大連港股份有限公司

Dalian Port (PDA) Company Limited*

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

(Stock Code: 2880)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2008

SUMMARY

The Board of Directors (the "Board") of Dalian Port (PDA) Company Limited (the "Company") is pleased to announce the unaudited financial results of the Company and its subsidiaries (the Company and its subsidiary, collectively, the "Group") for the six months ended 30 June 2008.

- For the six months ended 30 June 2008, the Company's profit attributable to equity holders of the Company shareholders amounted to RMB RMB534,185,000, representing an increase of 69.6% as compared with the same period of last year.
- For the six months ended 30 June 2008, the Group's basic earnings per share was RMB18.26 cents, representing an increase of 69.6% from RMB10.76 cents for the same period of last year.
- The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2008.

OPERATING RESULTS

The results for the six months ended 30 June 2008, which have been reviewed by the Group's auditors and the Company's Audit Committee of, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	NOTES	Six months ended 30 June 2008 RMB'000 (unaudited)	2007 RMB'000 (unaudited)
Revenue	3	745,884	695,183
Cost of sales and services		(351,938)	(346,445)
Gross profit		393,946	348,738
Other income		299,060	26,570
Changes in fair value of derivative financial liabilities		(8,894)	(4,965)
Administrative expenses		(70,766)	(51,652)
Share of results of associates		12,566	2,055

Share of results of jointly controlled entities		103,632	95,622
Finance costs		(53,860)	(23,705)
Profit before tax		675,684	392,663
Income tax expense	4	(99,244)	(67,246)
Profit for the period		576,440	325,417
Attributable to:			
Equity holders of the Company		534,185	314,930
Minority interests		42,255	10,487
		576,440	325,417
Basic earnings per share (RMB)	6	0.18	0.11

CONDENSED CONSOLIDATED BALANCE SHEET
At 30 June 2008

	NOTES	30 June 2008 RMB'000 (unaudited)	31 December 2007 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	7	4,939,485	4,407,725
Prepaid lease payments		289,016	292,437
Investment properties		896,740	907,684
Intangible assets		54,987	48,738
Goodwill		46,943	-
Interests in jointly controlled entities		787,445	718,398
Interests in associates		947,672	717,545
Available-for-sale investments		135,525	160,559
Deferred tax assets		73,170	70,501
		8,170,983	7,323,587
Current assets			
Properties held for sale		17,258	84,207
Inventories - finished goods		23,161	24,931
Trade and other receivables	8	320,801	381,825
Prepaid lease payments		6,409	6,411
Amounts due from jointly controlled entities		115,627	58,040
Amounts due from associates		979,410	74,455
Amounts due from related companies		113	80
Amount due from a fellow subsidiary		577	2,679
Advance to Dalian Port Corporation Limited ("PDA")		4,344	37
Bank balances and cash		662,228	532,154
		2,129,928	1,164,819
Non-current assets held for sale		-	1,036,293

		2,129,928	2,201,112
Current liabilities			
Trade and other payables	9	730,109	375,855
Amounts due to jointly controlled entities		5,665	1,561
Amounts due to associates		6,436	4,761
Amounts due to related companies		47,190	96,683
Amounts due to fellow subsidiaries		7,442	4,891
Advance from PDA		15,734	16,547
Amount due to a minority shareholder		21,233	22,059
Tax liabilities		106,742	48,052
Bank borrowings - due within one year		203,636	698,060
Government grants		38,020	38,020
		1,182,207	1,306,489
Net current assets		947,721	894,623
Total assets less current liabilities		9,118,704	8,218,210
Non-current liabilities			
Bank borrowings - due after one year		1,345,000	1,529,900
Loan from PDA		787,892	-
Government grants		729,332	748,522
Derivative financial liabilities		11,805	2,911
		2,874,029	2,281,333
Net assets		6,244,675	5,936,877
Capital and reserves			
Paid-in capital		2,926,000	2,926,000
Share premium and reserves		3,107,847	2,850,425
Equity attributable to equity holders of the Company		6,033,847	5,776,425
Minority interests		210,828	160,452
Total equity		6,244,675	5,936,877

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

1. BASIS OF PRESENTATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

3. SEGMENT INFORMATION

Business segments

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

Principal activities are as follows:

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

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

For the six months ended 30 June 2008 (unaudited)

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

Inter-segment sales are charged at prevailing market prices.

Result						
Segment result	267,492 (Note1)	301,022 (Note2)	-	60,307	-	628,821
Unallocated income						6,653
Unallocated expenses						(22,128)
Share of results of associates	1,041	12,538	(2,345)	1,332		12,566
Share of results of jointly controlled entities	3,898	91,962	-	7,772		103,632
Finance costs						(53,860)
Profit before tax						675,684
Income tax expense						(99,244)
Profit for the period						576,440

Notes:

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

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

For the six months ended 30 June 2007 (unaudited)

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

Inter-segment sales are charged at prevailing market prices.

	Oil/liquefied chemicals terminal and logistics services	Container terminal and logistics services	Automobile terminal and logistics services	Port value-added services	Eliminations	Consolidated
Result						
Segment result	177,638	86,460	-	57,918	-	322,016
Unallocated income						12,900
Unallocated expenses						(16,225)
Share of results of associates	-	1,958	(1,098)	1,195		2,055
Share of results of jointly controlled entities	16,866	73,658	-	5,098		95,622
Finance costs						(23,705)
Profit before tax						392,663
Income tax expense						(67,246)
Profit for the period						325,417

Geographical segments

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

4. INCOME TAX EXPENSE

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

PRC enterprise income tax for the Company is calculated at the prevailing tax rate of 25% (for the six months ended 30 June 2007: 16.5%) for the six months ended 30 June 2008.

Pursuant to the documents issued by Dalian Bonded Zone Local Tax Bureau (大連保稅區地方稅務局大地稅保發〔2007〕22 號), the Company was entitled to 50% reduction of PRC enterprise income tax for the six months ended 30 June 2007.

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

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

5. DIVIDENDS

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

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

6. BASIC EARNINGS PER SHARE

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

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Terminal facilities	Terminal equipment	Vessels and motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2007	125,041	2,386,596	180,367	506,886	142,343	1,958,802	5,300,035
Additions	18,480	168,791	36,438	5,615	54,595	803,349	1,087,268
Reclassifications	137,283	1,389,440	105,125	165,754	(127,093)	(1,670,509)	-
Transfer to intangible assets	-	-	-	-	-	(1,728)	(1,728)
Transfer to non-current assets held for sale	(21,875)	(1,190,106)	(85,757)	-	-	-	(1,297,738)
	(as restated)	(as restated)	(as restated)				(as restated)

Transfer to investment properties	(6,410)	(158,691)	-	-	-	-	(165,101)
Disposals	(31,171)	(116,439)	(38,266)	(41,034)	(12,587)	-	(239,497)
At 31 December 2007 and 1 January 2008	221,348	2,479,591	197,907	637,221	57,258	1,089,914	4,683,239
	(as restated)	(as restated)	(as restated)				(as restated)
Aquired on acquisition of assets and liabilities through acquisition of subsidiaries	3,032	87,500	17,437	-	4,946	-	112,915
Additions	62	4,839	2,543	2,509	1,280	590,542	601,775
Reclassifications	42,686	35,018	3,361	108,219	411	(189,695)	-
Transfer to intangible assets	-	-	-	-	-	(300)	(300)
Disposals	(475)	(36,190)	(1,648)	(74,414)	(197)	(3,332)	(116,256)
At 30 June 2008	266,653	2,570,758	219,600	673,535	63,698	1,487,129	5,281,373
ACCUMULATED DEPRECIATION							
At 1 January 2007	11,832	95,994	15,988	32,355	25,649	-	181,818
Provided for the year	20,555	66,040	5,204	38,181	26,714	-	156,694
		(as restated)					(as restated)
Eliminated on transfer to non-current assets held for sale	-	-	-	-	-	-	-
	(as restated)	(as restated)	(as restated)				(as restated)
Reclassifications	516	(24)	5,352	-	(5,844)	-	-
Transfer to investment properties	(4,794)	(29,303)	-	-	-	-	(34,097)
Eliminated on disposals	(7,509)	(7,741)	(4,729)	(7,287)	(1,635)	-	(28,901)
At 31 December 2007 and 1 January 2008	20,600	124,966	21,815	63,249	44,884	-	275,514
	(as restated)	(as restated)	(as restated)				(as restated)
Provided for the year	4,537	55,087	10,250	19,429	3,106	-	92,409
Reclassifications	-	-	17	-	(17)	-	-
Eliminated on disposals	(66)	(14,856)	(396)	(10,598)	(119)	-	(26,035)
At 30 June 2008	25,071	165,197	31,686	72,080	47,854	-	341,888
CARRYING AMOUNT							
At 30 June 2008	241,582	2,405,561	187,914	601,455	15,844	1,487,129	4,939,485
At 31 December 2007	200,748	2,354,625	176,092	573,972	12,374	1,089,914	4,407,725

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

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

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

8. TRADE AND OTHER RECEIVABLES

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

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

9. TRADE AND OTHER PAYABLES

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

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

10. SUBSEQUENT EVENTS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Summary

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

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

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

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

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

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

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

Overall analysis of results

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

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

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

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

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

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

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

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

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

Assets and liabilities

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

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

Financial resources and liquidity

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

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

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

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

As of 30 June 2008, the Group had net current assets of RMB947,721,000, representing an increase of

RMB53,098,000 as compared with that at 31 December 2007, and the Group's current ratio improved from 1.68 times as at 31 December 2007 to 1.80 times as at 30 June 2008.

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

Use of proceeds

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

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

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

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

Capital expenditure

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

Business Review

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

Oil Segment

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

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

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

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

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

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

In the first half of 2008, the volume of crude oil imported through the Group's terminals accounted for 99% (100% in the first half of 2007) of the total amount of crude oil imported in Liaoning Province and 96%

(95% in the first half of 2007) of the total amount of crude oil imported in the three provinces in the northeastern of China. The total oil/liquefied chemicals throughput accounted for 70% (74% in the first half of 2007) of the total throughput of Liaoning Province and 55% (54% in the first half of 2007) of the total oil throughput of the three provinces of northeastern China.

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

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

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

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

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

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

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

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

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

Container Segment

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

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

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

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

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

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

2007) of that of the three provinces in northeastern China.

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

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

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

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

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

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

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

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

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

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

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

Automobile Terminal Segment

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

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

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

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

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

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

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

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

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

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

Value-added Services Segment

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

Tugging

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

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

Tallying

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

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

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

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

Prospects for the second half of 2008

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

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

<u>Oil Segment</u>

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

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

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

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

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

<u>Container Terminal Segment</u>

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

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

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

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

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

<u>Automobile Terminal Segment</u>

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

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

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

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

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

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

Value-added Services Segment

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

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

Others

Restatement of Comparative Figures

During the preparation of interim financial report for the period ended 30 June 2008, the management identified certain formula errors within the movement of property, plant and equipment and consolidated cash flow statement during the year ended 31 December 2007. The errors were due to the oversightness when combining the individual subsidiaries' movement of the property, plant and equipment and cash flow statement. The management decided to restate certain amounts for the year ended 31 December 2007. However, the restatement had no effect on the total net book values of property, plant and equipment, the amounts shown in net cash generated from operating activities in the consolidated cash flow statements, the consolidated results for the year ended 31 December 2007 and consolidated financial position of the Group as at 31 December 2007. Accordingly, no prior year adjustment was necessary on the results and financial position of the Group for the prior accounting periods. Please refer to note 7 "Property, plant and equipment" to the interim financial report for details of restatement and impact.

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

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

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

COMPLICANCE WITH THE CODE ON CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

By Order of the Board of Directors
MA Jinru LEE, Kin Yu Arthur
Joint Company Secretaries

Dalian City, Liaoning Province, the PRC
22 August 2008

As at the date of this announcement, the Directors are:
Executive Directors: SUN Hong, ZHANG Fengge, JIANG Luning and SU Chunhua
Non-executive Directors: LU Jianmin and XU Jian
Independent Non-executive Directors: WANG Zuwen, ZHANG Xianzhi and NG Ming Wah, Charles

** The Company is registered as an oversea company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under the English name "Dalian Port (PDA) Company Limited".*