,182.30	22,372,779.44	2,393,334.88	128,598.28
Odfjell Terminals (Dalian) Ltd.	541,836,781.30	178,072,452.54	363,764,328.76	39,943,050.64	13,920,625.29
Dalian Port Petro China International Terminal Co., Ltd.	682,920,076.36	432,659,456.63	250,260,619.73	28,960,000.00	7,293,747.07
Dalian Assembling Transportation Logistics Co., Ltd.	34,483,457.72	1,591,727.96	32,891,729.76	9,286,705.54	2,112,667.74
Dalian United International Shipping Agency	47,683,860.45	35,211,804.56	12,472,055.89	6,634,808.61	2,035,034.42
Dalian Vanguard International Logistics Co., Ltd.	183,980,279.27	111,712,894.18	72,267,385.09	—	(1,391,411.71)
Dalian Yidu Jifa Cold Logistics Co., Ltd.	115,842,634.30	61,668,521.36	54,174,112.94	30,359,990.87	6,687,170.11
China United Tally Co., Ltd. Dalian	14,446,572.40	2,602,000.23	11,844,572.17	13,592,456.44	2,713,313.78
Dalian China Oil Dock Management Co., Ltd.	65,636,576.98	12,020,308.95	53,616,268.03	57,324,190.67	8,359,325.30
Liaoning Electronic Port Co., Ltd.	17,303,856.14	7,509,640.07	9,794,216.07	2,503,760.71	32,411.46
Liaoning Con-Rail International Logistics Co., Ltd	21,320,473.91	18,718,578.26	2,601,895.65	8,786,969.59	(2,480,647.96)
Dalian Dagang China Shipping Container Terminal Co., Ltd	16,162,652.38	2,087,670.37	14,074,982.01	8,498,399.00	1,724,404.57
Dalian Port Container Terminal Co., Ltd.	1,926,765,984.64	1,158,654,901.73	768,111,082.91	192,377,076.02	37,871,471.00
Dalian International Container Terminal Co., Ltd.	2,868,148,131.75	1,538,404,654.48	1,329,743,477.27	100,822,760.29	288,155.30
Dalian Jilong Logistics Co., Ltd.	259,399,968.14	148,818,656.69	110,581,311.45	23,405,687.83	2,859,480.82
Dalian Automobile Terminal Co., Ltd.	395,850,941.03	97,512,962.27	298,337,978.76	34,299,066.20	15,119,343.91
Dalian Singamas International Container Co., Ltd.	159,025,534.10	59,201,088.18	99,824,445.92	24,433,609.39	837,183.50
Dalian Shunda Logistics Services Corporation	33,387,765.55	603,701.23	32,784,064.32	4,688,191.08	(719,175.33)
China Unite Northeast Rail Containers Co., Ltd.	521,578,639.13	387,452,938.16	134,125,700.97	1,083,545.89	(13,032,771.30)
ODFJELL AP Port Holding Pte. Ltd.	632,287.42	—	632,287.42	—	(15,162.08)

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

12. Jointly-controlled entities and associates (continued)

30 June 2011 (continued)

	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Revenue during the period	Net profit/(loss) during the period
<u>Associates</u>					
China Shipping Gang Lian Co., Ltd.	1,071,779,765.15	768,457,394.40	303,322,370.75	15,000,000.00	(14,437,894.13)
Dalian Petro China International Warehousing and Transportation Co., Ltd.	1,318,047,963.85	1,123,194,533.56	194,853,430.29	95,405,100.00	20,630,278.03
Dalian Changxing Island Port Co., Ltd.	1,200,902,086.89	805,471,718.91	395,430,367.98	59,138,188.03	12,424,041.94
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	1,744,662.50	775,747.59	968,914.91	1,218,038.00	97,029.98
Dalian Prologis-Jifa Logistics Development Co., Ltd.	684,513,349.66	130,682,285.22	553,831,064.44	16,128,256.11	(4,912,983.84)
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	150,418,235.34	31,390,195.07	119,028,040.27	2,317,386.76	491,858.14
太倉興港拖輪有限公司	7,066,869.28	2,507,470.08	4,559,399.20	12,420,500.00	1,245,239.47
Petro China Dalian LNG Co., Ltd.	3,662,128,662.26	1,062,128,662.26	2,600,000,000.00	—	—
SINOECL Auto Liners, Limited	23,657,270.14	67,237,520.06	(43,580,249.92)	21,389,850.68	(5,912,516.13)
Jadeway Limited	313,658,961.43	421,841,748.18	(108,182,786.75)	18,304,492.59	1,888,963.75
Dalian North Petroleum Logistics Co., Ltd.	255,160,870.05	111,249,341.76	143,911,528.29	—	(1,300,625.93)
Dalian Port Corporation Finance Company Limited	500,000,000.00	—	500,000,000.00	—	—
中鐵渤海鐵路輪渡有限公司	2,550,736,679.91	1,298,895,812.20	1,251,840,867.71	308,081,548.12	34,992,525.38
中世國際物流有限公司	300,000,000.00	—	300,000,000.00	—	—
大連鑫海陽環保工程有限公司	200,000.00	—	200,000.00	—	—

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

12. Jointly-controlled entities and associates (continued)

31 December 2010

	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Revenue during the period	Net profit/(loss) during the period
<u>Jointly-controlled entities</u>					
大連港通利船務代理有限公司	2,698,835.21	116,721.52	2,582,113.69	2,301,605.58	412,748.68
Dalian Harbour ECL Logistics Co., Ltd.	24,193,996.99	1,949,815.83	22,244,181.16	5,918,150.27	295,963.19
Odfjell Terminals (Dalian) Ltd.	530,590,776.50	150,721,804.48	379,868,972.02	66,651,004.26	21,336,007.64
Dalian Port Petro China International Terminal Co., Ltd.	623,568,924.08	380,602,051.42	242,966,872.66	12,640,000.00	(4,742,381.04)
Dalian Assembling Transportation Logistics Co., Ltd.	31,947,514.30	1,168,452.28	30,779,062.02	17,904,306.79	3,423,724.59
Dalian Container Terminal Co., Ltd.	1,896,996,621.70	506,530,798.70	1,390,465,823.00	506,992,266.49	158,023,065.73
Dalian United International Shipping Agency	45,037,452.19	34,600,430.72	10,437,021.47	13,205,125.43	3,758,106.96
Dalian Vanguard International Logistics Co., Ltd.	146,186,476.10	72,527,679.30	73,658,796.80	—	(626,205.72)
Dalian Yidu Jifa Cold Logistics Co., Ltd.	115,315,862.34	67,828,919.51	47,486,942.83	53,785,244.58	10,940,954.93
China United Tally Co., Ltd. Dalian	11,197,090.50	2,028,893.35	9,168,197.15	24,860,386.01	3,681,332.42
Dalian China Oil Dock Management Co., Ltd.	51,421,156.09	6,161,103.36	45,260,052.73	108,904,807.54	19,393,581.77
Liaoning Electronic Port Co., Ltd.	15,527,944.69	5,766,140.08	9,761,804.61	3,418,253.55	(1,012,995.17)
Liaoning Con-Rail International Logistics Co., Ltd.	17,315,649.57	12,233,105.96	5,082,543.61	20,922,890.85	(239,772.30)
Dalian Dagang China Shipping Container Terminal Co., Ltd	19,551,268.58	7,200,691.14	12,350,577.44	19,520,649.47	5,168,727.79
Dalian Port Container Terminal Co., Ltd.	1,857,594,470.33	1,127,354,858.42	730,239,611.91	336,712,991.83	43,696,423.38
Dalian International Container Terminal Co., Ltd.	2,874,014,794.30	1,544,559,472.33	1,329,455,321.97	181,545,104.59	(14,938,659.28)
Dalian Jilong Logistics Co., Ltd.	237,481,278.58	129,759,447.95	107,721,830.63	43,204,065.51	6,010,124.04
Dalian Automobile Terminal Co., Ltd.	381,791,482.89	98,572,848.04	283,218,634.85	41,811,542.60	7,817,727.55
Dalian Singamas International Container Co., Ltd.	157,807,113.40	58,819,850.98	98,987,262.42	44,204,406.03	2,494,024.58
Dalian Shunda Logistic Services Corporation	34,306,598.20	803,358.55	33,503,239.65	9,765,943.669	(1,221,225.42)
China Unite Northeast Rail Containers Co., Ltd.	537,228,849.02	390,070,376.75	147,158,472.27	1,156,647.05	(12,841,527.73)
ODFJELL AP Port Holding Pte. Ltd.	647,050.17	12,634.92	634,415.25	—	—

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

12. Jointly-controlled entities and associates (continued)

31 December 2010 (continued)

	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Revenue during the period	Net profit/(loss) during the period
<u>Associates</u>					
China Shipping Gang Lian Co., Ltd.	873,414,059.32	555,651,982.54	317,762,076.78	9,086,400.94	362,330.61
Dalian Petro China International Warehousing and Transportation Co., Ltd.	1,262,077,123.85	1,087,853,971.59	174,223,152.26	254,111,400.00	51,908,619.30
Dalian Changxing Island Port Co., Ltd.	1,046,365,614.48	663,359,288.44	383,006,326.04	49,443,196.99	(8,962,742.92)
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	1,352,837.20	338,192.27	1,014,644.93	3,431,263.60	146,018.77
Dalian Prologis-Jifa Logistics Development Co., Ltd.	677,059,569.07	118,315,520.79	558,744,048.28	28,528,714.43	(17,166,343.38)
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	154,379,760.00	35,843,577.87	118,536,182.13	2,207,242.95	(1,305,916.61)
太倉興港拖輪有限公司	7,312,274.24	1,998,114.51	5,314,159.73	27,950,050.00	2,314,337.94
Petro China Dalian LNG Co., Ltd.	3,618,759,279.24	1,001,065,945.92	2,617,693,333.32	—	—
SINOECL Auto Liners, Limited	22,020,952.10	60,491,270.49	(38,470,318.39)	43,428,050.69	(24,240,250.82)
Jadeway Limited	331,922,249.29	444,518,370.08	(112,596,120.79)	35,150,331.08	(51,774,266.62)
Dalian North Petroleum Logistics Co., Ltd.	149,629,059.58	4,416,905.36	145,212,154.22	—	(2,818,961.43)

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

13. Long-term equity investments

For the six months ended 30 June 2011

	Investment cost	Opening balance	Movements during the period	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the period
Equity method:							
<i>Jointly-controlled entities</i>							
大連港通利船務代理有限公司	1,311,300.00	1,407,347.20	504,344.75	1,911,691.95	50.00	50.00	—
Dalian Harbour ECL Logistics Co., Ltd.	11,104,400.00	11,122,090.58	64,299.15	11,186,389.73	50.00	50.00	—
International Terminal Co., Ltd.	86,878,185.37	131,790,266.88	(6,775,817.49)	125,014,449.39	50.00	50.00	15,000,000.00
Dalian Port Petro China							
International Terminal Co., Ltd.	125,000,000.00	121,483,436.33	3,646,873.55	125,130,309.88	50.00	50.00	—
Dalian Assembling Transportation Logistics Co., Ltd. (Note 1)	21,000,000.00	21,779,062.02	—	21,779,062.02	70.00	60.00	—
Dalian Container Terminal Co., Ltd.	700,093,890.12	704,618,664.15	(704,618,664.15)	—	51.00	51.00	—
Dalian United International Shipping Agency	2,579,249.31	5,218,510.74	1,017,517.23	6,236,027.97	50.00	50.00	—
Dalian Vanguard International Logistics Co., Ltd.	37,000,000.00	36,829,398.40	(695,705.88)	36,133,692.52	50.00	50.00	—
Dalian Yidu Jifa Cold Logistics Co., Ltd.	18,000,000.00	23,743,471.41	3,343,585.06	27,087,056.47	50.00	50.00	—
China United Tally Co., Ltd.							
Dalian	5,103,200.33	4,584,098.58	1,338,187.51	5,922,286.09	50.00	50.00	—
Dalian China Oil Dock Management Co., Ltd.	16,301,068.34	22,342,384.86	3,733,709.68	26,076,094.54	49.00	49.00	—
Liaoning Electronic Port Co., Ltd. (Note 2)	6,600,000.00	5,368,992.54	17,826.30	5,386,818.84	55.00	50.00	—
Liaoning Con-Rail International Logistics Co., Ltd.	8,000,000.00	2,541,271.81	(1,240,323.99)	1,300,947.82	50.00	50.00	—
Dalian Dagang China Shipping Container Terminal Co., Ltd.	5,798,464.21	2,717,127.03	5,305,612.75	8,022,739.78	57.00	57.00	—
Dalian Port Container Terminal Co., Ltd.	255,500,000.00	206,711,993.88	13,820,346.85	220,532,340.73	35.00	35.00	—
Dalian International Container Terminal Co., Ltd.	560,000,000.00	531,035,642.96	180,867.27	531,216,510.23	40.00	40.00	—
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	32,316,549.19	857,844.25	33,174,393.44	30.00	30.00	—
Dalian Automobile Terminal Co., Ltd.	152,503,640.00	139,588,153.94	5,812,476.41	145,400,630.35	40.00	40.00	—
Dalian Singamas International Container Co., Ltd.	42,859,398.30	31,819,657.05	12,720,872.54	44,540,529.59	43.63	43.63	—
Dalian Shunda Logistics Services Corporation	21,718,000.00	17,813,708.33	(359,587.67)	17,454,120.66	50.00	50.00	—
China Unite Northeast Rail Containers Co., Ltd.	64,000,000.00	58,863,388.91	(5,213,108.53)	53,650,280.38	40.00	40.00	—
ODFJELL AP Port Holding Pte. Ltd.	330,323.63	330,323.63	(27,839.65)	302,483.98	50.00	50.00	—
Total for jointly-controlled entities	2,162,681,119.61	2,114,025,540.42	(666,566,684.06)	1,447,458,856.36			15,000,000.00

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

13. Long-term equity investments (continued)

For the six months ended 30 June 2011 (continued)

	Investment cost	Opening balance	Movements during the period	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the period
Equity method (continued):							
Associates							
China Shipping Gang Lian Co., Ltd.	90,000,000.00	95,328,623.03	(4,330,478.02)	90,998,145.01	30.00	30.00	—
Dalian Petro China International Warehousing and Transportation Co., Ltd.	20,288,520.00	30,930,387.09	3,370,912.16	34,301,299.25	20.00	20.00	—
Dalian Changxing Island Port Co., Ltd.	168,000,000.00	153,214,222.62	4,957,922.81	158,172,145.43	40.00	40.00	—
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	320,000.00	405,857.97	(18,292.01)	387,565.96	40.00	40.00	48,000.00
Dalian Prologis-Jifa Logistics Development Co., Ltd.	239,636,434.98	192,514,372.35	(1,594,435.53)	190,919,936.82	40.00	40.00	—
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	48,876,656.89	47,414,472.85	196,743.26	47,611,216.11	40.00	40.00	—
太倉興港拖輪有限公司	900,000.00	1,594,247.92	53,204.63	1,647,452.55	30.00	30.00	300,000.00
Petro China Dalian LNG Co., Ltd.	520,000,000.00	520,000,000.00	—	520,000,000.00	20.00	20.00	—
SINOECL Auto Liners, Limited	4,088,215.59	—	—	—	20.00	20.00	—
Jadeway Limited	1,762.20	—	—	—	20.00	20.00	—
Dalian North Petroleum Logistics Co., Ltd.	29,600,000.00	29,042,430.84	(216,343.11)	28,826,087.73	20.00	20.00	—
中鐵渤海鐵路輪渡有限公司	277,012,443.74	—	278,283,490.55	278,283,490.55	17.50	17.50	—
中世國際物流有限公司	90,000,000.00	—	90,000,000.00	90,000,000.00	30.00	30.00	—
Dalian Port Corporation Finance Company Limited	200,000,000.00	—	200,000,000.00	200,000,000.00	40.00	40.00	—
大連鑫海陽環保工程有限公司	200,000.00	—	200,000.00	200,000.00	40.00	40.00	—
Total for associates	1,688,924,033.40	1,070,444,614.67	570,902,724.74	1,641,347,339.41			348,000.00
Total for the equity method	3,851,605,153.01	3,184,470,155.09	(95,663,959.32)	3,088,806,195.77			15,348,000.00
Cost method:							
秦皇島港新港灣集裝箱碼頭有限公司	60,000,000.00	60,000,000.00	—	60,000,000.00	15.00	15.00	—
錦州新時代集裝箱碼頭有限公司	52,843,634.00	52,843,634.00	—	52,843,634.00	15.00	15.00	—
山東威海港股份有限公司	11,900,000.00	11,900,000.00	—	11,900,000.00	9.97	9.97	—
大仁輪渡有限公司	1,900,057.50	1,900,057.50	—	1,900,057.50	7.50	7.50	875,067.64
大連港口設計研究院有限公司	634,600.00	634,600.00	—	634,600.00	5.80	5.80	—
大連韓銀誠達清潔能源有限公司	1,500,000.00	1,500,000.00	—	1,500,000.00	5.00	5.00	—
大連保稅區北良油品貿易有限公司	400,000.00	400,000.00	—	400,000.00	20.00	20.00	—
Total for the cost method	129,178,291.50	129,178,291.50	—	129,178,291.50			875,067.64
	3,980,783,444.51	3,313,648,446.59	(95,663,959.32)	3,217,984,487.27			16,223,067.64

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

13. Long-term equity investments (continued)

For the year ended 31 December 2010

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
Equity method:							
<u>Jointly-controlled entities</u>							
大連港通利船務代理有限公司	1,311,300.00	1,200,972.86	206,374.34	1,407,347.20	50.00	50.00	—
Dalian Harbour ECL Logistics Co., Ltd.	11,104,400.00	4,146,208.98	6,975,881.60	11,122,090.58	50.00	50.00	—
Odfjell Terminals (Dalian) Ltd.	86,878,185.37	119,207,797.21	12,582,469.67	131,790,266.88	50.00	50.00	—
Dalian Port Petro China International Terminal Co., Ltd.	125,000,000.00	123,854,626.85	(2,371,190.52)	121,483,436.33	50.00	50.00	—
Dalian Assembling Transportation Logistics Co., Ltd. (Note 1)	21,000,000.00	21,436,689.56	342,372.46	21,779,062.02	70.00	60.00	81,352.13
Dalian Container Terminal Co., Ltd.	700,093,890.12	704,107,480.98	511,183.17	704,618,664.15	51.00	51.00	78,818,744.72
Dalian United International Shipping Agency	2,579,249.31	4,969,457.27	249,053.47	5,218,510.74	50.00	50.00	1,630,000.00
Dalian Vanguard International Logistics Co., Ltd.	37,000,000.00	37,142,501.26	(313,102.86)	36,829,398.40	50.00	50.00	—
Dalian Yidu Jifa Cold Logistics Co., Ltd.	18,000,000.00	20,272,993.95	3,470,477.46	23,743,471.41	50.00	50.00	—
China United Tally Co., Ltd. Dalian	5,103,200.33	4,357,458.18	226,640.40	4,584,098.58	50.00	50.00	1,614,025.80
Dalian China Oil Dock Management Co., Ltd.	16,301,068.34	19,576,351.49	2,766,033.37	22,342,384.86	49.00	49.00	4,900,000.00
Liaoning Electronic Port Co., Ltd. (Note 2)	6,600,000.00	5,926,139.92	(557,147.38)	5,368,992.54	55.00	50.00	—
Liaoning Con-Rail International Logistics Co., Ltd.	8,000,000.00	2,661,157.96	(119,886.15)	2,541,271.81	50.00	50.00	—
Dalian Dagang China Shipping Container Terminal Co., Ltd.	2,298,464.21	2,694,384.65	22,742.38	2,717,127.03	22.00	22.00	1,057,521.71
Dalian Port Container Terminal Co., Ltd.	255,500,000.00	199,355,703.68	7,356,290.20	206,711,993.88	35.00	35.00	8,612,437.46
Dalian International Container Terminal Co., Ltd.	560,000,000.00	312,879,896.37	218,155,746.59	531,035,642.96	40.00	40.00	—
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	30,513,511.98	1,803,037.21	32,316,549.19	30.00	30.00	—
Dalian Automobile Terminal Co., Ltd.	152,503,640.00	72,987,944.66	66,600,209.28	139,588,153.94	40.00	40.00	—
Dalian Singamas International Container Co., Ltd.	30,746,648.30	31,811,598.87	8,058.18	31,819,657.05	32.21	32.21	757,470.18
Dalian Shunda Logistic Services Corporation	21,718,000.00	18,640,338.84	(826,630.51)	17,813,708.33	50.00	50.00	—
China Unite Northeast Rail Containers Co., Ltd.	64,000,000.00	64,000,000.00	(5,136,611.09)	58,863,388.91	40.00	40.00	—
ODFJELL AP Port Holding Pte. Ltd.	330,323.63	—	330,323.63	330,323.63	50.00	50.00	—
Total for jointly-controlled entities	2,147,068,369.61	1,801,743,215.52	312,282,324.90	2,114,025,540.42			97,471,552.00

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

13. Long-term equity investments (continued)

For the year ended 31 December 2010 (continued)

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the year
Equity method (continued):							
Associates							
中海港聯航運有限公司	90,000,000.00	93,967,596.39	1,361,026.64	95,328,623.03	30.00	30.00	—
Dalian Petro China International Warehousing and Transportation Co., Ltd.	20,288,520.00	20,461,356.64	10,469,030.45	30,930,387.09	20.00	20.00	—
Dalian Changxing Island Port Co., Ltd.	168,000,000.00	156,795,016.34	(3,580,793.72)	153,214,222.62	40.00	40.00	—
Dalian Wanpeng Port Engineering Examination & Testing Co., Ltd.	320,000.00	394,092.07	11,765.90	405,857.97	40.00	40.00	40,000.00
Dalian Prologis-Jifa Logistic Development Co., Ltd.	239,636,434.98	198,639,389.13	(6,125,016.78)	192,514,372.35	40.00	40.00	—
Shenyang Prologis-Jifa Logistic Development Co., Ltd.	48,876,656.89	47,936,839.49	(522,366.64)	47,414,472.85	40.00	40.00	—
太倉興港拖輪有限公司	900,000.00	1,574,946.54	19,301.38	1,594,247.92	30.00	30.00	675,000.00
Petro China Dalian LNG Co., Ltd.	520,000,000.00	200,000,000.00	320,000,000.00	520,000,000.00	20.00	20.00	—
SINOECL Auto Liners, Limited	4,088,215.59	—	—	—	20.00	20.00	—
Jadeway Limited	1,762.20	—	—	—	20.00	20.00	—
Dalian North Petroleum Logistics Co., Ltd.	29,600,000.00	—	29,042,430.84	29,042,430.84	20.00	20.00	—
Total for associates	1,121,711,589.66	719,769,236.60	350,675,378.07	1,070,444,614.67			715,000.00
Total for the equity method	3,268,779,959.27	2,521,512,452.12	662,957,702.97	3,184,470,155.09			98,186,552.00
Cost method:							
秦皇島新港灣集裝箱碼頭有限公司	60,000,000.00	60,000,000.00	—	60,000,000.00	15.00	15.00	—
錦州新時代集裝箱碼頭有限公司	52,843,634.00	52,843,634.00	—	52,843,634.00	15.00	15.00	—
山東威海港股份有限公司	11,900,000.00	11,900,000.00	—	11,900,000.00	9.97	9.97	1,595,979.21
大仁輪渡有限公司	1,900,057.50	1,900,057.50	—	1,900,057.50	7.50	7.50	699,366.43
大連港口設計研究院有限公司	634,600.00	450,000.00	184,600.00	634,600.00	5.80	5.80	—
大連韓銀誠達清潔能源有限公司	1,500,000.00	—	1,500,000.00	1,500,000.00	5.00	5.00	—
大連保稅區北良油品貿易有限公司	400,000.00	—	400,000.00	400,000.00	20.00	20.00	—
Total for the cost method	129,178,291.50	127,093,691.50	2,084,600.00	129,178,291.50			2,295,345.64
	3,397,958,250.77	2,648,606,143.62	665,042,302.97	3,313,648,446.59			100,481,897.64

Note 1: Dalian Assembling Transportation Logistics Co., Ltd. ("DATL") was established by the Group's subsidiary DCT Logistics Co., Ltd. ("DCTL") and Dalian Customs Institution Service Center (大連海關機構服務中心) in July 2008. DCTL holds 70% equity interests. According to the Articles of Associations of DATL, the two shareholders have joint control over DATL and the long-term equity investment is accounted for using the equity method.

Note 2: Liaoning Electronic Port Co., Ltd. ("LEP") was established by the Group's subsidiary Dalian Portnet Co., Ltd. ("DPN"), 大連海關機構服務中心·大連德海船舶服務有限公司, and Electronic-port Information Data Center in October 2008. DPN holds 55% equity interests. According to the Articles of Associations of LEP, DPN and other shareholders have the joint control over LEP and the long-term equity investment is accounted for using the equity method.

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

14. Investment properties

	Buildings	Land use right	Container terminals	Total
Cost:				
At 1 January 2010	5,720,805.24	74,989,950.30	936,260,016.22	1,016,970,771.76
Additions	—	693,257.48	—	693,257.48
Disposals	(1,730,249.13)	(1,942,958.05)	(6,083,464.20)	(9,756,671.38)
At 31 December 2010 and 1 January 2011	3,990,556.11	73,740,249.73	930,176,552.02	1,007,907,357.86
Transferred to property, plant and equipment	—	—	(195,840,526.00)	(195,840,526.00)
Transferred to intangible assets	—	(11,003,955.42)	—	(11,003,955.42)
Reclassification	15,349,874.94	—	(15,349,874.94)	—
At 30 June 2011	19,340,431.05	62,736,294.31	718,986,151.08	801,062,876.44
Accumulated depreciation:				
At 1 January 2010	3,240,312.47	5,329,369.96	97,070,818.04	105,640,500.47
Depreciation charged	163,546.68	1,532,529.66	19,672,260.84	21,368,337.18
Disposals	(835,691.71)	(156,368.30)	(1,515,960.22)	(2,508,020.23)
At 31 December 2010 and 1 January 2011	2,568,167.44	6,705,531.32	115,227,118.66	124,500,817.42
Depreciation charged	389,261.06	697,760.91	8,408,891.56	9,495,913.53
Transferred to property, plant and equipment	—	—	(28,380,713.13)	(28,380,713.13)
Transferred to intangible assets	—	(1,448,810.74)	—	(1,448,810.74)
Reclassification	2,727,154.94	—	(2,727,154.94)	—
At 30 June 2011	5,684,583.44	5,954,481.49	92,528,142.15	104,167,207.08
Carrying amount:				
At 30 June 2011	13,655,847.61	56,781,812.82	626,458,008.93	696,895,669.36
At 31 December 2010	1,422,388.67	67,034,718.41	814,949,433.36	883,406,540.44

* The above investment properties are erected in Mainland China, the terms of the land use rights are 50 years.

At 30 June 2011, the investment properties above were all leased out under operating lease arrangements.

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

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

15. Fixed assets

	Buildings	Terminal facilities	Oil tanks and pipelines	Loading equipment	Transportation equipment	Vessels	Storage facilities	Machinery and equipment	Other equipment	Total
Cost:										
At 1 January 2010	899,423,209.75	3,015,352,222.30	2,094,204,422.81	1,655,028,089.19	528,711,453.94	849,053,826.22	1,111,648,400.14	546,467,285.18	398,772,732.60	11,098,661,642.13
Additions	85,353,907.61	330,000.26	142,148.50	8,215,991.00	3,350,622.31	—	14,395,175.07	6,153,123.47	7,403,837.59	125,344,805.81
Change in consolidation scope and acquisition of a subsidiary	—	—	—	—	1,156,780.04	—	—	22,752.20	248,918.15	1,428,450.39
Transferred from construction in progress	(19,890,853.52)	64,150,084.94	8,441,318.44	70,898,115.64	2,481,089.95	223,359,441.62	44,102,307.85	6,422,912.34	16,427,853.12	416,392,270.38
Reclassification	(1,711,443.85)	(1,107,504.20)	—	9,000.00	(109,324.00)	(115,881.43)	2,239,027.82	13,599.00	782,526.66	—
Disposals	(9,795,710.49)	(13,875,348.21)	(9,439,018.39)	(8,645,164.07)	(2,872,834.87)	(2,931,323.28)	(6,720,157.96)	(1,940,918.81)	(9,903,405.66)	(66,123,881.74)
At 31 December 2010 and 1 January 2011	953,379,109.50	3,064,849,455.09	2,093,348,871.36	1,725,506,031.76	532,717,787.37	1,069,366,063.13	1,165,664,752.92	557,138,753.38	413,732,462.46	11,575,703,286.97
Additions	73,000.00	—	—	9,067,620.00	261,133.00	—	—	1,560,726.92	2,222,128.77	13,184,608.69
Change in consolidation scope and acquisition of a subsidiary	155,730,850.93	676,841,507.87	1,144,000.00	885,492,368.47	17,544,295.70	3,000.00	628,992,537.09	57,169,859.59	58,644,374.20	2,481,562,793.85
Transferred from construction in progress	9,572,107.41	13,454,333.12	312,831,718.35	6,011,467.00	265,301,234.07	21,800,000.00	21,138,570.97	14,571,840.00	1,531,725.02	666,212,995.94
Transferred from investment properties	—	195,840,526.00	—	—	—	—	—	—	—	195,840,526.00
Reclassifications	(15,349,874.94)	14,256,805.18	(16,953,895.39)	—	—	—	13,934,902.35	—	4,112,062.80	—
Disposals	(7,185,319.61)	(303,906.83)	—	—	(14,932,708.09)	—	—	(833,147.23)	(624,575.81)	(23,879,657.57)
At 30 June 2011	1,096,219,873.29	3,964,938,720.43	2,390,370,694.32	2,626,077,487.23	800,891,742.05	1,091,169,063.13	1,829,730,763.33	629,608,032.66	479,618,177.44	14,908,624,553.88
Accumulated depreciations:										
At 1 January 2010	125,540,987.34	326,036,399.69	299,557,846.92	709,135,220.68	170,844,913.41	159,743,619.10	114,376,294.79	164,612,129.65	117,610,121.82	2,187,457,533.40
Depreciation charged	27,259,952.21	65,194,194.86	113,733,375.80	93,289,889.44	28,989,926.51	62,489,051.80	28,805,025.65	45,511,533.91	28,366,173.00	493,639,123.18
Reclassifications	7,771.45	—	—	(9,002.95)	(169,488.65)	(27,694.80)	102,622.10	(335,665.96)	431,458.81	—
Disposals	(3,131,033.94)	(3,293,781.91)	(2,844,827.81)	(7,187,415.74)	(2,585,652.53)	(2,784,757.12)	(3,133,624.66)	(1,161,956.71)	(9,108,024.70)	(35,231,085.12)
At 31 December 2010 and 1 January 2011	149,677,677.06	387,936,802.64	410,446,394.91	795,228,691.43	197,079,698.74	219,420,218.98	140,150,317.88	208,626,040.89	137,299,728.93	2,645,865,571.46
Depreciation charged	16,196,552.95	36,397,165.49	61,778,156.07	59,042,738.50	18,198,616.29	33,131,933.21	18,503,465.13	21,986,782.62	15,783,941.95	281,019,352.21
Change in consolidation scope and acquisition of a subsidiary	46,030,292.27	148,969,447.75	106,206.81	424,807,693.38	11,047,898.70	—	196,187,531.61	30,537,747.17	39,202,287.98	896,889,105.67
Transferred from investment properties	—	28,380,713.13	—	—	—	—	—	—	—	28,380,713.13
Reclassifications	(2,727,154.94)	358,118.63	—	—	—	—	2,369,036.31	—	—	—
Disposals	(1,347,227.00)	(60,548.06)	—	—	(10,267,873.96)	—	—	(788,187.43)	(578,668.38)	(13,042,504.83)
At 30 June 2011	207,830,140.34	601,981,689.58	472,330,757.79	1,279,079,123.31	216,058,339.77	252,552,152.19	357,210,350.93	260,362,383.25	191,707,290.48	3,839,112,237.64
Carrying amount:										
At 30 June 2011	888,389,732.95	3,362,957,020.85	1,918,039,936.53	1,346,998,363.92	584,833,402.28	838,616,910.94	1,472,520,412.40	369,245,649.41	287,910,886.96	11,069,512,316.24
At 31 December 2010	803,701,432.44	2,676,912,652.45	1,682,902,476.45	930,277,340.33	335,638,088.63	849,945,844.15	1,025,514,435.04	348,512,712.49	276,432,733.53	8,929,837,715.51

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

15. Fixed assets (continued)

As at 30 June 2011, certain vessels of the Group with an aggregate carrying amount of approximately RMB56,228,967.25 (31 December 2010: RMB57,395,716.84) were pledged (Note V.23). Apart from this, there were no other restricted fixed assets.

As at 30 June 2011, the Group was in the process of obtaining certain buildings' ownership certificates, which have an aggregate carrying amount of RMB26,265,805.33 (31 December 2010: RMB26,974,664.53). Management of the Company is of the opinion that there are neither legal nor other obstacles in getting the certificates once the register formalities are completed and the relevant charges are paid.

As at 30 June 2011, there were no temporarily idled fixed assets (31 December 2010: Nil).

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

Fixed assets leased out under operating lease arrangements are as follows:

	30 June 2011 Carrying amount	31 December 2010 Carrying amount
Buildings	57,352,282.12	58,450,964.18
Terminal facilities	328,335,577.04	331,741,186.04
Oil tanks and pipelines	251,026,222.15	259,256,608.78
Loading equipment	9,010,616.75	4,847,192.35
Machinery and equipment	87,715,770.37	92,404,274.40
Transportation equipment	356,154,191.43	85,627,046.88
Other equipment	38,747,889.49	46,250,479.47
Total	1,128,342,549.35	878,577,752.10

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

16. Construction in progress

	30 June 2011			31 December 2010		
	Ending balance	Impairment	Carrying amount	Ending balance	Impairment	Carrying amount
大連港老港區搬遷						
改造大連灣雜貨及						
滾裝泊位擴建工程	961,666,270.42	—	961,666,270.42	732,297,418.52	—	732,297,418.52
大窯灣二期13-16#泊位	914,251,496.64	—	914,251,496.64	849,637,457.21	—	849,637,457.21
汽車滾裝船	441,729,668.74	—	441,729,668.74	424,327,187.11	—	424,327,187.11
大連港石化1#庫區	330,491,414.17	—	330,491,414.17	321,291,459.48	—	321,291,459.48
大連港石化碼頭	279,932,229.26	—	279,932,229.26	272,655,341.04	—	272,655,341.04
新港9#原油罐組	245,014,764.20	—	245,014,764.20	207,115,416.34	—	207,115,416.34
礦石4#堆場	209,725,298.88	—	209,725,298.88	74,251,468.35	—	74,251,468.35
大連港石化主管廊	176,665,557.80	—	176,665,557.80	171,357,891.63	—	171,357,891.63
新港18-21#泊位	171,704,408.06	—	171,704,408.06	82,093,722.35	—	82,093,722.35
新港沙坨子導流堤	159,052,234.44	—	159,052,234.44	148,864,758.49	—	148,864,758.49
大連港石化碼頭設備	141,834,618.53	—	141,834,618.53	138,296,174.42	—	138,296,174.42
大連港石化鐵路車場	103,838,062.82	—	103,838,062.82	101,007,307.53	—	101,007,307.53
新港7#-8#原油罐組	100,685,678.48	—	100,685,678.48	263,570,827.71	—	263,570,827.71
旅順港2#-3#泊位改造	99,565,003.64	—	99,565,003.64	—	—	—
500台散糧車	—	—	—	128,750,000.00	—	128,750,000.00
沙坨子原油儲罐	—	—	—	65,748,115.82	—	65,748,115.82
Others	868,562,351.07	—	868,562,351.07	635,834,346.35	—	635,834,346.35
Total	5,204,719,057.15	—	5,204,719,057.15	4,617,098,892.35	—	4,617,098,892.35

As at 30 June 2011, construction in progress of RMB44,684,261.02 was pledged (31 December 2010: Nil) (Note V.23(2)).

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

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

16. Construction in progress (continued)

For the six months ended 30 June 2011

	Budget	Opening balance	Additions	Change in consolidation scope and acquisition of a subsidiary	Transferred to fixed assets or intangible assets	Disposals	Closing balance	Source of funds	% of budget
大窯灣二期13-16#泊位	3,783,000,000.00	849,637,457.21	64,614,039.43	—	—	—	914,251,496.64	Proceeds, loans from financial institution and other sources	24.17
大連港老港區搬遷改造 大連灣雜貨及滾裝泊位 擴建工程	2,741,120,900.00	732,297,418.52	229,368,851.90	—	—	—	961,666,270.42	loans from financial institution and other sources	35.08
汽車滾裝船	520,000,000.00	424,327,187.11	17,402,481.63	—	—	—	441,729,668.74	Other sources	84.95
新港7#-8#原油罐組	718,500,000.00	263,570,827.71	153,223,925.89	—	(316,109,075.12)	—	100,685,678.48	Proceeds, loans from financial institution and other sources	58.01
新港9#原油罐組	598,400,000.00	207,115,416.34	37,899,347.86	—	—	—	245,014,764.20	Proceeds, loans from financial institution and other sources	40.94
新港沙坨子導流堤	171,060,000.00	148,864,758.49	10,187,475.95	—	—	—	159,052,234.44	Loans from financial institution and other sources	92.98
雜貨碼頭散糧車	257,500,000.00	128,750,000.00	129,232,166.67	—	(257,982,166.67)	—	—	Proceeds and other sources	100.00
新港18-21#泊位	413,770,000.00	82,093,722.35	89,610,685.71	—	—	—	171,704,408.06	Loans from financial institution and other sources	41.50
礮石4#堆場	570,600,000.00	74,251,468.35	135,473,830.53	—	—	—	209,725,298.88	Proceeds	36.76
沙坨子原油儲罐	472,380,000.00	65,748,115.82	—	—	—	(65,748,115.82)	—	Proceeds, loans from financial institution and other sources	100.00
礮石泊位碼頭改造	112,000,000.00	63,282,634.59	20,189,609.72	—	—	—	83,472,244.31	Loans from financial institution and other sources	74.52
Others		1,577,159,885.86	238,116,543.46	197,372,317.81	(95,231,754.15)	—	1,917,416,992.98		
Total	4,617,098,892.35	1,125,318,958.75	197,372,317.81	(669,322,995.94)	(65,748,115.82)	5,204,719,057.15			

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

16. Construction in progress (continued)

For the year ended 31 December 2010

	Budget	Opening balance	Additions	Change in consolidation scope and acquisition of a subsidiary	Transferred to fixed assets	Disposals	Closing balance	Source of funds	% of budget
大窯灣二期13-16#泊位	3,783,000,000.00	771,585,436.58	78,052,020.63	—	—	—	849,637,457.21	Proceeds, loans from financial institution and other sources	22.46
大連港老港區搬遷改造 大連灣雜貨及滾裝泊位 擴建工程	3,190,760,000.00	263,764,519	468,532,899.52	—	—	—	732,297,418.52	Loans from financial institution and other sources	22.95
汽車滾裝船	520,000,000.00	281,281,976.45	143,045,210.66	—	—	—	424,327,187.11	Other sources	81.60
新港7#-8#原油罐組	763,510,000.00	7,010,331.94	256,560,495.77	—	—	—	263,570,827.71	Proceeds, loans from financial institution and other sources	34.52
新港9#原油罐組	626,770,000.00	477,955.00	206,637,461.34	—	—	—	207,115,416.34	Proceeds, loans from financial institution and other sources	33.04
新港沙坨子導流堤	171,051,600.00	91,824,980.74	57,039,777.75	—	—	—	148,864,758.49	Loans from financial institution and other sources	87.03
雜貨碼頭散糧車	257,500,000.00	—	128,750,000.00	—	—	—	128,750,000.00	Proceeds and other sources	50.00
新港18-21號泊位	245,100,000.00	69,036,745.52	13,056,976.83	—	—	—	82,093,722.35	Loans from financial institution and other sources	33.49
礮石4#堆場	520,970,000.00	6,590,960.00	67,660,508.35	—	—	—	74,251,468.35	Proceeds	14.25
沙坨子原油儲罐	472,380,000.00	65,748,115.82	—	—	—	—	65,748,115.82	Proceeds, loans from financial institution and other sources	100.00
礮石泊位碼頭改造	141,390,000.00	629,124.00	62,653,510.59	—	—	—	63,282,634.59	Loans from financial institution and other sources	44.76
Others		416,913,984.44	306,879,584.83	1,272,310,586.97	(416,392,270.38)	(2,552,000.00)	1,577,159,885.86		
Total		1,974,864,129.49	1,788,868,446.27	1,272,310,586.97	(416,392,270.38)	(2,552,000.00)	4,617,098,892.35		

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

16. Construction in progress (continued)

30 June 2011

	Stage of completion	Accumulated capitalised interest	Interest capitalised during the period	Capitalisation rate
大窯灣二期13-16#泊位	24%	192,669,720.94	21,026,647.09	4.5%
大連港老港區搬遷改造 大連灣雜貨及滾裝 泊位擴建工程	35%	175,763,317.11	47,117,596.11	5.5-6.0%
新港沙坨子導流堤	93%	10,074,053.18	3,668,563.22	4.5%
新港18-21號泊位	41%	13,321,537.65	5,288,557.07	5.6%
礮石泊位碼頭改造	75%	2,591,673.90	1,724,292.07	4.5%
大連港石化碼頭	97%	5,553,911.59	5,553,911.59	4.8-6.4%
大連港石化1#庫區	97%	7,220,085.06	7,220,085.06	4.8-6.4%
大連港石化碼頭設備	97%	2,776,955.79	2,776,955.79	4.8-6.4%
大連港石化主管廊	97%	4,165,433.69	4,165,433.69	4.8-6.4%
大連港石化鐵路車場	97%	2,221,564.63	2,221,564.63	4.8-6.4%
Others		24,220,397.31	19,840,263.47	4.5%
		440,578,650.85	120,603,869.79	

31 December 2010

	Stage of completion	Accumulated capitalised interest	Interest capitalised during the period	Capitalisation rate
大窯灣二期13-16#泊位	22%	171,643,073.85	40,868,337.17	4.5%
大連港老港區搬遷改 造大連灣雜貨及滾裝 泊位擴建工程	23%	128,645,721.00	88,152,246.00	5.5%
新港沙坨子導流堤	87%	6,405,489.96	5,561,212.06	4.5%
新港18-21號泊位	33%	8,032,980.58	3,735,758.18	4.5%
礮石泊位碼頭改造	45%	867,381.83	867,381.83	4.5%
Others		5,770,401.93	2,480,224.95	4.5%
		321,365,049.15	141,665,160.19	

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

17. Intangible assets

	Land use rights	Port information platform	Customer relationships	Container flat vehicle use rights	Software	Golf membership	Sea area use rights	Port facilities use rights	Total
Cost									
At 1 January 2010	238,579,934.61	64,310,000.00	15,970,000.00	46,660,098.18	79,893,263.06	1,340,000.00	—	—	446,753,295.85
Change in consolidation scope and acquisition of a subsidiary	—	—	—	—	—	—	96,962,376.91	—	96,962,376.91
Additions	21,338,916.45	—	—	—	11,810,831.94	—	—	—	33,149,748.39
Disposals	(7,497,804.45)	—	—	—	(1,180,000.00)	—	—	—	(8,677,804.45)
At 31 December 2010 and 1 January 2011	252,421,046.61	64,310,000.00	15,970,000.00	46,660,098.18	90,524,095.00	1,340,000.00	96,962,376.91	—	568,187,616.70
Change in consolidation scope and acquisition of a subsidiary	212,420,765.90	—	—	—	14,357,586.86	637,376.00	3,455,982.72	253,448,422.59	484,320,134.07
Additions	2,141,235.20	—	—	—	1,892,130.00	—	—	—	4,033,365.20
Transferred from construction in progress	—	—	—	—	3,110,000.00	—	—	—	3,110,000.00
Transferred from investment properties	11,003,955.42	—	—	—	—	—	—	—	11,003,955.42
Disposals	(10,410,833.04)	—	—	—	—	—	—	—	(10,410,833.04)
At 30 June 2011	467,576,170.09	64,310,000.00	15,970,000.00	46,660,098.18	109,883,811.86	1,977,376.00	100,418,359.63	253,448,422.59	1,060,244,238.35
Accumulated amortisation:									
At 1 January 2010	17,561,047.86	10,182,416.67	3,038,000.00	10,206,896.46	29,882,809.79	335,000.10	—	—	71,206,170.88
Additions	5,174,478.34	6,431,000.00	1,597,000.00	2,916,256.20	9,340,966.51	134,000.04	—	—	25,593,701.09
Disposals	(619,574.43)	—	—	—	(9,833.33)	—	—	—	(629,407.76)
At 31 December 2010 and 1 January 2011	22,115,951.77	16,613,416.67	4,635,000.00	13,123,152.66	39,213,942.97	469,000.14	—	—	96,170,464.21
Additions	3,665,896.41	3,215,500.00	798,500.00	1,458,128.10	3,890,608.87	70,439.10	1,192,559.20	1,307,509.53	15,599,141.21
Change in consolidation scope	57,448,663.47	—	—	—	4,858,024.06	159,343.39	—	68,992,321.60	131,458,352.52
Transferred from investment properties	1,448,810.74	—	—	—	—	—	—	—	1,448,810.74
Disposals	(642,001.37)	—	—	—	—	—	—	—	(642,001.37)
At 30 June 2011	84,037,321.02	19,828,916.67	5,433,500.00	14,581,280.76	47,962,575.90	698,782.63	1,192,559.20	70,299,831.13	244,034,767.31
Carrying amount									
At 30 June 2011	383,538,849.07	44,481,083.33	10,536,500.00	32,078,817.42	61,921,235.96	1,278,593.37	99,225,800.43	183,148,591.46	816,209,471.04
At 31 December 2010	230,305,094.84	47,696,583.33	11,335,000.00	33,536,945.52	51,310,152.03	870,999.86	96,962,376.91	—	472,017,152.49

* The above land use rights are located in Mainland China and the terms are 50 years.

As at 30 June 2011, land use rights of RMB17,133,486.19 (31 December 2010: Nil) were pledged (Note V.23(2)).

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

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

18. Goodwill

30 June 2011

	Opening balance	Increase	Decrease	Closing balance	Provision
Dalian Jiyi Logistics Co., Ltd. ("Dalian Jiyi")	2,397,589.82	—	—	2,397,589.82	—
DCT Logistics Co., Ltd. ("DCTL")	6,218,460.29	—	—	6,218,460.29	—
Dalian Portnet Co., Ltd. ("DPN")	7,419,238.63	—	—	7,419,238.63	—
Dalian Port Petroleum & Chemical Co., Ltd. ("DPPC")	61,700,000.00	—	—	61,700,000.00	—
	77,735,288.74	—	—	77,735,288.74	—

31 December 2010

	Opening balance	Increase	Decrease	Closing balance	Provision
Dalian Jiyi	2,397,589.82	—	—	2,397,589.82	—
DCTL	6,218,460.29	—	—	6,218,460.29	—
DPN	7,419,238.63	—	—	7,419,238.63	—
DPPC	—	61,700,000.00	—	61,700,000.00	—
	16,035,288.74	61,700,000.00	—	77,735,288.74	—

The basis of determining the recoverable amounts of the above assets groups and their major underlying assumptions are summarised below:

DCTL, DPN and Dalian Jiyi

The recoverable amounts of DCTL, DPN and Dalian Jiyi have been determined based on the present value of cash flow projections of the assets groups based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 12% (2010: 12%). The growth rate used to extrapolate the cash flows beyond the five-year period is 3% (2010: 3%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the valuation related to the estimation of cash inflows and outflows which include budgeted sales and budgeted gross margin. This estimation is determined based on the assets groups' past performance and management's expectation for the market development.

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

18. Goodwill (continued)

DPPC

The recoverable amount of DPPC has been determined based on the present value of cash flow projections of the assets group based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 12% (2010: 12%). The growth rate used to extrapolate the cash flows beyond the five-year period is 5% (2010: 5%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the valuation related to the estimation of cash inflows and outflows which include budgeted sales and budgeted gross margin. This estimation is determined based on management's expectation for the market development and the future performance of the assets group.

19. Long-term prepaid expenses

	Public facilities in bonded port	Decorations	Others	Total
At 1 January 2010	13,436,881.78	6,333,956.63	2,997,895.35	22,768,733.76
Additions	—	—	630,000.00	630,000.00
Amortisation	(746,493.53)	(1,646,276.22)	(160,394.76)	(2,553,164.51)
At 31 December 2010 and 1 January 2011	12,690,388.25	4,687,680.41	3,467,500.59	20,845,569.25
Additions	—	—	328,572.20	328,572.20
Change in consolidation scope and acquisition of a subsidiary	1,818,612.48	633,674.80	—	2,452,287.28
Amortisation	(400,390.19)	(694,998.39)	(166,924.49)	(1,262,313.07)
At 30 June 2011	14,108,610.54	4,626,356.82	3,629,148.30	22,364,115.66

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

20. Deferred tax assets/liabilities

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

Recognised deferred tax assets and liabilities:

	30 June 2011	31 December 2010
Deferred tax assets:		
Accrued employee benefits	6,691,357.92	6,597,572.00
Unrealised inter-group profit	33,159,225.79	33,128,869.77
Accrued land appreciation tax	—	12,601,731.20
Assets impairment provision	1,077,144.83	700,667.03
Tax paid on advance received	3,299,619.09	3,557,329.16
Accrued land development cost	6,360,368.15	6,360,368.15
Temporary difference on amortisation of decoration	210,980.99	210,980.99
Temporary difference on amortisation of software	319,250.05	319,250.05
Expenses without invoices	7,240,000.00	—
Deductible losses	20,621,095.23	—
Deferred taxable income	(1,340,791.60)	(1,340,791.60)
Others	492,634.33	3,600.01
	78,130,884.78	62,139,576.76
Deferred tax liabilities:		
Fair value adjustment on assets acquired in a business combination not under common control	78,055,052.08	74,672,592.27
Unrecognised deferred tax assets are as follows:		
	30 June 2011	31 December 2010
Deductible losses	17,719,342.78	13,006,029.87

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

20. Deferred tax assets/liabilities (continued)

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

	30 June 2011	31 December 2010
2011	2,983,640.99	2,983,640.99
2012	7,383,403.55	7,383,403.55
2013	7,193,159.71	7,193,159.71
2014	10,502,253.92	13,008,589.48
2015	21,455,325.76	21,455,325.76
2016	21,359,587.20	—
	70,877,371.13	52,024,119.49

21. Provision for impairment of assets

30 June 2011

	Opening balance	Provision	Increase due to change in consolidation scope	Write-off	Closing balance
Provision for bad debts:	3,033,234.61	—	1,568,657.50	—	4,601,892.11
Accounts receivable	2,939,524.54	—	56,953.00	—	2,996,477.54
Other receivables	93,710.07	—	1,511,704.50	—	1,605,414.57
Provision for declining value of inventories	—	—	2,037,642.99	—	2,037,642.99
	3,033,234.61	—	3,606,300.49	—	6,639,535.10

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

21. Provision for impairment of assets (continued)

31 December 2010

	Opening balance	Provision	Increase due to change in consolidation scope	Write-off	Closing balance
Provision for bad debts:	3,342,573.47	—	93,710.07	(403,048.93)	3,033,234.61
Accounts receivable	3,240,744.54	—	—	(301,220.00)	2,939,524.54
Other receivables	101,828.93	—	93,710.07	(101,828.93)	93,710.07
	<u>3,342,573.47</u>	<u>—</u>	<u>93,710.07</u>	<u>(403,048.93)</u>	<u>3,033,234.61</u>

22. Other non-current assets

	30 June 2011	31 December 2010
Loans to jointly-controlled entities and associates	45,108,621.73	25,590,961.60

As at 30 June 2011, other non-current assets comprised:

- (1) The Group provided an unsecured loan of RMB18,316,535.93 to its associate Jadeway Limited in 2009. The loan bears an interest rate of 2% per annum and is repayable in full on 29 January 2024.
- (2) The Group provided unsecured loans of RMB1,741,535.34 and RMB3,440,550.46 to its associate SINOECL Auto Liners Limited in 2010 and 2011, respectively. The loans bear an interest rate of HIBOR+2% per annum and are repayable in full on 2 December 2013.
- (3) The Group provided an unsecured loan of RMB16,000,000.00 to its jointly-controlled entity, China Unite Northeast Rail Containers Co., Ltd., in 2011. The loan bears an interest rate of 4.815% per annum and is repayable in full on 13 July 2012.
- (4) The Group provided an unsecured loan of RMB5,610,000.00 to its jointly-controlled entity, Liaoning Con-Rail International Logistics Co., Ltd., in 2011. The loan bears an interest rate of 5.265% per annum and is repayable in full on 18 January 2013.

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

23. Assets with restricted ownership

At 30 June 2011

		Opening balance	Increase	Decrease	Closing balance
Pledged assets:					
Fixed assets	(1)	57,395,716.84	—	(1,166,749.59)	56,228,967.25
Construction in progress	(2)	—	44,684,261.02	—	44,684,261.02
Intangible assets	(2)	—	17,133,486.19	—	17,133,486.19
		57,395,716.84	61,817,747.21	(1,166,749.59)	118,046,714.46

At 31 December 2010

		Opening balance	Increase	Decrease	Closing balance
Pledged assets:					
Fixed assets	(1)	—	57,395,716.84	—	57,395,716.84

(1) As at 30 June 2011, certain vessels of the Group with a carrying amount of RMB56,228,967.25 (31 December 2010: RMB57,395,716.84) were pledged to secure a bank loan of RMB28,200,000.00 (31 December 2010: RMB28,200,000.00) (Note V.34).

(2) As at 30 June 2011, certain construction in progress with a carrying amount of RMB44,684,261.02 (31 December 2010: Nil) and land use rights with a carrying amount of RMB17,133,486.19 (31 December 2010: Nil) were pledged to secure a bank loan of RMB10,000,000.00 (31 December 2010: Nil) (Note V.33).

24. Short-term borrowings

	30 June 2011	31 December 2010
Credit borrowings	1,015,000,000.00	415,000,000.00
Guaranteed borrowings	850,000,000.00	850,000,000.00
	1,865,000,000.00	1,265,000,000.00

As at 30 June 2011, the annual interest rate for the above borrowings was 4.00%—6.31% per annum (31 December 2010: 4.00%—5.30% per annum).

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

24. Short-term borrowings (continued)

In 2010, the Group obtained short-term borrowings of RMB10,000,000.00 and RMB5,000,000.00 from a jointly-controlled entity, Dalian Assembling Transportation Logistics Co., Ltd. The borrowings are unsecured, bear an interest rate of 4% per annum and are repayable in full on 15 February 2012 and 19 May 2012, respectively.

As at 30 June 2011, the Group had no expired short-term borrowings (31 December 2010: Nil).

25. Notes payable

	30 June 2011	31 December 2010
Bank acceptance notes	—	12,650,000.00

26. Accounts payable

Accounts payable are interest-free and the terms are usually 90 days.

* An ageing analysis of accounts payable is as follows:

	30 June 2011	31 December 2010
Within 1 year	110,220,068.70	93,550,702.21
1 to 2 years	1,881,089.60	651,430.86
2 to 3 years	357,500.00	101,665.22
	112,458,658.30	94,303,798.29

As at 30 June 2011, except for the accounts payable due to the parent, PDA, of RMB450,000.00 (2010: Nil), there were no other accounts payable due to shareholders holding 5% or more of the Company's voting shares.

As at 30 June 2011 and 31 December 2010, accounts payable due to related parties are disclosed in Note VI. Related parties and related party transactions.

As at 30 June 2011, the Group has no significant accounts payable with ageing above one year (2010: Nil).

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

27. Advances from customers

	30 June 2011	31 December 2010
Advances for leasing bulk grain vehicle	19,783,293.10	21,900,000.00
Advances for public facilities maintenance	13,198,476.37	14,229,316.63
Advances for transfer of land use rights	—	71,216,772.00
Others	31,630,050.31	22,356,056.15
	64,611,819.78	129,702,144.78

As at 30 June 2011, there were no advances from shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2010: RMB227,917.50).

As at 30 June 2011 and 31 December 2010, advances from related parties are disclosed in Note VI. Related parties and related party transactions.

As at 30 June 2011, the Group had no significant advances from customers with ageing above one year (31 December 2010: Nil).

28. Employee benefits payable

30 June 2011

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	47,741,373.03	225,925,139.43	(234,298,670.99)	39,367,841.47
Staff welfare	—	19,725,212.06	(19,725,212.06)	—
Social insurances	404,369.31	60,354,392.40	(59,710,282.42)	1,048,479.29
Including: Medical insurance	117,909.83	12,975,504.01	(12,804,206.83)	289,207.01
Pension insurance	164,732.31	40,245,932.96	(39,845,388.51)	565,276.76
Unemployment insurance	52,370.16	4,342,586.38	(4,302,336.49)	92,620.05
Work injury insurance	59,110.24	1,356,687.20	(1,336,616.91)	79,180.53
Maternity insurance	10,246.77	1,433,681.85	(1,421,733.68)	22,194.94
Housing funds	6,378,647.00	35,033,727.64	(41,040,456.74)	371,917.90
Monetary housing subsidies	25,055,028.80	—	—	25,055,028.80
Labor union fund and employee education fund	927,773.49	6,219,754.90	(6,328,693.49)	818,834.90
Other allowances	3,170,998.60	51,201,441.81	(45,403,031.40)	8,969,409.01
	83,678,190.23	398,459,668.24	(406,506,347.10)	75,631,511.37

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

28. Employee benefits payable (continued)

31 December 2010

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	33,013,326.75	453,844,329.58	(439,116,283.30)	47,741,373.03
Staff welfare	—	46,413,482.80	(46,413,482.80)	—
Social insurances	407,493.14	115,625,593.10	(115,628,716.93)	404,369.31
Including: Medical insurance	121,293.08	54,007,209.13	(54,010,592.38)	117,909.83
Pension insurance	165,125.22	53,191,403.05	(53,191,795.96)	164,732.31
Unemployment insurance	52,364.44	4,942,618.80	(4,942,613.08)	52,370.16
Work injury insurance	58,356.43	2,072,650.23	(2,071,896.42)	59,110.24
Maternity insurance	10,353.97	1,411,711.89	(1,411,819.09)	10,246.77
Housing funds	248,853.00	74,241,287.79	(68,111,493.79)	6,378,647.00
Monetary housing subsidies	7,310,186.00	18,006,200.80	(261,358.00)	25,055,028.80
Labor union fund and employee education fund	778,987.33	14,660,779.62	(14,511,993.46)	927,773.49
Other allowances	2,813,264.67	163,537,896.42	(163,180,162.49)	3,170,998.60
	44,572,110.89	886,329,570.11	(847,223,490.77)	83,678,190.23

As at 30 June 2011, no defaulted payables were included in the employee benefits payable (31 December 2010: Nil).

29. Taxes payable

	30 June 2011	31 December 2010
VAT	(2,596,101.86)	(1,373,236.63)
Business tax	30,687,695.38	49,109,660.88
CIT	43,673,006.07	41,975,148.20
City maintenance and construction tax	3,758,747.90	2,466,053.94
Education surcharge	2,258,205.17	1,408,235.93
Land appreciation tax	517,282.25	50,924,207.05
Individual income tax	1,769,736.30	5,621,597.42
Others	2,928,292.95	4,782,776.24
	82,996,864.16	154,914,443.03

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

30. Interests payable

	30 June 2011	31 December 2010
Interest on bank loans	8,350,230.25	4,028,285.35
Interest on corporate bonds (Note V.35)	22,908,359.98	63,783,888.91
Interest on entrusted loans	190,555.51	497,777.75
	31,449,145.74	68,309,952.01

31. Dividends payable

	30 June 2011	31 December 2010
美國科利爾貨運有限公司	1,012,331.32	1,012,331.32
Dalian Bonded Zhengtong Company Limited	6,207,904.22	5,779,554.22
PDA	120,437,250.00	—
Dalian Rongda Investment Company Limited	856,700.00	—
Dalian Haitai Holdings Company Limited	428,350.00	—
Dalian Detai Holdings Company Limited	428,350.00	—
H share shareholders	53,130,000.00	—
A share shareholders	38,091,000.00	—
National Social Security Fund Council	7,500,000.00	—
	228,091,885.54	6,791,885.54

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

32. Other payables

	At 30 June 2011	At 31 December 2010
Amount due to PDA	1,201,149,969.50	1,617,171,077.69
Construction payables	592,262,758.73	490,936,365.40
Deposits due to related parties (Note)	459,377,769.34	530,266,467.57
Compensation collected	49,305,592.39	53,756,876.95
Port construction fee collected	31,559,574.80	26,721,618.43
Fare collected	15,048,881.43	18,848,690.48
Rental payables	40,559,250.00	8,119,475.00
Subsidies received	31,613,400.00	5,900,100.00
Others	131,620,172.98	102,330,168.72
	2,552,497,369.17	2,854,050,840.24

Note: Deposits due to related parties represent the demand deposits collected by the finance centre of the Company from PDA and its subsidiaries, jointly-controlled entities and associates which bear the current deposit interest rate and are repayable on demand.

As at 30 June 2011, except for the other payables due to the parent, PDA, of RMB1,201,149,969.50 (31 December 2010: RMB1,617,171,077.69), there were no other accounts payable due to shareholders holding 5% or more of the Company's voting shares.

As at 30 June 2011 and 31 December 2010, other payables due to related parties are disclosed in Note VI. Related parties and related party transactions.

As at 30 June 2011, the Group had no significant other payables with ageing above one year (31 December 2010: Nil).

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

33. Non-current liabilities due within one year

Long-term borrowings due within one year are as follows:

	30 June 2011	31 December 2010
Credit borrowings	40,000,000.00	20,000,000.00
Pledged borrowings	10,000,000.00	—
	50,000,000.00	20,000,000.00

As at 30 June 2011, no expired borrowings were included in the long-term borrowings within one year.

As at 30 June 2011, long-term borrowings due within one year are as follows:

	Starting date	Maturity date	Currency	Interest rate (%)	30 June 2011	31 December 2010
Bank of China, Dalian Dayaowan Branch	2006.12.31	2011.12.31	RMB	5.643	20,000,000.00	20,000,000.00
China Bohai Bank, Dalian Branch	2010.3.31	2012.1.17	RMB	5.490	20,000,000.00	—
Agriculture Bank of China, Dalian Economic Technology Development Area Branch	2010.3.29	2012.3.28	RMB	5.985	10,000,000.00	—
					50,000,000.00	20,000,000.00

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

34. Long-term borrowings

	30 June 2011	31 December 2010
Pledged borrowings	28,200,000.00	28,200,000.00
Guaranteed borrowings	1,587,761,757.04	1,004,763,068.52
Credit borrowings	1,950,000,000.00	1,360,000,000.00
	3,565,961,757.04	2,392,963,068.52

* The long-term borrowings are repayable as follows:

	30 June 2011	31 December 2010
In the second year	936,068,416.48	680,117,724.04
In the third year	306,000,000.00	346,000,000.00
In the fourth year	573,893,340.56	256,000,000.00
In the fifth year	500,000,000.00	560,845,344.48
Beyond five years	1,250,000,000.00	550,000,000.00
	3,565,961,757.04	2,392,963,068.52

As at 30 June 2011, certain of the Group's long-term bank borrowings of RMB28,200,000.00 were secured by certain vessels of the Group with an aggregate carrying amount of RMB56,228,967.25 (31 December 2010: RMB57,395,716.84). The current portion of the above long-term bank borrowings of RMB10,000,000.00 which will fall due in March 2012 has been reclassified as non-current liabilities due within one year.

As at 30 June 2011, certain of the Group's long-term bank borrowings of RMB10,000,000.00 were secured by certain construction in progress and land use rights of the Group with aggregate carrying values of RMB44,684,261.02 (31 December 2010: Nil) and RMB17,133,486.19 (31 December 2010: Nil), respectively.

As at 30 June 2011, certain of the Group's bank loans of RMB737,761,757.04 (31 December 2010: RMB754,763,068.52) were denominated in USD and were secured by a guarantee provided by the Company.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

34. Long-term borrowings (continued)

As at 30 June 2011, the top five long-term borrowings were as follows:

	Starting date	Maturity date	Currency	Interest rate	Balance at 30 June 2011	
					Foreign currency	RMB
China Construction Bank, Dalian Zhongshan Branch	2009.12.9	2017.12.8	RMB	5.526%		1,500,000,000.00
China Construction Bank, Hong Kong Branch	2009.3.1	2012.11.1	USD	LIBOR+1.27%	68,000,000.00	440,068,416.00
China Merchants Bank, Hong Kong Branch	2010.4.21	2015.4.20	USD	LIBOR+1.30%	46,000,000.00	297,693,341.04
Bank of China, Dalian Xigang Branch	2009.7.21	2014.7.20	RMB	5.940%		60,000,000.00
China Bohai Bank, Dalian Branch	2010.1.12	2013.1.7	RMB	5.490%		50,000,000.00
						<u>2,347,761,757.04</u>

As at 31 December 2010, the top five long-term borrowings were as follows:

	Starting date	Maturity date	Currency	Interest rate	Balance at 30 December 2010	
					Foreign currency	RMB
China Construction Bank, Dalian Zhongshan Branch	2009.12.9	2017.12.8	RMB	5.526%		1,500,000,000.00
China Construction Bank, Hong Kong Branch	2009.3.1	2012.3.1	USD	LIBOR+1.27%	68,000,000.00	450,117,724.04
China Merchants Bank, Hong Kong Branch	2010.4.21	2015.4.20	USD	LIBOR+1.30%	46,000,000.00	304,645,344.48
China Bohai Bank, Dalian Branch	2010.1.12	2013.1.7	RMB	5.490%		70,000,000.00
Bank of China, Dalian Dayaowan Branch	2006.4.7	2013.12.31	RMB	5.643%		40,000,000.00
						<u>2,364,763,068.52</u>

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

35. Bonds payable

For the six months ended 30 June 2011

	Opening balance	Increase	Decrease	Closing balance
Medium-term notes	2,481,670,772.08	2,475,752.54	—	2,484,146,524.62
Corporate bonds	—	2,325,052,497.49	—	2,325,052,497.49
	2,481,670,772.08	2,327,528,250.03	—	4,809,199,022.11

31 December 2010

	Opening Balance	Increase	Decrease	Closing balance
Medium-term notes	2,476,729,514.52	4,941,257.56	—	2,481,670,772.08

As at 30 June 2011, bonds payable are listed as follows:

	Date of issuance	Maturity period	Amount issued	Accumulated adjustment in interest	Closing balance	Interests payable at the end of the period
Corporate bonds	2011.5.23	10 years	2,350,000,000.00	(24,947,502.51)	2,325,052,497.49	13,308,082.19
Medium-term note	2009.5.26	5 years	1,500,000,000.00	(9,512,085.23)	1,490,487,914.77	6,400,185.19
Medium-term note	2009.6.1	5 years	1,000,000,000.00	(6,341,390.15)	993,658,609.85	3,200,092.60
			4,850,000,000.00	(40,800,977.89)	4,809,199,022.11	22,908,359.98

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

35. Bonds payable (continued)

As at 31 December 2011, bonds payable are listed as follows:

	Date of issuance	Maturity period	Amount issued	Accumulated adjustment in interest	Closing balance	Interests payable at the end of the year
Medium-term note	2009.5.26	5 years	1,500,000,000.00	(10,997,536.75)	1,489,002,463.25	38,270,333.35
Medium-term note	2009.6.1	5 years	1,000,000,000.00	(7,331,691.17)	992,668,308.83	25,513,555.56
			<u>2,500,000,000.00</u>	<u>(18,329,227.92)</u>	<u>2,481,670,772.08</u>	<u>63,783,888.91</u>

On 23 May 2011, the Company issued corporate bonds in an aggregate principal amount of RMB2,350,000,000.00 with a maturity period of 10 years. The interest rate is fixed and the nominal interest rate of the bond is 5.3% per annum. The relevant issuance cost amounted to RMB25,156,495.00.

On 26 May 2009, the Company issued a medium-term note in an aggregate principal amount of RMB1,500,000,000.00 with a maturity period of five years. The interest rate is fixed and the nominal interest rate of the note is 4.28% per annum. On 1 June 2009, the Company issued a medium-term note in an aggregate principal amount of RMB1,000,000,000.00 with a maturity period of five years. The interest rate is fixed and the nominal interest rate of the note is 4.28% per annum.

Interests payable of the above corporate bonds and medium-term notes have been included in the balance of interests payable.

36. Long-term payables

	30 June 2011	31 December 2010
Issuance costs for medium-term notes	7,941,050.00	11,846,400.00
Less: Long-term payables due within one year	3,905,350.00	3,905,350.00
	<u>4,035,700.00</u>	<u>7,941,050.00</u>

As at 30 June 2011, the balance represents the costs for issuance of the medium-term notes that are payable to a financial institution. The amount is unsecured, interest-free and repayable in the future two years.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

37. Other non-current liabilities

		30 June 2011	31 December 2010
Deferred income		670,829,885.77	688,478,086.57
Including:			
Government grants related to assets:			
Relocation compensation	(1)	645,607,805.78	662,860,397.78
Construction of vessels	(2)	7,226,577.80	7,622,186.60
Government grants related to income:			
Operation subsidy	(3)	17,845,502.19	17,845,502.19
Others		150,000.00	150,000.00
		670,829,885.77	688,478,086.57

- (1) The amount was received in respect of the compensation for the relocation of the terminals. The amount will be recognised in the income statement over the estimated useful lives of the new terminals upon commencement of their operations.
- (2) The amount was received in relation to the subsidy for the construction of vessels. The amount will be recognised in the income statement over the useful lives of the relevant assets.
- (3) The amount was received in respect of the subsidy for the first five years of operation of a subsidiary, Heilongjiang Suimu Logistics Co., Ltd. The amount will be recognised in the income statement over the next five years upon commencement of operation of this subsidiary.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

38. Share capital

30 June 2011

	Opening balance	Movements during the period			Closing balance
		New shares issued	Others	Subtotal	
1. Restricted shares					
(1) State-owned shares	2,567,312,000	—	—	—	2,567,312,000
(2) State-owned legal entity shares	34,268,000	—	—	—	34,268,000
(3) Other domestic shares	342,820,000	—	—	—	342,820,000
Subtotal	2,944,400,000	—	—	—	2,944,400,000
2. Non-restricted shares					
(1) RMB ordinary shares	419,000,000	—	—	—	419,000,000
(2) Shares listed overseas	1,062,600,000	—	—	—	1,062,600,000
Subtotal	1,481,600,000	—	—	—	1,481,600,000
Total	4,426,000,000	—	—	—	4,426,000,000

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

38. Share capital (continued)

31 December 2010

	Opening balance	Movements during the period			Closing balance
		New shares issued	Others	Subtotal	
1. Restricted shares					
(1) State-owned shares	1,826,132,000	738,180,000	3,000,000	74,118,000	2,567,312,000
(2) State-owned legal entity shares	37,268,000	—	(3,000,000)	(3,000,000)	34,268,000
(3) Other domestic shares	—	342,820,000	—	342,820,000	342,820,000
Subtotal	1,863,400,000	1,081,000,000	—	1,081,000,000	2,944,400,000
2. Non-restricted shares					
(1) RMB ordinary shares	—	419,000,000	—	419,000,000	419,000,000
(2) Shares listed overseas	1,062,600,000	—	—	—	1,062,600,000
Subtotal	1,062,600,000	419,000,000	—	419,000,000	1,481,600,000
Total	2,926,000,000	1,500,000,000	—	1,500,000,000	4,426,000,000

Details of movements in the share capital are disclosed in Note I. General information. Furthermore, pursuant to “The Approval Reply in Relation to the Transfer of State-owned Shares of Dalian Port (PDA) Company Limited” (Da Guo Zi Chan Quan [2010] No. 130) (《關於大連港股份有限公司國有股轉持有關問題的批覆》大國資產權[2010]第130號) issued by the Dalian State-owned Assets Supervision and Administration Commission, PDA, Dalian Rongda Investment Company Limited, Dalian Detai Holdings Company Limited, Dalian Haitai Holdings Company Limited and Dalian Bonded Zhengtong Company Limited were required to transfer 146,250,000 shares, 1,500,000 shares, 750,000 shares, 750,000 shares and 750,000 shares to the National Social Security Fund Council.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

39. Capital reserve

For the six months ended 30 June 2011

	Opening balance	Increase	Decrease	Closing balance
Share premium	6,103,901,654.75	—	—	6,103,901,654.75
Others	30,265,850.51	—	(6,534,681.68)	23,731,168.83
	6,134,167,505.26	—	(6,534,681.68)	6,127,632,823.58

The decrease in the capital reserve during the period is due to the followings: (1) change in the fair value of available-for-sale financial assets resulted in the decrease of the capital reserve by RMB4,222,622.16; (2) capital contribution from non-controlling shareholders resulted in the decrease in capital reserve by RMB1,033,843.59; (3) transfer of the recognition of the asset revaluation surplus arising from business combinations achieved in stages in the previous years to retained earnings of RMB1,278,215.93.

For the year ended 31 December 2010

	Opening balance	Increase	Decrease	Closing balance
Share premium	2,344,838,383.49	3,759,063,271.26	—	6,103,901,654.75
Others	2,371,532,851.12	6,223.13	(2,341,273,223.74)	30,265,850.51
	4,716,371,234.61	3,759,069,494.39	(2,341,273,223.74)	6,134,167,505.26

40. Surplus reserve

For the six months ended 30 June 2011

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	346,528,882.64	—	—	346,528,882.64
Reserve fund	353,065.88	—	—	353,065.88
Enterprise expansion fund	620,468.49	—	—	620,468.49
	347,502,417.01	—	—	347,502,417.01

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

40. Surplus reserve (continued)

For the year ended 31 December 2010

	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	289,474,863.52	57,054,019.12	—	346,528,882.64
Reserve fund	353,065.88	—	—	353,065.88
Enterprise expansion fund	620,468.49	—	—	620,468.49
	<u>290,448,397.89</u>	<u>57,054,019.12</u>	<u>—</u>	<u>347,502,417.01</u>

According to the company law and the Company's articles of association, the Company should appropriate 10% of its net profit to the statutory surplus reserve. Where the accumulated amount of surplus reserve reaches 50% or more of the Company's registered capital, the appropriation may not be needed.

After the appropriation to the statutory surplus reserve, the Company may also appropriate its discretionary surplus reserve. upon approval, the discretionary surplus reserve can be used to recover the accumulated losses of the Company or increase the share capital.

41. Retained earnings

	For the six months ended 30 June 2011	For the year ended 31 December 2010
Retained earnings at the beginning of the period/year	1,283,035,481.54	1,587,289,079.30
Profit attributable to the parent	337,726,075.10	813,154,280.39
Less: Appropriation to statutory surplus reserve	—	57,054,019.12
Ordinary shares cash dividends payable (Note)	221,300,000.00	731,500,000.00
Business combination under common control	—	331,050,937.96
Others	(1,278,215.93)	(2,197,078.93)
Retained earnings at the end of the period/year	1,400,739,772.57	1,283,035,481.54

Note: In accordance with the resolution of the annual general meeting dated 24 June 2011, the Company proposed a cash dividend to equity holders of the Company of RMB0.5 per 10 shares (inclusive of applicable tax), based on the number of total issued shares of 4,426,000,000.

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

42. Revenue and cost of sales

Revenue is as follows:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Revenue from the principal operations	1,593,196,052.89	1,480,222,179.92
Revenue from other operations	121,348,569.47	115,745,111.38
	1,714,544,622.36	1,595,967,291.30

Cost of sales is as follows:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Cost of the principal operations	948,355,819.00	784,158,475.89
Cost of other operations	113,145,474.83	120,641,802.44
	1,061,501,293.83	904,800,278.33

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

42. Revenue and cost of sales (continued)

Revenue by segment is as follows:

	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
	Revenue	Cost of sales	Revenue	Cost of sales
Container terminal and logistics services	346,734,965.36	229,372,766.44	204,499,007.10	161,223,100.15
Oil/liquefied chemical terminal and logistics services	390,323,246.51	216,217,988.94	477,598,774.33	179,559,354.68
Automobile terminal and logistics services	—	—	—	—
Passenger and roll-on, roll-off terminal and logistics services	46,201,700.90	26,556,909.54	30,464,636.81	14,696,477.69
Bulk grains terminal and logistics services	157,473,230.52	78,102,971.25	149,625,519.25	76,397,523.28
Ore terminal and logistics services	139,565,247.76	94,675,235.62	122,219,983.14	90,991,076.33
General cargo terminal and logistics services	175,351,741.15	156,110,725.95	154,631,370.93	142,293,885.03
Port value-added services and ancillary port operations	400,927,044.57	243,393,818.20	398,879,922.64	228,786,184.94
Unallocated	57,967,445.59	17,070,877.89	58,048,077.10	10,852,676.23
	1,714,544,622.36	1,061,501,293.83	1,595,967,291.30	904,800,278.33

Revenue from the top five customers for the six months ended 30 June 2011 is as follows:

	Amount	Percentage of revenue (%)
Petro China Dalian Petrochemical Company	103,683,100.11	6.05
West Pacific Petrochemical Company Ltd. Dalian	96,001,791.46	5.60
Petro China International Co., Ltd.	72,068,339.58	4.20
China Ocean Shipping Agency (Dalian) Co., Ltd.	71,135,306.50	4.15
Dalian Port Container Terminal Co., Ltd.	62,750,864.58	3.66
	405,639,402.23	23.66

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

42. Revenue and cost of sales (continued)

Revenue from the top five customers for the six months ended 30 June 2010 is as follows:

	Amount	Percentage of revenue (%)
West Pacific Petrochemical Company Ltd. Dalian	129,361,467.69	8.11
Petro China Dalian Petrochemical Company	127,705,190.16	8.00
Petro China International Co., Ltd.	104,976,455.75	6.58
Dalian Angang International Trade Transportation Agency Co., Ltd.	54,570,874.17	3.42
Dalian Port Container Terminal Co., Ltd.	48,112,162.19	3.01
	464,726,149.96	29.12

Revenue is analysed as follows:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Loading services	695,966,424.63	631,877,074.86
Logistics services	335,637,994.14	334,544,413.66
Storage services	203,724,297.60	161,444,891.58
Port management services	92,911,018.03	108,255,260.08
Leasing services	111,393,091.86	89,352,708.45
Agency services	24,724,316.08	21,771,611.60
Tallying services	28,229,529.38	26,062,908.56
Electric supply services	35,089,331.19	53,966,824.67
Information services	25,872,554.16	27,561,342.17
Others	160,996,065.29	141,130,255.67
	1,714,544,622.36	1,595,967,291.30

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

43. Taxes and surcharges

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Business tax	62,999,552.34	58,030,750.14
City maintenance and construction tax and education surcharge	7,545,748.75	6,222,544.43
Land appreciation tax	745,430.25	—
Others	—	876.73
	71,290,731.34	64,254,171.30

Basis for the provision and payment of taxes and surcharges is disclosed in Note III. Taxation.

44. General and administrative expenses

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Payroll	102,548,437.15	101,510,348.22
Depreciation and amortisation	18,494,307.31	19,096,414.83
Tax expenses	8,796,309.45	6,886,350.86
Entertainment expenses	8,099,224.40	6,164,484.18
Others	37,134,874.92	30,260,277.53
	175,073,153.23	163,917,875.62

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

45. Financial expenses

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Interest expense	189,854,110.77	102,930,294.45
Less: Interest income	26,373,203.38	5,356,320.98
Less: Capitalised interest	120,603,869.79	63,683,568.47
Foreign exchange differences	(6,600,451.69)	(764,572.22)
Others	1,002,085.87	854,082.72
	37,278,671.78	33,979,915.50

The amount of capitalised interest has been included in construction in progress.

46. Gains on changes in fair values

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Financial assets held for trading	1,530,201.65	—
Derivative financial liability	—	28,944.74
	1,530,201.65	28,944.74

47. Investment income

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Dividend income from long-term equity investment under the cost method	875,067.64	699,366.43
Share of profit from long-term equity investment under the equity method	68,190,143.20	54,431,513.38
Dividend income from available-for-sale financial assets	—	415,465.22
Gain on disposal of available-for-sale financial assets	5,457,311.46	7,774,939.28
	74,522,522.30	63,321,284.31

Notes to Financial Statements (continued)

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(Expressed in Renminbi Yuan)

V. Notes to consolidated financial statements (continued)

47. Investment income (continued)

Among the dividend income from long-term equity investment under the cost method, any investee with investment income accounting for more than 5% of the Group's total profit or the top five investees in terms of proportion of its investment income to the Group's total profit is as follows:

Investee	For the six months ended 30 June 2011	For the six months ended 30 June 2010	Reason for changes
大仁輪渡有限公司	875,067.64	699,366.43	Dividend distribution

Among the income from long-term equity investment under the cost method, any investee with investment income accounting for more than 5% of the Group's total profit or the top five investees in terms of proportion of its investment income to the Group's total profit is as follows:

Investees	For the six months ended 30 June 2011	For the six months ended 30 June 2010	Reasons for changes
Dalian Container Terminal Co., Ltd.	28,036,404.56	42,146,742.27	(1)
Dalian Port Container Terminal Co., Ltd.	13,820,346.85	3,379,044.04	Performance fluctuation
Odfjell Terminals (Dalian) Ltd.	8,224,182.51	8,845,538.76	Performance fluctuation
Dalian Automobile Terminal Co., Ltd.	5,812,476.41	1,074,305.36	Performance fluctuation
大連長興島港口有限公司	4,957,922.81	(2,303,777.24)	Performance fluctuation
	60,851,333.14	53,141,853.19	

(1) Dalian Container Terminal Co., Ltd. ("DCT") has been included in the consolidation scope of the Group from 1 April 2011 (Note IV.2).

As at 30 June 2011, there was no significant restriction on the remittance of the Group's investment income.

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

48. Non-operating income

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Gain on disposal of non-current assets	3,284,318.98	31,917,125.58
Including: Gain on disposal of fixed assets	8,390.36	238,109.07
Gain on disposal of intangible assets	3,275,928.62	31,679,016.51
Government grants	22,943,042.18	21,009,536.22
Negative goodwill arising from acquisition of an investment in an associate	2,538,843.74	—
Others	307,570.17	79,657.50
	29,073,775.07	53,006,319.30

Government grants credited to the income statement during the period are as follows:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Recognition of deferred income	17,648,200.80	17,650,200.80
Financial subsidy	3,812,000.00	1,293,700.00
Refund of turnover tax	1,482,841.38	2,065,635.42
	22,943,042.18	21,009,536.22

49. Non-operating expenses

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Loss on disposal of non-current assets	635,290.37	14,010,415.77
Including: Loss on disposal of fixed assets	635,290.37	14,010,415.77
Donations	—	130,000.00
Others	272,441.53	1,360,314.21
	907,731.90	15,500,729.98

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

50. Income tax expenses

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Current income tax expense	117,470,613.03	122,553,542.28
Deferred income tax expense	(15,843,554.48)	5,028,849.16
	101,627,058.55	127,582,391.44

The relationship between income tax expenses and the total profit is as follows:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Total profit	473,619,539.30	529,870,868.92
Income tax expense at the statutory rate (Note)	118,404,884.83	132,467,717.23
Effect of different tax rates applicable to subsidiaries in Mainland China	(1,223,535.76)	(498,211.32)
Effect of different tax rates applicable to subsidiaries outside Mainland China	680,437.10	579,011.01
Adjustments in respect of current income tax of previous years	1,158,736.73	169,743.76
Income not subject to tax	(6,476,397.66)	(5,480,774.18)
Investment income not subject to tax	(15,978,842.02)	(13,782,719.95)
Expenses not deductible for tax	348,462.42	3,436,087.70
Tax losses utilised from previous periods	(626,583.89)	—
Tax losses not recognised	5,339,896.80	10,691,537.19
Tax charged at the Group's effective income tax rate	101,627,058.55	127,582,391.44

Note: The income tax of the Group is calculated based on the estimated taxable profit from Mainland China and the applicable tax rate. Tax arising from the taxable income in other regions is calculated at the applicable tax rates according to existing laws, interpretations and practices of the countries in which the Group operates.

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

51. Basic earnings per share (“EPS”)

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

The calculation of the basic EPS is as follows:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Earnings		
Net profit of the period attributable to ordinary shareholders of the Company	337,726,075.10	387,770,560.22
Shares		
Weighted average number of ordinary shares in issue	4,426,000,000.00	3,664,180,000.00

52. Other comprehensive income

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Fair value changes in available-for-sale financial assets	(4,222,622.16)	(5,017,354.87)
Exchange differences on foreign currency translations	5,770,400.88	1,857,490.44
	1,547,778.72	(3,159,864.43)

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

53. Notes to items in the statement of cash flows

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Cash received from other operating activities:		
Collection of other receivables	7,850,105.58	4,462,402.37
Government grants received	3,812,000.00	16,093,486.50
Bank interest income received	16,763,069.46	5,356,320.98
Others	307,770.48	79,657.50
	28,732,945.52	25,991,867.35
Cash paid for other operating activities:		
Entertainment	8,099,224.40	6,164,484.18
Labor	4,069,878.85	2,611,191.74
Rental	4,945,572.96	4,592,921.32
Insurance	4,264,143.95	3,373,873.98
Fuel	3,709,564.59	2,811,678.47
Office charges	2,590,661.20	2,104,002.81
Utility fees	1,773,826.26	1,476,814.96
Travel	1,861,050.17	1,570,676.11
Repair and maintenance	1,848,347.27	1,760,741.59
Commuting fees	1,384,122.20	1,343,256.26
Communication	808,517.99	1,161,239.46
Bank charges	1,002,085.87	854,082.72
Compensation	272,441.54	—
Others	7,198,942.72	8,944,195.04
	43,828,379.97	38,769,158.64
Cash paid for other financing activities:		
Issuance cost of medium-term notes	3,905,350.00	3,905,350.00
Issuance cost of corporate bonds	1,506,495.00	—
Repayment of an amount due to PDA	416,968,000.00	—
Deposits paid to the related companies	70,888,698.23	—
	493,268,543.23	3,905,350.00

Notes to Financial Statements (continued)

30 June 2011
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V. Notes to consolidated financial statements (continued)

54. Supplementary information to the consolidated statement of cash flows

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

Reconciliation from net profit to cash flows from operating activities:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Net profit	371,992,480.75	402,288,477.48
Add: Depreciation of fixed assets	281,019,352.21	243,504,761.96
Amortisation of intangible assets	15,599,141.21	12,010,519.06
Depreciation of investment properties	9,495,913.53	10,689,419.82
Amortisation of long-term prepaid expenses	1,262,313.07	1,277,782.28
Recognition of deferred income	(17,648,200.80)	(17,650,200.80)
Negative goodwill arising from acquisition of an long-term equity investment in an associate	(2,538,843.74)	—
Gain on disposal of fixed assets, intangible assets and other long-term assets	(2,649,028.61)	(17,906,709.81)
Financial expenses	59,480,387.33	34,367,587.80
Interest income on entrusted loans	(1,409,402.40)	(2,773,535.49)
Investment income	(74,522,522.30)	(63,321,284.31)
Gains on changes in fair values	(1,530,201.65)	(28,944.74)
Decrease/(increase) in deferred tax assets	(15,125,795.90)	5,746,607.72
Decrease in deferred tax liabilities	(717,758.58)	(717,758.57)
Increase in inventories	(24,313,583.92)	(12,852,658.22)
Increase in operating receivables	(107,466,959.88)	(51,263,101.81)
Increase/(decrease) in operating payables	(61,166,244.60)	39,084,702.88
	429,761,045.72	582,455,665.25
Net cash flows from operating activities	429,761,045.72	582,455,665.25

Notes to Financial Statements (continued)

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V. Notes to consolidated financial statements (continued)

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

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

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Net increase in cash and cash equivalents:		
Cash at the end of the period/year	4,886,997,881.57	1,385,143,631.61
Less: Cash at the beginning of the period/year	3,257,584,874.53	1,260,269,509.32
Net increase in cash and cash equivalents	1,629,413,007.04	124,874,122.29

(2) Acquisition of subsidiaries

Detailed information for the acquisition of subsidiaries is as follows:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Consideration of the acquisition	217,580,000.00	—
Cash paid for the acquisition	80,110,000.00	—
Less: Cash in the subsidiaries acquired	94,656,796.94	—
Net cash received from the acquisition	(14,546,796.94)	—

(3) Cash and cash equivalents

	30 June 2011	31 December 2010
Cash		
Including: Cash on hand	659,980.49	94,970.27
Cash at banks that can be readily drawn on demand	4,597,471,477.43	3,168,746,419.99
Other cash and cash equivalents that can be readily drawn on demand	288,866,423.65	88,743,484.27
Cash and cash equivalents at the end of the period/year	4,886,997,881.57	3,257,584,874.53

Notes to Financial Statements (continued)

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VI. Related parties and related party transactions

1. Parent

	Type of the company	Place of registration	Legal representative	Type of business	Registered capital RMB	Percentage of shareholding (%)	Percentage of voting rights (%)	Code of organisation
PDA	State-owned	Dalian	Xing Liangzhong	Port business	4 billion	54.42%	54.42%	11842055-3

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

During the period, there was no change in the registered capital of the parent.

2. Subsidiaries

The general information of subsidiaries is set out in Note IV. Consolidation scope of the consolidated financial statements.

3. Jointly-controlled entities and associates

The general information of the jointly-controlled entities and associates is set out in Note V.12.

4. Other related parties

	Related party relationship	Code of organisation
大連港勞務公司	Subsidiary of the parent	11841131-5
大連港保安服務公司	Subsidiary of the parent	24236458-7
大連港置地有限公司	Subsidiary of the parent	71135122-9
大連港貨運中心	Subsidiary of the parent	11843694-2
大連經濟技術開發區海灣貨運公司	Subsidiary of the parent	11837238-7
大連海港大廈	Subsidiary of the parent	24168740-5
大連港燃氣汽車運輸隊	Subsidiary of the parent	74090724-9
大連港鯉魚灣渡假村	Subsidiary of the parent	24237442-7
大連港船舶代理有限公司	Subsidiary of the parent	24239355-6
大連保稅區永德信房地產開發建設有限公司	Subsidiary of the parent	75156903-8
大連港萬通物流有限公司	Subsidiary of the parent	11837932-7
大連宏譽大廈有限公司	Subsidiary of the parent	60480207-1
大連市優秀專家協會糖尿病醫院	Subsidiary of the parent	42242938-4
大連迅捷機械服務有限公司	Subsidiary of the parent	60485938-5
大連港機械有限公司	Subsidiary of the parent	11841433X
大連港東旺汽車修配廠	Subsidiary of the parent	24166772X
大連萬通榮海船務有限公司	Subsidiary of the parent	79202273-3
葫蘆島綏中煤炭碼頭有限公司	Subsidiary of the parent	69617352-3

Notes to Financial Statements (continued)

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VI. Related parties and related party transactions (continued)

4. Other related parties (continued)

	Related party relationship	Code of organisation
英瑞控股有限公司	Subsidiary of the parent	74788882-9
大連港集團(錦州)遼西港口投資開發有限公司	Subsidiary of the parent	55259470-8
瓦房店太平灣港有限公司	Subsidiary of the parent	55499914-3
大連創意產業項目發展有限公司	Subsidiary of the parent	669211897
丹東海洋紅港口投資開發有限公司	Subsidiary of the parent	56462822-3
大連港城家園房地產開發有限公司	Subsidiary of the parent	56551965-1
莊河北黃海港口投資開發有限公司	Subsidiary of the parent	56552286-9
大連港灣發展有限公司	Jointly-controlled entity of the parent	71135175-5
大連經濟技術開發區灣港儲運公司	Jointly-controlled entity of the parent	11838593-8
大連長興島港口投資發展有限公司	Jointly-controlled entity of the parent	69140687-7
大連海通房地產有限公司	Associate of the parent	29201038-8
大連中油船用燃料運銷有限責任公司	Associate of the parent	74788099-0
大連金龍海珍品開發公司	Associate of the parent	11865792-1
Dalian Wanpeng Infrastructure Co., Ltd.	Associate of the parent	75991518-5
Dalian Port Machinery and Electric Co., Ltd.	Associate of the parent	24183221-1
大連交通國際旅行社有限公司	Associate of the parent	11842811-7
大連救生筏檢驗有限公司	Associate of the parent	24107508-9
大連水產品交易市場有限公司	Associate of the parent	9691219-4
大連港房地產開發建設集團有限公司	Associate of the parent	24123742-5
大通證券股份有限公司	Associate of the parent	42242513X
大連龍港船務有限公司	Associate of the parent	24167860-5
Dalian Port Construction Engineering Co., Ltd.	Associate of the parent	11843148X
Dalian Port Design & Research Institute Co., Ltd.	Associate of the parent	E5761614X
大連港日興鍋爐安裝有限公司	Associate of the parent	24168462-6
大連港日興實業有限公司	Associate of the parent	73640284-6
大連港日興實業有限公司新港加油站	Associate of the parent	75990360-0
大連港日興物業管理有限公司	Associate of the parent	66110288-0
大連港日興園林綠化工程有限公司	Associate of the parent	75158191-8
Dalian Port New Harbour Construction Engineering Co., Ltd.	Associate of the parent	11868471-9
大連港實業綠化工程有限公司	Associate of the parent	67405219-X
大連港實業有限公司	Associate of the parent	24124937-6
大連港物業管理有限公司	Associate of the parent	24238883-7
大連宇翔工程船舶有限公司	Associate of the parent	75993540-X
大連港地產集團有限公司	Associate of the parent	24123742-5

Notes to Financial Statements (continued)

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VI. Related parties and related party transactions (continued)

5. Major transactions with related parties

(1) Sales or purchase of goods, and rendering of or receiving services

	Type of goods or services	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
		Amount	Percentage (%)	Amount	Percentage (%)
Purchases of goods and services					
<u>Transactions with the parent</u>					
PDA	Comprehensive services	1,761,825.56	7.29	6,479,558.75	29.14
<u>Transactions with jointly-controlled entities and associates</u>					
大連港通利船務代理有限公司	Labor services	1,718,170.06	7.11	1,644,410.00	7.40
Dalian Container Terminal Co., Ltd.		—	—	286,237.56	1.29
Dalian Dagang China Shipping Container Terminal Co., Ltd.		—	—	4,205.04	0.02
Dalian Wanpeng Infrastructure Co., Ltd.	Comprehensive services	370,159.00	1.53	—	—
		2,088,329.06	8.64	1,934,852.60	8.71
<u>Transactions with other related parties</u>					
大連救生筏檢驗有限公司	Maintenance services	28,862.00	0.12	28,764.00	0.13
大連交通國際旅行社有限公司	Comprehensive services	4,580.00	0.02	292,960.04	1.32
大連中油船用燃料運銷有限責任公司		—	—	83,445.00	0.38
大連港實業綠化工程有限公司	Comprehensive services	64,937.00	0.27	87,937.00	0.40
大連宏譽大廈有限公司	Property management	728,216.15	3.02	20,805.00	0.09
大連港機械有限公司	Construction and labor services	6,324,136.10	26.19	2,482,390.45	11.16
大連港日興實業有限公司		—	—	7,383,754.35	33.21
大連港實業有限公司	Comprehensive services	11,561,384.36	47.86	2,062,248.78	9.27
Dalian Port Construction Engineering Co., Ltd.	Maintenance services	403,772.47	1.67	179,716.20	0.81

Notes to Financial Statements (continued)

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VI. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(1) Sales or purchase of goods, and rendering of or receiving services (continued)

	Type of goods or services	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
		Amount	Percentage (%)	Amount	Percentage (%)
Purchases of goods and services (continued)					
<u>Transactions with other related parties (continued)</u>					
大連港東旺汽車修配廠	Maintenance services	79,608.55	0.33	74,173.50	0.33
大連港保安服務公司	Security services	723,420.00	3.00	927,549.00	4.17
大連港萬通物流有限公司		—	—	152,110.00	0.68
大連海港大廈		—	—	44,319.30	0.20
大連港日興鍋爐安裝有限公司	Maintenance services	300,000.00	1.24	—	—
大連港物業管理有限公司	Comprehensive services	83,326.00	0.35	—	—
		20,302,242.63	84.07	13,820,172.62	62.15
		24,152,397.25	100.00	22,234,583.97	100.00

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

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VI. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(1) Sales or purchase of goods, and rendering of or receiving services (continued)

	Type of goods or services	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
		Amount	Percentage (%)	Amount	Percentage (%)
Sales of goods and rendering of services					
<u>Transactions with the parent</u>					
PDA	Comprehensive services	7,931,149.15	11.09	6,832,634.24	11.59
<u>Transactions with jointly-controlled entities and associates</u>					
Dalian Port Container Terminal Co., Ltd. 太倉興港拖輪有限公司	Comprehensive services Transportation services	15,983,042.14	22.34	6,917,162.19	11.73
Dalian International Container Terminal Co., Ltd.	Comprehensive services	4,980,000.00	6.96	4,867,333.00	8.26
Dalian Singamas International Container Co., Ltd.	Comprehensive services	11,201,178.84	15.66	10,436,941.78	17.71
China Unite Northeast Rail Containers Co., Ltd.	Comprehensive services	300,988.36	0.42	575,364.96	0.98
Dalian Shunda Logistic Services Corporation	Comprehensive services	170,000.00	0.24	170,000.00	0.29
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Comprehensive services	252,149.60	0.35	243,499.67	0.41
Dalian Automobile Terminal Co., Ltd.	Comprehensive services	998,551.48	1.40	430,812.33	0.73
Dalian Jilong Logistics Co., Ltd.	Comprehensive services	2,332,196.57	3.26	649,572.64	1.10
Dalian Prologis-Jifa Logistics Development Co., Ltd.	Communication services	69,999.98	0.10	121,648.95	0.21
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	Communication services	606,985.46	0.85	1,137,460.94	1.93
Dalian Container Terminal Co., Ltd.	Comprehensive services	272,522.17	0.38	14,538.44	0.02
Odfjell Terminals (Dalian) Ltd.	Comprehensive services	3,807,573.85	5.32	9,848,288.50	16.73
		1,280,547.23	1.79	1,307,132.71	2.22

Notes to Financial Statements (continued)

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VI. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(1) Sales or purchase of goods, and rendering of or receiving services (continued)

	Type of goods or services	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
		Amount	Percentage (%)	Amount	Percentage (%)
Sales of goods and rendering of services (continued)					
<u>Transactions with jointly-controlled entities and associates (continued)</u>					
Dalian Yidu Jifa Cold Logistics Co., Ltd.	Comprehensive services	488,118.21	0.68	260,768.00	0.44
Liaoning Con-Rail International Logistics Co., Ltd.	Comprehensive services	421,093.02	0.59	174,811.96	0.30
Dalian China Oil Dock Management Co., Ltd.	Comprehensive services	7,710,177.04	10.78	4,457,073.45	7.56
Dalian United International Shipping Agency	Comprehensive services	307,920.00	0.43	367,410.00	0.62
China United Tally Co., Ltd. Dalian	Information services	388,218.48	0.54	333,052.50	0.57
Dalian Changxing Island Port Co., Ltd.	Comprehensive services	257,614.53	0.36	2,597,545.64	4.41
Dalian Port Petro China International Terminal Co., Ltd.	Comprehensive services	195,845.80	0.27	30,000.00	0.05
Dalian Assembling Transportation Logistics Co., Ltd.	Comprehensive services	1,014,551.92	1.42	540,000.00	0.92
Liaoning Electronic Port Co., Ltd.	Comprehensive services	4,347,088.53	6.08	300,000.00	0.51
Petro China Dalian LNG Co., Ltd.	Sales of software	390,051.27	0.55	—	—
Dalian Vanguard International Logistics Co., Ltd.	Construction services	3,085,731.34	4.31	—	—
Dalian North Petroleum Logistics Co., Ltd.	Construction services	1,250,000.00	1.75	—	—
		62,112,145.82	86.83	45,780,417.66	77.70

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(1) Sales or purchase of goods, and rendering of or receiving services (continued)

	Type of goods or services	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
		Amount	Percentage (%)	Amount	Percentage (%)
Sales of goods and rendering of services (continued)					
<u>Transactions with other related parties</u>					
大連港貨運中心		—	—	26,712.00	0.05
大連海港大廈	Telecommunication services	13,857.64	0.02	603,647.40	1.02
大連港萬通物流有限公司	Telecommunication services and labor services	79,912.00	0.11	562.27	—
大連港實業有限公司	Telecommunication services	251,459.94	0.35	1,372,663.90	2.33
大連港物業管理有限公司	Telecommunication services	7,170.00	0.01	114,342.65	0.19
Dalian Port Design & Research Institute Co., Ltd.	Telecommunication services	7,303.20	0.01	7,264.96	0.01
大連港日興園林綠化工程有限公司	Telecommunication services	—	—	37,641.89	0.06
大連宏譽大廈有限公司	Telecommunication services	786.60	—	661,967.49	1.12
大連保稅區永德信房地產開發建設有限公司	Telecommunication services	398,724.12	0.56	739,303.00	1.25
大連港日興實業有限公司		—	—	73,380.42	0.12
Dalian Port Construction Engineering Co., Ltd.	Telecommunication services	514,283.88	0.72	878,091.08	1.49
Dalian Port Machinery Co., Ltd.	Telecommunication services	13,930.00	0.02	207,371.00	0.35
Dalian Port New Harbour Construction Engineering Co., Ltd.	Telecommunication services	2,630.00	—	36,283.19	0.06
大連港日興鍋爐安裝有限公司	Telecommunication services	2,930.00	—	36,443.19	0.06
大連港實業綠化工程有限公司	Telecommunication services	3,460.00	—	4,617.87	0.01
大連港保安服務公司	Telecommunication services	3,092.60	—	6,142.00	0.01
大連水產品交易市場有限公司	Telecommunication services	18,325.00	0.03	1,445,260.60	2.45
大通證券股份有限公司		—	—	12,000.00	0.02
Dalian Port Machinery and Electric Co., Ltd.	Construction supervision services	84,250.00	0.12	53,529.66	0.09

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(1) Sales or purchase of goods, and rendering of or receiving services (continued)

	Type of goods or services	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
		Amount	Percentage (%)	Amount	Percentage (%)
Sales of goods and rendering of services (continued)					
<u>Transactions with other related parties (continued)</u>					
大連長興島港口投資發展有限公司		—	—	14,615.39	0.02
大連港萬鵬基礎工程 有限公司	Construction supervision services	69,638.62	0.10	—	—
大連創意產業項目發展 有限公司	Telecommunication services	18,608.50	0.03	—	—
		1,490,362.10	2.08	6,331,839.96	10.71
		71,533,657.07	100.00	58,944,891.86	100.00

The sales of goods and rendering of services to related parties have been conducted in accordance with the terms/ agreements mutually agreed between the parties.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(2) Leases

	Type of assets leased	Rental income for the six months ended 30 June 2011	Rental income for the six months ended 30 June 2010
Operating lease of assets to related parties			
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Storage facilities	901,706.85	879,768.00
Dalian Port Container Terminal Co., Ltd.	Berths	41,195,000.00	41,195,000.00
Dalian Jilong Logistics Co., Ltd.	Storage facilities	1,913,239.98	1,913,239.98
Dalian China Oil Dock Management Co., Ltd.	Berths and facilities	25,195,280.14	23,403,926.67
Liaoning Con-Rail International Logistics Co., Ltd.	Towing trucks	150,000.00	413,683.62
Dalian Container Terminal Co., Ltd.	Berths	5,296,337.59	11,996,445.68
Dalian Assembling Transportation Logistics Co., Ltd.	Buildings	368,000.00	368,000.00
Dalian Prologis-Jifa Logistics Development Co., Ltd.	Buildings	390,051.27	61,440.00
		75,409,615.83	80,231,503.95

	Type of assets leased	Rental expense for the six months ended 30 June 2011	Rental expense for the six months ended 30 June 2010
Operating lease of assets to related parties			
Dalian Port Container Terminal Co., Ltd.	Storage facilities	1,969,646.34	4,827,993.84
大連保稅區永德信房地產開發建設有限公司	Buildings	1,209,199.77	1,780,301.72
Dalian International Container Terminal Co., Ltd.	Buildings	724,920.00	1,533,231.52
大連宏譽大廈有限公司	Buildings	27,228.00	516,528.84
大連海港大廈	Buildings	771,607.50	342,423.00
Dalian Port Petro China International Terminal Co., Ltd.	Berths	28,960,000.00	—
大連港機械有限公司	Buildings	55,800.00	—
Dalian Port Container Terminal Co., Ltd.	Storage facilities	1,709,698.00	1,150,002.00
PDA	Buildings and land	9,739,382.13	1,824,124.00
大連長興島港口有限公司	Buildings	114,200.00	25,200.00
		45,281,681.74	11,999,804.92

The rental of assets leased to or from the related parties has been determined in accordance with the terms/ agreements mutually agreed between the parties.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(3) Guarantees

Guarantees received from a related party

For the six months ended 30 June 2011

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
PDA	600,000,000.00	12 April 2011	11 April 2012	No
PDA	250,000,000.00	29 November 2010	23 November 2011	No
PDA	2,350,000,000.00	23 May 2011	22 May 2012	No

The above guarantees were received from the related party without any charges.

Guarantees provided to related parties

For the six months ended 30 June 2011

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
China Unite Northeast Rail Containers Co., Ltd.	116,000,000.00	31 July 2009	31 July 2017	No

For the six months ended 30 June 2010

	Guaranteed amount	Commencement date	Termination date	Fully performed or not
Dalian Petro China International Warehousing and Transportation Co., Ltd.	74,284,000.00	23 March 2009	23 March 2010	Yes
Dalian Petro China International Warehousing and Transportation Co., Ltd.	46,900,000.00	11 December 2009	11 December 2010	No
China Unite Northeast Rail Containers Co., Ltd.	116,000,000.00	31 July 2009	31 July 2017	No

The above guarantees received from or provided to related parties were without any charges.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(4) Loans or borrowings

Borrowings from related parties

For the six months ended 30 June 2010

	Amount	Interest rate	Starting date	Maturity date
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	2,000,000.00	4%	14 May 2010	13 August 2010

Interest expenses paid

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Dalian Assembling Transportation Logistics Co., Ltd.	535,555.19	228,888.55
Shenyang Prologis-Jifa Logistic Development Co., Ltd.	—	144,606.67
	535,555.19	373,495.22

The borrowings from related parties bear interest rates mutually agreed between the parties by reference to the upper limit of the interest rate for the same type of bank loans as stipulated by the People's of Bank of China.

Loans to related parties

For the six months ended 30 June 2011

	Amount	Interest rate	Starting date	Maturity date
China Unite Northeast Rail Containers Co., Ltd.	16,000,000.00	4.815%	14 January 2011	13 July 2012
Liaoning Con-Rail International Logistics Co., Ltd.	1,755,000.00	6.31%	21 April 2011	20 April 2012
Liaoning Con-Rail International Logistics Co., Ltd.	1,075,000.00	6.31%	28 June 2011	27 June 2012
Liaoning Con-Rail International Logistics Co., Ltd.	5,610,000.00	5.265%	19 January 2011	18 January 2013
SINOECL Auto Liners Limited	3,398,030.25	HIBOR+2%	21 January 2011	2 December 2013

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(4) Loans or borrowings (continued)

Loans to related parties (continued)

For the six months ended 30 June 2010

	Amount	Interest rate	Starting date	Maturity date
Dalian Port Container Terminal Co., Ltd.	55,000,000.00	4.779%	31 March 2010	31 March 2011

Interest income received

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Dalian Automobile Terminal Co., Ltd.	—	433,638.99
Dalian Harbour ECL Logistics Co., Ltd.	—	16,744.70
SINOECL Auto Liners, Limited	127,560.63	70,994.64
Jadeway Limited	173,715.85	168,100.16
Dalian International Container Terminal Co., Ltd.	503,786.25	671,715.00
China Unite Northeast Rail Containers Co., Ltd.	359,520.00	—
Liaoning Con-Rail International Logistics Co., Ltd.	233,735.40	—
Dalian Vanguard International Logistics Co., Ltd.	312,360.75	—
	1,710,678.88	1,361,193.49

The loans to related parties bear interest rates mutually agreed between the parties by reference to the upper limit of the interest rate for the same type of bank loans as stipulated by the People's Bank of China.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(5) Acquisition or transfer of assets

	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Acquisition of assets from:				
PDA	22,082,220.00	11.86	—	—
Dalian Port Machinery and Electronic Co., Ltd.	41,515,627.25	22.29	4,590,631.80	10.46
Dalian Port Construction Engineering Co., Ltd.	80,741,956.55	43.36	33,184,670.10	75.59
Dalian Port Machinery Co., Ltd.	2,720,000.00	1.46	350,000.00	0.80
Dalian Port New Harbour Construction Engineering Co., Ltd.	1,658,703.88	0.89	3,518,505.00	8.01
大連港日興鍋爐安裝工程公司	26,280,093.00	14.11	300,450.86	0.68
大連宏譽大廈有限公司	—	—	291,840.00	0.66
Dalian Port Design & Research Institute Co., Ltd	782,700.00	0.42	295,000.00	0.67
大連港日興園林綠化 工程有限公司	—	—	1,350,000.00	3.08
大連港萬鵬基礎工程有限公司	10,452,553.03	5.61	21,000.00	0.05
	186,233,853.71	100.00	43,902,097.76	100.00

The prices of the acquisition of assets from related parties are in accordance with the terms/agreements mutually agreed between the parties.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

5. Major transactions with related parties (continued)

(5) Acquisition or transfer of assets (continued)

	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Transfer of assets to:				
Dalian North Petroleum Logistics Co., Ltd.	84,662,820.00	100.00	—	—
PDA	—	—	25,721,483.00	100.00
	84,662,820.00	100.00	25,721,483.00	100.00

The prices of the transfer of assets to related parties are in accordance with the terms/agreements mutually agreed between the parties.

(6) Joint investment

On 21 June 2011, the Group entered into an investment agreement with PDA for the establishment of Dalian Port Corporation Finance Company Limited ("DPCF"). The Group injected capital of RMB200 million holding 40% of equity interest of DPCF. PDA injected capital of RMB300 million holding 60% of equity interest of DPCF.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

6. Amounts due from related parties

	30 June 2011		31 December 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable:				
<u>Amounts due from</u>				
<u>jointly-controlled entities</u>				
Dalian International Container Terminal Co., Ltd.	6,711,846.63	23.42	6,859,657.19	30.66
Dalian Vanguard International Logistics Co., Ltd.	3,862,715.34	13.48	3,576,984.00	15.98
Dalian Container Terminal Co., Ltd.	—	—	2,948,400.02	13.17
Dalian China Oil Dock Management Co., Ltd.	3,722,213.62	12.99	2,453,075.92	10.96
Dalian Port Container Terminal Co., Ltd.	8,416,743.40	29.38	2,128,156.20	9.51
Liaoning Con-Rail International Logistics Co., Ltd.	213,100.00	0.74	1,016,713.15	4.54
Dalian Jilong Logistics Co., Ltd.	232,479.00	0.81	232,479.00	1.04
Odfjell Terminals (Dalian) Ltd.	58,574.00	0.20	23,119.00	0.10
Dalian Automobile Terminal Co., Ltd.	207,452.00	0.72	198,544.00	0.89
China Unite Northeast Rail Containers Co., Ltd.	62,000.00	0.22	103,011.00	0.46
Dalian Dagang China Shipping Container Terminal Co., Ltd.	135,537.80	0.47	61,969.00	0.28
Dalian Shunda Logistics Services Corporation	36,344.00	0.13	34,500.00	0.15
Dalian United International Shipping Agency	1,593,581.00	5.56	18,716.00	0.08
Dalian Singamas International Container Co., Ltd.	75,552.50	0.26	15,697.00	0.07
Dalian Assembling Transportation Logistics Co., Ltd.	170,000.00	0.59	—	—
Dalian Yidu Jifa Cold Logistics Co., Ltd.	73,333.00	0.26	—	—
	25,571,472.29	89.23	19,671,021.48	87.89

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

6. Amounts due from related parties (continued)

	30 June 2011		31 December 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable (continued):				
<u>Amounts due from associates</u>				
Dalian Changxing Island Port Co., Ltd.	985,691.12	3.44	1,317,765.12	5.89
Shenyang Prologis-Jifa Logistics Development Co., Ltd.	647,438.01	2.26	413,475.18	1.85
Dalian Prologis-Jifa Logistics Development Co., Ltd.	368,307.06	1.29	162,954.04	0.73
	2,001,436.19	6.99	1,894,194.34	8.47
<u>Amount due from the parent</u>				
PDA	528,550.00	1.84	—	—
<u>Amounts due from other related parties</u>				
大連創意產業項目發展有限公司	557,397.00	1.94	557,397.00	2.49
Dalian Port Machinery and Electric Co., Ltd.	—	—	258,093.50	1.15
	557,397.00	1.94	815,490.50	3.64
	28,658,855.48	100.00	22,380,706.32	100.00
Notes receivable:				
<u>Amount due from an associate</u>				
Petro China Dalian LNG Co., Ltd.	—	—	250,000.00	100.00

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

6. Amounts due from related parties (continued)

	30 June 2011		31 December 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables:				
<u>Amounts due from</u>				
<u>jointly-controlled entities</u>				
Dalian International Container Terminal Co., Ltd.	3,400,498.94	11.02	1,878,093.75	9.96
Dalian Vanguard International Logistics Co., Ltd.	188,895.18	0.61	888,895.18	4.71
Dalian Container Terminal Co., Ltd.	—	—	653,396.88	3.46
Dalian Port Petro China International Terminal Co., Ltd.	493,322.00	1.60	2,642,826.00	14.01
Dalian China Oil Dock Management Co., Ltd.	994,290.30	3.22	427,996.05	2.27
Dalian Port Container Terminal Co., Ltd.	5,385,952.90	17.45	567,435.00	3.01
Dalian Yidu Jifa Cold Logistics Co., Ltd.	2,001,920.00	6.49	2,000,000.00	10.60
Liaoning Con-Rail International Logistics Co., Ltd.	204,006.89	0.66	89,690.05	0.48
Dalian Jilong Logistics Co., Ltd.	20,000.00	0.06	20,000.00	0.11
Odfjell Terminals (Dalian) Ltd.	388,188.81	1.26	198,156.48	1.05
Dalian Automobile Terminal Co., Ltd.	530,677.61	1.72	20,561.80	0.11
Dalian Dagang China Shipping Container Terminal Co., Ltd	119,732.11	0.39	18,816.27	0.10
Dalian Assembling Transportation Logistics Co., Ltd.	3,498.00	0.01	3,802.00	0.02
Dalian United International Shipping Agency	256,040.00	0.83	—	—
Dalian Shunda Logistic Services Corporation	12,912.00	0.04	—	—
	13,999,934.74	45.36	9,409,669.46	49.89

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

6. Amounts due from related parties (continued)

	30 June 2011		31 December 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables (continued):				
<u>Amounts due from associates</u>				
Dalian Changxing Island Port Co., Ltd.	1,912,240.64	6.20	1,912,240.64	10.14
Dalian North Petroleum Logistics Co., Ltd.	8,403,780.00	27.23	—	—
Petro China Dalian LNG Co., Ltd.	134,272.00	0.44	—	—
	10,450,292.64	33.87	1,912,240.64	10.14
<u>Amount due from the parent</u>				
PDA	4,102,495.65	13.29	3,258,697.65	17.28
<u>Amounts due from other related parties</u>				
Dalian Port Construction Engineering Co., Ltd.	383,032.84	1.24	2,198,050.45	11.64
大連經濟技術開發區灣港儲運公司	1,775,234.86	5.75	1,670,890.88	8.86
大連創意產業項目發展有限公司	—	—	300,000.00	1.59
Dalian Port Machinery and Electric Co., Ltd.	—	—	12,200.00	0.06
Dalian Port New Harbour Construction Engineering Co., Ltd.	40,577.00	0.13	40,577.00	0.22
大連保稅區永德信房地產開發建設有限公司	33,125.00	0.11	33,125.00	0.18
大連宏譽大廈有限公司	18,614.00	0.06	18,614.00	0.10
大連海港大廈	—	—	3,720.00	0.02
大連交通國際旅行社有限公司	2,668.01	0.01	3,510.91	0.02
大連港日興實業有限公司	—	—	—	—
新港加油站	—	—	126.00	—
大連港實業有限公司	52,787.23	0.17	—	—
大通證券股份有限公司	3,000.00	0.01	—	—
	2,309,038.94	7.48	4,280,814.24	22.69
	30,861,761.97	100.00	18,861,421.99	100.00

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

6. Amounts due from related parties (continued)

	30 June 2011		31 December 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Prepayments:				
<u>Amount prepaid to a jointly-controlled entity</u>				
Dalian Container Terminal Co., Ltd.	—	—	3,360.00	100.00
<u>Amount prepaid to the parent</u>				
PDA	1,814,000.00	99.93	—	—
<u>Amount prepaid to other related party</u>				
大連港實業有限公司	1,250.00	0.07	—	—
	1,815,250.00	100.00	3,360.00	100.00
Interests receivable:				
<u>Amounts due from jointly-controlled entities</u>				
Dalian International Container Terminal Co., Ltd.	—	—	80,313.75	80.88
Dalian Vanguard International Logistics Co., Ltd.	17,257.50	36.83	18,983.25	19.12
China Unite Northeast Rail Containers Co., Ltd.	21,400.00	45.67	—	—
Liaoning Con-Rail International Logistics Co., Ltd.	8,204.64	17.50	—	—
	46,862.14	100.00	99,297.00	100.00

Notes to Financial Statements (continued)

30 June 2011
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VI. Related parties and related party transactions (continued)

6. Amounts due from related parties (continued)

	Note	30 June 2011		31 December 2010	
		Amount	Percentage (%)	Amount	Percentage (%)
Other current assets:	Note V.10				
<u>Amounts due from jointly-controlled entities</u>					
Dalian International Container Terminal Co., Ltd.		—	—	55,000,000.00	80.88
Dalian Vanguard International Logistics Co., Ltd.		13,000,000.00	61.99	13,000,000.00	19.12
Liaoning Con-Rail International Logistics Co., Ltd.		2,830,000.00	13.50	—	—
		15,830,000.00	75.49	68,000,000.00	100.00
<u>Amount due from an associate</u>					
SINOECL Auto Liners, Limited		5,139,565.58	24.51	—	—
		20,969,565.58	100.00	68,000,000.00	100.00
Other non-current assets:	Note V.22				
<u>Amounts due from jointly-controlled entities</u>					
China Unite Northeast Rail Containers Co., Ltd.		16,000,000.00	35.47	—	—
Liaoning Con-Rail International Logistics Co., Ltd.		5,610,000.00	12.44	—	—
		21,610,000.00	47.91	—	—
<u>Amounts due from associates</u>					
Jadeway Limited		18,316,535.93	40.60	18,563,883.60	72.54
SINOECL Auto Liners, Limited		5,182,085.80	11.49	7,027,078.00	27.46
		23,498,621.73	52.09	25,590,961.60	100.00
		45,108,621.73	100.00	25,590,961.60	100.00

Except for amounts due from related parties included in other current and non-current assets, amounts due from related parties are unsecured, interest-free and have no fixed repayment terms.

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30 June 2011
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VI. Related parties and related party transactions (continued)

7. Amounts due to related parties

	30 June 2011		31 December 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Other payables:				
<u>Amounts due to jointly-controlled entities</u>				
Dalian International Container Terminal Co., Ltd.	231,581.00	0.02	2,736,155.00	0.16
Dalian Dagang China Shipping Container Terminal Co., Ltd.	20,000.00	—	20,000.00	—
Dalian Yidu Jifa Cold Logistics Co., Ltd.	20,000.00	—	20,000.00	—
Dalian Automobile Terminal Co., Ltd.	217,289.65	0.02	444,495.48	0.03
Odfjell Terminals (Dalian) Ltd.	—	—	1,591,000.00	0.09
Dalian Port Container Terminal Co., Ltd.	673,216.00	0.05	1,456,047.00	0.08
Dalian Singamas International Container Co., Ltd.	20,700.00	—	20,000.00	—
Dalian Container Terminal Co., Ltd.	—	—	2,181,653.50	0.12
Dalian United International Shipping Agency	10,800.00	—	—	—
	1,193,586.65	0.09	8,469,350.98	0.48
<u>Amount due to the parent</u>				
PDA	1,201,149,969.50	88.05	1,617,171,077.69	91.94
<u>Amount due to an associate</u>				
Dalian Changxing Island Port Co., Ltd.	27,200.00	—	—	—

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

7. Amounts due to related parties (continued)

	30 June 2011		31 December 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Other payables (continued):				
<u>Amounts due to other related parties</u>				
大連交通國際旅行社有限公司	58,200.00	—	47,040.00	—
Dalian Wanpeng Infrastructure Co., Ltd.	10,688,453.43	0.78	1,145,900.40	0.07
Dalian Port Design & Research Institute Co., Ltd.	1,102,650.00	0.08	1,016,650.00	0.06
Dalian Port Machinery and Electric Co., Ltd.	24,745,419.02	1.81	18,958,063.57	1.08
大連港實業綠化工程有限公司	12,100.00	—	12,100.00	—
Dalian Port New Harbour Construction Engineering Co., Ltd.	3,630,110.10	0.27	5,732,613.48	0.33
大連港日興園林綠化工程有限公司	366,052.54	0.03	82,342.54	—
大連港日興鍋爐安裝有限公司	13,659,946.17	1.00	16,381,273.26	0.93
Dalian Port Construction Engineering Co., Ltd.	106,780,189.59	7.83	87,481,868.33	4.98
大連港東旺汽車修配廠	—	—	3,655.64	—
Dalian Port Machinery Co., Ltd.	547,315.78	0.04	2,355,873.35	0.13
大連港實業有限公司	11,000.00	—	—	—
大連海港大廈	277,550.00	0.02	—	—
	161,878,986.63	11.86	133,217,380.57	7.58
	1,364,249,742.78	100.00	1,758,857,809.24	100.00

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

7. Amounts due to related parties (continued)

Note	30 June 2011		31 December 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Interests payable:				
<u>Amount due to a jointly-controlled entity</u>				
Dalian Assembling Transportation Logistics Co., Ltd.	190,555.51	100.00	497,777.75	100.0
Notes payable:				
<u>Other related parties</u>				
Dalian Port New Harbour Construction Engineering Co., Ltd.	—	—	600,000.00	54.55
Dalian Port Construction Engineering Co., Ltd.	—	—	500,000.00	45.45
	—	—	1,100,000.00	100.00
Accounts payable:				
<u>Amounts due to jointly-controlled entities</u>				
Dalian International Container Terminal Co., Ltd.	705,000.00	35.38	124,487.00	16.99
Dalian Assembling Transportation Logistics Co., Ltd.	328,600.00	16.49	395,700.00	53.99
Dalian Container Terminal Co., Ltd.	—	—	121,134.00	16.53
Dalian Port Container Terminal Co., Ltd.	371,666.00	18.65	—	—
	1,405,266.00	70.52	641,321.00	87.51
<u>Amount due to the parent</u>				
PDA	450,000.00	22.58	—	—
<u>Amounts due to other related parties</u>				
Dalian Port New Harbour Construction Engineering Co., Ltd.	—	—	30,000.00	4.09
Dalian Port Construction Engineering Co., Ltd.	61,588.00	3.09	61,588.00	8.40
大连宏誉大厦有限公司	75,972.93	3.81	—	—
	137,560.93	6.90	91,588.00	12.49
	1,992,826.93	100.00	732,909.00	100.00
Short-term borrowings:				
<u>Amount due to a jointly-controlled entity</u>				
Dalian Assembling Transportation Logistics Co., Ltd.	15,000,000.00	100.00	15,000,000.00	100.00
Note V.24				

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VI. Related parties and related party transactions (continued)

7. Amounts due to related parties (continued)

	30 June 2011		31 December 2010	
	Amount	Percentage (%)	Amount	Percentage (%)
Advances from customers:				
<u>Advance from the parent</u>				
PDA	—	—	227,917.50	0.27
<u>Advances from</u>				
<u>jointly-controlled entities</u>				
Dalian Port Container Terminal Co., Ltd.	13,198,476.37	97.29	14,229,316.63	16.61
Dalian Assembling Transportation Logistics Co., Ltd.	368,000.00	2.71	—	—
	13,566,476.37	100.00	14,229,316.63	16.61
<u>Advance from an associate</u>				
Dalian North Petroleum Logistics Co., Ltd.	—	—	71,216,772.00	83.12
	13,566,476.37	100.00	85,674,006.13	100.00

Except for amounts due to related parties included in short-term borrowings and other payables — deposits due to related parties, the amounts due to related parties are unsecured, interest-free and have no fixed repayment terms.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

VII. Commitments

	30 June 2011	31 December 2010
Capital commitments:		
Contracted, but not provided	741,826,151.27	556,686,240.82
Authorised but not contracted	4,662,134,286.99	4,319,065,532.65
	5,403,960,438.26	4,875,751,773.47
Investment commitments:		
*Authorised, but not contracted	322,600,000.00	643,600,000.00
Contracted, but not fulfilled	3,000,000.00	90,000,000.00
Contracted, but not fully fulfilled	200,000,000.00	—
	525,600,000.00	733,600,000.00

VIII. Events after the balance sheet date

The resolution regarding the issuance of the 2011 second phase domestic corporate bonds has been approved in the 2010 annual general meeting of the Company. On 4 August 2011, the CSRC approved the Company's application for the issuance of new corporate bonds. According to the approval, the Company is approved to issue new corporate bonds with an aggregate principal amount of not more than RMB2.65 billion to the public at an appropriate time within six months of the approval by the CSRC.

IX. Other important items

1. Net current assets

	30 June 2011 Group	31 December 2010 Group	30 June 2011 Company	31 December 2010 Company
Current assets	6,265,732,376.12	4,261,694,903.83	5,857,647,219.79	4,103,934,218.82
Less: Current liabilities	5,062,737,254.06	4,689,401,254.12	3,881,222,473.95	3,570,379,711.87
Net current assets/(liabilities)	1,202,995,122.06	(427,706,350.29)	1,976,424,745.84	533,554,506.95

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

2. Total assets less current liabilities

	30 June 2011 Group	31 December 2010 Group	30 June 2011 Company	31 December 2010 Company
Total assets	27,544,634,539.85	22,690,819,102.17	24,176,975,168.95	20,375,575,245.30
Less: Current liabilities	5,062,737,254.06	4,689,401,254.12	3,881,222,473.95	3,570,379,711.87
Total assets less current liabilities	22,481,897,285.79	18,001,417,848.05	20,295,752,695.00	16,805,195,533.43

3. Leases

As lessor

Fixed assets under operating leases are disclosed in Note V.15.

As lessee

For the six months ended 30 June 2011, the operating lease expenses charged to the income statement amounted to RMB89,664,532.57 (for the six months ended 30 June 2011: RMB57,966,934.55).

Significant operating leases: pursuant to the leasing contracts with the lessor, the Group had total future minimum lease payments under non-cancellable leases falling due as follows:

	30 June 2011	31 December 2010
Within one year, inclusive	54,311,058.86	36,889,847.45
First to second years, inclusive	13,121,661.93	1,657,112.85
Second to third years, inclusive	3,875,200.00	—
After three years	68,640,000.00	—
	139,947,920.79	38,546,960.30

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

4. Assets and liabilities measured at fair value

30 June 2011

	Opening balance	Profit or loss from changes in fair value during the period	Accumulated changes in fair value recognised in equity	Impairment	Closing balance
Financial assets:					
Financial assets held for trading	—	1,530,201.65	—	—	451,530,201.65
Available-for-sale financial assets	26,804,054.61	—	(4,222,622.16)	—	42,507,549.92

31 December 2010

	Opening balance	Profit or loss from changes in fair value during the period	Accumulated changes in fair value recognised in equity	Impairment	Closing balance
Financial assets:					
Available-for-sale financial assets	30,224,043.00	—	(6,250,449.95)	—	26,804,054.61

5. Financial assets and financial liabilities denominated in foreign currencies

30 June 2011

	Opening balance	Profit or loss from changes in fair value during the period	Accumulated changes in fair value recognised in equity	Impairment	Closing balance
Financial assets:					
Cash and cash equivalents	21,696,245.42	—	—	—	14,696,174.22
Available-for-sale financial assets	23,853,194.61	—	(4,222,622.16)	—	18,395,989.92
Loans and receivables	25,590,961.60	—	—	—	28,638,187.31
	71,140,401.63	—	(4,222,622.16)	—	61,730,351.45
Financial liabilities:					
Long-term borrowings	754,763,068.52	—	—	—	737,761,757.04

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

5. Financial assets and financial liabilities denominated in foreign currencies (continued)

31 December 2010

	Opening balance	Profit or loss from changes in fair value during the period	Accumulated changes in fair value recognised in equity	Impairment	Closing balance
Financial assets:					
Cash and cash equivalents	21,439,284.96	—	—	—	21,696,245.42
Available-for-sale financial assets	30,224,043.00	—	(6,250,449.95)	—	23,853,194.61
Loans and receivables	22,465,018.38	—	—	—	25,590,961.60
	74,128,346.34	—	(6,250,449.95)	—	71,140,401.63
Financial liabilities:					
Long-term borrowings	464,316,882.60	—	—	—	754,763,068.52

6. Segment information

Operating segments

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

- (1) Oil/liquefied chemical terminal and logistics services Loading and discharging, storage and transshipment of oil products and liquefied chemicals and port management services
- (2) Container terminal and logistics services Loading and discharging, storage and transshipment of containers, leasing of terminals and related facilities and various container logistics services and sale of properties
- (3) Automobile terminal and logistics services Loading and discharging of automobile and related logistics services
- (4) Ore terminal and logistics services Loading and unloading of ore and provision of related logistics services
- (5) General cargo terminal and logistics services Loading and unloading of general cargo and provision of related logistics services

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

6. Segment information (continued)

Operating segments (continued)

- | | | |
|-----|---|---|
| (6) | Bulk grains terminal and logistics services | Loading and unloading of grains and provision of related logistics services |
| (7) | Passenger and roll-on, roll-off terminal and logistics services | Passenger transportation and general cargo roll-on and roll-off and provision of related logistics services |
| (8) | Port value-added services and ancillary port operations | Tallying, tugging, transportation, power supply, information technology and construction services |

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

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

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

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

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

6. Segment information (continued)

Operating segments (continued)

30 June 2011

	Oil/liquefied chemical terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Passenger and roll-on, roll-off terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Ore terminal and logistics services RMB'000	Bulk grains terminal and logistics services RMB'000	General cargo terminal and logistics services RMB'000	Port value-added services and ancillary port operations RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	390,324	346,735	46,202	–	139,565	157,473	175,352	400,927	57,967	1,714,545
Less: Cost of sales and services	216,218	229,372	26,557	–	94,675	78,103	156,111	243,394	17,071	1,061,501
Gross profit	174,106	117,363	19,645	–	44,890	79,370	19,241	157,533	40,896	653,044
Less: Tax and surcharges	17,340	16,556	1,721	–	5,269	6,845	6,399	13,677	3,484	71,291
General and administrative expenses	17,459	38,400	7,076	71	10,708	11,024	13,462	49,116	27,757	175,073
Financial expenses	(3,101)	8,511	(53)	(11)	(1)	(36)	(4)	(3,914)	35,887	37,278
Add: Gains on changes in fair value	–	–	–	–	–	–	–	1,530	–	1,530
Investment income	18,739	39,433	(2,184)	5,877	–	–	4,958	7,699	–	74,522
Operating profit	161,147	93,329	8,717	5,817	28,914	61,537	4,342	107,883	(26,232)	445,454
Add: Non-operating income	20,540	600	2,543	–	–	–	1,437	3,954	–	29,074
Less: Non-operating expenses	–	8	17	–	–	–	535	348	–	908
Total profit	181,687	93,921	11,243	5,817	28,914	61,537	5,244	111,489	(26,232)	473,620
Less: Income tax expenses	35,571	16,803	2,557	–	7,127	15,384	709	27,544	(4,068)	101,627
Net profit	146,116	77,118	8,686	5,817	21,787	46,153	4,535	83,945	(22,164)	371,993
Total assets	7,424,955	6,197,631	876,031	811,297	2,069,531	1,498,685	2,549,961	2,032,777	4,083,767	27,544,635
Total liabilities	2,547,405	941,778	98,938	45,903	91,704	37,280	188,636	566,131	9,673,044	14,190,819
Supplementary information:										
Depreciation and amortisation	101,013	47,465	3,189	18	40,584	35,758	29,898	40,614	8,838	307,377
Interest income	483	797	55	18	1	36	4	5,026	19,953	26,373
Capital expenditure	378,550	87,507	24,508	78,922	167,274	134,080	258,364	7,329	6,333	1,142,867
Intersegment sales	355	568	–	–	–	200	1,035	69,166	–	71,324

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

6. Segment information (continued)

Operating segments (continued)

30 June 2010

	Oil/liquefied chemical terminal and logistics services RMB'000	Container terminal and logistics services RMB'000	Passenger and roll-on, roll-off terminal and logistics services RMB'000	Automobile terminal and logistics services RMB'000	Ore terminal and logistics services RMB'000	Bulk grains terminal and logistics services RMB'000	General cargo terminal and logistics services RMB'000	Port value-added services and ancillary port operations RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	477,599	204,499	30,465	—	122,220	149,626	154,631	398,879	58,048	1,595,967
Less: Cost of sales and services	179,559	161,223	14,696	—	90,991	76,398	142,294	228,786	10,853	904,800
Gross profit	298,040	43,276	15,769	—	31,229	73,228	12,337	170,093	47,195	691,167
Less: Tax and surcharges	18,529	9,676	1,107	—	4,286	6,960	5,311	13,729	4,656	64,254
General and administrative expenses	17,447	29,795	4,970	99	11,150	7,921	17,523	48,426	26,587	163,918
Financial expenses	4,516	4,459	(49)	(20)	(29)	(117)	306	(1,213)	26,127	33,980
Add: Gains on changes in fair value	—	—	—	—	—	—	—	—	29	29
Investment income	20,760	33,636	599	1,223	—	—	(2,132)	8,820	415	63,321
Operating profit	278,308	32,982	10,340	1,144	15,822	58,464	(12,935)	117,971	(9,731)	492,365
Add: Non-operating income	49,076	437	—	—	—	—	19	2,509	965	53,006
Less: Non-operating expenses	13,982	6	—	—	—	—	1,520	(8)	—	15,500
Total profit	313,402	33,413	10,340	1,144	15,822	58,464	(14,436)	120,488	(8,766)	529,871
Less: Income tax expenses	69,792	11,611	2,435	—	3,955	14,616	(2,528)	28,556	(854)	127,583
Net profit	243,610	21,802	7,905	1,144	11,867	43,848	(11,908)	91,932	(7,912)	402,288
Total assets	7,183,808	4,874,205	156,086	628,899	1,957,634	1,327,179	2,312,914	1,958,474	2,291,620	22,690,819
Total liabilities	2,584,751	474,071	26,991	57,497	89,070	37,861	161,489	653,857	6,249,540	10,335,127
Supplementary information:										
Depreciation and amortisation	97,133	13,186	2,027	18	43,975	30,103	30,506	41,987	8,547	267,482
Interest income	135	576	49	20	29	117	30	1,865	2,535	5,356
Capital expenditure	226,716	120,368	11	215	74,909	3,598	215,862	28,098	2,423	672,200
Intersegment sales	79	—	—	—	—	54	1,144	51,040	—	52,317

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

6. Segment information (continued)

Other information

Information about products and services

An analysis of revenue is as follows:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Loading services	695,966,424.63	631,877,074.86
Transportation services	335,637,994.14	334,544,413.66
Storage services	203,724,297.60	161,444,891.58
Port management services	92,911,018.03	108,255,260.08
Leasing services	111,393,091.86	89,352,708.45
Agency services	24,724,316.08	21,771,611.60
Tallying services	28,229,529.38	26,062,908.56
Utility services	35,089,331.19	53,966,824.67
Information services	25,872,554.16	27,561,342.17
Others	160,996,065.29	141,130,255.67
	1,714,544,622.36	1,595,967,291.30

Geographical information

The entire group's operations, and all its customers, are located in Mainland China. Accordingly, all revenue is generated from the customers in Mainland China and major non-current assets are located in Mainland China.

Information about a major customer

For the six months ended 30 June 2011, revenue of RMB219,959,793.84 (for the six months ended 30 June 2010: RMB262,604,768.15) representing 10% or more of the Group's total revenue was derived from sales to a single customer in the segment of oil/liquefied chemical terminal and logistics services, including sales to a group of entities which are known to be under control with that customer.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

7. Financial instruments and risks

The Group's major financial instruments comprise bank borrowings, bonds payable, financial assets held for trading and cash and cash equivalents. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk.

Financial instruments by category

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

30 June 2011

Financial assets

	Financial assets measured at fair value through profit or loss RMB'000	Loans and receivables RMB'000	Available- for-sale financial assets RMB'000	Total RMB'000
Cash and cash equivalents	—	4,886,998	—	4,886,998
Financial assets held for trading	451,530	—	—	451,530
Notes receivable	—	69,716	—	69,716
Accounts receivable	—	492,718	—	492,718
Interests receivable	—	11,140	—	11,140
Dividends receivable	—	15,000	—	15,000
Other receivables	—	192,729	—	192,729
Other current assets	—	20,970	—	20,970
Available-for-sale financial assets	—	—	42,508	42,508
Other non-current assets	—	45,109	—	45,109
	451,530	5,734,380	42,508	6,228,418

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

7. Financial instruments and risks (continued)

Financial instruments by category (continued)

30 June 2011 (continued)

Financial liabilities

	Other financial liabilities RMB'000
Short-term borrowings	1,865,000
Accounts payable	112,459
Employee benefits payable	75,632
Interests payable	31,449
Dividends payable	228,092
Other payables	2,552,497
Non-current liabilities due within one year	50,000
Long-term borrowings	3,565,962
Bonds payable	4,809,199
Long-term payables	4,036
	13,294,326

31 December 2010

Financial assets

	Loans and receivables RMB'000	Available- for-sale financial assets RMB'000	Total RMB'000
Cash and cash equivalents	3,257,585	—	3,257,585
Notes receivable	95,491	—	95,491
Accounts receivable	340,820	—	340,820
Interests receivable	1,564	—	1,564
Dividends receivable	89,328	—	89,328
Other receivables	187,942	—	187,942
Other current assets	68,000	—	68,000
Available-for-sale financial assets	—	26,804	26,804
Other non-current assets	25,591	—	25,591
	4,066,321	26,804	4,093,125

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

7. Financial instruments and risks (continued)

Financial instruments by category (continued)

31 December 2010 (continued)

Financial liabilities

	Other financial liabilities RMB'000
Short-term borrowings	1,265,000
Notes payable	12,650
Accounts payable	94,304
Employee benefits payable	83,678
Interests payable	68,310
Dividends payable	6,792
Other payables	2,854,051
Non-current liabilities due within one year	20,000
Long-term borrowings	2,392,963
Bonds payable	2,481,671
Long-term payables	7,941
	<hr/>
	9,287,360
	<hr/>

Credit risk

Credit risk is the risk of financial losses on one party of a financial instrument due to the failure of the counterparty to meet its obligations.

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

Other financial assets of the Group include cash and cash equivalents, financial assets held for trading, available-for-sale financial assets, other receivables and other current/non-current assets. The credit risk on these financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

7. Financial instruments and risks (continued)

Credit risk (continued)

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer. As at 30 June 2011, the Group had certain concentration of credit risk as 34% (31 December 2010: 41%) of the Group's accounts receivable were due from the five largest customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and other receivables are disclosed in Note V.6 and 7.

Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, bonds payable and other interest-bearing loans. As at 30 June 2011, 35% (31 December 2010: 45%) of the Group's debts will fall due within one year.

The Group relies sufficient operating cash inflows to meet its obligations associated with matured debts and external financing to fulfill its commitments to future capital expenditure. As at 30 June 2011, the Company has obtained bank loan facilities of RMB16.2 billion provided by several domestic banks to meet the future capital commitment and financing needs. Out of the total bank loan facilities, RMB4.4 billion has been used and RMB11.8 billion has not been used.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

7. Financial instruments and risks (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities at each balance sheet date, based on the contractual undiscounted payments, is as follows:

30 June 2011

	Within 1 month RMB'000	1 to 3 months RMB'000	3 months to 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Accounts payable	112,459	—	—	—	—	112,459
Employee benefits payable	75,632	—	—	—	—	75,632
Interests payable	8,541	—	22,908	—	—	31,449
Dividends payable	228,092	—	—	—	—	228,092
Other payables	1,348,486	—	1,204,011	—	—	2,552,497
Bank borrowings	123,571	46,722	1,988,118	2,807,728	1,485,710	6,451,849
Bonds payable	—	—	208,642	3,461,300	2,848,200	6,518,142
Long-term payables	—	—	—	4,036	—	4,036
	1,896,781	46,722	3,423,679	6,273,064	4,333,910	15,974,156

31 December 2010

	Within 1 month RMB'000	1 to 3 months RMB'000	3 months to 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Notes payable	—	9,600	3,050	—	—	12,650
Accounts payable	94,304	—	—	—	—	94,304
Employee benefits payable	83,678	—	—	—	—	83,678
Interests payable	4,526	—	63,784	—	—	68,310
Dividends payable	6,792	—	—	—	—	6,792
Other payables	1,233,072	—	1,620,979	—	—	2,854,051
Bank borrowings	50	47,626	1,417,616	2,135,162	597,157	4,197,611
Bonds payable	—	—	43,216	2,821,000	—	2,864,216
Long-term payables	—	—	—	7,941	—	7,941
	1,422,422	57,226	3,148,645	4,964,103	597,157	10,189,553

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

7. Financial instruments and risks (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The market risk mainly includes interest rate risk, foreign exchange risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group manages its interest expenses through maintaining an appropriate combination of fixed rate borrowings and floating rate borrowings.

The sensitivity analyses below reflected the impact on net profit and shareholders' equity (mainly through the impact on floating rate borrowings) when there is a reasonable possible change in interest rates, with all other variables held constant.

If interest rates had been increased/decreased by 50 basis points for the six months ended 30 June 2011 and the six months ended 30 June 2010 and all other variables were held constant, the Group's total profit would decrease/increase by approximately RMB12,915,000 and RMB7,325,000, respectively. Except for the impact on retained earnings, there's no impact on other components of shareholders' equity.

Foreign exchange risk

Foreign exchange risk is the risk of fluctuation on fair value or future cash flows of financial instruments resulting from changes in foreign exchange rates. The Group's foreign exchange risk mainly arises from the financial assets and financial liabilities denominated in US\$ and HK\$ held by the Group.

The following table demonstrates the sensitivity to a reasonably possible change in the US\$ or HK\$ exchange rate, with all other variables held constant, of the Group's total profit and the Group's equity.

	Appreciation rate	Increase in total profit	Decrease in equity (Note)
30 June 2011	1%	7,109,785.12	(183,959.90)
31 December 2011	1%	7,076,898.82	(238,531.95)

Note: Retained earnings are excluded from the equity.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

7. Financial instruments and risks (continued)

Market risk (continued)

Equity investment price risk

Equity investment price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of share indices and the value of individual securities. As at 30 June 2011, the Group was exposed to equity investment. Price risk arising from individual equity investments classified as available-for-sale equity investments (Note V.11) at the balance sheet date. The Group's equity investments are valued at quoted market prices.

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments on the Group's total profit and shareholders' equity, with all other variables held constant and before any impact on tax. For the purpose of this analysis, for the available-for-sale investments, the effect is deemed to be on the changes in fair values of available-for-sale equity investments and no account is given for factors such as impairment which might impact the income statement.

	Carrying amount of equity investments	Change in total profit	Change in shareholder's equity
30 June 2011			
Available-for-sale equity investments	42,507,549.92	—	2,125,377.50

	Carrying amount of equity investments	Change in total profit	Change in shareholder's equity
31 December 2010			
Available-for-sale equity investments	26,804,054.61	—	1,340,202.73

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

7. Financial instruments and risks (continued)

Fair value

The carrying amount and fair value of each category of financial instruments are as follows:

	Carrying amount		Fair value	
	30 June 2011 RMB'000	31 December 2010 RMB'000	30 June 2011 RMB'000	31 December 2010 RMB'000
<u>Financial assets</u>				
Cash and cash equivalents	4,886,998	3,257,585	4,886,998	3,257,585
Financial assets held for trading	451,530	—	451,530	—
Notes receivable	69,716	95,491	69,716	95,491
Accounts receivable	492,718	340,820	492,718	340,820
Interests receivable	11,140	1,564	11,140	1,564
Dividends receivable	15,000	89,328	15,000	89,328
Other receivables	192,729	187,942	192,729	187,942
Other current assets	20,970	68,000	20,970	68,000
Available-for-sale financial assets	42,508	26,804	42,508	26,804
Other non-current assets	45,109	25,591	45,109	25,591
	6,228,418	4,093,125	6,228,418	4,093,125
<u>Financial liabilities</u>				
Short-term borrowings	1,865,000	1,265,000	1,865,000	1,265,000
Notes payable	—	12,650	—	12,650
Accounts payable	112,459	94,304	112,459	94,304
Employee benefits payable	75,632	83,678	75,632	83,678
Interests payable	31,449	68,310	31,449	68,310
Dividends payable	228,092	6,792	228,092	6,792
Other payables	2,552,497	2,854,051	2,552,497	2,854,051
Non-current liabilities due within one year	50,000	20,000	50,000	20,000
Long-term borrowings	3,565,962	2,392,963	3,565,962	2,392,963
Bonds payable	4,809,199	2,481,671	4,809,199	2,481,671
Long-term payables	4,036	7,941	4,036	7,941
	13,294,326	9,287,360	13,294,326	9,287,360

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

IX. Other important items (continued)

7. Financial instruments and risks (continued)

Fair value (continued)

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values.

Cash and cash equivalents, notes receivable, accounts receivable, interests receivable, other receivables, other current assets, notes payable, accounts payable, interests payable and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of long/short-term borrowings, bonds payable and long-term payables have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

The fair values of listed equity investments are based on quoted market prices.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values are measured using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: fair values are measured using adjusted quoted prices for similar assets or liabilities in active markets or for identical or similar assets or liabilities in markets that are not active when the entity can access such prices at the measurement date; Level 3: for situations in which quoted prices for identical or similar assets or liabilities are not available in comparable markets, fair values are measured based on other inputs that represent the assumptions that market participants would use when pricing the asset or liability.

Financial assets measured at fair value:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
30 June 2011				
Financial assets held for trading	451,530	—	—	451,530
Available-for-sale financial assets	42,508	—	—	42,508
31 December 2010				
Available-for-sale financial assets	26,804	—	—	26,804

8. Comparative figures

Comparative figures have been adjusted by applying accounting treatment for the business combination under common control to conform with the current period's presentation.

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements

1. Accounts receivable

The credit terms of accounts receivable are usually 90 days. Accounts receivable are interest-free.

An ageing analysis of accounts receivable is as follows:

	30 June 2011	31 December 2010
Within 1 year	309,849,978.25	234,058,916.14
1 to 2 years	5,906.00	791,918.00
2 to 3 years	656,241.00	639,568.00
Over 3 years	770,320.00	130,752.00
	311,282,445.25	235,621,154.14
Less: Provision for bad debts	(548,752.00)	(548,752.00)
	310,733,693.25	235,072,402.14

Movements in provision for bad debts are as follows:

	30 June 2011	31 December 2010
Opening balance	548,752.00	418,000.00
Increase	—	130,752.00
Closing balance	548,752.00	548,752.00

	30 June 2011				31 December 2010			
	Ending balance		Bad debts provision		Ending balance		Bad debts provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	240,381,281.38	77.22	—	—	169,315,315.37	71.86	—	—
Not individually significant but subject to separate provision	70,901,163.87	22.78	548,752.00	0.77	66,305,838.77	28.14	548,752.00	0.83
	311,282,445.25	100.00	548,752.00		235,621,154.14	100.00	548,752.00	

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

1. Accounts receivable (continued)

As at 30 June 2011, top five accounts receivable were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
West Pacific Petrochemical Co., Ltd.	Third party	54,500,681.20	Within 1 year	17.51
Benxi Steel Group Corporation	Third party	45,342,184.28	Within 1 year	14.57
Shenyang Oriental Steel Co., Ltd.	Third party	25,769,833.48	Within 1 year	8.28
Tonghua Iron & Steel Group Import & Export Co., Ltd.	Third party	23,427,187.95	Within 1 year	7.53
Hebei Iron & Steel Co., Ltd.	Third party	17,601,180.60	Within 1 year	5.65
		<u>166,641,067.51</u>		<u>53.54</u>

As at 31 December 2010, the top five accounts receivable were as follows:

	Relationship	Amount	Ageing	Percentage of accounts receivable (%)
Dalian Angang International Trade Transportation Agency Co., Ltd.	Third party	50,242,883.81	Within 1 year	21.32
Benxi Steel Group Corporation	Third party	38,800,524.28	Within 1 year	16.47
Shenyang Oriental Steel Co., Ltd.	Third party	21,856,741.08	Within 1 year	9.28
Hebei Iron & Steel Co., Ltd.	Third party	19,291,678.60	Within 1 year	8.19
Tonghua Iron & Steel Group Import & Export Co., Ltd.	Third party	11,130,265.95	Within 1 year	4.72
		<u>141,322,093.72</u>		<u>59.98</u>

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

1. Accounts receivable (continued)

Accounts receivable due from subsidiaries and jointly-controlled entities were as follows:

	30 June 2011	31 December 2010
Amounts due from subsidiaries	2,779,636.31	240,480.00
Amounts due from jointly-controlled entities	6,670,890.22	7,066,915.15
	9,450,526.53	7,307,395.15

The above accounts receivable are unsecured, interest-free and repayable on demand.

As at 30 June 2011, there was no accounts receivable due from shareholders holding 5% or more of the Company's voting shares (31 December 2010: Nil).

2. Other receivables

An ageing analysis of the other receivables is as follows:

	30 June 2011	31 December 2010
Within 1 year	51,589,158.03	53,884,731.57
1 to 2 years	6,844,156.91	4,874,996.16
2 to 3 years	2,188,051.91	48,872,432.00
Over 3 years	73,194,573.20	73,189,833.20
	133,815,940.05	180,821,992.93
Less: Provision for bad debts	(93,710.07)	(93,710.07)
	133,722,229.98	180,728,282.86

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

2. Other receivables (continued)

Movements in provision for bad debts are as follows:

	For the six months ended 30 June 2011	For the year ended 31 December 2010
Opening balance	93,710.07	—
Increase	—	93,710.07
Closing balance	93,710.07	93,710.07

	30 June 2011				31 December 2010			
	Ending balance		Bad debts provision		Ending balance		Bad debts provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and subject to separate provision	92,064,706.75	72.93	—	—	125,399,297.85	69.35	—	—
Not individually significant but subject to separate provision	41,751,233.30	27.07	93,710.07	0.26	55,422,695.08	30.65	93,710.07	0.17
	133,815,940.05	100.00	93,710.07		180,821,992.93	100.00	93,710.07	

As at 30 June 2011, the top five other receivables were as follows:

	Relationship	Amount	Ageing	Percentage of other receivables (%)
Dalian Financial Bureau	Third party	72,596,153.85	4 to 5 years	54.29
Dalian North Petroleum Logistics Co., Ltd.	Associate	8,403,780.00	Within 1 year	6.28
Dalian Port Pilotage Station	Third party	5,715,780.00	Within 1 year	4.27
Dalian Port Container Terminal Co., Ltd.	Jointly- controlled entity	5,348,992.90	Within 1 year	4.00
Dalian North Petroleum Logistics Co., Ltd.	Subsidiary	4,748,843.14	Within 1 year	3.55
		96,813,549.89		72.39

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

2. Other receivables (continued)

As at 31 December 2010, the top five other receivables were as follows:

	Relationship	Amount	Ageing	Percentage of other receivables (%)
Dalian Financial Bureau	Third party	72,596,153.85	3 to 4 years	40.15
Dalian Petrochemical Corporation	Third party	47,783,250.00	2 to 3 years	26.43
Angang Group International Trade Corporation Dalian Company	Third party	5,019,894.00	Within 1 year	2.78
大連港引航站	Third party	4,424,480.00	Within 1 year	2.45
大連經濟技術開發區 灣港儲運有限公司	Third party	1,670,890.88	Within 1 year	0.92
		<u>131,494,668.73</u>		<u>72.73</u>

Other receivables due from subsidiaries, jointly-controlled entities, associates, PDA and other related parties were as follows:

	30 June 2011	31 December 2010
Amounts due from subsidiaries	8,427,327.90	35,877,188.34
Amounts due from jointly-controlled entities	9,866,522.02	2,858,297.24
Amounts due from associates	8,403,780.00	—
Amount due from PDA	1,237,974.00	1,431,904.00
Amounts due from other related parties	1,830,690.10	2,588,646.47
	<u>29,766,294.02</u>	<u>42,756,036.05</u>

The above other receivables due from related parties are unsecured, interest-free and repayable on demand.

As at 30 June 2011, except for the above amount due from PDA, there were no other receivables due from shareholders holding 5% or more of the Company's voting rights (31 December 2010: Nil).

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

3. Long-term equity investments

For the six months ended 30 June 2011

	Investment cost	Opening balance	Movements during the period	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the period
Cost method:							
Dalian Port Container Development Co., Ltd.	2,804,047,222.35	2,304,047,222.35	500,000,000.00	2,804,047,222.35	100.00	100.00	—
Asia Pacific Ports Company Limited	76,155,000.00	76,155,000.00	—	76,155,000.00	100.00	100.00	—
Dalian ETDZ Jin Xin Petrochemistry Company Limited	6,629,301.65	6,629,301.65	—	6,629,301.65	100.00	100.00	—
Dalian Jifa Shipping Management Co., Ltd.	56,984,354.73	56,984,354.73	—	56,984,354.73	70.00	70.00	—
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	99,960,000.00	99,960,000.00	—	99,960,000.00	51.00	51.00	—
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	14,259,172.03	—	14,259,172.03	84.00	84.00	—
Dalian Portsoft Technology Co., Ltd.	11,126,271.39	11,126,271.39	—	11,126,271.39	49.00	49.00	1,960,000.00
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	18,278,125.97	—	18,278,125.97	75.00	75.00	—
Dalian Port Telecommunication Engineering Co., Ltd.	6,137,212.61	6,137,212.61	—	6,137,212.61	45.00	45.00	1,354,500.00
Dalian Port Construction Management Co., Ltd.	13,778,541.68	13,778,541.68	—	13,778,541.68	100.00	100.00	—
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	53,156,426.75	—	53,156,426.75	37.50	75.00	—
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	—	—	—	—	100.00	100.00	—
Dalian Port Power Supply	25,895,508.24	25,895,508.24	—	25,895,508.24	100.00	100.00	—
Dalian Port Petroleum & Chemical Co., Ltd.	466,800,000.00	396,800,000.00	70,000,000.00	466,800,000.00	100.00	100.00	—
大連港旅順港港務有限公司	217,580,000.00	—	217,580,000.00	217,580,000.00	60.00	60.00	—
山東威海港股份有限公司	11,900,000.00	11,900,000.00	—	11,900,000.00	9.97	9.97	—
大仁輪渡有限公司	1,900,057.50	1,900,057.50	—	1,900,057.50	7.50	7.50	875,067.64
Total for the cost method	3,884,587,194.90	3,097,007,194.90	787,580,000.00	3,884,587,194.90			4,189,567.64

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

3. Long-term equity investments (continued)

For the six months ended 30 June 2011 (continued)

	Investment cost	Opening balance	Movements during the period	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend during the period
Equity method:							
Jointly-controlled entities							
大連港通利船務代理有限公司 Dalian Harbour ECL Logistics Co., Ltd.	1,311,300.00	1,407,347.20	504,344.75	1,911,691.95	50.00	50.00	—
Odfjell Terminals (Dalian) Ltd. Dalian Port Petro China International Terminal Co., Ltd.	11,104,400.00	11,122,090.58	64,299.15	11,186,389.73	50.00	50.00	—
China United Tally Co., Ltd. Dalian	86,878,185.37	131,790,266.88	(6,775,817.49)	125,014,449.39	50.00	50.00	15,000,000.00
Dalian China Oil Dock Management Co., Ltd.	125,000,000.00	121,483,436.33	3,646,873.55	125,130,309.88	50.00	50.00	—
Dalian Automobile Terminal Co., Ltd.	5,103,200.33	4,584,098.58	1,338,187.51	5,922,286.09	50.00	50.00	—
	16,301,068.34	22,342,384.86	3,733,709.68	26,076,094.54	49.00	49.00	—
	152,503,640.00	139,588,153.94	5,812,476.41	145,400,630.35	40.00	40.00	—
Total for jointly-controlled entities	398,201,794.04	432,317,778.37	8,324,073.56	440,641,851.93			15,000,000.00
Associates							
Dalian Petro China International Warehousing and Transportation Co., Ltd. 太倉興港拖輪有限公司	20,288,520.00	30,930,387.09	3,370,912.16	34,301,299.25	20.00	20.00	—
Petro China Dalian LNG Co., Ltd. Dalian North Petroleum Logistics Co., Ltd.	900,000.00	1,594,247.92	53,204.63	1,647,452.55	30.00	30.00	300,000.00
	520,000,000.00	520,000,000.00	—	520,000,000.00	20.00	20.00	—
Dalian Changxing Island Port Co., Ltd. 中海港聯航運有限公司	29,600,000.00	29,042,430.84	(216,343.11)	28,826,087.73	20.00	20.00	—
中鐵渤海鐵路輪渡有限公司	152,893,844.88	153,214,222.62	4,957,922.81	158,172,145.43	40.00	40.00	—
中世國際物流有限公司	95,044,267.30	95,328,623.03	(4,330,478.02)	90,998,145.01	30.00	30.00	—
Dalian Port Corporation Finance Company Limited	277,012,443.74	—	278,283,490.55	278,283,490.55	17.50	17.50	—
	90,000,000.00	—	90,000,000.00	90,000,000.00	30.00	30.00	—
	200,000,000.00	—	200,000,000.00	200,000,000.00	40.00	40.00	—
Total for associates	1,385,739,075.92	830,109,911.50	572,118,709.02	1,402,228,620.52			300,000.00
	1,783,940,869.96	1,262,427,689.87	580,442,782.58	1,842,870,472.45			15,300,000.00
Total for the equity method	5,668,528,064.86	4,359,434,884.77	1,368,022,782.58	5,727,457,667.35			19,489,567.64

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

3. Long-term equity investments (continued)

For the year ended 31 December 2010

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend declared during the year
Cost method:							
Dalian Port Container Development Co., Ltd.	2,304,047,222.35	1,604,047,222.35	700,000,000.00	2,304,047,222.35	100.00	100.00	82,957,187.20
Asia Pacific Ports Company Limited	76,155,000.00	76,155,000.00	—	76,155,000.00	100.00	100.00	—
Dalian ETDZ Jin Xin Petrochemistry Company Limited	6,629,301.65	6,629,301.65	—	6,629,301.65	100.00	100.00	4,277,948.75
Dalian Jifa Shipping Management Co., Ltd.	56,984,354.73	56,984,354.73	—	56,984,354.73	70.00	70.00	—
Dalian Gangyue Car-carrying Vessel Management Co., Ltd.	99,960,000.00	99,960,000.00	—	99,960,000.00	51.00	51.00	—
Dalian Ocean Shipping Tally Co., Ltd.	7,455,021.68	8,498,527.33	5,760,644.70	14,259,172.03	84.00	84.00	6,227,965.33
Dalian Portsoft Technology Co., Ltd.	11,126,271.39	—	11,126,271.39	11,126,271.39	49.00	49.00	—
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	—	18,278,125.97	18,278,125.97	75.00	75.00	—
Dalian Port Telecommunication Engineering Co., Ltd.	6,137,212.61	—	6,137,212.61	6,137,212.61	45.00	45.00	—
Dalian Port Construction Management Co., Ltd.	13,778,541.68	—	13,778,541.68	13,778,541.68	100.00	100.00	—
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	—	53,156,426.75	53,156,426.75	37.50	37.50	—
Dalian Port Corporation Zhuanghe Terminal Co., Ltd.	—	—	—	—	00.00	100.00	—
Dalian Port Power Supply	25,895,508.24	—	25,895,508.24	25,895,508.24	100.00	100.00	1,646,293.43
Dalian Port Petroleum & Chemical Co., Ltd.	396,800,000.00	—	396,800,000.00	396,800,000.00	100.00	100.00	—
山東威海港股份有限公司	11,900,000.00	—	11,900,000.00	11,900,000.00	9.97	9.97	—
大仁輪渡有限公司	1,900,057.50	—	1,900,057.50	1,900,057.50	7.50	7.50	—
Total for the cost method	3,090,203,044.55	1,852,274,406.06	1,244,732,788.84	3,097,007,194.90			95,109,394.71

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

3. Long-term equity investments (continued)

For the year ended 31 December 2010 (continued)

	Investment cost	Opening balance	Movements during the year	Ending balance	Percentage of shareholding (%)	Percentage of voting rights (%)	Cash dividend declared during the year
Equity method:							
Jointly-controlled entities							
大連港通利船務代理有限公司	1,311,300.00	1,200,972.86	206,374.34	1,407,347.20	50.00	50.00	—
Dalian Harbour ECL Logistics Co., Ltd.	11,104,400.00	4,146,208.98	6,975,881.60	11,122,090.58	50.00	50.00	—
Odfjell Terminals (Dalian) Ltd.	86,878,185.37	119,207,797.21	12,582,469.67	131,790,266.88	50.00	50.00	—
Dalian Port Petro China							
International Terminal Co., Ltd.	125,000,000.00	123,854,626.85	(2,371,190.52)	121,483,436.33	50.00	50.00	—
China United Tally Co., Ltd. Dalian	5,103,200.33	4,357,458.18	226,640.40	4,584,098.58	50.00	50.00	1,614,025.80
Dalian China Oil Dock							
Management Co., Ltd.	16,301,068.34	19,576,351.49	2,766,033.37	22,342,384.86	49.00	49.00	4,900,000.00
Dalian Automobile Terminal Co., Ltd.	152,503,640.00	72,987,944.66	66,600,209.28	139,588,153.94	40.00	40.00	—
Total for jointly-controlled entities	398,201,794.04	345,331,360.23	86,986,418.14	432,317,778.37			6,514,025.80
Associates							
Dalian Petro China International Warehousing and Transportation Co., Ltd.							
太倉興港拖輪有限公司	20,288,520.00	20,461,356.64	10,469,030.45	30,930,387.09	20.00	20.00	—
Petro China Dalian LNG Co., Ltd.	900,000.00	1,574,946.54	19,301.38	1,594,247.92	30.00	30.00	675,000.00
Dalian North Petroleum Logistics Co., Ltd.	520,000,000.00	200,000,000.00	320,000,000.00	520,000,000.00	20.00	20.00	—
Dalian Changxing Island Port Co., Ltd.	29,600,000.00	—	29,042,430.84	29,042,430.84	20.00	20.00	—
中海港聯航運有限公司	152,893,844.88	—	153,214,222.62	153,214,222.62	40.00	40.00	—
	95,044,267.30	—	95,328,623.03	95,328,623.03	30.00	30.00	—
Total for associates	818,726,632.18	222,036,303.18	608,073,608.32	830,109,911.50			675,000.00
	1,216,928,426.22	567,367,663.41	695,060,026.46	1,262,427,689.87			7,189,025.80
Total for the equity method	4,307,131,470.77	2,419,642,069.47	1,939,792,815.30	4,359,434,884.77			102,298,420.51

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

4. Revenue and cost of sales

Revenue is as follows:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Revenue from the principal operations	1,032,947,066.41	613,761,670.59
Revenue from other operations	152,735,362.01	62,382,173.14
	1,185,682,428.42	676,143,843.73

Cost of sales is as follows:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Cost of the principal operations	638,163,959.35	255,513,487.22
Cost of other operations	104,328,831.30	11,499,287.97
	742,492,790.65	267,012,775.19

Revenue by segment is as follows:

	For the six months ended 30 June 2011		For the six months ended 30 June 2010	
	Revenue	Cost of sales	Revenue	Cost of sales
Oil/Liquefied chemical terminal and logistics services	338,778,845.36	196,979,726.42	449,761,034.39	172,365,405.37
Port value-added services and ancillary port operations	270,109,211.53	228,358,962.47	185,417,110.90	92,845,940.97
General cargo terminal and logistics services	181,734,175.66	140,811,933.26	—	—
Bulk grains terminal and logistics services	120,940,333.53	63,639,980.96	—	—
Ore terminal and logistics services	157,184,716.28	80,633,772.54	—	—
Passenger and roll-on, roll-off terminal and logistics services	40,779,486.14	17,553,111.60	—	—
Others	76,155,659.92	14,515,303.40	40,965,698.44	1,801,428.85
	1,185,682,428.42	742,492,790.65	676,143,843.73	267,012,775.19

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

4. Revenue and cost of sales (continued)

Revenue from the top five customers for the six months ended 30 June 2011 are as follows:

	Amount	Percentage of revenue (%)
Petro China Dalian Petrochemical Company	103,683,100.11	8.74
Dalian West Pacific Petrochemical Company	96,001,791.46	8.10
Dalian Trader Coal SCM Co., Ltd.	40,623,376.00	3.43
Angang Group International Trade Corporation Dalian Company	38,108,166.21	3.21
Benxi Steel Group Corporation	37,905,862.50	3.20
	316,322,296.28	26.68

Revenue from the top five customers for the six months ended 30 June 2010 are as follows:

	Amount	Percentage of revenue (%)
Dalian West Pacific Petrochemical Company	129,361,467.69	19.13
Petro China Dalian Petrochemical Company	127,705,190.16	18.89
Petro China International Co., Ltd.	76,098,455.75	11.25
盤錦北方瀝青股份有限公司	25,220,569.00	3.73
Dalian China Oil Dock	23,403,926.67	3.46
	381,789,609.27	56.46

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

4. Revenue and cost of sales (continued)

Revenue is analysed as follows:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Logistics services	227,867,164.31	183,437,110.90
Loading services	522,028,205.77	218,179,837.00
Storage services	135,437,893.82	123,278,495.09
Agency services	3,568,921.98	—
Port management services	92,580,999.13	58,844,340.67
Leasing services	64,183,231.23	25,978,093.58
Utility services	44,576,235.79	—
Others	95,439,776.39	66,425,966.49
	1,185,682,428.42	676,143,843.73

5. Investment income

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Dividend income from long-term equity investment under the cost method	4,189,567.64	—
Share of profit from long-term equity investment under the equity method	28,730,338.84	27,070,002.37
— Investment income from associates	5,406,265.28	8,049,870.94
— Investment income from jointly-controlled entities	23,324,073.56	19,020,131.43
Gain on disposal of available-for-sale financial assets	5,457,311.46	—
	38,377,217.94	27,070,002.37

Notes to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

X. Notes to the company's financial statements (continued)

6. Supplementary information to the statement of cash flows

Reconciliation from net profit to cash flows from operating activities:

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Net profit	255,486,853.54	303,685,143.91
Add: Depreciation of fixed assets	225,818,223.04	110,270,606.23
Amortisation of intangible assets	4,676,422.39	1,736,370.09
Recognition of deferred income	(17,252,592.00)	(17,147,466.18)
Negative goodwill arising from acquisition of a long-term equity investment in an associate	(2,538,843.74)	—
Loss from disposal of fixed assets, intangible assets and other non-current assets	(2,655,854.39)	(19,212,858.55)
Gains on changes in fair value	(1,530,201.65)	(28,944.74)
Financial expenses	57,571,273.16	28,657,253.93
Interest income on entrusted loans	(23,519,837.91)	(38,779,658.18)
Investment income	(38,377,217.94)	(27,070,002.37)
Decrease/(increase) in deferred tax assets	(6,971,376.59)	5,525,859.58
Increase in inventories	(15,115,503.21)	(1,814,528.91)
Increase in operating receivables	(48,272,030.65)	(44,544,405.73)
Decrease in operating payables	(6,554,074.01)	(24,415,803.62)
	380,765,240.04	276,861,565.46
Net cash flows from operating activities	380,765,240.04	276,861,565.46

Supplementary Information to Financial Statements

30 June 2011
(Expressed in Renminbi Yuan)

I. Summary of extraordinary profit or loss

The Group recognises extraordinary profit or loss for the six months ended 30 June 2011 in accordance with “Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public — Extraordinary Profit or Loss (2008)” (the CSRC Announcement [2008] No.43).

	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Gain on disposal of non-current assets	2,649,028.61	17,929,840.80
Government grants credited to the income statement	5,294,841.38	2,478,076.08
Gain arising from excess of fair value of shares of the investee's identifiable net assets over the investment cost	2,538,843.74	—
Gains from fair value changes on financial assets held for trading and derivative financial liability	1,530,201.65	28,944.74
Gain on disposal of available-for-sale financial assets	5,457,311.46	—
Interest income on entrusted loans	1,710,678.88	2,773,535.49
Other non-operating income/(expenses)	35,128.64	1,054.00
Net profit from the opening of the period to the combination date of the entities being combined in a business combination under common control	—	93,879,472.13
Total extraordinary profit or loss items	19,216,034.36	117,090,923.24
Impact on income tax	(4,804,008.59)	(5,802,862.78)
Impact on minority interests	(103,168.44)	(16,837,491.66)
	14,308,857.33	94,450,568.80

Supplementary Information to Financial Statements (continued)

30 June 2011
(Expressed in Renminbi Yuan)

II. Return on net assets and earnings per share

For the six months ended 30 June 2011

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	2.73%	0.08
Net profit after deducting extraordinary profit or loss attributable to ordinary shareholders of the Company	2.62%	0.07

For the six months ended 30 June 2010

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	4.00%	0.11
Net profit after deducting extraordinary profit or loss attributable to ordinary shareholders of the Company	4.09%	0.10

No dilutive potential ordinary shares have been issued by the Company.



DALIAN PORT (PDA) COMPANY LIMITED

大連港股份有限公司

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

(於中華人民共和國註冊成立之外商投資股份有限公司)

(Stock Code 股份代號 : 2880)

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