



大連港股份

Dalian Port (PDA) Company Limited*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2880)

ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board announces that, in compliance with the pilotage system restructuring plan promulgated by the Dalian Municipal Government, a pilot station, which will be wholly owned by the PRC government, will be established by the Dalian Municipal Government. The Company has been entrusted to manage the operations of the pilot station and will continue to hold the operation rights in respect of the pilotage business. The establishment of the wholly state-owned pilot station is expected to take place by the end of February 2007.

The Board announces that, in compliance with the pilotage system restructuring plan promulgated by the Dalian Municipal Government, a pilot station, which will be wholly owned by the PRC government, will be established by the Dalian Municipal Government. The Company has been entrusted to manage the operations of the pilot station and will continue to hold the operation rights in respect of the pilotage business. The establishment of the wholly state-owned pilot station is expected to take place by the end of February 2007.

The Company's pilotage business is currently being operated by the Company as part of its port value-added services. The Company's pilotage operation involves pilots navigating, berthing and de-berthing vessels which arrive at and depart from Dalian Port at the designated pilotage area.

The pilotage business and related assets were transferred to the Company at the time of its establishment and as part of the reorganisation for listing on the Stock Exchange. The reorganisation, which involved the transfer of such pilotage business, had been approved by the relevant PRC authorities as part of the listing process. The Company's PRC counsel, Jingtian & Gongcheng, has also opined on the ownership and valid operations by the Company of such pilotage business following the reorganisation.

According to the Company's unaudited management accounts prepared in accordance with the PRC accounting rules and regulations, the revenue and net profit before taxation generated from the Company's pilotage business operation for the year ended 31 December 2006 were RMB67,095,754.13 and RMB7,391,935.82, respectively.

The pilotage business is regarded as a restricted business by the PRC government in accordance with 中華人民共和國海上交通安全法 (the Maritime Traffic Safety Law of the PRC), such that it is mandatory for foreign-registered vessels calling at, or departing from, any PRC port to use such pilotage services. For PRC-registered vessels, the captain of the relevant vessel has discretion on whether to use such pilotage service.

Because of the sensitivity of the pilotage business and to ensure that the pilotage service shall be provided on an equal treatment basis to all PRC port operators, the PRC government believes that such business should be owned and controlled by a wholly state-owned entity. Accordingly, the Dalian Municipal Government has promulgated a pilotage system restructuring plan to establish a pilot station, which will be wholly-owned by it to operate the pilotage business in Dalian, and the Dalian Municipal Ships Pilotage Administration Committee ("DLSPAC"), which will be the supervisory and administrative body in Dalian responsible for, among other things, implementing the pilotage business-related laws and regulations, enacting the pilotage administration rules and preparation of establishment of the pilot station. As a result, the Company will not own the pilot station following its establishment, which is expected to take place by the end of February 2007.

As disclosed above, the Company's pilotage business was transferred to the Company during the reorganisation for listing on the Stock Exchange. In order to mitigate any adverse impact on the Company, DLSPAC has issued an approval to confirm that Dalian Municipal Government has agreed to entrust the Company to manage the daily operation of the pilot station and continue to hold the operation right in respect of the pilotage business. The Company shall be entitled to receive the remaining portion of the annual pilotage charges collected by the pilot station after deducting the relating operation expenses and the administrative levy being 3% of the annual pilotage charges for the maintenance and other relevant expenses of the port facilities owned by the Company but commonly used by all port operators in Dalian. Under such arrangement, the Board believes that the pilotage system restructuring would not result in a material adverse impact to the Company's business and operating results. In the event that there is any further development with respect to the arrangement of pilot system in the future, the Company will make an announcement if appropriate.

Investors are advised to exercise caution in dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Board"	the board of Directors;
"Company"	大連港股份有限公司 (Dalian Port (PDA) Company Limited*), a joint stock limited company incorporated in the PRC with H shares listed and traded on the main board of the Stock Exchange;
"Directors"	the directors of the Company;
"H shares"	Foreign Shares in the share capital of the Company, with Renminbi-denominated par value of RMB1.00 each, which are listed and traded on the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan);
"RMB"	renminbi, the lawful currency of the PRC; and
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

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

Dalian City, Liaoning Province, the PRC
2 February 2007

As at the date of this announcement, the Directors are:

Executive Directors:	SUN Hong, JIANG Luning and SU Chunhua
Non-executive Directors:	LU Jianmin and ZHANG Fengge
Independent non-executive Directors:	YANG Zan, ZHANG Xianzhi and NG Ming Wah, Charles

* The Company is registered as an overseas 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".