

OVERVIEW

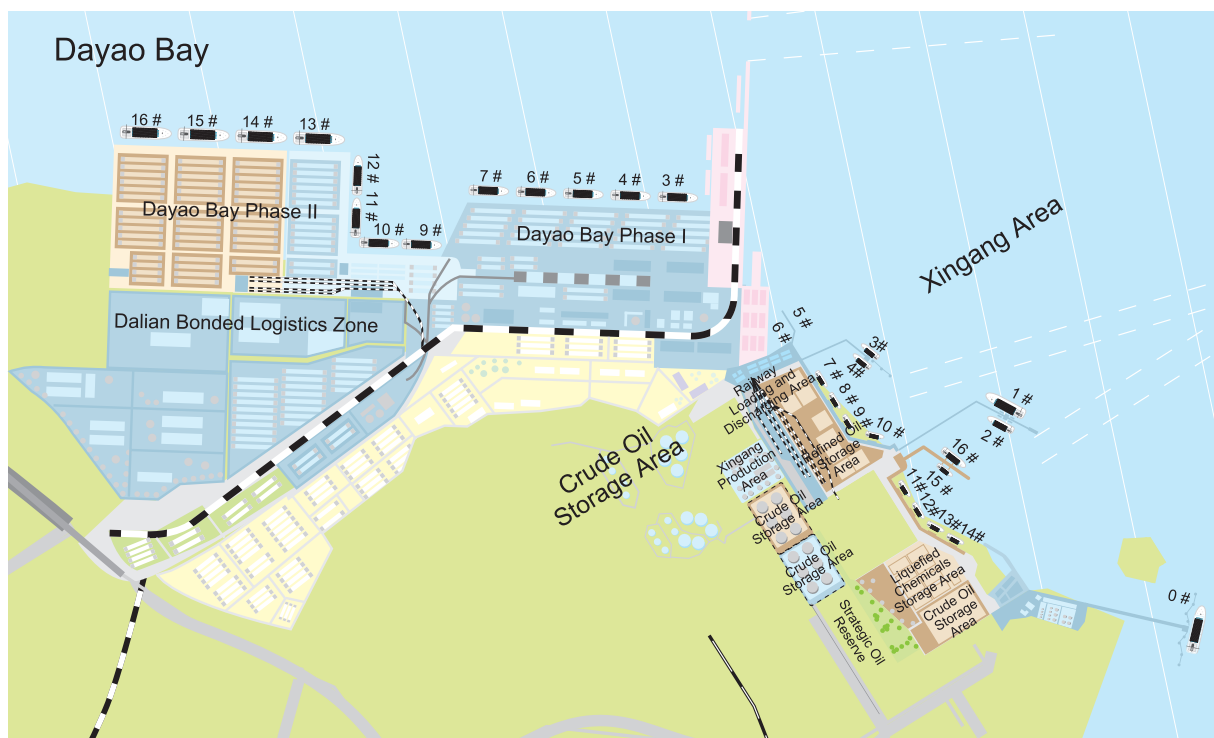
The Group, together with the Oil Joint Venture Companies, the Container Joint Venture Companies and the Value-added Joint Venture Companies (collectively referred to as the “Dalian Port Group”), are based in Dalian. The Dalian Port Group is an oil and container port operator with a dominant market share in Dalian port. It has established itself as the leading oil and container port operator in Northeastern China which comprises the provinces of Liaoning, Heilongjiang and Jilin and the four eastern alliances of the Inner Mongolia Autonomous Region in the PRC. For the year ended 31st December, 2005, the Dalian Port Group commanded 74.9% and 96.7% of the total throughput achieved by Dalian port for oil products and containers, respectively, whereas the remaining throughput in Dalian port was achieved by three independent oil terminal operators and various non-specialised container terminal operators. The Dalian Port Group has three business segments, namely: (i) the provision of terminal and logistics services for oil products and liquefied chemicals; (ii) the provision of terminal and logistics services for containers; and (iii) the provision of port value-added services including tugging, pilotage, tallying and IT services.

Dalian port is strategically located at the entrance of Bohai Bay. The Dalian Port Group is one of the major oil terminal operators in the PRC and the largest oil terminal operator in Northeastern China in terms of throughput. The oil terminal of the Company located in Xingang is the only oil terminal approved by MOC to conduct the transshipment business of imported crude oil for petrochemical enterprises in Dalian port and Bohai Bay. In 2004, Dalian Port Group handled approximately 10.5% of the imported crude oil and approximately 20.3% of the exported refined oil in the PRC. According to statistics published by MOC in 2004, Dalian port, which is supported by a comprehensive transportation network, is one of the leading sea-to-rail intermodal and sea-to-sea transshipment ports in China and the largest container port in Northeastern China in terms of throughput. According to statistics published by the National Bureau of Statistics of China, Northeastern China achieved a GDP and foreign trade value of approximately RMB1,713.0 billion and US\$57.1 billion in 2005, respectively, representing an increase of RMB199.6 billion and US\$9.1 billion over 2004, respectively. From 2003 to 2005, the annual GDP growth rate of each of the three provinces of Liaoning, Heilongjiang and Jilin was higher than the annual GDP growth rate of China over the same period.

The Company was formed to be the overseas listed flagship of its parent company PDA to provide oil/liquefied chemicals and container terminal services and port value-added services. PDA is a State-owned port operator under the administration of the Dalian municipal government. PDA provides a variety of terminal-related services such as grain terminal services, ore terminal services, general cargo terminal services, bulk cargo terminal services and passenger terminal services.

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The following is a map of the Dalian Port Group's oil/liquefied chemicals terminal facilities and container terminal facilities in Dalian port:



Note: # denotes the number of the berth in either Dayao Bay or Xingang, as applicable.

The following tables set forth the Group's revenue and segment results for each business segment of the Dalian Port Group for the three years ended 31st December, 2005:

Revenue	For the year ended 31st December,					
	2003		2004		2005	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Oil/liquefied chemicals terminal and logistics services ^(Note 1)	390,627	41.5	429,514	38.9	486,932	38.4
Container terminal and logistics services ^(Note 2)	403,742	42.9	505,948	45.9	575,107	45.3
Port value-added services ^(Note 3)	147,452	15.6	167,287	15.2	207,337	16.3
TOTAL	941,821	100	1,102,749	100	1,269,376	100

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The segment results in the table below represent the profit for the year before income tax expenses, finance costs, share of results of associates and interest income generated by the particular business segment.

Segment results	For the year ended 31st December,					
	2003		2004		2005	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
Oil/liquefied chemicals terminal and logistics services <i>(Note 1)</i>	214,045	50.8	217,430	46.2	262,514	45.9
Container terminal and logistics services <i>(Note 2)</i>	158,142	37.5	194,910	41.4	238,582	41.7
Port value-added services <i>(Note 3)</i>	49,482	11.7	58,032	12.4	71,272	12.4
Eliminations	<u>(425)</u>	—	<u>—</u>	—	<u>—</u>	—
TOTAL	<u>421,244</u>	<u>100</u>	<u>470,372</u>	<u>100</u>	<u>572,368</u>	<u>100</u>

Notes:

- (1) The principal operating entities which carry on the provision of the oil/liquefied chemicals terminal and logistics services are the Company, Dalian China Oil and OTD.
- (2) The principal operating entities which carry on the provision of the container terminal and logistics services are DPC, DCT, DPCM, DDCT.CS and DPJL.
- (3) The principal operating entities which carry on the provision of the port value-added services are the Company, United Tallying, DOST and DPN.

Oil/liquefied chemicals terminal and logistics services

The Group, together with the Oil Joint Venture Companies, is engaged in the provision of loading and discharging as well as storage services for crude oil, refined oil and, through OTD, liquefied chemicals. The total annual throughput for oil of the Dalian Port Group for the year ended 31st December, 2005 was approximately 32 million tonnes, of which approximately 18.3 million tonnes were attributable to crude oil and approximately 13.7 million tonnes were attributable to refined oil and liquefied chemicals. The Company operates a 300,000 dwt crude oil terminal with a water depth of 25 m, which is the largest crude oil terminal in China and is capable of accommodating up to 375,000 tonnes ULCC. According to statistics from the Dalian Municipal Port Administration Bureau (大連市港口與口岸局) and a petroleum industry publication in the PRC, in 2004, the Dalian Port Group handled approximately 10.5% of the imported crude oil and approximately 20.3% of the exported refined oil in the PRC. The Dalian Port Group has storage tank facilities for crude oil, refined oil and liquefied chemicals which have a total storage capacity of approximately 2,626,700 m³. According to the China Enterprise Confederation (中國企業聯合會) and the China Enterprise Directors Association (中國企業家協會), the storage tank facilities owned by the Company, which are located in Xingang, have the largest capacity amongst ports in the PRC. The Dalian Port Group has also established a transportation system comprising pipelines and railway carriage tankers connecting the oil/liquefied chemicals terminal of the Dalian Port Group to refineries and petrochemical companies in the hinterland of Northeastern China.

Dalian has also been selected by the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) as one of the four strategic oil reserve bases in the PRC. The Directors believe that such recognition, in combination with the Dalian Port Group's extensive facilities, are likely to attract enterprises in the oil industry to further invest or consolidate their oil operations in and around Dalian port which is expected to boost the annual throughput and vessel traffic of oil products at Dalian port.

Container terminal and logistics services

The Group, together with the Container Joint Venture Companies, is engaged in the provision of container loading and discharging services and various container logistics services including container multi-modal transportation, road transportation, shipping and the operation of container depots, warehouses, shipping agencies and cargo forwarders, and a bonded logistics park. For the year ended 31st December, 2005, the total throughput of the container terminals operated by the Dalian Port Group was approximately 2.6 million TEUs, of which approximately 2.4 million TEUs represented throughput derived from foreign trade. According to statistics published by MOC, from 2002 to 2004, the container terminal business of the Dalian Port Group commanded a market share of more than 70% of the container market and over 90% of the total container throughput for foreign trade at ports in Northeastern China. As at 31st December, 2005, the Dalian Port Group had established business relationships with over 40 shipping companies.

Port value-added services

The Group, together with the Value-added Joint Venture Companies, also provides a range of additional port value-added services including tugging, pilotage, tallying (through DOST and United Tallying) and IT services (through DPN, PLT, DTSP and Dalian TBT) which complements the Dalian Port Group's oil/liquefied chemicals and container terminal and logistics services businesses and provides users of ports other than Dalian port with port value-added services that are essential to port operations.

PRINCIPAL STRENGTHS

The Group believes that its success in competing in the market and its potential for further growth and development are and will be primarily attributable to the following competitive strengths:

Dalian is one of the four designated locations for strategic oil reserve bases in China. The Company's oil terminal located in Xingang is the only terminal approved by MOC to conduct the transshipment business of imported crude oil for petrochemical enterprises in Dalian port and Bohai Bay. As a result, the Dalian Port Group is well positioned to take advantage of the growing demand for oil resources in China.

In view of China's increasing reliance on the import of foreign crude oil to satisfy domestic demand, strategic oil reserve facilities are being constructed by the State at four distinct locations (namely Dalian, Qingdao, Zhenhai and Aoshan of Zhejiang) to safeguard its steady supply of crude oil. Dalian port is strategically located at the entrance of Bohai Bay. The strong growth in volume of oil trade in the region has strengthened the oil liquefied terminal chemicals business of the Dalian Port Group as a result of the increase in oil shipments.

The Dalian Port Group is one of the major oil terminal operators in the PRC and is also the largest oil terminal operator in Northeastern China in terms of annual throughput. According to statistics from the Dalian Municipal Port Administration Bureau (大連市港口與口岸局) and a petroleum industry publication in the PRC, the Group handled approximately 10.5% of the imported crude oil and approximately 20.3% of the exported refined oil in the PRC in 2004. For the year ended 31st December, 2005, the Group also commanded 74.9% of the total throughput achieved by Dalian port for oil products.

In addition, the Company's oil terminal located in Xingang is the only oil terminal approved by MOC to conduct transshipment business of imported crude oil for petrochemical enterprises in Dalian port and Bohai Bay. The Company operates a 300,000 dwt crude oil terminal with a water depth of 25 m, which is the largest crude oil terminal in China capable of accomodating up to 375,000 tonnes ULCC. Furthermore, the Dalian Port Group has established a transportation system comprising pipelines and railway carriage tankers connecting the oil terminal to nearby local refineries or petrochemical factories.

The Dalian Port Group's oil/liquefied chemicals terminals will continue to remain as a significant part of its operations, given the strategic positioning of Dalian and China's strategy for oil development. The Directors also believe that the establishment of the strategic oil reserve facilities at Dalian will strengthen the long-term development of the oil/liquefied chemicals terminal business of the Dalian Port Group.

As the leading oil and container port operator in Northeastern China, the Dalian Port Group benefits from the substantial growth potential of Northeastern China that is supported by State initiative to revitalise the region

The Dalian Port Group is the dominant port operator in Dalian which is one of the major commercial centres in Northeastern China. Dalian is currently undergoing a period of rapid economic growth characterised by the reform of State-owned enterprises. Northeastern China is one of the major national bases for refined oil production and is rich in resources such as minerals, metals and foodstuffs, which provided a catalyst for the development of related industries and foreign and domestic trade. For the year ended 31st December, 2005, Northeastern China had a population of approximately 107.6 million, a GDP of approximately RMB1,713.0 billion and a foreign trade value of approximately US\$57.1 billion. For the year ended 31st December, 2005, Dalian's foreign trade value amounted to US\$25.6 billion, accounting for 44.8% of the total foreign trade value of Northeastern China. The proximity of Dalian port to the hinterland of Northeastern China makes Dalian port the natural choice to handle the increased trade in imports and exports in that region.

In 2003, the central government of the PRC implemented an initiative to revitalise the old industrial base of Northeastern China. This initiative is expected to further stimulate the economic activities in that region. In 2003, the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) approved 100 government subsidised projects with a total investment value of RMB61.0 billion to revive the old industrial bases in Northeastern China. In 2004, the PRC government further approved another 197 government subsidised projects with a total investment value of RMB108.9 billion. Under this initiative, various incentives have been offered to foreign investors to invest in State-owned enterprises such as local transportation and permit logistics

companies with foreign ownership to expand their businesses into Northeastern China. Since the implementation of this initiative, Northeastern China had achieved a GDP and foreign trade value of RMB1,713.0 billion and US\$57.1 billion, respectively, in 2005 representing an increase of RMB199.6 billion and US\$9.1 billion over 2004, respectively. The Directors believe that the Dalian Port Group will benefit from the expected economic growth in Northeastern China resulting from the initiative by the central government of the PRC to revitalize the region. In addition, the Dalian municipal government has shown its support of the Dalian Port Group's terminal business by treating it as a primary entity for the development of terminal business in Dalian.

The Dalian Port Group is well positioned to leverage the natural deep water advantages of Dalian port towards the development of its oil/liquefied chemicals and container terminal services business

One of the major advantages of the Dalian Port Group is its geographical location. The Dalian Port Group's operations are based in Dalian port which is a natural deep water port. In addition, the water at Dalian port is ice-free and siltless thereby enabling Dalian port to operate its terminal business throughout the year without incurring costs for clearing the channel. This allows the Dalian Port Group, as a port operator, to accommodate larger vessels including ULCC and container vessels with handling capacity of over 10,000 TEUs that require deep water berth. Currently there is a trend in the shipping market to replace smaller vessels with larger vessels to accommodate the rapid growth in volume of global and domestic oil and container transportation. The Dalian Port Group is well positioned to leverage the natural deep water advantages of Dalian port towards the development of its oil/liquefied chemicals and container terminal services business.

Dalian port is located at the entrance of Bohai Bay and is closer to major international navigation passages compared to other ports in Bohai Bay. Dalian port's natural deep water and central position between Western nations and East Asia makes it an important hub for foreign trade in northeast Asia to serve imports from and exports to the U.S., Europe and Asia, including Japan and Korea. Dalian port is also a convenient and important transshipment hub to smaller ports along the coast of Northeastern China, serving the sea-to-sea transshipment of containers and oil products originating from or destined for various parts of the world.

The Dalian Port Group has built a comprehensive transportation system to enable its customers to deliver their goods to and from Dalian port in a timely, efficient and cost-effective manner

The Dalian Port Group has developed a comprehensive transportation system for both its oil/liquefied chemicals and container terminal businesses.

The oil/liquefied chemicals terminal services business operates on the basis of a transportation system that connects Dalian port with oil refineries in Northeastern China in the form of pipelines or railways. These pipelines and railways facilitate the transportation of crude oil, refined oil and liquefied chemicals. The railway in Xingang is owned by the Dalian Port Group while the Dalian Port Group jointly owns the pipelines with its major customers namely, WEPEC and CNPC Group. Crude oil or refined oil which is loaded or unloaded at the berths are transported to and from nearby oil refineries through this transportation system. This transportation system is essential to

an efficient operation of the oil/liquefied chemicals terminal business and has enabled the Dalian Port Group to develop strong relationships with its customers. The Directors believe that there is no other oil/liquefied chemicals port operator which possesses a comparable transportation system in Northeastern China.

The Dalian Port Group has also developed a land transportation system that uses expressways and railways as its primary modes of transportation that is complemented by various other modes of transportation to provide the port with transportation coverage in Northeastern China. It also has specialised transportation services such as block trains services to meet the special needs of certain customers. There are also dedicated train services that connect Dalian port with major Chinese cities in Northeastern China including Harbin, Changchun, Yanji, Jilin, Shenyang and Tongliao. In order to improve its transportation system, Dalian Jiye has introduced an express customs clearance service for train services to reduce the container delivery time from Dalian port to its customers' destinations. The strategic location of Dalian port provides customers of the Dalian Port Group with easy access to the well-developed infrastructure network of Northeastern China including the Shenyang-Dalian Expressway, the Dandong-Dalian Expressway and the Harbin-Dalian Electric Railway as well as other major highways and railways in Liaoning, Jilin and Heilongjiang. The Directors believe that such a comprehensive transportation network provides its customers with a well linked inter-modal transportation service that is able to deliver goods to and from Dalian port in a timely and cost-effective manner.

The container terminal business of the Dalian Port Group has a well-developed network of 75 shipping liners to destinations in Asia as well as to major ports outside of Asia including the U.S. and Europe. The Dalian Port Group's network of container shipping routes provides an important access to small and medium-sized ports in the Bohai Bay region, and as such Dalian port has become an important transshipment centre for small and medium-sized ports in the Bohai Bay region for container transportation to international destinations.

The Dalian Port Group has entered into strategic alliances with major industry partners in its oil/liquefied chemicals and container terminal services businesses

The Dalian Port Group has formed various strategic alliances. With regard to the oil/liquefied chemicals terminal business, the Dalian Port Group has formed joint ventures with CNP Marketing and Odfjell Group, a company in Norway which is engaged in the transportation of chemicals and other speciality bulk liquids. The Dalian Port Group has also formed strategic partnerships with surrounding oil refineries including WEPEC by way of connection of oil pipes between them. For the container terminal business, the Dalian Port Group has formed joint ventures with major port operators and shipping companies including PSA China, APM Terminals Dalian Company Limited, COSCO Pacific (China) Investment Co., Ltd. (a member of COSCO Pacific) and China Shipping Terminal Development Co., Ltd. The alliance with PSA China has been maintained for over ten years and has enhanced the profile of the Dalian Port Group as an industry player. With these strategic relationships, the Directors believe that the Dalian Port Group will be able to leverage the experience and expertise of its partners in the operation and management of its businesses.

The Dalian Port Group's integration of logistics and IT services to enhance the operation of its terminal businesses enables it to provide comprehensive terminal logistics to its customers

The container loading and discharging business of the Dalian Port Group is closely integrated with its container logistics services comprising container multi-modal transportation, road transportation, shipping and the operation of container depots, warehouses, shipping agencies, cargo forwarders and a bonded logistics park. This operation model allows the Dalian Port Group to provide a comprehensive terminal logistics service to satisfy the transportation needs of its customers efficiently and cost-effectively.

The Dalian Port Group has adopted advanced IT systems to improve the overall efficiency of its business operations. Dalian port is one of the major ports in China that employs an EDI and e-commerce service to expedite customs clearance procedures electronically. Various parties including customs, quarantine authorities, shipping companies, tallying companies and agency companies have employed DPN's platform, which was selected by the Dalian government as a recognised port public information platform that provides an online logistics trading platform function for the Dalian shipping transaction market. With the implementation of such advanced IT systems, the Dalian Port Group is able to handle its port operations in a timely and efficient manner.

The Dalian Port Group operates in a reputable port and has an experienced management team

Dalian port has a long history of over 100 years and is well recognised as the largest port in Northeastern China. The management team of the Dalian Port Group has on average over 20 years of experience in the port industry. As such, the management team is able to conduct the Dalian Port Group's business efficiently which is demonstrated by DCT, one of the Container Joint Venture Companies, being awarded as the most efficient terminal company in China from 2001 to 2005. The management of the Dalian Port Group also places great emphasis on the safety of the operations of the oil/liquefied chemicals and container terminal businesses as well as the protection of the environment of Dalian port.

STRATEGIES

The Group intends to capitalise on its strategic location to develop into a key international port operator. In order to capture the expected growth in business volume and to strengthen the Dalian Port Group's leading position in China and northeast Asia, the Group has in place the following strategies:

Continue to cooperate with major international and PRC port operators, shipping companies and other industry participants in order to enhance its competitiveness at both national and global levels

The Group intends to continue to co-operate with major international and PRC port operators, shipping companies and players in related sectors for strategic alliances in its oil/liquefied chemicals and container terminal businesses. Its alliance with port operators and its customers will enable the Dalian Port Group to leverage the experience of such partners in the operation and management of its business. The Directors believe that

business development through such strategic alliances and cooperation with major international and PRC port operators, its customers and other industry participants and the Global Offering will enhance the profile of the Dalian Port Group as an international port operator and improve its corporate governance, which will increase the overall efficiency of its businesses and extend its scope of services.

Increase handling capacity of terminal operations and related value-added services to enhance operational capability

The Group intends to increase the handling capacity of its terminals by making substantial investments in its oil/liquefied chemicals and container terminal services businesses. This should enable the Dalian Port Group to capture the expected growth in business volume and increase its market share in the terminal services business. Accordingly, the Dalian Port Group plans to make the following substantial investment: (i) the construction and expansion of storage tanks; (ii) the on-going construction of the container terminal berths at Dayao Bay; (iii) the completion of the construction of the berths at Xingang for crude oil and refined oil; (iv) the addition of eight tugboats to enlarge the tugboat fleet; and (v) the construction of an additional crude oil terminal.

Penetrate into the hinterland of Northeastern China to expand its leading market position

To take advantage of the increasing economic activities in the hinterland of Northeastern China, the Group will continue to further penetrate into the hinterland by enhancing its terminal services and facilities including, amongst other things, the establishment of inland ports, upgrading the railway transportation system and improving its IT systems across its entire business. This will improve inland access between the hinterland and Dalian port, which the Dalian Port Group expects will enable it to consolidate and expand its market share in the hinterland of Northeastern China.

Increase transshipment traffic at Dalian port and develop a wider regional transshipment network

In order to consolidate and strengthen the Dalian port's position as one of the major oil transshipment centres and a major container transshipment port in the PRC, the Group plans to make substantial investments in expanding and upgrading its oil/liquefied chemicals and container terminal facilities to increase the handling capacity of its respective businesses. The Group also intends to invest in other ports in Northeastern China, especially ports that are smaller in size, with a view to fostering greater co-operation between the ports and develop a wider transshipment network that can accommodate vessels of varying sizes and enhance the position of Dalian port as a transshipment hub for small and medium-sized ports in the Bohai Bay region.

Centralise its IT systems to improve the overall management of the Group's operations

The Group will continue to upgrade its IT capability and provide tailor-made IT solutions that fit the needs of its customers. The Directors believe that upgrading the Dalian Port Group's IT network to a centralised IT network that allows greater integration between the members of the Dalian Port Group will result in improved intra-group

communication, thereby allowing the Dalian Port Group to better manage its operations and to provide more efficient and comprehensive services to its customers through its integrated IT network and electronic platform.

HISTORY AND DEVELOPMENT

History of the Dalian Port Group

Dalian port was founded in 1899 and is currently one of the leading ports in the PRC and the largest port for handling oil and containers in Northeastern China in terms of throughput. Over the last 20 years, Dalian port had undergone a series of major redevelopment programs. Dalian port currently provides a wide range of terminal services, including specialised berths for oil/liquefied chemicals and container vessels, berthing facilities for dry bulk and general cargo carriers and passenger liners, as well as a comprehensive range of terminal related logistics services. In 1986, Dalian port was under the dual leadership of the Dalian municipal government and MOC, with the Dalian municipal government being the major governing authority. In 2003, PDA was established as part of the Port of Dalian Authority's (大連港務局) initiative to separate its government administrative and commercial functions. PDA is a wholly state-owned enterprise that provides a wide range of terminal services, including the provision of grain, ore, general cargo and passenger terminal services.

The oil/liquefied chemicals terminal business of the Dalian Port Group commenced in 1914. In 1974, the Dalian Port Group's first crude oil berth with a handling capacity of 100,000 dwt was built to cater for the export of crude oil from the Daqing oilfield. The oil berth began operations in 1976 and was at that time the PRC's largest berth with the largest handling capacity for the export of crude oil. Since 1996, China turned from a crude oil exporter to a pure crude oil importer and the Dalian Port Group started to handle imported crude oil for oil refineries in Northeastern China. The Dalian Port Group's oil/liquefied chemicals terminal business has been mainly focusing on handling the import of crude oil and export of refined oil.

In the 1980s, the Port of Dalian Authority (大連港務局), the predecessor of PDA which is the Company's controlling shareholder, commenced its container terminal business at Dagang which mainly focused on foreign trade. In 1996, DCT was established in Dayao Bay. In 1999, DDCT.CS which is principally engaged in domestic trade was established. Through various strategic partnerships with industry partners such as PSA China, APM Terminals (Dalian) Company Limited, COSCO Ports (Dalian) Ltd. and China Shipping Terminal Development Co., Ltd., the Dalian Port Group now operates 11 container berths and provides container terminal services to over 40 container shipping companies.

Reorganisation

In preparation for the Global Offering, the Company was established on 16th November, 2005 as a joint stock company in the PRC with limited liability with PDA, Dalian Rongda, Dalian Haitai, Dalian Detai and Dalian Bonded Zhengtong acting as its promoters. Pursuant to a promoters agreement, Dalian Rongda, Dalian Haitai, Dalian Detai and Dalian Bonded Zhengtong contributed cash of approximately RMB28,482,000, RMB14,241,000, RMB14,241,000 and RMB14,241,000, respectively, to the Company and PDA injected into the Company all relevant businesses, assets, liabilities and interests of PDA in (i) the oil/liquefied chemicals terminal and logistics services business; (ii) the container terminal and logistics services business; and (iii) the port value-added services business. These assets

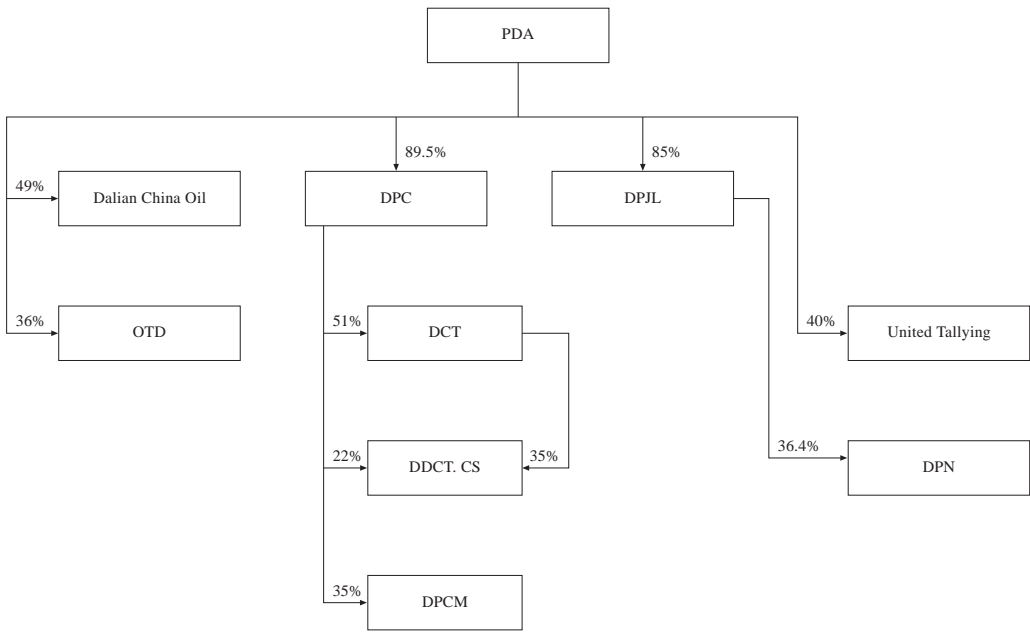
had a carrying amount of approximately RMB2,777 million as of 30th June, 2005, the effective date of the Reorganisation. In consideration for the respective capital injection under the promoters agreement, the Company issued 1,911 million, 19.6 million, 9.8 million, 9.8 million and 9.8 million of its shares, respectively, to PDA, Dalian Rongda, Dalian Haitai, Dalian Detai and Dalian Bonded Zhengtong.

Pursuant to the Reorganisation, PDA transferred to the Company all relevant businesses, assets, liabilities and interests in its oil/liquefied chemicals terminal and logistics services, its container terminal and logistics services and its port value-added services including, amongst others, its 49% equity interest in Dalian China Oil, its 36% equity interest in OTD, its 89.5% equity interests in DPC, its 85% equity interests in DPJL and its 40% equity interest in United Tallying. As a result of the transfer of the 89.5% equity interest in DPC under the Reorganisation, the Company also indirectly acquired a 51% equity interest in DCT, a 35% equity interest in DPCM and a 22% equity interest in DDCT.CS. Similarly, the Company through its acquisition of a 85% equity interest in DPJL also indirectly acquired a 36.4% equity interest in DPN. PDA retained the dry and general cargo terminal operations business, including ore and grain terminal business, and the passenger terminal operations business and other ancillary services business.

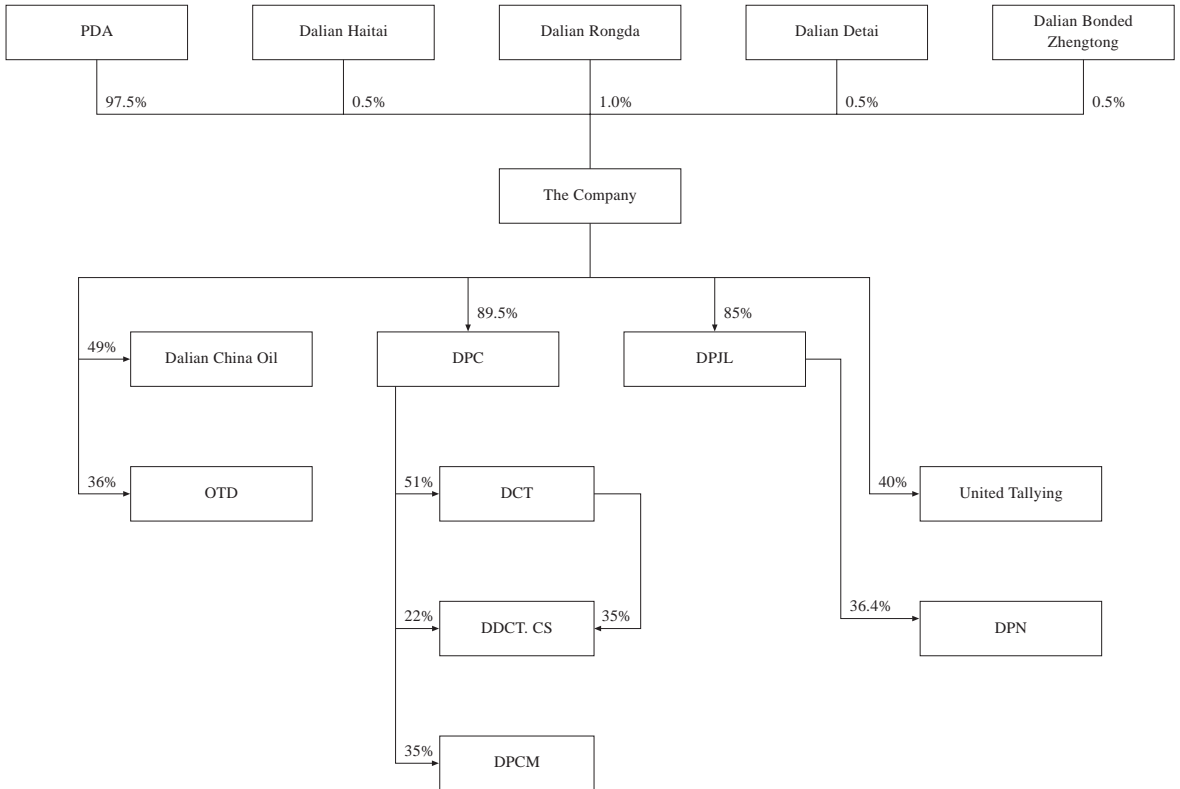
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The following charts illustrate the principal operating entities referred to in the paragraph headed “Principal operating entities” set out below before and after the Reorganisation.

Before the Reorganisation



After the Reorganisation

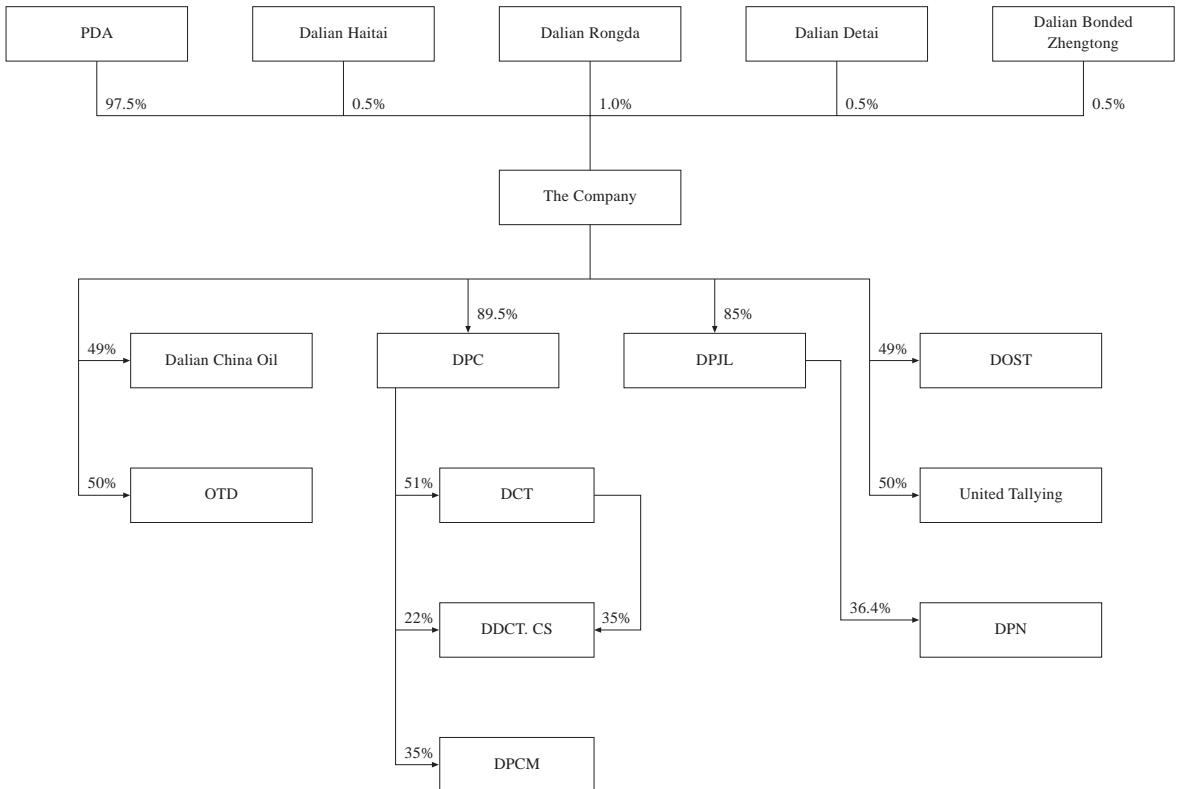


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Following the establishment of the Company, the Company acquired from PDA a 14% equity interest in OTD on 15th December, 2005 and a 10% equity interest in United Tallying on 2nd December, 2005. As a result, the Company currently holds a 50% equity interest in OTD and a 50% equity interest in United Tallying. On 5th December, 2005, the Company, PDA and China Ocean Shipping Tally Company jointly established DOST in which the Company, PDA and China Ocean Shipping Tally Company holds a 49%, 35% and 16% equity interest, respectively. PDA's equity holding in DOST is a result of the commercial negotiation among its shareholders and the existing shareholding structure of DOST with PDA holding a 35% equity interest was considered to be commercially beneficial to DOST since PDA requires tallying services from DOST for its own terminal operations. On 21st December, 2005, DPJL, a subsidiary of the Company, acquired a 50% equity interest in Dalian Shunda from PDA. In addition, on 15th December, 2005, DPJL and DJIF, subsidiaries of the Company, acquired from PDA a 75% and a 25% equity interest, respectively, in Jin Xin and Jin Xin became a subsidiary of the Company.

The following chart illustrates the principal operating entities referred to in the paragraph headed "Principal operating entities" set out below after the Reorganisation and the subsequent acquisitions and establishment mentioned in the preceding paragraph (the "Subsequent Events") but immediately before the Global Offering.

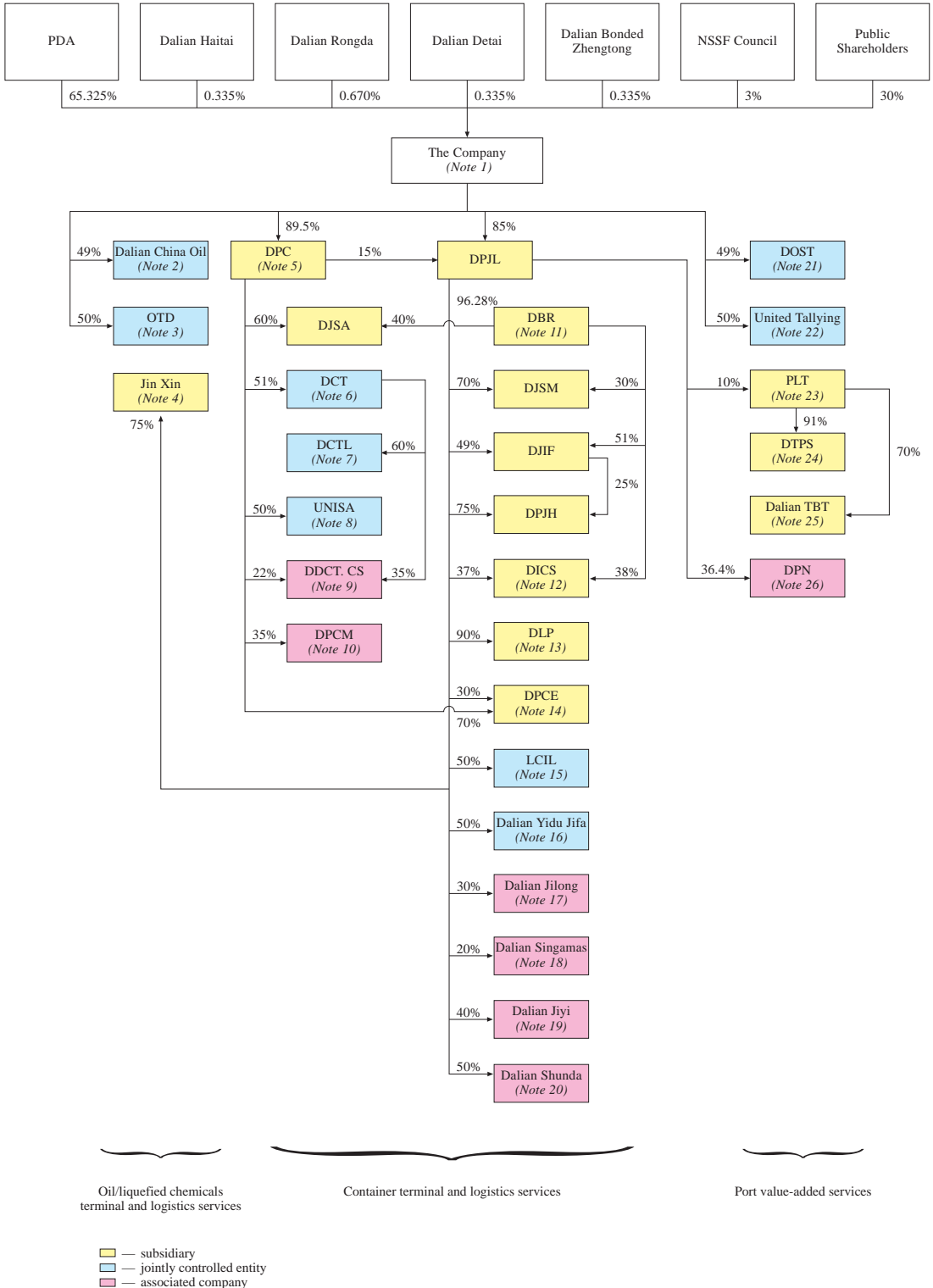
After the Reorganisation and the Subsequent Events but immediately before the Global Offering



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Corporate structure

The following chart illustrates the major operational subsidiaries, jointly controlled entities and associated companies of the Company immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

- (1) The Company directly operates the oil/liquefied chemicals terminal business in Xingang. In addition, the Company also provides port value-added services such as tugging and pilotage.
- (2) CNP Marketing holds the remaining 51% equity interest in Dalian China Oil. CNP Marketing is an Independent Third Party.
- (3) Odfjell Group holds the remaining 50% equity interest in OTD. Odfjell Group is an Independent Third Party.
- (4) DJIF holds the remaining 25% equity interest in Jin Xin.
- (5) COSCO Pacific (China) Investment Co., Ltd. (中遠太平洋(中國)投資有限公司) holds a 8% equity interest in DPC, Shanghai Port Container Co., Ltd. (上海港集裝箱股份有限公司) holds a 1% equity interest in DPC, P.G. Logistics Group (寶供物流企業集團有限公司) holds a 1% equity interest in DPC and China Ocean Shipping Agency (Dalian) Co., Ltd. (中國大連外輪代理有限公司) holds the remaining 0.5% equity interest in DPC. COSCO Pacific (China) Investment Co., Ltd., Shanghai Port Container Co., Ltd, P.G. Logistics Group and China Ocean Shipping Agency (Dalian) Co., Ltd. (中國大連外輪代理有限公司) are each an Independent Third Party.
- (6) Singapore Dalian Port Investment Pte Ltd. holds the remaining 49% equity interest in DCT. DCT is treated as a jointly controlled entity of the Company as a result of the joint control arrangement between the equity holders over DCT's economic activities. Singapore Dalian Port Investment Pte Ltd. is an Independent Third Party.
- (7) DLP holds a 35% equity interest in DCTL and DPJL holds the remaining 5% equity interest in DCTL.
- (8) China Ocean Shipping Agency (Dalian) Co., Ltd. (中國大連外輪代理有限公司) holds the remaining 50% equity interest in UNISA. China Ocean Shipping Agency (Dalian) Co., Ltd. (中國大連外輪代理有限公司) is an Independent Third Party.
- (9) China Shipping Terminal Development Co. Ltd. (中海碼頭發展有限公司) holds a 35% equity interest in DDCT.CS and PSA China holds the remaining 8% equity interest in DDCT.CS. China Shipping Terminal Development Co. Ltd. (中海碼頭發展有限公司) and PSA China are each an Independent Third Party.
- (10) PSA China holds a 25% equity interest in DPCM, COSCO Ports (Dalian) Ltd. holds a 20% equity interest in DPCM and APM Terminals Dalian Company Limited holds the remaining 20% equity interest in DPCM. PSA China, COSCO Ports (Dalian) Ltd and APM Terminals Dalian Company Limited are each an Independent Third Party.
- (11) Qinhuangdao Port Freight Co., Ltd. (秦皇島貨運總公司) holds a 1.43% equity interest in DBR, China Ocean Shipping Agency (Qinhuangdao) Company (中國秦皇島外輪代理公司) holds a 1.43% equity interest in DBR and Jinzhou Port Co., Ltd. (錦州港股份有限公司) holds the remaining 0.86% equity interest in DBR. Qinhuangdao Port Freight Co., Ltd. (秦皇島貨運總公司), China Ocean Shipping Agency (Qinhuangdao) Company (中國秦皇島外輪代理公司) and Jinzhou Port Co., Ltd. (錦州港股份有限公司) are each an Independent Third Party.
- (12) Clear Freight Inc. (美國科利爾貨運有限公司) holds the remaining 25% equity interest in DICS. Clear Freight Inc. (美國科利爾貨運有限公司) is an Independent Third Party.
- (13) Dalian Ftz Investment Development Co., Ltd. (大連保稅區投資開發總公司) holds the remaining 10% equity interest in DLP. Dalian Ftz Investment Development Co., Ltd. (大連保稅區投資開發總公司) is an Independent Third Party.
- (14) DPC holds the remaining 70% equity interests in DPCE.

BUSINESS

- (15) Liaoning International Forwarding Co., Ltd. (遼寧國際貨運有限公司) holds the remaining 50% of the equity interest in LCIL. Liaoning International Forwarding Co., Ltd. (遼寧國際貨運有限公司) is an Independent Third Party.
- (16) Y.D. International Inc. holds the remaining 50% equity interest in Dalian Yidu Jifa. Y.D. International Inc. is an Independent Third party.
- (17) Long Feiyue (龍飛躍) holds a 40% equity interest in Dalian Jilong and Speedic Enterprise Corp. holds the remaining 30% equity interest in Dalian Jilong. Long Feiyue (龍飛躍) and Speedic Enterprise Corp. are each an Independent Third Party.
- (18) Singamas Container (China) Co., Ltd. (勝獅貨櫃(中國)有限公司) holds a 30% equity interest in Dalian Singamas, DCT holds a 25% equity interest in Dalian Singamas, China Ocean Shipping Agency (Dalian) Co., Ltd. (中國大連外輪代理有限公司) holds a 15% equity interest in Dalian Singamas and Clear Freight Inc. (美國科利爾貨運有限公司) holds the remaining 10% equity interest in Dalian Singamas. Singamas Container (China) Co., Ltd. (勝獅貨櫃(中國)有限公司), China Ocean Shipping Agency (Dalian) Co., Ltd. (中國大連外輪代理有限公司) and Clear Freight Inc. (美國科利爾貨運有限公司) are each an Independent Third Party.
- (19) Sam Ik Logistics Co., Ltd. (三益物流株式會社) holds a 40% equity interest in Dalian Jiyi and Shenyang Railway Administration Economy Development Company (沈陽鐵路局經濟發展總公司) holds the remaining 20% equity interest in Dalian Jiyi. Sam Ik Logistics Co., Ltd. (三益物流株式會社) and Shenyang Railway Administration Economy Development Company (沈陽鐵路局經濟發展總公司) are each an Independent Third Party.
- (20) Kanematsu Corporation (兼松株式會社) holds a 25% equity interest in Dalian Shunda, Kamigumi Co. Ltd. (日本株式會社上組) holds a 15% equity interest in Dalian Shunda and Nippon Yusen Kabushiki Kaisha (日本郵船株式會社) holds the remaining 10% equity interest in Dalian Shunda. Kanematsu Corporation (兼松株式會社), Kamigumi Co. Ltd. (日本株式會社上組) and Nippon Yusen Kabushiki Kaisha (日本郵船株式會社) are each an Independent Third Party.
- (21) PDA holds a 35% equity interest in DOST and China Ocean Shipping Tally Company (中國外輪理貨總公司) holds the remaining 16% equity interest in DOST. China Ocean Shipping Tally Company (中國外輪理貨總公司) is an Independent Third Party.
- (22) China United Tallying Co. Ltd. (中聯理貨有限公司) holds the remaining 50% equity interest in United Tallying. China United Tallying Co., Ltd. (中聯理貨有限公司) is an Independent Third Party.
- (23) DPC holds the remaining 90% equity interest in PLT.
- (24) DPN holds the remaining 9% equity interest in DTPS.
- (25) Gao Feng (高峰), a natural person, holds the remaining 30% equity interest in Dalian TBT. Gao Feng (高峰) is an Independent Third Party.
- (26) Pacific Logistics CN-NET Limited holds a 35% equity interest in DPN and Dalian Construction Investment Co. (大連市建設投資公司) holds the remaining 28.6% equity interest in DPN. Pacific Logistics CN-NET Limited and Dalian Construction Investment Co. (大連市建設投資公司) are each an Independent Third Party.

Principal operating entities

The Dalian Port Group engages in the following three businesses: oil/liquefied chemicals terminal and logistics services, container terminal and logistics services and port value-added services including tugging, pilotage, tallying and IT services. In particular, the Company directly operates the oil/liquefied chemicals terminal and logistics business in Xingang and also directly provides pilotage and tugging services. The principal operating entities in each of the three main business segments are described in the table below:

Business segment	Operating entity	Direct interests held by the relevant members of the Group		Scope of Business
Oil/liquefied chemicals terminal and logistics services ^(Note 1)	The Company	N/A	N/A	Provision of oil/liquefied chemicals terminal and logistics business in Xingang
	Dalian China Oil	The Company	49%	Provision of loading and discharging services for refined oil
	OTD	The Company	50%	Provision of storage and loading and discharging services of liquefied chemicals
Container terminal and logistics services	DPC	The Company	89.5%	Provision of a wide range of container terminal and logistics services as well as port investment
	DCT	DPC	51%	Provision of container terminal and logistics services
	DPCM	DPC	35%	Provision of container terminal and logistics services
	DDCT.CS	DPC	22%	Provision of container terminal and logistics services
	DPJL ^(Note 2)	The Company	85%	Provision of depot leasing business and a wide range of other container related logistics services
Port value-added services	The Company	N/A	N/A	Provision of tugging and pilotage services
	United Tallying	The Company	50%	Provision of tallying services
	DOST DPN	The Company DPJL	49% 36.4%	Provision of tallying services Provision of logistics data transmission services and conversion and processing operations based on the EDI and Internet

Notes

1. The Company directly operates the crude oil and refined oil terminal business in Xingang and operates the refined oil and liquefied chemicals terminal business in Siergou jointly with Dalian China Oil and OTD, respectively.
2. DPJL, through its investments in various entities, provides a variety of container logistics services such as container multi-modal transportation and the operation of container depots, warehouses, road transportation, shipping, shipping agencies and cargo forwarders and a bonded logistics park. DPJL also owns a 75% equity interest in Jin Xin, an entity which is mainly engaged in oil trading and storage.

Jointly controlled entities

The terminal operations of the Dalian Port Group have been carried on partly through jointly controlled entities. A jointly controlled entity is a company whose economic activity is subject to joint control of both the Company (or its subsidiary, as the case may be) and the relevant joint venture partner. These jointly controlled entities were accounted for and consolidated into the accounts of the Group on a proportionate consolidation basis in accordance with IFRS.

For the three years ended 31st December, 2005, jointly controlled entities of the Company contributed approximately:

- 29.7%, 33.2% and 30.6%, respectively, to the Group's revenue;
- 34.1%, 39.7% and 36.8%, respectively, to the Group's profit before tax; and
- 29.4%, 22.7% and 20.0%, respectively, to the Group's total assets.

Set out below are the details in relation to each jointly controlled entity within the Dalian Port Group after the Reorganisation in respect of each of the three business segments of the Dalian Port Group. Details include the respective shareholdings of the joint venture partners and principal terms that are material to prospective investors such as the voting rights and specific rights of the joint venture partners in the joint venture as well as board compositions.

Oil/liquefied chemicals terminal and logistics services

Dalian China Oil

Dalian China Oil is a limited liability company incorporated on 28th July, 1999 in the PRC. Dalian China Oil is owned as to 49% by the Company and as to 51% by CNP Marketing. The term of Dalian China Oil is 30 years starting from the date of incorporation and renewable subject to agreement between its shareholders and registration with the relevant PRC government authority. According to its articles of association, upon end of the term, Dalian China Oil will be liquidated and all the assets after payment of expenses in connection with liquidation, salary, labor insurance, tax and debt will be distributed to CNP Marketing and the Company pro rata according to their respective shareholdings.

The voting rights of CNP Marketing and the Company at the shareholders meeting are in proportion to their respective shareholdings. According to the articles of association, all material business and management decisions are made by the shareholders at the shareholders' meeting. In particular, appointment and removal of directors and supervisors require two-third majority approval while adoption of its operation strategy and investment plan, approval of financial budget and accounts, distribution of profits, loss recovery plan, increase or reduction of its registered capital, share transfer to a third party, merger, separation, change of its corporate form, winding-up, liquidation and changes to the articles of association require unanimous approval by the shareholders. The board consists of nine directors, four of whom are nominated by CNP Marketing, four by the Company and one nominated by employees of Dalian China Oil. Any financing over a specified limit, disposing or mortgaging of its assets or extending guarantees require the unanimous approval of the board. Each director has one vote and no one has a casting vote. The general manager is responsible for the day-to-day management of the business. Appointment of the general

manager by the board is subject to the agreement between the shareholders. According to the articles of association, CNP Marketing has undertaken that it would not enter into any similar joint venture arrangement with a third party in the coastal area of Liaoning Province provided that Dalian China Oil's capacity can meet the needs of CNP Marketing. CNP Marketing does not have the right to restrict the business expansion of Dalian China Oil in the articles of associations of Dalian China Oil.

For the year ended 31st December, 2005 or as at 31st December, 2005 (as the case may be), Dalian China Oil contributed approximately 0.3%, 0.02% and 0.3% to the Group's revenue, gross profit and total assets, respectively. The profits test as contemplated under Rule 14.07 of the Listing Rules is not applicable to Dalian China Oil because it incurred a loss for the year ended 31st December, 2005. As a result, the gross profits test has been adopted as an alternative.

OTD

OTD is a Sino-foreign joint venture company with limited liability established on 8th December, 1995 in the PRC. OTD is owned as to 50% by Odfjell Group and as to 50% by the Company. According to the relevant PRC law, the board of a Sino-foreign joint venture instead of the shareholders is the highest authority responsible for making decision on significant matters. The board of OTD consists of six directors, three of whom are appointed by the Odfjell Group and three of whom by the Company. Each shareholder has the right to appoint either a chairman or vice chairman. Each director has one vote and the chairman and the vice chairman have no casting vote. Pursuant to OTD's joint venture agreement, all significant matters require the approval of OTD's board. Certain significant matters, including share transfer to third party, merger, separation, winding up, liquidation, change in the registered capital, financing over a specified limit, expenditure over a specified limit, disposal of material assets and changes to the articles of association, require unanimous approval of the board. The general manager nominated by the Odfjell Group and appointed by the board manages the day-to-day business operation.

The joint venture has a term of 50 years starting from 8th December, 1995. The term may be extended subject to unanimous approval of its board and PRC government approval. Pursuant to the joint venture agreement, upon the end of the term, OTD will be dissolved and all assets after payment of its debts will be distributed to the shareholders pro rata according to their respective shareholdings. In addition to the voting rights on significant matters through their respective representatives on the board, the shareholders are also entitled to receive distributable profits according to their respective equity interest. Under the joint venture agreement, the Company is obliged not to compete with OTD in Siergou in the liquefied chemicals storage or other liquefied products storage business. Odfjell Group does not have the right to restrict the business expansion of OTD under the joint venture agreement.

For the year ended 31st December, 2005 or as at 31st December, 2005 (as the case may be), OTD contributed approximately 0.2%, 0.1% and 2.3% to the Group's revenue, profit before tax and assets, respectively.