Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

大連港股份

Dalian Port (PDA) Company Limited*
大連港股份有限公司

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

(Stock Code: 2880)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2011

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**") prepared pursuant to China Accounting Standards for Business Enterprises for the six months ended 30 June 2011.

OPERATING RESULTS

The results for the six months ended 30 June 2011, which have been reviewed by the Group's auditors and the Company's Audit Committee, are as follows:

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2011
(Expressed in Renminbi Yuan)

ASSETS	30 June 2011	31 December 2010
Current assets		
Cash and cash equivalents	4,886,997,881.57	3,257,584,874.53
Financial assets held for trading	451,530,201.65	-
Notes receivable	69,716,487.24	95,490,533.52
Accounts receivable	492,718,249.57	340,819,755.89
Prepayments	34,385,250.21	166,551,421.26
Interests receivable	11,140,228.13	1,563,707.73
Dividends receivable	15,000,000.00	89,327,526.20
Other receivables	192,729,131.42	187,942,498.48
Inventories	90,545,380.75	54,414,586.22
Other current assets	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	42,507,549.92	26,804,054.61
Long-term equity investments	3,217,984,487.27	3,313,648,446.59
Investment properties	696,895,669.36	883,406,540.44
Fixed assets	11,069,512,316.24	8,929,837,715.51
Fixed assets pending for disposal	7,734,701.84	-
Construction in progress	5,204,719,057.15	4,617,098,892.35
Intangible assets	816,209,471.04	472,017,152.49
Goodwill	77,735,288.74	77,735,288.74
Long-term prepaid expenses	22,364,115.66	20,845,569.25
Deferred tax assets	78,130,884.78	62,139,576.76
Other non-current assets	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

LIABILITIES AND OWNERS' EQUITY	30 June 2011	31 December 2010
Current liabilities		
Short-term borrowings	1,865,000,000.00	1,265,000,000.00
Notes payable	-	12,650,000.00
Accounts payable	112,458,658.30	94,303,798.29
Advances from customers	64,611,819.78	129,702,144.78
Employee benefits payable	75,631,511.37	83,678,190.23
Taxes payable	82,996,864.16	154,914,443.03
Interests payable	31,449,145.74	68,309,952.01
Dividends payable	228,091,885.54	6,791,885.54
Other payables	2,552,497,369.17	2,854,050,840.24
Non-current liabilities due within one year	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	3,565,961,757.04	2,392,963,068.52
Bonds payable	4,809,199,022.11	2,481,670,772.08
Long-term payables	4,035,700.00	7,941,050.00
Deferred tax liabilities	78,055,052.08	74,672,592.27
Other non-current liabilities	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	4,426,000,000.00	4,426,000,000.00
Capital surplus	6,127,632,823.58	6,134,167,505.26
Surplus reserve	347,502,417.01	347,502,417.01
Retained earnings	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

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011
(Expressed in Renminbi Yuan)

	For the six months ended	
	30 June 2011	30 June 2010
Revenue	1,714,544,622.36	1,595,967,291.30
Less: Cost of sales	1,061,501,293.83	904,800,278.33
Taxes and surcharges	71,290,731.34	64,254,171.30
General and administrative expenses	175,073,153.23	163,917,875.62
Financial expenses	37,278,671.78	33,979,915.50
Add: Gains on changes in fair values	1,530,201.65	28,944.74
Investment income	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	29,073,775.07	53,006,319.30
Less: Non-operating expenses	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	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	0.08	0.11
Diluted earnings per share	Not applicable	Not applicable
Other comprehensive income	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

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)(《关于同意大连港股份有限公司发行境外上市外资股的批复》证监国合字[2006]4号) 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)(《关于核准大连港股份有限公司首次公开发行股票的批复》证监许可[2010]1540号) 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, transhipment, 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.

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.

2. Significant accounting policies and estimate

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.

3. Consolidation scope of the consolidated financial statements

3.1 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 Lushun Port Co., Ltd. Accordingly, Dalian Lushun Port Co., Ltd. and its wholly-owned subsidiary Dalian Xinhai Passenger Transportation Co., Ltd. became the Group’s subsidiaries.

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

3.2 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 Lushun 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)

The operating results and cash flows of Dalian Lushun 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	-

3.3 Acquisition of Dalian Lushun Port Co., Ltd. during the current period

In the first half of 2011, the Company acquired 60% equity interests in Dalian Lushun 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 Lushun 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	

4. 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
	495,714,727.11	343,759,280.43
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

5. 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

	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	

6. 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

7. Notes payable

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

8. 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, the Group has no significant accounts payable with ageing above one year (2010: Nil).

9. 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

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 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

10. 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

11. 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

12. 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

13. 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.

14. 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 31 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

15. 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.

16. 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 transhipment of oil products and liquefied chemicals and port management services
(2) Container terminal and logistics services	Loading and discharging, storage and transhipment of containers, leasing of terminals and related facilities and various container logistics services and sale of properties
(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
(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.

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

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

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.

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 the 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 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.

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 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.

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. This 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 cents[1] 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 newly put in use, 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

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

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 investee companies 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.

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 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.

Use of proceeds

Use of proceeds (A Shares)

Net proceeds of the public offering of 762 million A shares ("A-Share IPO ") obtained by the Group 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 on 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	-
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 public offering of 966 million H shares obtained by the Group 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.

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	0
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	0
Repayment of a long-term bank loan	850,000,000.00	850,000,000.00	0
General working capital	185,343,000.00	198,343,000.00	0
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.

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%)

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 the impact on 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, In 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.

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 for 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 for 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.

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, 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.
- 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 3 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 every port 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 investee companies resulted from the rapid growth of both vehicle production and sales in the automobile sector.

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 shipped to Southern China. With market cultivation for years, the Group started to serve 3 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 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.

In the first half of 2011, the revenue from 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 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’ 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 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%)
Equipmen	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 tones, 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.

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 5th cargo with an annual volume over 10 million tonnes following oil, container, ore and passenger and Ro-Ro.

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 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 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.
- 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.

In the first half of 2011, the revenue from 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 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 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' 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 the leasing contracts with large-sized 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: Vehicles refer to the vehicles handled at the passenger and roll-on, roll-off terminals of the Group and companies in which it has invested.

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. 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' 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 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.

Value-added Services Segment

Tugging

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 tugging services to achieve sound growth in the tugging business in Dalian.

In the market outside Dalian, facing changing market conditions, the Group timely changed tugboats' location and optimized tugging services so that it maintained a stable long-term customer base and developed relationships with customers. As at the end of July 2011, the Group leased out 1 additional tugboat to the other port outside Dalian. By the end of July 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 tugging 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 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-I 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.

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.

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.

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 it 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.

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.
- The 4 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 equipments. 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.

Passenger and Ro-Ro Segment

- The Group will enhance its market promotions and 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 the railway passengers 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 with the 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 be able to find a new driving force 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 2011so as to meet the demand for large-sized vessels.

INTERIM DIVIDEND

The board of directors of the Company resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2011

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

During the six months ended 30 June 2011, the Company did not redeem any of its listed shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares in the aforesaid period.

COMPLICANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with all code provisions contained in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the six months ended 30 June 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct governing director s' and supervisors' dealings in the Company's securities transactions (the "Code of Directors' Securities Dealings") on terms no less exacting than the standards required under the Model Code for Securities Transactions by Directors of Listed issuers as contained in Appendix 10 to the Listing Rules. Upon specific enquiries, all directors and supervisors confirmed that they complied with the provision of the Code of Directors' Securities Dealings during the six months ended 30 June 2011.

AUDIT COMMITTEE

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.

By Order of the Board of Directors
ZHU Hongbo LEE, Kin Yu Arthur
Joint Company Secretaries

Dalian City, Liaoning Province, the PRC
28 August 2011

Executive Directors: SUN Hong, ZHANG Fengge, XU Song and ZHU Shiliang
Non-executive Directors: XU Jian and Mr. Zhang Zuogang
Independent non-executive Directors: Mr. Liu Yongze, Mr. Gui Liyi and Mr. Wan Kam To, Peter

** The Company is registered as a non-Hong Kong 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".*