



Dalian Port (PDA) Company Limited*

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 2880)

CONNECTED TRANSACTIONS

The Board is pleased to announce that, on 30 March 2007, the Company and PDA entered into, (i) the DLAT Agreement; (ii) the HECL Agreement; (iii) the Tongli Agreement; and (iv) the DP Storage Agreement, for acquisition of the DLAT Equity representing a 40% equity interest of DLAT, the HECL Equity representing a 50% equity interest in HECL, the Tongli Equity representing a 50% equity interest in Tongli Agency and the DP Storage Equity representing a 20% equity interest in DP Storage, respectively.

As PDA is a connected person of the Company, each of the transactions contemplated under the aforesaid agreements constitutes a connected transaction for the Company, respectively, as defined under Rule 14A.13 of the Listing Rules. As the percentage ratios applicable to the aggregate value of such connected transactions exceed 0.1% but are less than 2.5%, the transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 and the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules, but exempt from independent shareholders' approval requirements.

A. ACQUISITION OF DLAT EQUITY

(a) DLAT Agreement

Date
30 March 2007

Parties
PDA (as vendor); and
The Company (as purchaser).

Equity Interest to be acquired
PDA agreed to sell, and the Company agreed to purchase, the DLAT Equity subject to and in accordance with the terms and conditions of the DLAT Agreement. Upon completion of the acquisition of the DLAT Equity, the Company will hold 40% of the equity interest of DLAT. As a result, its financial results will be accounted for, on an equity basis, in the Company's financials on the basis that DLAT will be a jointly-controlled entity following the completion of such acquisition. The Company currently has no intention to acquire the remaining interest of DLAT.

DLAT is a PRC incorporated sino-foreign joint venture company with limited liability. It was established on 29 January 2004 with a registered and paid-up capital of RMB160,000,000. Since its incorporation and up to the date of this announcement, DLAT has been owned as to 40% by PDA, 30% by NIPPON YUSEN KABUSHIKI KAISHA and 30% by 中遠碼頭（大連汽車）有限公司 (COSCO Ports (Dalian RORO) Limited).

According to its audited financial statements which were prepared in accordance with PRC generally accepted accounting principles, its net asset value as at 31 December 2004, 31 December 2005 and 31 October 2006 and audited turnover and net profits before and after taxation for each of the two years ended 31 December 2004 and 2005 and the ten months ended 31 October 2006 are as follows:

	For the year ended 31 December 2004 (RMB'000)	For the year ended 31 December 2005 (RMB'000)	For the ten months ended 31 October 2006 (RMB'000)
Turnover			1,546
Net assets	160,000	160,000	156,065
(Loss)/Net profit before taxation	-	-	(3,935)
(Loss)/Net profit after taxation	-	-	(3,935)

According to the valuation carried out by ZTH, a PRC qualified valuer, and an independent third party who was commissioned by the Company for carrying out the valuation, the appraised monetary value of the net assets of DLAT was approximately RMB221,259,100 as of 31 October 2006. The discrepancy between the net assets value of DLAT as at 31 October 2006, being RMB156,065,000, and the appraised monetary value of its net assets as at 31 October 2006 was principally due to the increase of value of the relevant land use right and the increase of construction costs due to the price increase of the construction materials, such as steel and cement.

Consideration
The cash consideration payable by the Company to PDA for the acquisition of the DLAT Equity will be RMB88,503,640 which was arrived at after arm's length negotiations with reference to the appraised net asset value of DLAT as at 31 October 2006. Pursuant to the DLAT Agreement, the consideration will be paid within one week of completion. The Company intends to finance the acquisition out of the Company's internal resources.

Completion
Completion of the DLAT Agreement will take place at the same time of entering into this agreement. Therefore, the transaction contemplated under this agreement was completed on 30 March 2007.

(b) Reason for Acquisition of DLAT Equity

DLAT is primarily engaged in the investment, development, construction and operation of automobile terminals, loading and discharging vehicles and vehicle related goods, warehousing, transshipment and other related logistic services. It currently has two automobile terminal berths and a 230,000 m² stacking yard located at Dayao Bay in Dalian in operation. The two berths can accommodate 50,000 ton vessels and 10,000 ton vessels respectively. The total handling capacity of DLAT's current facilities is 370,000 vehicles each year. The second phase of the automobile terminals, including the third automobile terminal berth which is designed to accommodate 10,000 ton vessels and a 240,000 m² stacking yard, will be constructed based on the operation of DLAT's current facilities. There will be a total handling capacity of 780,000 vehicles each year after the commencement of commercial operation of the second phase of the automobile terminals according to the relevant approved feasibility study report.

DLAT was established on 29 January 2004 and its automobile terminal berths commenced commercial operation in July 2006. DLAT's financial accounts recorded a loss of approximately RMB3,935,000, for the ten months ended 31 October 2006 primarily due to its start-up operations. In light of the growth of the PRC automobile industry in recent years and the economic growth in the Northeastern China stimulated by the State initiative to revitalize the region, the Directors are of the view that the automobile industry in the PRC will experience further growth and the central position of the automobile terminals of DLAT will make it an important hub for the import and export of vehicles and vehicles related goods and an important vehicle distribution centre in Northeastern China. Through the acquisition of the DLAT Equity at a start-up stage, the Group will be able to fully capitalise on its future growth potential.

B. ACQUISITION OF HECL EQUITY

(a) HECL Agreement

Date
30 March 2007

Parties
PDA (as vendor); and
The Company (as purchaser).

Equity Interest to be acquired
PDA agreed to sell, and the Company agreed to purchase, the HECL Equity subject to and in accordance with the terms and conditions of the HECL Agreement. Upon completion of the acquisition of the HECL Equity, the Company will hold 50% of the equity interest of HECL. As a result, its financial results will be accounted for, on an equity basis, in the Company's financials on the basis that HECL will be a jointly-controlled entity following the completion of such acquisition. The Company currently has no intention to acquire the remaining interest of HECL.

HECL is a PRC incorporated sino-foreign joint venture company with limited liability. It was established on 10 July 2003 with a registered and paid-up capital of US\$1,000,000. Since its incorporation and up to the date of this announcement, HECL has been owned as to 75% by PDA and 25% by Eastern Car Liner, LTD.

According to its audited financial statements which were prepared in accordance with PRC generally accepted accounting principles, the net asset value of HECL as at 31 December 2004, 31 December 2005 and 31 October 2006 and audited turnover and net profits before and after taxation for each of the two years ended 31 December 2004 and 2005 and the ten months ended 31 October 2006 are as follows:

	For the year ended 31 December 2004 (RMB'000)	For the year ended 31 December 2005 (RMB'000)	For the ten months ended 31 October 2006 (RMB'000)
Turnover	1,940	1,235	1,038
Net assets	8,675	8,659	8,473
(Loss)/Net profit before taxation	566	458	114
(Loss)/Net profit after taxation	387	321	80

According to the valuation carried out by ZTH, a PRC qualified valuer and an independent third party, who was commissioned by the Company for carrying out the valuation, the appraised monetary value of the net assets of HECL was approximately RMB8,553,000 as of 31 October 2006.

Consideration
The cash consideration payable by the Company to PDA for the acquisition of the HECL Equity will be RMB4,276,500 which was arrived at after arm's length negotiations with reference to the appraised net asset value of HECL as at 31 October 2006. Pursuant to the HECL Agreement, the consideration will be paid within one week of completion. The Company intends to finance the acquisition out of the Company's internal resources.

Completion
Completion of the HECL Agreement will take place at the same time of entering into this agreement. Therefore, the transaction contemplated under this agreement was completed on 30 March 2007.

(b) Reason for Acquisition of HECL Equity

HECL is a sino-foreign joint venture company incorporated in the PRC. Its principal activities are warehousing, loading and discharging imported vehicles and vehicle related goods and the provision of the relevant logistic services at the terminals owned by DLAT.

Taking into consideration that the Company intends to acquire the DLAT Equity and that HECL's operation is closely related to the operation of DLAT, the Directors are of the view that acquiring the HECL Equity concurrently with the acquisition of the DLAT Equity will enable the Group to better utilise the automobile terminal resources and increase the efficiency of their operations.

C. ACQUISITION OF TONGLI EQUITY

(a) Tongli Agreement

Date
30 March 2007

Parties
PDA (as vendor); and
The Company (as purchaser).

Equity Interest to be acquired
PDA agreed to sell, and the Company agreed to purchase, the Tongli Equity subject to and in accordance with the terms and conditions of the Tongli Agreement. Upon completion of the acquisition of the Tongli Equity, the Company will hold 50% of the equity interest of Tongli Agency. As a result, its financial results will be accounted for on an equity basis in the Company's financials on the basis that Tongli Agency will be a jointly-controlled entity following the completion of such acquisition. The Company currently has no intention to acquire the remaining interest of Tongli Agency.

Tongli Agency is a PRC incorporated limited liability company. It was established on 29 April 2002 with a registered and paid-up capital of RMB600,000. As of the date of this announcement, Tongli Agency is jointly owned and controlled by PDA and 北京通利嘉業船務有限公司 (Beijing Tonglijiaye Shipping Co., Ltd.).

According to its audited financial statements which were prepared in accordance with PRC generally accepted accounting principles, its net asset value as at 31 December 2004, 31 December 2005 and 31 October 2006 and audited turnover and net profits before and after taxation for each of the two years ended 31 December 2004 and 2005 and the ten months ended 31 October 2006 are as follows:

	For the year ended 31 December 2004 (RMB'000)	For the year ended 31 December 2005 (RMB'000)	For the ten months ended 31 October 2006 (RMB'000)
Turnover	3,757	2,264	1,917
Net assets	2,976	2,840	2,508
(Loss)/Net profit before taxation	2,928	1,090	780
(Loss)/Net profit after taxation	1,958	1,128	445

According to the valuation carried out by ZTH, a PRC qualified valuer and as independent third party, who was commissioned by the Company for carrying out the valuation, the appraised monetary value of the net assets of Tongli Agency was approximately RMB2,622,600 as of 31 October 2006.

Consideration
The cash consideration payable by the Company to PDA for the acquisition of the Tongli Equity will be RMB1,311,300 which was arrived at after arm's length negotiations with reference to the appraised net asset value of Tongli Agency as at 31 October 2006. Pursuant to the Tongli Agreement, the consideration will be paid within one week of completion. The Company intends to finance the acquisition out of the Company's internal resources.

Completion
Completion of the Tongli Agreement will take place at the same time of entering into this agreement. Therefore, the transaction contemplated under this agreement was completed on 30 March 2007.

(b) **Reason for Acquisition of Tongli Equity**
Tongli Agency was incorporated on 29 April 2002 and is primarily engaged in the provision of agency services for the Company in connection with its oil terminal operations. In the past few years, Tongli Agency has been acting as an agent for and on behalf of the Company to procure oil transportation companies to use the Company’s oil terminal facilities. In light of the growth of the Company’s oil terminal business and Tongli Agency’s continuing agency service to the Company, the Directors are of the view that the acquisition of the Tongli Equity would eliminate its connected transactions with PDA in this respect and enable the Company to capitalise on the future growth of Tongli Agency at the same time.

D. **ACQUISITION OF DP STORAGE EQUITY**

(a) **DP Storage Agreement**

Date
30 March 2007

Parties
PDA (as vendor); and
The Company (as purchaser).

Equity Interest to be acquired
PDA agreed to sell, and the Company agreed to purchase, the DP Storage Equity subject to and in accordance with the terms and conditions of the DP Storage Agreement. Upon completion of the acquisition of the DP Storage Equity, the Company will hold 20% of the equity interest of DP Storage. As a result, its financial results will be accounted for on an equity basis in the Company’s financials on the basis of DLAT being an associate of the Company following the completion of such acquisition. The Company currently has no intention to acquire the remaining interest of DP Storage.

DP Storage is a PRC incorporated limited liability company. It was established on 30 September 2005 with a registered and paid-up capital of RMB100,000,000. As of the date of this announcement, DP Storage is owned as to 20% by PDA and as to 80% by 大連中石油國際事業有限公司 (PetroChina International Dalian Co., Ltd.).

According to its audited financial statements which were prepared in accordance with PRC generally accepted accounting principles, its net asset values as at 31 December 2005 and 31 October 2006 were RMB100,000,000 and RMB100,000,000 respectively. As DP Storage has yet to commence commercial operation, it has not recorded any turnover.

Consideration
The cash consideration payable by the Company to PDA for the acquisition of the DP Storage Equity will be RMB20,288,520 which was arrived at after arm’s length negotiations with reference to the appraised net assets value of DP Storage as at 31 October 2006, being RMB101,442,600 which was evaluated by ZTH, a PRC qualified valuer and an independent third party, who was commissioned by the Company to carry out the valuation. Pursuant to the DP Storage Agreement, the consideration will be paid within one week of completion. The Company intends to finance the acquisition out of the Company’s internal resources.

Completion
Completion of the DP Storage Agreement will take place at the same time of entering into this agreement. Therefore, the transaction contemplated under this agreement was completed on 30 March 2007.

(b) **Reason for Acquisition of DP Storage**

DP Storage was incorporated on 30 September 2005 and has yet to commence commercial operation. Currently its 6 storage tanks, with a crude oil storage capacity of 600,000 cubic meters, are under construction and expected to be completed in the middle of 2007. DP Storage will be engaged in the business of storage of bonded crude oil, where custom duty on such crude oil has not been paid to the relevant PRC authorities. The storage of bonded crude oil is primarily for export purposes and delivery to domestic enterprises is permitted only upon the payment of such custom duty.

During the preparation for listing of the Company’s H Shares on the Stock Exchange, the 20% equity interest owned by PDA was not transferred to the Company due to various reasons, including DP Storage’s storage tanks being in an early stage of construction and the Company not having a permit to engage in the business of storage of bonded crude oil at that time. The Company was granted an option by PDA to acquire its equity interest in DP Storage pursuant to the non-competition agreement dated 23 March 2006 between the Company and PDA. In view of the Company being recently granted its permit in November 2006 to engage in storage of bonded crude oil, and to avoid competition with PDA in respect of the storage of bonded crude oil, the independent non-executive Directors approved the exercise of the option to acquire the DP Storage Equity on 8 January 2007. The Company has not commenced operation of storage of bonded crude oil.

E. **LISTING RULES IMPLICATIONS**

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; and (iii) the provision of port value-added services including tugging, pilotage, tallying and IT services.

PDA is principally engaged in dry bulk and general cargo terminal operations, passenger and roll-on and roll-off cargo terminal operations and ancillary terminal operations and is the controlling shareholder of the Company holding approximately 62.09% of the total issued share capital of the Company as at the date of this announcement.

PDA, being the controlling shareholder of the Company, is a connected person of the Company as defined under Rule 14A.11(1) of the Listing Rules. As such, each of the transactions contemplated under the DLAT Agreement, HECL Agreement, Tongli Agreement and DP Storage Agreement constitute a connected transaction, respectively, as defined under Rule 14A.13 of the Listing Rules. As the percentage ratios applicable to the aggregate value of these connected transactions exceed 0.1% but are less than 2.5%, the transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 and the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules, but exempt from independent shareholders’ approval requirements.

The terms of each of the DLAT Agreement, HECL Agreement, Tongli Agreement and DP Storage Agreement have been agreed after arm’s length negotiations between PDA and the Company. The Directors, including the independent non-executive Directors, consider that the terms of each of the aforesaid agreements are on normal commercial terms and are fair and reasonable and such agreements are in the interests of the Company and the Shareholders as a whole.

F. **DEFINITIONS**

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

“Board” the board of Directors;
“Company” 大連港股份有限公司 (Dalian Port (PDA) Company Limited*), a joint stock limited company incorporated in the PRC with H shares listed and traded on the main board of the Stock Exchange;

“connected person” has the meaning ascribed to it under the Listing Rules;
“controlling shareholder” has the meaning ascribed to it under the Listing Rules;
“Directors” the directors of the Company;
“DLAT” 大連汽車碼頭有限公司 (Dalian Automobile Terminal Co., Ltd.), a sino-foreign joint venture company with limited liability incorporated in the PRC;
“DLAT Agreement” the equity transfer agreement dated 30 March 2007 between the Company and PDA in relation to the acquisition of DLAT Equity;
“DLAT Equity” the 40% equity interest in DLAT to be acquired by the Company pursuant to the DLMP Agreement;
“DP Storage” 大連中石油國際儲運有限公司 (Dalian PetroChina International Storage Co., Ltd.), a limited liability company incorporated in the PRC;
“DP Storage Agreement” the equity transfer agreement dated 30 March 2007 between the Company and PDA in relation to the acquisition of DP Storage Equity;
“DP Storage Equity” the 20% equity interest in DP Storage to be acquired by the Company pursuant to the DP Storage Agreement;
“HECL” 大連港灣東車物流有限公司 (Dalian Harbour ECL Logistics Co., Ltd.), a sino-foreign joint venture company with limited liability incorporated in the PRC;
“HECL Agreement” the equity transfer agreement dated 30 March 2007 between the Company and PDA in relation to the acquisition of Dongche Equity;
“HECL Equity” the 50% equity interest in HECL to be acquired by the Company pursuant to the HECL Agreement;
“HK\$” or “HK dollars” Hong Kong dollars, the lawful currency of Hong Kong;
“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;
“Northeastern China” for the purpose of this announcement only, Northeastern China refers to the three provinces of the northeastern region of China including Heilongjiang, Jilin and Liaoning and the four eastern alliances of Inner Mongolia Autonomous Region;
“PDA” 大連港集團有限公司 (Dalian Port Corporation Limited), the controlling shareholder of the Company and a limited liability company established in the PRC and wholly-owned by Dalian Municipal Government;
“PRC” the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“RMB” renminbi, the lawful currency of the PRC;
“Shareholders” the shareholders of the Company;
“Stock Exchange” The Stock Exchange of Hong Kong Limited;
“Tongli Agency” 大連港通利船務代理有限公司 (Dalian Port Tongli Shipping Agency Co., Ltd.), a limited liability company incorporated in the PRC;
“Tongli Agreement” the equity transfer agreement dated 30 March 2007 between the Company and PDA in relation to the acquisition of Tongli Equity;
“Tongli Equity” the 50% equity interest in Tongli Agency to be acquired by the Company pursuant to the Tongli Agreement;
“US\$” or “US dollars” United States dollars, the lawful currency of the United States; and
“ZTH” Beijing Zhong Tian Hua Assets Valuation Co., Ltd. which is a PRC qualified valuer and independent of the Company.

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

Dalian City, Liaoning Province, the PRC
30 March 2007

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

Executive Directors: SUN Hong, JIANG Luning and SU Chunhua
Non-executive Directors: LU Jianmin and ZHANG Fengge
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”.*