# Dalian Port (PDA) Company Limited\*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2880)

### CONTINUING CONNECTED TRANSACTIONS

This announcement is made pursuant to Rule 14A.47 of the Listing Rules in connection with: (i) the provision of boiler management services to the Company by Rixing Industrial Company, an associate of PDA, the controlling shareholder of the Company and therefore a connected person of the Company; and (ii) the steam and heat supply by the Company to PDA and/or its relevant associates for a period from 1 January 2007 to 31 December 2007.

The provision of boiler management services contemplated under the Management Agreement and the steam and heat supply contemplated under the Supply Agreement constitute continuing connected transactions for the Company which are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under the Listing Rules.

## CONTINUING CONNECTED TRANSACTION – BOILER MANAGEMENT

#### Boiler Management Agreement (the "Management Agreement")

21 December 2006

Parties

Rixing Industrial Company; and

The Company

Major terms and conditions

- The term of the Management Agreement will be one year from 1 January 2007 to 31 December 2007, subject to the Company's right to terminate by giving at least 60 days' prior notice;
- The management services include boiler operation services, steam pipes operation service and the related general maintenance services;
- The aggregate amount of the management fee payable under the Management Agreement will not exceed RMB3,000,000. The payment of the management fee shall be settled on a monthly basis in arrears in cash out of the internal (3) resources of the Company; and
- The terms and conditions (including the pricing and payment terms) on which the management services are to be provided by Rixing Industrial Company is no less favorable to the Company than those available from any independent third party for similar services.

Annual cap for 2007
The aggregate amount of the management fee payable under the Management Agreement will not exceed RMB3,000,000 for the year ending 31 December 2007. Such amount of management fee was mutually agreed between Rixing Industrial Company and the Company based on arms' length negotiation by reference to the number of personnel to be deployed by Rixing Industrial Company to provide such services, which is currently estimated at approximately 85, and the relevant labour costs for such personnel. costs for such personnel.

### Reasons for entering into the Management Agreement

Reasons for entering into the Management Agreement
Rixing Industrial Company is principally engaged in provision of construction,
property management services, transportation services and landscaping services. It
has qualified personnel recognised by the government authority and has been
providing boiler management services for PDA and its certain associates for many years

The principal businesses of the Company are the operation of oil and container ports and provision of the ports related logistic services and value added services in the PRC.

Taking into account the expertise and experience of Rixing Industrial Company in providing the abovementioned services and the commercially reasonable cost of the management services, the Directors consider that it is beneficial for the Company to enter into the Management Agreement.

The Directors, including the independent non-executive Directors, consider that entering into the Management Agreement is in the ordinary and usual course of business of the Company and the terms and conditions of the Management Agreement are no less favorable to the Company than those available from any independent third party for similar services and in the interest of the Company and the Shareholders as a whole. The Directors, including the independent non-executive Directors, also consider that the annual cap is fair and reasonable.

#### Listing Rules Implications

Listing Rules Implications
PDA, the controlling shareholder of the Company, holds a 35% equity interest in Rixing Industrial Company. Therefore, Rixing Industrial Company, being an associate of PDA, is a connected person of the Company as defined under Rule 14A.11(4). As such, the transaction contemplated under the Management Agreement constitutes a continuing connected transaction for the Company. Based on the aggregate amount of the management fee of RMB3,000,000 for such continuing connected transaction for the year ending 31 December 2007, as the percentage ratios applicable to such continuing connected transaction exceed 0.1% but are less than 2.5%, the transaction is 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 under Rules 14A.37 to 14A.40 of the Listing Rules, but exempt from independent shareholders' approval requirements.

#### CONTINUING CONNECTED TRANSACTION – STEAM AND HEAT SUPPLY (a) Steam and Heat Supply Agreement (the "Supply Agreement") В.

Date

21 December 2006

Parties

PDA (on its own account and for and on behalf of its associates); and

The Company

Major terms and conditions

- The term of the Supply Agreement will be one year from 1 January 2007 to 31 December 2007, subject to the Company's right to terminate by giving at least 30 days' prior notice;
- The price shall be determined with reference to the relevant pricing policy (2)prescribed by the relevant governmental authority; where there is no such pricing policy, then according to the price at which the same or comparable types of services are provided to independent third parties in the ordinary course of business;
- The payment for the supply of steam shall be settled on a monthly basis in arrears in cash. The payment for the supply of heat shall be settled in a lump sum in advance upon execution of the Supply Agreement; and
- The terms and conditions (including the pricing and payment terms) are no less favorable to the Company than terms available to independent third parties.

Annual cap for 2007
Based on the estimated volume of the steam, which is about 17,150 tons, to be supplied to PDA and/or its relevant associates within the term of the Supply Agreement, the estimated area to be covered, which is approximately 147,300 m³, and the rate in respect of a particular type of use of the steam or the heat, the aggregate amount of the transaction will not exceed RMB6,500,000 for the year ending 31 December 2007.

Reasons for entering into the Supply Agreement
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

The principal businesses of the Company are the operation of oil and container ports and provision of the ports related logistic services and value added services in the PRC.

The steam and heat produced by the boilers of the Company currently exceed the operation needs of the Company. The supply of the surplus steam and heat to PDA and/or its relevant associates will provide additional revenue to the Company. The Directors consider it is in the interests of the Company for the Company to enter into the Supply Agreement which will enable the Company to generate additional revenue from the supply of steam and heat to PDA and/or its relevant associates.

The Directors, including the independent non-executive Directors, consider that the terms and conditions of the Supply Agreement are on normal commercial terms based on arm's length negotiation and that the Supply Agreement is in the interest of the Company and the Shareholders as a whole. The Directors, including the independent non-executive Directors, also consider that the annual cap is fair and reasonable.

Listing Rules Implications
PDA is the controlling shareholder of the Company and therefore is a connected person of the Company as defined under Rule 14A.11(1). As such, the transaction contemplated under the Supply Agreement constitutes a continuing connected transaction for the Company. Based on the estimated annual cap of RMB6,500,000 for such continuing connected transaction for the year ending 31 December 2007, as the percentage ratio applicable to such continuing connected transaction exceed 0.1% but are less than 2.5%, the transaction is subject to the reporting and announcement requirements under Rules 14A.47 to 14A.47 and the annual review requirements under Rules 14A.37 to 14A.40, but exempt from independent shareholders' approval requirements. shareholders' approval requirements.

### DEFINITIONS

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

"Board" the board of Directors;

大連港股份有限公司 (Dalian Port (PDA) Company "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;

the directors of the Company; "Directors"

the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; "Listing Rules"

"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);

renminbi, the lawful currency of the PRC;

大連港日興實業有限公司 (Dalian Port Rixing Industrial Company Limited), a limited liability company in which PDA holds 35% equity interest; "Rixing Industrial Company"

"Shareholders" the shareholders of the Company;

"Stock Exchange" The Stock Exchange of Hong Kong Limited; and

"substantial shareholder" has the meaning ascribed to it under the Listing Rules.

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

Dalian City, Liaoning Province, the PRC

21 December 2006

"RMB"

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

Executive Directors:

Non-executive Directors:
Independent non-executive Directors:

VANG 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".