

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement



大連港股份有限公司

Dalian Port (PDA) Company Limited*

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

(Stock Code: 2880)

DISCLOSEABLE TRANSACTION DISPOSAL OF ASSETS

Reference is made to page 119 of the Prospectus. The Directors hereby announce that on 12 October 2007, the Company entered into the Assets Acquisition Agreement with DPCM in relation to the disposal of the Assets.

As the relevant percentage ratios applicable to the transaction exceed 5% but are less than 25%, the disposal of the Assets under the Assets Acquisition Agreement constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, inter alia, details of the Assets Acquisition Agreement will be dispatched to the Shareholders as soon as practicable.

A. THE ASSETS ACQUISITION AGREEMENT

Date: 12 October 2007

Parties: The Company (vendor)
DPCM (purchaser)

Assets to be disposed of:

The Assets to be disposed of under the Assets Acquisition Agreement comprise (i) No.13 and No. 14 container terminals including, inter alia, 2 container berths, container depot and yard adjacent to the terminals and the relevant port facilities, such as feedwater facilities, loading/unloading rail track, transformer station and waste disposal plant; (ii) the use right of the relevant coastal line; (iii) the sea use right of the relevant sea area and (iv) infrastructures in relation to supply of electricity, water and heat, transportation and communication.

Consideration

A cash consideration of RMB 1,253,955,500 shall be paid by DPCM to the Company for the transfer of the Assets pursuant to the Assets Acquisition Agreement. The consideration was

determined with reference to the appraised value of the Assets evaluated by 北京中天华资产评估有限责任公司 (Beijing Zhong Tian Hua Assets Valuation Company Limited), a PRC qualified valuer which was jointly appointed by DPCM and the Company and, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is not a connected person of the Company and is independent of the Company and connected persons of the Company. The valuation was carried out by 北京中天华资产评估有限责任公司 (Beijing Zhong Tian Hua Assets Valuation Company Limited) mainly by way of replacement cost method. As at 31 May 2007, the appraised value of the Assets was RMB 1,233,955,500 whereas the book value of the Assets, as at 31 May 2007, was approximately RMB 1,033,083,300 as shown in the audited accounts of the Company prepared in accordance with the PRC accounting standards. Accordingly, a gain of approximately RMB 221,000,000 (before the relevant taxation and fees payable by the Company) is expected to accrue to the Company.

No. 13 and No. 14 container terminals commenced trial operation in September 2006 and December 2006, respectively, and commercial operation in July 2007. The net profits attributable to the Assets for the year ended 31 December 2006 as shown in the audited accounts of the Company prepared in accordance with the PRC accounting standards were as follows:

	Year ended 31 December 2006 (RMB)
Before taxation and extraordinary items	3,813,286.00
After taxation and extraordinary items	3,524,686.00

20% of the proceeds from the disposal of the Assets, being RMB 250,000,000, will be applied towards repayment of bank loans which were borrowed for the purpose of payment of construction cost of No.13 and No. 14 container terminals bearing a interest rate of 7.047% per annum and repayable on or before the end of 2008. The remainder of the proceeds will be applied for payment of construction cost of other terminals which are currently under construction.

Conditions

Completion shall be conditional upon:

- (a) the Company being the legal and beneficial owner of the Assets and having full legal rights to transfer the Assets to DPCM;
- (b) the Company having obtained an approval from 大連市人民政府國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of Dalian Municipal People's Government) approving the transfer of the Assets from the Company to DPCM at the consideration stated above;
- (c) the Company having obtained an approval from 中國國家發展和改革委員會 (the National Development and Reform Commission of the PRC) approving the transfer of No. 13 and No.14 terminals from the Company to DPCM; and

- (d) as at the date of entering into the Assets Acquisition Agreement and the date of completion, respectively, the representations and warranties given by the Company as contained in the Assets Acquisition Agreement remaining true in all material respects.

The completion will not take place until all of the above said conditions having been fulfilled or waived by DPCM.

B. REASONS FOR ENTERING INTO THE ASSETS ACQUISITION AGREEMENT

As disclosed on page 119 of the Company's Prospectus, pursuant to an agreement dated 25 September 2005 between the Company and DPCM, DPCM agreed to acquire and the Company agreed to sell, subject to certain throughput achievement conditions being fulfilled, No. 13 to No 16 container terminals at Dayao Bay at an appraised value to be determined by an appraisal institution jointly appointed by DPCM and the Company. In September 2006 and December 2006, No. 13 and No. 14 container terminals commenced trial operation, respectively. In July 2007, No. 13 and No. 14 container terminals commenced commercial operations. As at the end of 2006, the relevant throughput achievement conditions have been fulfilled. After arm's length negotiations with reference to the appraised value of the Assets, the Company and DPCM agreed the terms of the Assets Acquisition Agreement.

The Directors, including the independent non-executive Directors, are of the view that the proposed disposal under the Assets Acquisition Agreement is on normal commercial terms and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

C. GENERAL

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; (iii) the provision of port value-added services including tugging, tallying and IT services; and (iv) the provision of automobile terminal and logistics services.

DPCM is a Sino-foreign equity joint venture mainly engaging in the operation of container terminals in Dalian. 大連港集裝箱股份有限公司 (Dalian Port Container Co., Ltd.), a 91.34% owned subsidiary of the Company, currently holds 35% of equity interests in DPCM. The other equity interests of DPCM are owned as to 25% by PSA China Pte Ltd., 20% by 中遠碼頭（大連）有限公司 and 20% by APM Terminals Dalian Company Limited.

D. DISCLOSEABLE TRANSACTIONS

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

Given that the relevant percentage ratios applicable to the transaction are more than 5% but less than 25%, the transaction contemplated under the Assets Acquisition Agreement constitutes a discloseable transaction for the Company and is subject to notification and publication requirements as set out in Rules 14.34 to 14.39 of the Listing Rules.

A circular containing, inter alia, details of the Assets Acquisition Agreement will be dispatched to the Shareholders as soon as practicable.

E. DEFINITIONS

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

“Assets”	the assets to be disposed of under the Assets Acquisition Agreement;
“Assets Acquisition Agreement”	the assets Acquisition agreement dated 12 October 2007 and entered into between the Company and DPCM in respect of the disposal of the Asset;
“Board”	the Company's 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;
“DPCM”	大連港灣集裝箱碼頭有限公司 (Dalian Port Container Terminal Co., Ltd.), a Sino-foreign equity joint venture established on 3 September 2004 which is owned as to 35% by 大連港集裝箱股份有限公司 (Dalian Port Container Co., Ltd.), 25% by PSA China Pte Ltd., 20% by 中遠碼頭（大連）有限公司 and 20% by APM Terminals Dalian Company Limited;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“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 listed and traded on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“PRC”	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan);
“Prospectus”	the prospectus dated 18 April 2006 and published by the Company, in accordance with the Listing Rules in the connection with its initial public offering and listing on the main board of the Stock Exchange;

“RMB”	renminbi, the lawful currency of the PRC;
“Shareholders”	The shareholders of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Dalian City, Liaoning Province, the PRC
12 October 2007

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

Executive Directors: SUN Hong, ZHANG Fengge, JIANG Luning and SU Chunhua

Non-executive Director: LU Jianmin

Independent non-executive Directors: YANG Zan, ZHANG Xianzhi and NG Ming Wah, Charles

** The Company is registered as an oversea 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”.*