

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Dalian Port (PDA) Company Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

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

(Stock Code: 2880)

DISCLOSEABLE TRANSACTION
ACQUISITION OF EQUITY INTEREST

A letter from the board of directors of the Company is set out on pages 3 to 6 of this circular.

* *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".*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	大連港股份有限公司 (Dalian Port (PDA) Company Limited), a sino-foreign joint stock limited company incorporated in the PRC with H shares listed and traded on the main board of the Stock Exchange;
“DCT”	大連集裝箱碼頭有限公司 (Dalian Container Terminal Co., Ltd.), a sino-foreign equity joint venture established on 3 June 1996 which is owned as to 51% by DPC and 49% by PSA China Pte Ltd. and a jointly controlled entity of the Group;
“DCTL”	大連集裝箱碼頭物流有限公司 (DCT Logistics Co., Ltd.), a limited liability company established on 11 July 2001 which is owned as to 60% by DCT, 5% by DPJL and 35% by 大連國際物流園發展有限公司 (Dalian International Logistics Park Development Company Limited);
“DLP”	大連國際物流園發展有限公司 (Dalian International Logistics Park Development Company Limited), a limited liability company established on 13 September 2002 which is owned as to 90% by DPJL and 10% by 大連保稅區投資開發總公司 (Dalian Ftz Investment Development Co., Ltd.);
“DPC”	大連港集裝箱股份有限公司 (Dalian Port Container Co., Ltd.), a joint stock limited company incorporated in the PRC and a 91.34% owned subsidiary of the Company;
“DPJL”	大連港集發物流有限責任公司 (Dalian Port Jifa Logistics Co., Ltd.), a limited liability company established on 20 December 2002 which is owned as to 15% by 大連港集裝箱股份有限公司 (Dalian Port Container Co., Ltd.) and 85% by the Company;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“H shares”	foreign shares in the share capital of the Company, with Renminbi-denominated par value of RMB1.00 each which are listed and traded on the Stock Exchange;
“Latest Practicable Date”	30 January 2008, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan);
“RMB”	renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	The shareholders of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

LETTER FROM THE BOARD



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

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

(Stock Code: 2880)

Directors:

Executive Directors:

Sun Hong (*Chairman*)

Zhang Fengge

Jiang Luning

Su Chunhua

Non-executive Director:

Lu Jianmin

Independent Non-executive Directors:

Yang Zan

Zhang Xianzhi

Ng Ming Wah, Charles

Registered Office:

Xingang Commercial Building

Dayao Bay

Dalian Free Trade Zone

PRC

Place of business in PRC:

No. 1 Gangwan Street

Zhongshan District

Dalian, Liaoning

PRC

5 February 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION ACQUISITION OF EQUITY INTEREST

INTRODUCTION

Reference is made to the Company's announcement dated 22 January 2008, in which the Directors announced that on 22 January 2008, DPJL, a 85% owned subsidiary of the Company, and DCT have entered into the Equity Transfer Agreement for acquisition by DPJL from DCT of a 60% equity interest in DCTL. As the relevant percentage ratios applicable to the transaction exceed 5% but are less than 25%, the acquisition under the Equity Transfer Agreement constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with further information on the transaction.

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LETTER FROM THE BOARD

THE EQUITY TRANSFER AGREEMENT

Date: 22 January 2008

Parties: DPJL (purchaser)
DCT (vendor)

Equity Interest to be acquired

DCT agreed to sell, and DPJL, a subsidiary of the Company, agreed to purchase the 60% equity interest owned by DCT in DCTL subject to and in accordance with the terms and conditions of the Equity Transfer Agreement. Upon completion of the acquisition, DPJL will hold 65% of the equity interest of DCTL. As a result, its financial results will be consolidated into the Company's accounts on the basis that DCTL will be a 65% owned subsidiary of the Group following the completion of such acquisition.

DCTL, a PRC incorporated limited company, was established on 11 July 2001 with a registered capital of RMB63,300,000. DCTL primarily provides port logistics and supporting services. Since its incorporation and up to the date of this announcement, DCTL has been owned as to 60% by DCT, 5% by DPJL and 35% by DLP.

According to DCTL's financial statements which were prepared in accordance with PRC generally accepted accounting principles and audited for the year ended 31 December 2006 and unaudited for the year ended 31 December 2007, respectively, its net asset value as at 31 December 2006 and 31 December 2007 and revenue and net profits before and after taxation for each of the two years ended 31 December 2006 and 2007 are as follows:

	As at 31 December 2006 (RMB'000) (audited)	As at 31 December 2007 (RMB'000) (unaudited)
Net assets	68,975	69,431
	For the year ended 31 December 2006 (RMB'000) (audited)	For the year ended 31 December 2007 (RMB'000) (unaudited)
Revenue	83,923	93,709
Net profit before taxation	18,190	8,684
Net profit after taxation	11,945	4,440

LETTER FROM THE BOARD

Consideration

The cash consideration paid by DPJL to DCTL for the acquisition of the above 60% equity interest in DCTL was RMB58,800,000 which was arrived at after arm's length negotiations with reference to the net asset book value as at 31 December 2007 and profit of DCTL for the year ended 31 December 2007 and was paid within 10 days of entering into this agreement on 22 January 2008. DPJL financed the acquisition out of its internal resources.

Completion

Completion of the Equity Transfer Agreement took place upon the payment of the consideration on 30 January 2008.

Conditions

Completion shall be conditional upon:

- (a) the transaction contemplated under the Equity Transfer Agreement has been approved by the shareholders or the board of directors, as the case may be, of each of the parties to this agreement; and
- (b) DLP has consented to the transfer of the 60% equity interest of DCTL from DCT to DPJL and waived its relevant pre-emptive right.

The above conditions have been fulfilled as of the date of this circular.

REASONS FOR ENTERING INTO THE ASSETS ACQUISITION AGREEMENT

DCTL is primarily engaged in the business which provides container related logistics services in Dalian and has been providing such services since its establishment in July 2001. The Directors consider that the acquisition of the 60% equity interest in DCTL by DPJL from DCT will rationalize the management structure of the Group's container related logistics service business and strengthen the Group's position in the logistic services market in Dalian and the hinterland of the Group's container terminal business. Therefore, the Directors, including the independent non-executive Directors, are of the view that the transaction contemplated under the Equity Transfer Agreement is in the best interests of the Company and the Shareholders as a whole.

EFFECT OF THE ACQUISITION OF EQUITY INTEREST ON EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Upon completion of the Equity Transfer Agreement, the financial results of DCTL will be consolidated into the Group's financial statements. The Group's earnings, assets and liabilities will increase as a result of consolidation of the financial statements of DCTL. Since the increase in earnings, assets and liabilities as a result of the acquisition of equity interest in DCTL is trivial as compared to the Group's overall earnings, assets and liabilities, the Directors are of the view that the acquisition of the 60% equity interest in DCTL by DPJL will have no material effect on the Group.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP, DPJL AND DCT

The principal activities of the Group are: (i) the provision of terminal and logistics services for oil products and liquefied chemicals; (ii) the provision of terminal and logistics services for containers, including container sea-to-sea transshipment services; (iii) the provision of port value-added services including tugging, pilotage, tallying and IT services; and (iv) the provision of automobile terminal and logistics services. DPJL is a 85% owned subsidiary of the Company and its principal activities are provision of container related logistics services.

DCT is primarily engaged in the business of container terminal operation in Dalian.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, DCT and its beneficial owners are independent of the Company and its connected persons as defined under the Listing rules.

GENERAL

Your attention is also drawn to the further information contained in the Appendix to this circular.

Yours faithfully,
SUN Hong
Chairman

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiry, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS

1. Directors or chief executive's interests in securities

As at the Latest Practicable Date, as far as the Company was aware, none of the Directors or chief executive or supervisors of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

2. Substantial shareholders' interests in securities

As at the Latest Practicable Date, so far as was known to any Director or the chief executive of the Company, the persons, other than a Director or chief executive or supervisor of the Company, who had an interest or a short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of Shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	As a % of relevant class of share capital ¹	As a % of total share capital ²
Dalian Port Corporation Limited	Domestic shares	1,816,815,000 (long position)	Beneficial owner	97.5%	62.09%
Fidelity International Limited	H Shares	115,831,000 (long position)	Beneficial owner	10.90%	3.96%

APPENDIX	GENERAL INFORMATION				
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Name of Shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	As a % of relevant class of share capital ¹	As a % of total share capital ²
N.Y.K. Line Group (Hong Kong) Limited	H shares	114,800,000 (long position)	Interest of controlled corporation	10.80%	3.92%
N.Y.K. Line (Hong Kong) Limited	H shares	114,800,000 (long position)	Beneficial owner	10.80%	3.92%
Nippon Yusen Kabushiki Kaisha	H shares	114,800,000 (long position)	Interest of controlled corporation	10.80%	3.92%
The National Social Security Fund Council of the PRC	H shares	82,426,000 (long position)	Beneficial owner	7.76%	2.82%
China Shipping (Group) Co., Ltd.	H shares	73,610,000 (long position)	Interest of controlled corporation	6.92%	2.52%
China Shipping (Hong Kong) Holdings Co, Limited	H shares	73,610,000 (long position)	Interest of controlled corporation	6.92%	2.52%
China Shipping Terminal Development (Hong Kong) Company Limited	H shares	73,610,000 (long position)	Beneficial owner	6.92%	2.52%
Citigroup Inc.	H shares	65,648,800 (long position)	Beneficial owner	6.18%	2.24%
		54,172,800 (short position)		(long position)	(long position)
				5.10%	1.85%
		11,440,000 (lending pool)		(short position)	(short position)
				1.08%	0.39%
				(lending pool)	(lending pool)
Indus Capital Partners, LLC	H shares	64,341,200 (long position)	Interest of controlled corporation	6.06%	2.20%

Name of Shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	As a % of relevant class of share capital ¹	As a % of total share capital ²
Kasowitz Sheldon Fenton	H shares	64,341,200 (long position)	Interest of controlled corporation	6.06%	2.20%
Kowitz David Nathan	H shares	64,341,200 (long position)	Beneficial owner	6.06%	2.20%

Notes:

1. The relevant class of share capital: Domestic shares - 1,863,400,000 shares, H shares - 1,062,600,000 shares.
2. Total share capital: 2,926,000,000 shares.

Save as disclosed herein, so far as is known to any of the Directors or chief executive, as at the Latest Practicable Date, no other person (not being a Director or chief executive or supervisor of the Company) had an interest or a short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group other than contracts expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation).

COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which competes or is likely to compete directly or indirectly with any business of the Group.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any other members of the Group was engaged in any litigation or arbitration of material importance and, as far as the Directors were aware, no litigation or claim of material importance was pending or threatened against the Company or any other members of the Group.

MISCELLANEOUS

- (a) The joint company secretaries of the Company are Ms. Ma Jinru and Mr. Lee Kin Yu, Arthur. Mr. Lee is a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Xingang Commercial Building, Dayao Bay, Dalian Free Trade Zone, PRC. The place of business of the Company is at No. 1, Gangwan Street, Zhongshan District, Dalian, Liaoning Province, PRC. The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712–16 Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The English text of this document shall prevail over the Chinese text in the case of inconsistency.