大連港股份

Dalian Port (PDA) Company Limited*

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

(Stock Code: 2880)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

SUMMARY

- Revenue for the year ended 31 December 2006 was RMB1,545,122,000, representing an increase of 21.7% over 2005.
- Profit attributable to equity holders of the Company for the year ended 31 December 2006 was RMB631,567,000, representing an increase of 50.5% over 2005.
- Basic earnings per share for the year ended 31 December 2006 was RMB24 cents.
- The Board of Directors proposed a final dividend of RMB6 cents per share.

The Board of Directors (the "Board") of Dalian Port (PDA) Company Limited (the "Company") is pleased to announce the results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The Group's results have been audited by Deloitte Touche Tohmatsu.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

	NOTES	2006 RMB'000	2005 RMB'000
Revenue	5	**1,545,122**	1,269,376
Cost of services		**(705,990)**	(623,764)
Gross profit		**839,132**	645,612
Other income	7	**184,225**	41,408
Selling and administrative expenses		**(200,711)**	(111,268)
Share of profits (losses) of associates		**7,324**	(351)
Finance costs	8	**(129,973)**	(99,713)
Profit before tax		**699,997**	475,688
Income tax expense	9	**(54,835)**	(42,700)
Profit for the year	10	**645,162**	432,988
Attributable to:			
Equity holders of the Company		**631,567**	419,655
Minority interests		**13,595**	13,333
		645,162	432,988
Dividends	11	**–**	–
Earnings per share – basic (RMB)	12	**0.24**	0.21

* *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".*

CONSOLIDATED BALANCE SHEET
At 31 December 2006

	NOTES	2006 RMB'000	2005 RMB'000
Non-current assets			
Property, plant and equipment		**5,961,828**	4,624,942
Prepaid lease payments		**370,969**	385,794
Investment properties		**850,058**	861,519
Intangible assets		**51,200**	8,018
Investments in associates		**144,132**	132,673
Available-for-sale investments		**54,076**	1,233
Finance lease receivables		**–**	9,376
Deferred tax assets		**79,897**	79,127
		7,512,250	6,102,682
Current assets			
Properties held for sale		**211,411**	207,439
Rights to receive government grants		**30,600**	30,600
Inventories – finished goods, at cost		**461**	1,219
Trade and other receivables	*13*	**269,707**	134,303
Prepaid lease payments		**10,356**	9,347
Finance lease receivables		**–**	1,618
Amounts due from jointly controlled entities		**1,596**	7,238
Amounts due from associates		**23,239**	9,369
Amounts due from related companies		**80**	196
Amount due from a fellow subsidiary		**3**	3
Advance to Dalian Port Corporation Limited ("PDA")		**2,018**	17,332
Bank balances and cash		**1,508,847**	357,695
		2,058,318	776,359
Non-current assets held for sale		**160,146**	160,210
		2,218,464	936,569
Current liabilities			
Trade and other payables	*14*	**580,936**	235,840
Amounts due to jointly controlled entities		**615**	951
Amounts due to associates		**5,189**	7,043
Amounts due to related companies		**26,551**	8,370
Amounts due to fellow subsidiaries		**77,500**	20,826
Advance from PDA		**16,538**	74,903
Amount due to a shareholder of a jointly controlled entity		**–**	5,000
Amount due to a minority shareholder		**22,618**	–
Tax liabilities		**36,873**	28,221
Bank borrowings – due within one year		**279,234**	649,881
		1,046,054	1,031,035
Government grants associated with non-current assets held for sale		**160,146**	–
		1,206,200	1,031,035
Net current assets (liabilities)		**1,012,264**	(94,466)
Total assets less current liabilities		**8,524,514**	6,008,216

	NOTES	2006 RMB'000	2005 RMB'000
Non-current liabilities			
Bank borrowings – due after one year		**2,317,231**	3,491,671
Government grants		**673,984**	72,663
		2,991,215	3,564,334
Net assets		**5,533,299**	2,443,882
Capital and reserves			
Paid-in capital	*15*	**2,926,000**	1,960,000
Reserves		**2,434,049**	383,139
Equity attributable to equity holders of the Company		**5,360,049**	2,343,139
Minority interests		**173,250**	100,743
Total equity		**5,533,299**	2,443,882

NOTES TO FINANCIAL STATEMENTS

1. GROUP RESTRUCTURING AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Dalian Port (PDA) Company Limited (the "Company") was established as a joint stock limited company in the PRC on 16 November 2005. On 28 April 2006, the Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK").

The Company's parent and ultimate holding company is PDA, which is a state-owned enterprise established on 30 April 2003, under the laws of the PRC. The address of the registered office and principal place of business of the Company are disclosed in the annual report.

Pursuant to a group reorganisation (the "Group Reorganisation") of the Group to rationalise the group structure in preparation for the listing of the Company's shares on the SEHK, the Company became the holding company of the Group on 16 November 2005, as set out in "Business – Reorganisation" in the prospectus issued by the Company, dated 18 April 2006. The Group resulting from the Group Reorganisation is regarded as a restructure of enterprises under common control. Accordingly, the financial statements of the Group have been prepared on the basis as if the Company had always been the holding company of the Group by using the principles of merger accounting.

The consolidated financial statements are presented in Renminbi, which is also the functional currency of the Company.

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

2. APPLICATION OF NEW AND REVISED STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and are either effective for annual reporting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of these new IFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

At the date of authorisation of these financial statements, the following new standards, amendment and interpretations were in issue but not yet effective:

IAS 1 (Amendment)	Capital Disclosures[1]
IFRS 7	Financial Instruments: Disclosures[1]
IFRS 8	Operating segments[2]
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies[3]
IFRIC 8	Scope of IFRS2[4]
IFRIC 9	Reassessment of Embedded Derivatives[5]
IFRIC 10	Interim Financial Reporting and Impairment[6]
IFRIC 11	IFRS 2: Group and Treasury Share Transactions[7]
IFRIC 12	Service Concession Arrangement[8]

[1] Effective for annual periods beginning on or after 1 January 2007.
[2] Effective for annual periods beginning on or after 1 January 2009.
[3] Effective for annual periods beginning on or after 1 March 2006.
[4] Effective for annual periods beginning on or after 1 May 2006.
[5] Effective for annual periods beginning on or after 1 June 2006.
[6] Effective for annual periods beginning on or after 1 November 2006.
[7] Effective for annual periods beginning on or after 1 March 2007.
[8] Effective for annual periods beginning on or after 1 January 2008.

The Group has not early applied the above new standards, amendment and interpretations. The directors of the Company anticipate that the application of these standards, amendment and interpretations in future periods will have no material financial impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

(i) Useful lives of property, plant and equipment

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

(ii) Trade receivables

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2006 ***RMB'000***	2005 *RMB'000*
Oil/liquefied chemicals terminal and logistics services	**594,795**	486,932
Container terminal and logistics services	**690,499**	575,107
Port value-added services	**259,828**	207,337
	1,545,122	1,269,376

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

Income Statement

For the year ended 31 December 2006

	Oil/liquefied chemicals terminal and logistics services *RMB'000*	Container terminal and logistics services *RMB'000*	Port value-added services *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Revenue					
External sales	**594,795**	**690,499**	**259,828**	**–**	**1,545,122**
Inter-segment sales	**–**	**–**	**2,155**	**(2,155)**	**–**
Total revenue	**594,795**	**690,499**	**261,983**	**(2,155)**	**1,545,122**

Inter-segment sales are charged at prevailing market prices.

Result					
Segment result	**329,519**	**294,258**	**99,147**	**–**	**722,924**
Unallocated income					**144,472**
Unallocated expenses					**(44,750)**
Share of results of associates	**–**	**5,045**	**2,729**	**–**	**7,324**
Finance costs					**(129,973)**
Profit before tax					**699,997**
Income tax expense					**(54,835)**
Profit for the year					**645,162**

Income Statement

For the year ended 31 December 2005

	Oil/liquefied chemicals terminal and logistics services *RMB'000*	Container terminal and logistics services *RMB'000*	Port value-added services *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Revenue					
External sales	486,932	575,107	207,337	–	1,269,376
Inter-segment sales	–	29	5,940	(5,969)	–
Total revenue	486,932	575,136	213,277	(5,969)	1,269,376

Inter-segment sales are charged at prevailing market prices.

Result					
Segment result	262,514	238,582	71,272	–	572,368
Unallocated income					3,384
Share of results of associates	–	(1,151)	800	–	(351)
Finance costs					(99,713)
Profit before tax					475,688
Income tax expense					(42,700)
Profit for the year					432,988

Geographical segments

All the Group's operations are located in the PRC. Accordingly, no geographical segment analysis of segment result, assets and cost incurred to acquire segment assets are presented.

7. OTHER INCOME

	2006 RMB'000	2005 RMB'000
Net rental income, other than leasing income from terminal facilities	**10,756**	6,969
Subsidy income *(Note a)*	**1,432**	15,683
Service income	**3,706**	6,022
Bank interest income *(Note b)*	**142,591**	2,740
Finance lease interest income	**1,881**	644
Net gain on disposal of property, plant and equipment	**7,736**	–
Gain on disposal of prepaid lease payments	**8,515**	–
Gain on disposal of financial assets held for trading	**2,125**	–
Gain on partial disposal of an associate	**–**	3,302
Discount on acquisition of additional interests in subsidiaries	**–**	752
Gain on dissolution of a subsidiary	**–**	1,565
Others	**5,483**	3,731
	184,225	41,408

Notes:

(a) Subsidy income in 2005 included an amount of approximately RMB11 million from the Finance Bureau of the Economic and Technology Development Zone of Dalian (大連經濟技術開發區財政局) for operations established in a newly developed zone.

The subsidy income was one-off and did not come along with any conditions prior to the release of the subsidy income.

(b) Bank interest income in 2006 included an amount of approximately RMB109 million (2005: nil) arising from the over-subscription of the Company's H shares under the global offering.

8. FINANCE COSTS

	2006 RMB'000	2005 RMB'000
Interest on bank borrowings	**187,266**	48,277
Interest on loans from PDA	**–**	110,810
Imputed interest expense on amounts due to shareholders of jointly controlled entities	**–**	496
Total borrowing costs	**187,266**	159,583
Less: amount capitalised in the cost of property, plant and equipment	**(57,293)**	(59,870)
	129,973	99,713

The weighted average capitalisation rate is 5.6% per annum calculated on the general borrowing pool (2005: 5.3% per annum).

9. INCOME TAX EXPENSE

	2006 RMB'000	2005 RMB'000
The charge comprises:		
Current tax:		
Charge for the year	**52,877**	42,587
Underprovision in prior year	**2,818**	–
	55,695	42,587
Deferred tax	**(860)**	113
	54,835	42,700

Pursuant to the documents issued by Dalian Bonded Zone Local Tax Bureau (大連保税區地方税務局文件2005年25號), the Company is exempted from PRC income tax for the year ended 31 December 2006 (2005: 33%) and followed by a 50% reduction for the next year.

Dalian Container Terminal Co., Ltd ("DCT") one of the jointly controlled entities of the Group, is a sino-foreign joint venture. Pursuant to the relevant laws and regulations in the PRC, DCT was entitled to a 50% tax relief on PRC Foreign Enterprise Income Tax ("FEIT") for the year ended 31 December 2006 and 2005.

Pursuant to the relevant laws and regulations in the PRC, Odfjell Terminals (Dalian) Ltd. ("OTD") is exempted from FEIT for five years starting from its first profit-making year and followed by a 50% reduction for the following five years. It is the second profit-making year for OTD to be exempted from FEIT for the year ended 31 December 2006.

Except for the above-mentioned entities, the tax charges for the year ended 31 December 2006 and 2005 represent income tax in the PRC which are calculated at the prevailing tax rate of 33% on the taxable income of the Group in the PRC.

The tax charge for the year can be reconciled to the profit before tax as follows:

	2006	2005
	RMB'000	*RMB'000*
Profit before tax	**699,997**	475,688
Tax at PRC income tax rate of 33%	**230,999**	156,977
Tax effect of expenses not deductible for tax purposes	**9,544**	2,762
Tax effect of income not taxable for tax purposes	**(41,612)**	(1,615)
Tax effect of tax losses not recognised	**495**	1,899
Utilisation of tax losses previously not recognised	**(1,374)**	(53)
Effect of tax deduction granted to DCT	**(4,530)**	(5,384)
Tax effect on share of results of associates	**(2,417)**	116
Tax effect of different tax rates of jointly controlled entities	**(19,305)**	(17,191)
Effect of tax exemptions granted	**(119,783)**	–
Tax effect in respect of business divisions *(Note)*	**–**	(94,811)
Underprovision in prior year	**2,818**	–
Tax charge for the year	**54,835**	42,700

Note: For the year ended 31 December 2005, the profits of certain business divisions of the Group were not assessed individually for PRC income tax purpose but were combined with assessable profits/losses of other business divisions of PDA. The combined assessable profits/losses were then included in the income tax assessment of PDA on a combined basis.

10. PROFIT FOR THE YEAR

	2006	2005
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Staff cost, including directors' remuneration:		
– Salaries, wages and other benefits	**148,643**	135,106
– Retirement benefits scheme contributions	**22,935**	17,136
Total staff costs	**171,578**	152,242
Allowance for (recovery of) doubtful debts, net	**425**	(126)
Amortisation of intangible assets	**3,634**	1,856
Auditor's remuneration	**3,820**	403
Depreciation of property, plant and equipment and investment properties	**199,247**	147,658
Foreign exchange loss (gain), net	**17,191**	(2,251)
(Gain) loss on disposal of property, plant and equipment	**(7,736)**	556
Gain on disposal of prepaid lease payments	**(8,515)**	–
Loss on disposal of investment properties	**707**	–
Loss on disposal of intangible assets	**1,128**	28
Release of prepaid lease payments to income statement	**9,910**	6,205

11. DIVIDENDS

A final dividend of RMB6 cents (2005: nil) per share has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31 December 2006 is based on the profit attributable to the equity holders of the Company and the weighted average number of 2,614,625,000 shares in issue. The weighted average number of shares in issue is determined by adjusting 840,000,000 new H shares issued to the public and listed on the Main Board of the SEHK on 28 April 2006 and a further 126,000,000 new H shares issued as a result of the full exercise of Over-allotment Option on 3 May 2006.

The calculation of the basic earnings per share for the year ended 31 December 2005 was based on the profit attributable to the equity holders of the Company and on the 1,960,000,000 shares issued and outstanding at the date of the establishment of the Company.

No diluted earnings per share is presented as the Company did not have any dilutive potential shares for both years or at each of the balance sheet dates.

13. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit periods from 30 – 60 days to its trade customers. The following is an aged analysis of trade receivable as at the balance sheet date:

	2006	2005
	RMB'000	*RMB'000*
Trade receivables		
0 – 90 days	**80,697**	67,649
91 – 180 days	**2,227**	1,880
181 – 360 days	**574**	–
	83,498	69,529
Other receivables, net of allowances	**186,209**	64,774
	269,707	134,303

The directors consider that the carrying amount of the Group's trade and other receivables approximate to the fair value.

14. TRADE AND OTHER PAYABLES

The average credit period taken for trade purchases and ongoing costs is 0 to 90 days. The following is an aged analysis of trade payables at the balance sheet dates:

	2006	2005
	RMB'000	*RMB'000*
Trade payables		
0 – 90 days	**34,311**	18,429
91 – 180 days	**61,531**	44
181 – 360 days	**369**	338
Over 360 days	**37**	–
	96,248	18,811
Other payables	**484,688**	217,029
	580,936	235,840

The directors consider that the carrying amounts of trade and other payables approximate to their fair values.

15. PAID-IN CAPITAL

	Number of shares		**Registered, issued and fully paid**
	Domestic shares	**H shares**	
	'000	*'000*	*RMB'000*
At 1 January 2005	558,822	–	558,822
Bonus issue of shares	143,200	–	143,200
Conversion to a joint stock company and issue of shares	1,257,978	–	1,257,978
At 31 December 2005 and 1 January 2006	1,960,000	–	1,960,000
Conversion from domestic shares to H shares	(96,600)	96,600	–
Issue of new H shares	–	966,000	966,000
At 31 December 2006	1,863,400	1,062,600	2,926,000

16. POST BALANCE SHEET EVENT

In order to comply with the pilotage system restructuring plan promulgated by the Dalian Municipal Government, the wholly stated-owned pilot station has been established on 7 February 2007. 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 pilotage business was operated by the Company as part of its value-added services for the year ended 31 December 2006 and 2005.

On 16 March 2007, the Enterprise Income Tax Law (the "new EIT law") was passed at the Fifth Session of the Tenth National People's Congress of the PRC. The new EIT law will be effective as of 1 January 2008, and the "Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises" and "Provisional Regulations of the People's Republic of China on Enterprise Income Tax" both of which the Group was originally subjected to will be abrogated simultaneously. The Group has already commenced an assessment of the impact of the new EIT law but is not yet in a position to state the accurate impact on the Group's results of operations in the future.

The Group has entered into agreements on 30 March 2007 to acquire equity interests of the following companies:

(i) 40% equity interest in Dalian Automobile from PDA with the consideration of approximately RMB88,504,000.

(ii) 50% equity interest in Dalian Harbour ECL Logistics Co., Ltd. from PDA with the consideration of approximately RMB4,277,000.

(iii) 50% equity interest in Dalian Port Tongli Shipping Agency Co., Ltd. from PDA with the consideration of approximately RMB1,311,000.

(iv) 20% equity interest in Dalian Petrochina International Storage Co., Ltd. from PDA with the consideration of approximately RMB20,289,000.

It is impracticable to quantify the carrying amount and fair value of net assets acquired and goodwill arising from the above acquisition in view of short period of time between the dates of completion of the above acquisition and the issuance of the financial statements.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2006 as set out in the Preliminary Announcement have been agreed by the Company's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Company for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary

In 2006, China economy motioned relatively steady. GDP and foreign trade value increased by 10.7% and 23.8% respectively. Economies of Heilongjiang Province, Jilin Province and Liaoning Province collectively (the "Three North-eastern China Provinces") sustained their steady, healthy and robust development. The year-on-year GDP growths of the Provinces of Heilongjiang, Jilin and Liaoning were 12.0%, 15.0% and 13.8% respectively with surges in foreign trade value of 34.4%, 21.2% and 18.0% respectively. Average growth rate of foreign trade value in the Three North-eastern China Provinces of 21.1% has gradually narrowed the gap of such growth between the Three North-eastern China Provinces and China as a whole.

Capitalising on this sound macro-economic environment, the Group continued to focus on developing its core business and enhancing its competitive strengths, and achieved a healthy development as a result. Oil/liquefied chemicals terminal throughput increased by 2.4% year-on-year, and container terminal throughout raced up by 21.1% over last year. Satisfactory results were also achieved by the port value-added services business.

Review on overall results

For 2006, the Company's profit attributable to equity holders amounted to RMB631,567,000, an increase of 50.5% over 2005 and basic earnings per share amounted to RMB24 cents, an increase of 14.3% over 2005.

In 2006, the Group's revenue amounted to RMB1,545,122,000, an increase of 21.7% over 2005. The increase was attributable to rises in the rental income of berths and crude oil storage tanks, and increases in container throughput and liquefied chemicals throughput.

In 2006, the Group's cost of services, including depreciation, payrolls, fuel costs and business taxes, amounted to RMB705,990,000 for 2006, an increase of 13.2% over 2005. Such increase was mainly due to increases in depreciation of berths and storage tanks in tandem with increases in rental income, as well as increases in payrolls and fuel costs in response to business expansion.

In 2006, the Group's gross profit increased by 30% to RMB839,132,000. The Group's gross margin increased from 50.9% for 2005 to 54.3% for 2006.

In 2006, the Group's other income amounted to RMB184,225,000, of which RMB108,772,000 was interest income on proceeds from the Company's initial public offering of H shares, and RMB33,819,000 was interest income from bank deposits.

Assets and liabilities

As of 31 December 2006, the Group's total assets amounted to RMB9,730,714,000, total liabilities amounted to RMB4,197,415,000 and net assets were RMB5,533,299,000. Net asset value per share was RMB1.89, an increase of 51.2% over that of 31 December 2005.

Financial resources and liquidity
In 2006, benefited from the stable cash inflow generated from its operating activities, cash proceeds from the issue of new H shares and bank borrowings, the Group maintained a sound financial position and borrowing structure by realigning its cash level subject to cash requirements.

Cash inflow from operation continued to be a major source of funds for the Group in 2006, during which the Group's net cash generated from operating activities amounted to RMB817,940,000.

The Company received net proceeds of RMB2,385,343,000 from its global offering of 840 million H shares on 28 April 2006 and a further issue of 126 million H shares upon the exercise of an over-allotment option on 3 May 2006.

As at 31 December 2006, the Group had cash of RMB1,508,847,000, an increase of RMB1,151,152,000 over 31 December 2005. The Group has unutilized banking facilities amounting to RMB2,600,000,000 with available funds of RMB4,110,000,000. The Group has leveraged on its solid financial strength in developing business continuously, and the expansion in operational scale has secured a strong financial backing.

In 2006, the Group obtained new bank loans of RMB1,399,590,000 and repaid bank loans of RMB2,944,677,000. As at 31 December 2006, the Group had outstanding bank loans of RMB2,596,465,000, of which RMB2,317,231,000 was due after one year and RMB279,234,000 was due within one year. Gearing, as measured by net debts to equity, decreased from 158% as at 31 December 2005 to 20% as at 31 December 2006.

As at 31 December 2006, the Group has net current assets of RMB1,012,264,000, representing an increase of RMB1,106,730,000 over 2005. Current ratio surged from 0.9 times in 2005 to 1.8 times in 2006.

Use of proceeds
Net proceeds of the global offering of 966 million H shares for the Company, after deducting related expenses, amounted to approximately RMB2,385,343,000. As at 31 December 2006, the Group has utilized approximately RMB1,667,473,000 of the net proceeds. The remaining of the net proceeds was RMB717,870,000. The details of the net proceeds utilized was as follows:

- RMB143,980,000 for the construction of four new container berths at Dayaowan;
- RMB352,690,000 for the construction of twelve crude oil storage tanks in Xingang;
- RMB135,460,000 for the purchase of eight tugboats;
- RMB850,000,000 for the repayment of a long-term bank loan; and
- RMB185,343,000 for general working capital.

There has been no change in the proposed use of proceeds from the H share global offering as stated in the Company's prospectus dated 18 April 2006.

Capital expenditure
In 2006, the Group's capital expenditure amounted to RMB1,600,246,000, which were funded primarily by the proceeds of the global offering of H shares, government subsidies, bank borrowings and surplus operating funds.

BUSINESS REVIEW
The Group is engaged in the following three business segments: (i) the provision of oil/liquefied chemicals terminal and related logistics services; (ii) the provision of container terminal and related logistics services; and (iii) the provision of port value-added services.

Analysis of the performance of each business segments is as follows (the business data and information such as throughput set out herein are the aggregate of the subsidiaries, jointly controlled entities and associated companies of the Company regardless the percentage of equity interests held by the member of the Group):

Oil/liquefied chemicals terminal and related logistics services

The following table sets out the oil/liquefied chemicals throughput handled by the Group in 2006 and its comparison with 2005:

	Year ended 31 December 2006 *('000 tonnes)*	Year ended 31 December 2005 *('000 tonnes)*	**Increase (+)/ Decrease (–)**
Crude Oil	**20,890**	18,259	14.4%
Refined Oil	**10,968**	13,187	-16.8%
Liquefied chemicals	**879**	524	67.8%
Total	**32,737**	31,970	2.4%

In 2006, in terms of oil/liquefied chemicals throughput, the Group handled a total of 32.737 million tonnes, a growth of 2.4% over 2005.

Crude oil throughput was 20.89 million tonnes, an increase of 14.4% over 2005. Refined oil throughput was 10.968 million tonnes, a decrease of 16.8% over 2005. As international crude oil prices remained high for most of 2006, refined oil prices unpegged themselves from international crude oil prices and drove domestic refineries generally into red, thereby affecting the growth of processing volume and the amount of crude oil imported. In addition, the amount of crude oil imported from Russia via Manzhouli has also offset the amount imported by sea. In such unfavourable market environment, the Group strengthened its closer communications with customers, secured accurate information about cargo handling and expanded solicitation efforts for cargo transshipment, with the annual trans-shipment of crude oil throughput increased by 54.5% year-on-year. Affected by the international market, the processing volume for crude oil by refineries in north-eastern China dropped, while the demand for domestic refined oil grew. All these resulted in a decrease in the volume of refined oil demanding for transport via sea. Meanwhile, as PetroChina Company Limited changed the transportation mode of refined oil from north-eastern China, volume of refined oil transported by railway carriage tankers to terminals for trans-shipment via vessels has decreased as a result.

Liquefied chemicals throughput was 879,000 tonnes, an increase of 67.8% over 2005. As the processing capacity of liquefied chemicals in the north-eastern region has been enhanced, demands for liquefied chemicals increased, shipments of raw materials and finished goods for processing of liquefied chemicals grew at a faster pace.

In 2006, revenue from oil/liquefied chemicals terminal and related logistics services amounted to RMB594,795,000, accounting for 38.5% (38.4% for 2005) of the Group's total revenue and an increase of 22.2% or RMB107,863,000 over 2005. This increase was mainly driven by growth in the rental income of crude oil storage tanks and increase in liquefied chemicals throughput.

In 2006, gross profit from oil/liquefied chemicals terminal and related logistics services amounted to RMB352,903,000, accounting for 42.1% (42% for 2005) of the Group's total gross profit and representing a gross margin of 59.3% (55.6% for 2005).

In respect of the oil/liquefied chemicals terminal and related logistics services, the management closely monitored market changes by strengthening communications with customers, and further enhancing management and operational efficiency. Major measures and core projects undertaken were as follows:

– Strengthening solicitation efforts for the cargo handling business – In 2006, crude oil throughput of the Group accounted for 97.1% of ports in Dalian (up 3.7% year-on-year) and 81.7% of ports in the north-eastern China (up 6.6% year-on-year). Total oil/liquefied chemicals throughput accounted for 78% of ports in Dalian (up 3% year-on-year) and 65% of ports in north-eastern China (up 10% year-on-year). In terms of oil/liquefied chemicals throughput, the Company ranked third among the coastal ports of China.

– Benefitted by funds raised, construction of the twelve crude oil storage tanks was in schedule, of which six became operational and were commissioned as bonded crude oil storage tanks in November 2006. Prior to the commissioning of these 6 tanks, the Group negotiated and entered into storage tank leases with Petrochina International Company Limited in advance, to secure long-term occupancy of these oil storage tanks by customers immediately. As scheduled, the other 6 crude oil storage tanks will become operational at the end of 2007.

– As more and more oil storage tanks become operational with uplifts in storage charges for oil products, the oil products storage business has developed remarkably.

– Currently, the aggregate storage capacity of crude oil storage tanks owned by the Group is 2.75 million cubic metres, of which 2.20 million cubic metres are being leased to customers on a long-term basis. The remaining crude oil storage capacity of 0.55 million cubic metres or approximately 0.41 million tonnes for self-use are unable to accommodate the prevailing demand for transshipment. The management reasonably re-organised the operations to ensure that it is in order; as well as pro-actively expanded transshipment business to enlarge its market share. In 2006, crude oil transshipment throughput was 6.29 million tonnes, a year-on-year increase of 54.5%.

– Construction of refined oil/liquefied chemicals terminal, storage tanks and ancillary facilities at Xingang has been completed. In order to provide efficient and quality services to customers in the course of relocating the refined oil and liquefied chemicals terminal business from Siergou port area to Xingang port area, the relocation is being conducted by phases and in steps as planned. The entire relocation is expected to be completed in the middle of 2007.

Container terminal and related logistics services

The following table sets out the container throughput handled by the Group in 2006 and its comparison with 2005:

	Year ended 31 December 2006 ***('000 TEU)***	Year ended 31 December 2005 *('000 TEU)*	**Increase (+)/ Decrease (–)**
Foreign Trade	**2,818**	2,382	18.3%
Domestic Trade	**328**	216	51.9%
Total	**3,146**	2,598	21.1%

In 2006, total container throughput of the Group was 3.146 million TEUs, an increase of 21.1% over last year. Container throughput for foreign trade was 2.818 million TEUs, an increase of 18.3%; container throughput for domestic trade was 0.328 million TEUs, an increase of 51.9%.

Container throughput for foreign trade represented 90% of total container throughput of the Group and accounted for 93% of total container throughput for foreign trade in north-eastern China, with the Group's market share of foreign trade in north-eastern China being maintained. Development of foreign trade in the hinterland directly affected the performance of the Group's foreign trade container business; the growth of container throughput for foreign trade of the Group is generally in line with the increase of the foreign trade in the hinterland. Incremental increases in foreign trade of north-eastern China during the first half of 2006 were generally low versus 2005. There were significant incremental increases in the second half of 2006, in particular, Liaoning Province which accounted for nearly 70% of total amount of foreign trade in the hinterland of the Group. Affected by development of foreign trade in the hinterland, there is a substantial increase in volume of containers for foreign trade in the second half of the year over the first half of the year.

While maintaining a steady development of container throughput for foreign trade, the Group achieved the rapid growth of container throughput for domestic trade. The Group's market share of domestic trade in north-eastern China increased from 17.6% in 2005 to 19.6% in 2006.

In 2006, revenue from container terminal and related logistics services amounted to RMB690,499,000, accounting for 44.7% (45.3% in 2005) of the Group's total revenue and representing an increase of 20.1% or RMB115,392,000 over 2005, among which, revenue from container terminal services increased by RMB67,460,000, an increase of 21% over 2005, and revenue from container logistics services increased by RMB47,932,000, an increase of 18.8% over 2005.

In 2006, gross profit from container terminal and related logistics services amounted to RMB360,727,000, accounting for 43% (42.3% in 2005) of the Group's total gross profit and representing a gross margin of 52.2% (47.4% in 2005). The increase in gross margin was mainly driven by an increase in rental income of container berths and vessels.

In respect of container terminal and related logistics services businesses, the Group strives to strengthen customer relationship and continues to improve service standards as well as actively procures cooperation with customers and industry peers on port operations and business development. In 2006, the logistics system was effectively consolidated, with further development in multi-modal transportation system for container, sea-to-sea transshipment services network in Bohai Rim region and information network for container transportation. Progresses of major measures and the core projects undertaken by the Group were as follows:

– In 2006, the Group focused on improving multi-modal transportation system and further enhanced its terminal's competitiveness. The Group's volume of sea-to-rail intermodal transportation reached 159,000 TEUs, an increase of 17.3% over 2005.

– For container transshipment business, cooperation with shipping companies was emphasized. In 2006, transshipment containers handled were 246,000 TEUs, an increase of 26.5% over 2005.

– The Group adopted a strategy of increasing volume by adding shipping routes, with three US west coast ocean container mainhaul services being added to optimise shipping routes of the Group, which will play an important part in attracting transshipment cargo handling business.

– On 31 August 2006, the establishment of bonded port area at Dalian Dayaowan was formally approved by the State Council, which is one of the three bonded port areas so approved. The container terminals and logistics parks of the Group are located within the bonded port area. The bonded port area would drive the development of international trade in the north-eastern region of China, promote Dalian as an international shipping centre, and, in turn, stimulate the business development of the Company.

– In the second half of 2006, No. 13 and No. 14 container berths at Dayaowan were put under trial operation, which made the handling capacity of the Group's container terminals reached 3.85 million TEUs. In addition, in order to satisfy the needs for future development of container business, the Group entered into a memorandum of understanding with China Shipping Terminal Development Co., Ltd., China Shipping Terminal Development (Hong Kong) Company Limited, and Nippon Yusen Kabushiki Kaisha in relation to the establishment of a joint venture for the development and operation of Dayaowan Container Terminal Phase III (as referred to in the 2006 interim report as "The Extended Facilities of Container Terminal Phase II").

– China United International Rail Containers Co., Ltd. Dalian, a joint venture, with China Railway Container Transport Corp. Ltd., will be engaged in the construction and operations of three container logistics centres in Dalian, Harbin and Shenyang. This company will gradually develop them into the hub of the railway container transport services network in north-eastern region of China.

– In order to promote the development of logistics park, Dalian International Logistics Park Development Co., Ltd., a subsidiary of the Company, has established a joint venture with US-based Prologis, one of the largest global developers and service providers on logistics storage facilities, for developing and operating certain portion of land and logistics storage facilities in Dayaowan Bonded Logistics Park with an area of 400,000 sq.m..

– The Group paid attention to the incessant improvement of customer service standards. In 2006, Dalian Container Terminal Co., Ltd ("DCT") secured "The China Freight Industry Award" for the fifth consecutive years. In the Fifth China Freight Industry Awards, DCT has received "Gold Award for Operation Efficiency", "Silver Award for Integrated Services" and "Bronze Award for Scientific Management".

– In order to enhance the integrated information services capacity of container transportation, the Group has fully consolidated information resources of regional multi-modal transportation. Initially, the e-commerce service system of multi-modal transportation covering north-eastern China and the Bohai Rim Region and centered at Dalian has been established.

Port Value-added Services

The Group is the sole port value-added services provider within Dalian port area. There is a close link between the development of value-added services business and the development of the entire business of Dalian port area. In 2006, due to the sound development of transportation within Dalian port area, various value-added services of the Group have achieved relatively satisfactory results.

Tugging

In 2006, aggregate tugging hours of the Group was 50,168, an increase of 5.35% over 2005. The main driver of the growth of tugging business was the steady growth of throughput of Dalian port, the business expansion of peripheral shipyards and the expansion of markets outside Dalian port.

4 fully reversible tugboats, purchased with proceeds from the H share global offering, were delivered in November and December 2006. The commissioning of new tugboats have enhanced the average efficiency of tugboats, satisfied the production needs of port and achieved better economic results for the Group.

Pilotage

In 2006, number of vessels to which the Group provided pilotage service was 13,230, a decrease of 2% over 2005; net tonnage of pilotage was 118,188,000 tonnes, an increase of 11% over 2005; of which net tonnage of pilotage for foreign trade was 109,514,000 tonnes, an increase of 13.3% and net tonnage of pilotage for domestic trade was 8,674,000 tonnes, a decrease of 12.3% over 2005. Increase in net tonnage and decrease in number of vessels exemplified that the size of vessels calling at Dalian port has been increasing.

Tallying

In 2006, total tallying throughput handled by the Company's two jointly controlled entities, namely, Dalian Ocean Shipping Tally Co., Ltd. and China United Tally Co., Ltd. Dalian, amounted to 24,990,000 tonnes, an increase of 14% over 2005.

In 2006, operating revenue from value-added services amounted to RMB259,828,000, accounting for 16.8% (16.3% in 2005) of the Group's total operating revenue and representing an increase of 25.3% or RMB52,491,000 over 2005.

In 2006, gross profit from value-added services amounted to RMB125,501,000, accounting for 15% (15.7% in 2005) of the Group's total gross profit and representing a gross margin of 48.3% (48.9% in 2005).

Others

Human Resources

Employees are the most valuable assets of the Group. In order to enhance the competitiveness of human resources to fully motivate its employees, and attract and retain outstanding personnel, the Group emphasized friendly ambience as well as clean and comfortable working environment for all employees, and also various effective incentive measures.

As at 31 December 2006, the Group had a total of 1,991 full-time employees. The Group undertakes the review of its employee remuneration policy annually with reference to supply and demand of human resources market, economic situation, the Group's financial performance and staff's annual appraisal results.

Investor Relations

Since its listing on 28 April 2006, the Company pays particular attention to the communications with investors and potential investors, so that investors have a full continual understanding of the Company's operating status and strategies for future development, and also enhancing the investors' understanding and recognition of the Company.

Subsequent to the listing, many investors paid visits to the Company. The visitors had better understanding about the Company through direct communications with our management and site visit. In 2006, our management organized 3-day roadshows in Hong Kong after the announcement of 2006 interim results. Furthermore, our management participated in several annual investment seminars organised by BNP, Credit Suisse, Nomura Securities and UBS. Sufficient communications with investors through these activities have increased the transparency of the operations of the Company.

PROSPECTS FOR 2007

In 2007, China's macro-economic foundation will sustain its steady and buoyant growth. According the Government Work Reports issued by the Provinces of Heilongjiang, Jilin and Liaoning, the growth targets of GDP for these three provinces in 2007 will be 11%, 12% and 11% respectively and growth targets of total imports and exports for foreign trade will be 20%, 15% and 15% respectively. 2007 will be crucial for promoting construction of the traditional industrial base in north-eastern China as each province will devote its efforts in sustaining healthy and rapid economic growth.

In such economic environment, the Group will fully leverage its strengths of operations management to proactively procure its expansion, in order to achieve satisfactory results for the interests of shareholders. For oil terminal and related logistics business, we will secure our existing customers and attract new customers by enhancing efficiency and quality loading and unloading services. Meanwhile, the Group will put more efforts on strengthening the solicitation for cargo handling, expansion of bonded transshipment market and transshipment business of Venezuelan oil products. For container terminal and related logistics business, the Group will be continually engaged in current business and by consolidating its resources, optimizing its structure, executing various projects and developing new businesses, in order to enhance its core competitiveness and further construct the system of integrated container logistics services at Dalian port.

In 2007, the Group will focus on the following critical tasks and core investment projects:

Oil terminal and related logistics business

– Another 6 crude oil storage tanks, which are funded by proceeds from the H share global offering, will be put into operation by the end of 2007; the increased number of storage tanks will mitigate the insufficiency of crude oil storage tanks.

- Expanding the international crude oil bonded transshipment business and enhancing the utilization of bonded oil tanks. By providing value-added services, a green channel will be opened up for foreign and domestic oil traders to conduct their international crude oil transit trading.
- Developing cooperation with key customers, foreign and domestic oil products operators and promoting the development of oil terminal and related logistics business.

Container terminal and related logistics business

- The Group will coordinate with relevant departments in fully realizing the functions of bonded port and the advantages of the policies, in order to accelerate the construction of bonded port.
- The Group will cooperate with the railway department in promoting the construction of container logistics centres in the north-eastern region of China. In 2007, the construction of Dalian railway container logistics centre will commence and the Dalian logistics centre is expected to be completed by the end of 2008.
- The business of domestic container terminal at urban area was relocated to Dayaowan area in January 2007. Subsequent to the relocation, the operation of container terminal business of the Group has been centrally managed; it allows sharing of resources, enhances efficiency of operations and provides customers better services.
- The Group intends to establish a joint venture for developing Dayaowan Container Terminal Phase III jointly.
- In order to develop Dayaowan North Harbour Area in due course in the future, the Group will actively participate in the initial feasibility study of Dayaowan North Harbour, and cooperate with Dalian Municipal People's Government and Modern Terminals Limited to conduct the initial planning on the development of Dayaowan North Harbour and the construction of container terminal facilities. The Group will propel the development of Dayaowan North Harbour at the appropriate time.

Port value-added services

- Purchase of 4 tugboats, funded by proceeds from the H share global offering, will be delivered at the end of 2007. Such purchase will further enhance the Group's tugging capacity.
- The Group will further optimise and develop the markets outside the Dalian port area and consider to explore tugging business in the periphery of Dalian, i.e. Zhuanghe, Changxing Island and Taicang port on Yangtze River. Development of the markets outside Dalian port will be achieved by a series of measures, such as, realiging the coverage of tugging business and increase in rents.
- According to the pilotage system restructuring plan promulgated by the Dalian Municipal People's Government, a pilot station, which is wholly-owned by the Dalian Municipal People's Government, has been established by the Dalian Municipal People's Government in February 2007 for pilotage business in Dalian. The Group has been entrusted to manage the daily operations of the pilot station and continue to hold the operation rights in respect of the pilotage business. The Group shall be entitled to receive the remaining portion of the annual pilotage charges collected by the pilot station after deducting the relevant 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 Group. The pilotage system restructuring would not result in a material adverse impact to the Company's business and operating results.

Others

- During the first quarter of 2007, the Company acquired the equity interests of certain companies owned by Dalian Port Corporation Limited, which have better development prospects or provide complementary support to the Company, including 40% of Dalian Automobile Terminal Co., Ltd., 50% of Dalian Harbour ECL Logistics Co., Ltd., 50% of Dalian Port Tongli Shipping Agency Co., Ltd. and 20% of Dalian PetroChina International Storage Co., Ltd.

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") monitors and reviews the existing corporate governance practices continually on a regular manner with the aim of fostering a sound standard of corporate governance. As far as the Corporate Governance Code is concerned, the Company has complied in all respects with the Corporate Governance Code, without any deviation from the Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board adopted the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Group's code of conduct for the Directors' securities transactions. All Directors of the Company confirmed that they complied with the Model Code in their securities transactions throughout the period covered by this announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company's audit committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 December 2006.

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Board has proposed a final dividend of RMB6 cents per share, which is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 12 June 2007. The final dividends will be paid to shareholders whose names appear on the register of members of the Company at the close of business on 17 May 2007. In order to qualify for the final dividends, all transfer documents must be lodged, together with the relevant share certificates, with the Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4 p.m. on 12 May 2007.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

In accordance with the requirements under the Listing Rules applicable to the reporting period, the 2006 annual report containing all information about the Company set out in this announcement of results for the year ended 31 December 2006 will be posted on the Company's website at www.dlport.cn and the website of the Stock Exchange (www.hkex.com.hk) in due course.

DIRECTORS

As at the date of this announcement, the Board of Directors consists of four executive directors, namely Mr. SUN Hong, Mr. ZHANG Fengge, Mr. JIANG Luning and Ms. SU Chunhua, one non-executive director, namely Mr. LU Jianmin and three independent non-executive directors, namely Mr. YANG Zan, Mr. ZHANG Xianzhi and Mr. NG Ming Wah, Charles.

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

Dalian City, Liaoning Province, the PRC
13 April 2007

"Please also refer to the published version of this announcement in South China Morning Post."