

REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is pleased to present the Report of the Supervisory Committee for the year ended 31 December 2006.

I. Work undertaken by the Supervisory Committee for the year 2006

1. In 2006, all the members of the Supervisory Committee strictly complied with the Company Law of the People's Republic of China (the "Company Law"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Articles of Association of the Company (the "Articles of Association") and the requirements of the other relevant laws and regulations, under the principles of integrity and diligence, in safeguarding the interests of all the shareholders and the Company, discharging the supervisory functions in compliance with laws and regulations, and developing all work positively with due care.
2. In 2006, the Supervisory Committee of the Company convened a Supervisory Committee meeting, presented in all the Board of Directors meetings, and two general meetings. The Committee was advised of the operations of the Company and reports of significant matters by such meetings, supervised and reviewed the financial position, operational decisions of the management and compliant operation practices of the company.
3. In November 2006, at the suggestion of the Chairman of the Supervisory Committee, all the supervisors of the Company received training by attorneys of Morrison & Foerster and Jingtian & Gongcheng, in respect of, inter alia, the Authorities, Obligations, Limitations of Rights and Responsibilities of Supervisors of H Share Companies, Functions of Supervisory Committee in the Corporate Governance of Listed Companies. The training enabled all supervisors to understand their responsibilities and obligations more clearly, and lay the foundation for discharging their duties more effectively.

II. The Supervisory Committee expressed the following opinions on the work undertaken by the Company in 2006

1. The decision making procedures of the Company were lawful and a relatively sound internal control system has been established. The company has strictly complied with the laws and regulations of the State, and operated in accordance with standardised procedures of listed companies.
2. The directors, managers and other senior management of the Company have been diligent and committed to their work, discharged their duties according to the resolutions passed in general meetings and the board of directors meetings, and none of the above staff violated the Company Law, the Listing Rules and the Articles of Association nor impaired the interests of the Company.
3. During the reporting period, the financial position were sound, the financial management standardised and the internal control system were strictly implemented and enhanced continuously, which assured the operations of production of the Company. The 2006 annual financial reports of the Company truly reflected the financial position and operating results of the Company.
4. During the reporting period, the connected transactions of the Company were based on the principles of fairness, openness and equitable. The pricing of the transactions were based on the principles of market pricing, agreed on an arm's length basis, and did not impair the interests of the shareholders nor lead to loss of the assets of the Company.
5. The auditor's report issued by the auditor is objective and fair.

By Order of the Supervisory Committee

Dalian Port (PDA) Company Limited

Fu Bin

Chairman

Dalian, China

13 April 2007