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If you are in 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, 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 together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

**MAJOR AND CONTINUING CONNECTED TRANSACTION
GENERAL MANDATE TO REPURCHASE SHARES
ADJUSTMENT TO REMUNERATION STANDARDS
FOR INDEPENDENT DIRECTORS
NOTICE OF EXTRAORDINARY GENERAL MEETING
NOTICE OF 2012 FIRST CLASS MEETING OF THE HOLDERS OF A SHARES
NOTICE OF 2012 FIRST CLASS MEETING OF THE HOLDERS OF H SHARES**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders
in relation to continuing connected transaction**



**TC Capital
天財資本**

TC Capital Asia Limited

A letter from the Board is set out on pages 4 to 15 of this circular.

A letter from the Independent Board Committee to the Shareholders is set out on pages 16 to 17 of this circular.

A letter from TC Capital Asia Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 23 of this circular.

The notices convening the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, each to be held at Room 109, PDA Group Building, No. 1 Gangwan Street, Zhongshan District, Dalian City, Liaoning Province, PRC on 5 January 2012 setting out resolutions to be proposed to the Shareholders at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting are contained in this circular.

Forms of proxy (the "Proxy Forms") for use in connection with the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting are enclosed herewith and published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you are able to attend the meeting, please complete and return the Proxy Form in accordance with the instructions printed thereon as soon as practicable and in any event not later than 24 hours before the time designated for holding the meeting or any adjournment thereof. Completion and return of the Proxy Form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

* The Company is registered as a Non-Hong Kong company under Par 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, the following expressions have the following meanings unless the context requires otherwise:

“Articles of Association”	the articles of association of the Company
“A Share(s)”	the domestic shares issued by the Company and denominated in Renminbi and which are listed on the Shanghai Stock Exchange
“A Share Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the Repurchase Mandate at the EGM, A Shareholders’ Class Meeting and H Shareholders’ Class Meeting, the general mandate to exercise the power of the Company to repurchase A Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of A Shares of the Company in issue as at the date of the said resolution
“A Shareholder(s)”	holders of A Share(s)
“A Shareholders’ Class Meeting”	the 2012 first class meeting of the A Shareholders to be held at Room 109, PDA Group Building, No. 1 Gangwan Street, Zhongshan District, Dalian City, Liaoning Province, PRC at 11:00 a.m. on 5 January 2012
“Board”	the board of directors of the Company
“CBRC”	中國銀行業監督管理委員會 (China Banking Regulatory Commission)
“Company”	大連港股份有限公司 (Dalian Port (PDA) Company Limited*), a joint stock limited company incorporated in the PRC
“Company Law”	the Company Law of the PRC
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	中國證券監督委員會 (China Securities Regulatory Commission)
“Deposit Services”	depository services to be provided by the Finance Company to the Group pursuant to the Financial Services Agreement
“Directors”	the directors of the Company

DEFINITIONS

“EGM”	the general meeting of the Company to be held at Room 109, PDA Group Building, No. 1 Gangwan Street, Zhongshan District, Dalian City, Liaoning Province, PRC at 10:30 a.m. on 5 January 2012
“Finance Company”	大連港集團財務有限公司 (Dalian Port Group Finance Company Limited), a joint venture to be established by PDA and the Company as a non-bank finance company under the PRC laws
“Finance Company Preparation Committee”	a working committee which has been established by PDA and the Company in accordance with the approval of the CBRC for preparation of incorporation of the Finance Company and entering into any legal document on behalf of the Finance Company to be established
“Financial Services Agreement”	an agreement entered into between the Company and the Finance Company Preparation Committee in regard to provision of financial services by the Finance Company to the Group
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and subscribed for in Hong Kong dollars
“H Share Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the Repurchase Mandate at the EGM, A Shareholders’ Class Meeting and H Shareholders’ Class Meeting, the general mandate to exercise the power of the Company to repurchase H Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of H Shares of the Company in issue as at the date of the said resolution
“H Shareholder(s)”	holders of H Shares
“H Shareholders’ Class Meeting”	the 2012 first class meeting of the H Shareholders to be held at Room 109, PDA Group Building, No. 1 Gangwan Street, Zhongshan District, Dalian City, Liaoning Province, PRC at 11:10 a.m. on 5 January 2012

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board, the members of which consist of all the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the Financial Services Agreement, in particular, the provision of Deposit Services
“Independent Shareholders”	shareholders of the Company other than PDA and its associates
“Latest Practicable Date”	14 November 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Loan Services”	credit and loan services to be provided by the Finance Company to the Group pursuant to the Financial Services Agreement
“Mandatory Provisions”	the Mandatory Provisions for the Articles of Association of Companies Seeking a Listing outside the PRC
“PBOC”	中國人民銀行 (People’s Bank of China)
“PDA”	大連港集團有限公司 (Dalian Port Corporation Limited), the controlling shareholder of the Company and the Finance Company and a limited liability company established in the PRC
“PDA Group”	PDA and its subsidiaries
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Repurchase Mandate”	A Share Repurchase Mandate and H Share Repurchase Mandate
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	國家外匯管理局 (State Administration of Foreign Exchange)
“Settlement Services”	settlement and clearance services to be provided by the Finance Company to the Group pursuant to the Financial Services Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholders”	the shareholders of the Company
“SSE Listing Rules”	the listing rules of the Shanghai Stock Exchange
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases
“TC Capital”	TC Capital Asia Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Deposit Services

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
Zhang Fengge
Xu Song
Zhu Shiliang

Non-executive Directors:

Xu Jian
Zhang Zuogang

Independent Non-executive Directors:

Liu Yongze
Gui Liyi
Wan Kam To, Peter

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

17 November 2011

To the Shareholders,

Dear Sir or Madam,

**MAJOR AND CONTINUING CONNECTED TRANSACTION
GENERAL MANDATES TO REPURCHASE SHARES
ADJUSTMENT TO REMUNERATION STANDARDS
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1. INTRODUCTION

The purpose of this circular is to provide, among other things, (i) details of the proposed Deposit Services contemplated under the Financial Services Agreement; (ii) information relating to the proposal for the grant of the Repurchase Mandate; (iii) information relating to the proposal for adjustment of the remuneration standards for the independent non-executive directors; and (iv) details of the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

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2. THE FINANCIAL SERVICES AGREEMENT

Reference is made to the announcement of the Company dated 27 October 2011 in relation to the Financial Services Agreement.

A. The Financial Services Agreement

Date : 27 October 2011

Parties : the Company; and
the Finance Company Preparation Committee.

Financial Services : Subject to receiving the operation permit (開業許可證) from the CBRC and completion of the necessary business and tax registration, the Finance Company shall provide to the Group the following financial services:

- depository services in accordance to the rules and regulations prescribed by the PBOC, including current deposit, fixed term deposit, call deposit and agreement deposit;
- loan services including line of credit, bill acceptance; bills discounted; financial leasing and other credit services;
- settlement services including payment and clearance services; and
- other financial services within the scope of the Financial Company's license.

Duration of the Financial Services Agreement : The Financial Services Agreement will be effective upon its execution by the contracting parties and subject to:

- the Finance Company having obtained the operation permit (開業許可證) from the CBRC and completed the necessary business and tax registration; and
- both parties having obtained the necessary approval and proper authorizations.

The Financial Services Agreement is valid for a period from the effective date or 1 January 2012 (whichever occurs later) and to and including 31 December 2014.

LETTER FROM THE BOARD

Material Terms of the Financial Services Agreement : The material terms of the Financial Services Agreement includes, *inter alia*, the following:

- the interest rate payable by the Finance Company to the Group for any deposits should not be lower than the interest rate prescribed by the PBOC for comparable deposits; it should also not be lower than the interest rate paid by other major commercial banks in the PRC for comparable deposits; and it should not be lower than the interest rate paid by the Finance Company to any subsidiary of PDA Group (other than any member of the Group) for comparable deposits.
- the daily closing balance of the Group's deposit with the Finance Company should not exceed RMB4.0 billion.
- the daily closing balance of the Group's loan with the Finance Company should not exceed RMB5.0 billion.
- the interest rate for any loan provided by the Finance Company to the Group should not be higher than the rate charged by major commercial banks in the PRC for comparable loans; and it should not be higher than the interest payable by any subsidiary of PDA Group (other than any member of the Group) to the Finance Company for comparable loans.
- the settlement services are provided by the Finance Company free of any charge.
- services fee for other financial services should not be higher than the fee charges by other financial institutions in the PRC for comparable services.

Mutual Undertakings : The Company has made the following undertakings to the Finance Company in the Financial Services Agreement:

- it will provide accurate, legitimate and complete information and certificate(s) when receiving any services provided under the Financial Services Agreement. The Company will strictly abide by the rules governing the usage of the Finance Company's services systems and shall be responsible for safekeeping and the confidentiality of any relevant information and security credentials; and

LETTER FROM THE BOARD

- it will, during the period within which the Financial Services Agreement remains valid, notify the Finance Company of any material changes, including but not limited to, changes in its shareholding structure or control.

The Finance Company Preparation Committee has made, amongst others, the following undertakings to the Company in the Financial Services Agreement that it will procure the Finance Company:

- to provide services to the Group at terms not less favourable than for comparable services provided to PDA or other members of the PDA Group (other than the Group); the terms of any services will also not be less favourable than available comparable services provided by other financial institutions;
- to ensure that its Financial Operation License (金融許可證) and other permits, approvals and filings were legally obtained and will remain valid and effective;
- to ensure the secure operation of its fund settlement and clearance network and protect the safety of funds, control risk exposure, satisfy the withdrawal requests for any deposited funds;
- to ensure that it is in strict compliance with the risk monitoring indicators for financial institutions issued by the CBRC and that its major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBRC; and
- to provide annual audit reports periodically to the Company and provide other financial reports upon the request of the Company, as well as report its financial and operation condition to the Company. The Company's auditor is authorized to review and inspect relevant accounting records of the Finance Company in connection with fulfillment of requirements of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

B. Reason for and Benefits of the Financial Services Agreement

The Finance Company is to be established as a non-bank finance company under the direction of the PBOC with the main business scope of providing various financial services, including depository and loan facilities, credit facilities, clearance and settlement of money and credit references, to the PDA Group. The operation permit (開業許可證) was obtained from the CBRC on 7 November 2011.

The Company expects that by entering into the Financial Services Agreement, it will be able to centralize its control and management over the financial resources of the Group, therefore improve the utilization and efficiency of fund usage. The services provided under the Financial Services Agreement would further improve the Company's capabilities in fund clearance, financial management and investment. The Company is also expecting to further diversify its sources of funding through the Finance Company.

The terms of the Financial Services Agreement were arrived at upon arm's length negotiations between the parties. The Directors (excluding the independent non-executive Directors who will give their opinion based on the recommendation of the independent financial adviser) consider that the terms of the Financial Services Agreement are on normal commercial or better terms, therefore believe that they are fair and reasonable and in the best interests of the Group and the shareholders of the Company as a whole.

Each of Mr. Sun Hong, Mr. Zhang Fengge, Mr. Xu Song, Mr. Xu Jian and Mr. Zhang Zuogang, being a Director who also holds a management position with PDA which is the Company's controlling shareholder, abstained from voting on the board resolution approving the transaction contemplated under the Financial Services Agreement at the board meeting held on 27 October 2011. Save as disclosed above, none of the Directors attending the board meeting has a material interest in the Financial Services Agreement.

C. Further Information about the Parties

The Group mainly operates its business in Dalian port in Dalian, Liaoning Province. The Company's parent company PDA is a well-established state-owned enterprise. The principal activities of the Company and the Group are: (i) the provision of terminal and related logistics services for oil products and liquefied chemicals; (ii) the provision of terminal and related logistics services for containers; (iii) automobile terminal and related logistics services; (iv) ore terminal and related logistics services; (v) general cargo terminal and related logistics services; (vi) bulk grain terminal and related logistics services; (vii) passenger and roll-on, roll-off terminal and related logistics services; and (viii) port value-added services and ancillary port operations.

The Finance Company is a joint venture to be established by PDA and the Company as a non-bank finance company under the direction of the PBOC with the main business scope of providing various financial services, including depository and loan facilities, credit facilities, clearance and settlement of money and credit references, to the PDA Group. PDA and the Company will hold 60% and 40% of equity interests of the Finance Company, respectively.

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D. Proposed Annual Caps

Prior to the entering into of the Financial Services Agreement, the Company has not prior transaction with the Finance Company. The Board has considered and proposed the following caps for each of the years 2012, 2013 and 2014 in respect of (i) the maximum daily closing balance of deposits (including accrued interest) placed by the Group with the Finance Company; (ii) the maximum daily closing balance of loan provided by the Finance Company to the Group (including accrued interest), and (iii) the maximum annual handling fees in connection with Loan Services, Settlement Services and other financial services pursuant to the Financial Services Agreement:

Subject matter	Proposed annual caps for each of the years 2012, 2013 and 2014	Basis of determination of the proposed annual caps
Deposit Services	RMB4.0 billion (per day)	There has been no similar transaction between the Group and the Finance Company prior to the date of this circular. The cap for Deposit Services has been determined with reference to a number of factors including: ● the increasing asset and operation scale and the expected amount of cash of the Group available for deposit; ● the expected amount of interest income from the Finance Company compared with interest income that could otherwise be obtained by placing deposits with other commercial banks; ● the potential financial risks associated with other financial services providers; and ● the strategies for treasury management of the Company taking into account the business development plans and the financial needs of the Group.

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Subject matter	Proposed annual caps for each of the years 2012, 2013 and 2014	Basis of determination of the proposed annual caps
Loan Services	RMB 5.0 billion (per day)	There has been no similar transaction between the Group and the Finance Company prior to the date of this circular. The cap for Loan Services has been determined with reference to a number of factors including: ● the historical figures of the maximum daily outstanding balance of loans (including accrued interest and handling fee) granted by financial institutions to the Group during the preceding three years; and ● Group's capital needs and the Finance Company's financial ability.
Aggregate handling fees in connection with the Settlement Services and other financial services	RMB700,000 (per year)	There has been no similar transaction between the Group and the Finance Company prior to the date of this circular. The Settlement Services shall be provided free of charge. The proposed cap for the aggregate handling fees in connection with other financial services on an annual basis has been determined with reference to: ● the historical aggregate amounts of handling fees paid to independent commercial banks in the PRC; ● the market rates of the similar services as promulgated by PBOC; and ● the operation and financial needs of the Group in the coming years.

LETTER FROM THE BOARD

It is the view of the Directors that the transaction has no material effects on the earnings or assets and liabilities of the Group. The Directors (including the independent non-executive Directors who have given their opinion based on the recommendation of TC Capital in respect of the Deposit Services) consider that such caps as stated above are fair and reasonable.

E. Hong Kong Listing Rules Implications

Under the Hong Kong Listing Rules, provision of the Deposit Services constitutes a non-exempt continuing connected transaction and is subject to the reporting, annual review, announcement and the independent shareholders' approval requirements. Further, provision of Deposit Services constitutes a major transaction under Chapter 14 of the Hong Kong Listing Rules.

The provision of Loan Services to be provided by the Finance Company to the Group would amount to financial assistance by a connected person for the benefit of the Group, which are on normal commercial terms similar or even more favourable than those offered from independent third parties for comparable services in the PRC and which is exempt under Rule 14A.65(4) of the Hong Kong Listing Rules from all reporting, annual review, announcement and independent shareholders' approval requirements since no security over the assets of the Group granted in respect of the loan.

In respect of the Settlement Services and the other financial services to be provided by the Finance Company to the Group, the Company expects that the total annual fees payable by the Group to the Finance Company will not exceed RMB700,000 for each of the years ending 31 December 2012, 31 December 2013, and 31 December 2014, which would fall within the de minimis threshold set out in Rule 14A.33 of the Hong Kong Listing Rules, therefore the provision of Settlement Services and other financial services by the Finance Company to the Group is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements of the Hong Kong Listing Rules.

The Company will comply with the reporting, annual review, announcement and independent shareholders' approval requirements of the Hong Kong Listing Rules if the transaction amount of Settlement Services and other financial services under the Financial Services Agreement exceeds the relevant threshold.

The Company had no prior transactions with the Finance Company which require aggregation with the current transactions contemplated under the Financial Services Agreement under Rules 14.22 and Rule 14A.25 of the Hong Kong Listing Rules.

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the provision of the Deposit Services. TC Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services. PDA and its associates are required to abstain from voting in respect of the proposed resolution to approve the Deposit Services in the general meeting.

The Company will comply with the Hong Kong Listing Rules if it enters into further separate agreements with the Finance Company in connection with the Loan Services, Settlement Services and other financial services.

LETTER FROM THE BOARD

3. GENERAL MANDATES TO REPURCHASE SHARES

The Company Law (to which the Company is subject) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for the purpose of (a) reducing its registered share capital; (b) in connection with a merger between itself and another entity that holds its shares; (c) granting shares as reward to the staff of the company; or (d) the repurchase is made at the request of its shareholders who disagrees with shareholders' resolutions in connection with a merger or division. The Mandatory Provisions, which the Company has incorporated in its Articles of Association, provide that subject to obtaining the approval of the relevant regulatory authorities and compliance with its articles of association, share repurchases may be effected by a joint stock limited company listed outside the PRC for the purpose of reducing its share capital or in connection with a merger between itself and another entity that holds its shares or in circumstances permitted by law or administrative regulations.

In accordance with the requirements of Article 35 of the Articles of Association applicable to capital reduction, the Company is required to notify its creditors of passing of the resolution for reduction of the registered capital of the Company within 10 days after passing of such resolution and also by way of a publication on a newspaper within 30 days after passing of the resolution. Creditors have a right during a period of up to 30 days after the Company's written notification or if no such notification has been received, up to 45 days after publication of the press announcement to require the Company to repay any amounts due to them or to provide guarantees in respect of such amounts.

A. A Share Repurchase Mandate

The SSE Listing Rules permit shareholders of a PRC joint stock limited company to grant a general mandate to the Directors to repurchase A Shares of such company that are listed on the Shanghai Stock Exchange. Such mandate is required to be given by way of a special resolution passed by shareholders in general meeting and special resolutions passed by holders of domestic shares and overseas listed foreign shares in separate class meetings.

The Company would like to draw the Shareholders' attention to the requirements under applicable PRC laws and regulations and the SSE Listing Rules that even though the A Share Repurchase Mandate is granted by the Shareholders, the Company is still required to seek additional, specific and prior approval from the Shareholders in general meeting by way of special resolution(s) for each repurchase of A Shares and to provide further information and details of such repurchase of A Shares in accordance with requirements under applicable PRC laws and regulations and the SSE Listing Rules. The Company will at all times comply fully with all applicable PRC laws and regulations and the SSE Listing Rules and seek additional, specific and prior approval from its Shareholders in general meeting by way of special resolution(s) for each repurchase of A Shares.

B. H Share Repurchase Mandate

The Hong Kong Listing Rules permit shareholders of a PRC joint stock limited company to grant a general mandate to the Directors to repurchase the H shares of such company that are listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of a special resolution passed by shareholders in general meeting and special resolutions passed by holders of domestic shares and overseas listed foreign shares in separate meetings.

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As H Shares are traded on the Hong Kong Stock Exchange in Hong Kong dollars and the price payable by the Company upon any repurchase of H Shares will, therefore, be paid in Hong Kong dollars, the approval of the relevant regulatory institutions of the State is required. Additionally, the Company shall make a filing with CSRC 15 working days after the Company has repurchased its H Shares.

In accordance with the legal and regulatory requirements described above, the Directors will put forward the relevant resolutions at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. At each of such meeting, a special resolution will be proposed to grant to the Directors a conditional general mandate to repurchase A Shares and/or H Shares in issue on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, respectively, with an aggregate nominal value of A Shares and/or H Shares not exceeding 10% of the aggregate nominal value of the A Shares and H Shares, respectively, in issue of the Company as at the date of passing of such resolution. The Repurchase Mandate will be conditional upon (a) the special resolution for the grant of the Repurchase Mandate being approved at each of the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting; (b) the approvals of the SAFE and/or any other regulatory authorities (if applicable) as required by the laws, rules and regulations of the PRC being obtained; and (c) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Article 35 of the Articles of Association as described above. If the Company determines to repay any amount to any of its creditors in circumstances described under condition (c), it expects to do so out of its internal resources. If the conditions are not fulfilled, the Repurchase Mandate will not be exercised by the Directors.

The Repurchase Mandate would expire on the earlier of (a) the conclusion of the annual general meeting of the Company for the year of 2011 following the passing of the relevant special resolution at the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting; (b) the expiration of a period of twelve months following the passing of the relevant special resolution at the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting; or (c) the date on which the authority conferred by the relevant special resolution is revoked or varied by a special resolution of the Shareholders at a general meeting or by H Shareholders or A Shareholders at their respective class meetings.

An explanatory statement giving certain information regarding the H Share Repurchase Mandate is set out in the Appendix III to this circular.

4. ADJUSTMENT TO REMUNERATION STANDARDS FOR INDEPENDENT DIRECTORS

Reference is made to the voting result announcement of the Company dated 24 June 2011, regarding, among others, the resolution on adjustment of the remuneration standards for the independent non-executive directors, pursuant to which annual fee for an independent non-executive directors who resides outside the city where the Company locates, or has a nationality other than PRC, shall be RMB200,000 per annum. Having considered considerable time and effort required to be devoted to the Company in the development of the Group and market rates for an independent non-executive director

LETTER FROM THE BOARD

who resides outside the PRC, the Board proposes to increase the relevant remuneration standards for independent non-executive director who resides outside the PRC from RMB200,000 per annum to RMB250,000 per annum.

5. GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the proposed provision of Deposit Services contemplated under the Financial Services Agreement.

TC Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of provision of Deposit Services set out in the Financial Services Agreement are fair and reasonable.

The letter from TC Capital is set out on pages 18 to 23 of this circular.

6. NOTICE OF EXTRAORDINARY GENERAL MEETING, THE A SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING

An extraordinary general meeting is to be held at Room 109, PDA Group Building, No. 1 Gangwan Street, Zhongshan District, Dalian City, Liaoning Province, PRC at 10:30 a.m. on 5 January 2012 for the Shareholders to consider and, if thought fit, to approve (i) the proposed provision of Deposit Services contemplated under the Financial Services Agreement for a term of three years and the proposed annual caps for the three years of 2012, 2013 and 2014; (ii) the granting of the Repurchase Mandate; and (iii) adjustment of the remuneration standards for an independent non-executive director who resides outside the PRC. The A Shareholders' Class Meeting and the H Shareholders' Class Meeting are to be held at the same place on the same date to consider and, if thought fit, to approve the granting of the Repurchase Mandate.

Pursuant to Rule 14A.54 of the Hong Kong Listing Rules, any connected person and any shareholder and their associates with a material interest in the Financial Services Agreement are required to abstain from voting on the resolution in respect of the proposed transaction contemplated under the agreement at the EGM. Therefore, PDA, the controlling shareholder of the Company, together with its associates is required to abstain from voting on the resolutions in respect of the Financial Services Agreement and the proposed provision of Deposit Services contemplated thereunder at the EGM.

The notices of EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, all dated 17 November 2011 are set out on pages 34 to 45 of this circular, for the purpose of notifying the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting to be held.

Whether or not you are able to attend the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, please complete and return the Proxy Form in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time designated for holding the EGM or any adjournment thereof. Completion and return of the Proxy Form will not preclude you from attending and voting in person at the meeting or any adjourned meetings should you so wish.

LETTER FROM THE BOARD

7. RECOMMENDATION

Given that the Directors (including the independent non-executive Directors who have given their opinion based on the recommendation of TC Capital in respect of the Deposit Services) consider that the terms of the Financial Services Agreement are on normal commercial terms and believe they are fair and reasonable and such agreement is in the interests of the Company and the Shareholders as a whole, the Directors and the Independent Board Committee recommend that the Independent Shareholders should vote in favor of the ordinary resolution in respect of the transaction contemplated under the Financial Services Agreement.

The Directors also believe that the proposals for the grant of the Repurchase Mandate and adjustment of the remuneration standards for an independent non-executive director who resides outside the PRC are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders vote in favour of the relevant proposals at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

By Order of the Board,
SUN Hong
Chairman



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)

17 November 2011

Independent Board Committee:

Liu Yongze

Gui Liyi

Wan Kam To, Peter

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTION

We refer to the circular dated 17 November 2011 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings herein unless the context otherwise requires.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Financial Services Agreement and the relevant proposed caps for the Deposit Services and to advise the Independent Shareholders whether, in our opinion, the terms of the Financial Services Agreement as well as the proposed caps are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. TC Capital Asia Limited (“**TC Capital**”) has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

As your Independent Board Committee, we have discussed with the management of the Company the reasons for entering into the Financial Services Agreement and the basis upon which its terms and the proposed caps have been determined. We have also considered the key factors taken into account by TC Capital in arriving at its opinion regarding the terms of the Deposit Services and the caps as set out in the letter from the Independent Financial Adviser contained in the Circular, which we urge you to read carefully.

* The Company is registered as a Non-Hong Kong company under Par XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under the English name “Dalian Port (PDA) Company Limited”.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the advice given by TC Capital and the principal factors in arriving at its advice, we consider that the terms of the Deposit Services are normal commercial terms, and believe the terms and the caps are fair and reasonable so far as the Shareholders are concerned and the proposed transaction are in the interests of the Company and the Shareholders as a whole, therefore recommend that the Independent Shareholders should vote in favor of the ordinary resolution in respect of the Deposit Services, the transaction contemplated thereunder and the proposed caps.

Yours faithfully,
Independent Board Committee

Liu Yongze
Independent
non-executive Director

Gui Liyi
Independent
non-executive Director

Wan Kam To, Peter
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from TC Capital Asia Limited dated 17 November 2011 prepared for incorporation in this circular:



TC Capital Asia Limited
天財資本亞洲有限公司

17 November 2011

*The Independent Board Committee and the Independent Shareholders
Dalian Port (PDA) Company Limited (the “Company”)*

Dear Sir/Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Deposit Services and the proposed annual caps thereof under the Financial Services Agreement, which constitute a major and continuing connected transaction for the Company. Details of the Deposit Services are set out in the “Letter from the Board” (the “**Board Letter**”) contained in the circular of the Company dated 17 November 2011 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

Mr. Liu Yongze, Mr. Gui Liyi and Mr. Wan Kam To, Peter, the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether (i) the Deposit Services and the proposed annual caps thereof under the Financial Services Agreement are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) to vote in favour of or against the resolution to be proposed at the EGM for approving the Deposit Services and the proposed annual caps thereof under the Financial Services Agreement. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our recommendation, we have relied on information, opinions and facts supplied and represented by the Company, the Directors and the management of the Company. We have assumed that all such information, opinions, facts and representations contained or referred to in the Circular, for which the Company is fully responsible, were true and accurate in all respects as at the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Company has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of each of the Group, the Finance Company, the PDA Group and the Finance Company Preparation Committee.

PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE DEPOSIT SERVICES

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

I. Background of the Group and the Finance Company

The Group mainly operates its business in Dalian port in Dalian, Liaoning Province, the PRC. The principal activities of the Company and the Group are the provision of: (i) terminal and related logistics services for oil products and liquefied chemicals; (ii) terminal and related logistics services for containers; (iii) automobile terminal and related logistics services; (iv) ore terminal and related logistics services; (v) general cargo terminal and related logistics services; (vi) bulk grain terminal and related logistics services; (vii) passenger and roll-on, roll-off terminal and related logistics services; and (viii) port value-added services and ancillary port operations.

The Finance Company is a joint venture to be established by PDA and the Company as a non-bank finance company under the direction of the PBOC, with the main business scope of providing various financial services, including depository and loan facilities, credit facilities, clearance and settlement of money and credit references to the PDA Group. PDA and the Company will hold 60% and 40% equity interests in the Finance Company, respectively. The registered capital of the Finance Company is RMB500 million. The operation permit (開業許可證) was obtained from the CBRC on 7 November 2011.

As at the Latest Practicable Date, the establishment of the Finance Company is under way, according to the Company, the Finance Company is expected to be established before the end of 2011.

II. Major terms of the Deposit Services under the Financial Services Agreement

The Company entered into the Financial Services Agreement, which includes, among other services, the Deposit Services, with the Finance Company Preparation Committee on 27 October 2011. Pursuant to the Financial Services Agreement, subject to having obtained the operation permit (開業許可證) from the CBRC and completed the necessary business and tax registration, the Finance Company shall provide the Group with financial services including but not limited to depository services, loan services, settlement services and other financial services within the scope of the Finance Company's license.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Major terms of the Financial Services Agreement are set out as follows:

Date : 27 October 2011

Parties : (1) the Company
(2) the Finance Company Preparation Committee

Duration : The Financial Services Agreement will be effective upon its execution by the contracting parties and subject to:

- (i) the Finance Company having obtained the operation permit from the CBRC and completed the necessary business and tax registration; and
- (ii) the Company and the Finance Company Preparation Committee having obtained the necessary approval and proper authorisation.

The Financial Services Agreement is valid for a period from the date of being effective or 1 January 2012 (whichever occurs later) up to and including 31 December 2014.

As mentioned in the Board Letter, the Loan Services are on normal commercial terms similar or even more favourable than those offered from independent third parties for comparable services in the PRC and are exempt under Rule 14A.65(4) of the Hong Kong Listing Rules from all reporting, annual review, announcement and independent shareholders' approval requirements since no security over the assets of the Group would be granted in respect of the loan.

Details of major terms of the Financial Services Agreement are outlined in the Board Letter.

III. Interest rates of the Deposit Services contemplated under the Financial Services Agreement

As mentioned in the Board Letter, the interest rate payable by the Finance Company to the Group for any deposits should not be lower than:

- (i) the interest rate prescribed by the PBOC for comparable deposits;
- (ii) interest rate paid by other major commercial banks in the PRC for comparable deposits; and
- (iii) interest rate paid by the Finance Company to any subsidiary of PDA Group (other than any member of the Group) for comparable deposits.

Given that the deposit interest rates to be offered by the Finance Company to the Group will be higher or equal to the interest rate prescribed by the PBOC, the market or PDA Group, we are of the view that the interest rates in relation to the Deposit Services contemplated under the Financial Services Agreement are on normal commercial terms, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IV. Proposed annual caps of the Deposit Services contemplated under the Financial Services Agreement

Pursuant to the terms of the Financial Services Agreement, the daily outstanding balance of deposits placed by the Group with the Finance Company for each of the years ending 31 December 2012, 2013 and 2014, shall not exceed RMB4.0 billion.

As stated in the Board Letter, the annual caps for the Deposit Services have been determined with reference to a number of factors including:

- (i) the increasing asset and operation scale and the expected amount of cash of the Group available for the deposit;
- (ii) the expected amount of interest income from the Finance Company compared with interest income that could otherwise be obtained by placing deposits with other commercial banks;
- (iii) the potential financial risks associated with other financial services providers; and
- (iv) the strategies for treasury management of the Company taking into account the business development plans and the financial needs of the Group.

In assessing the reasonableness of the proposed annual caps, we have discussed with the management of the Company the treasury requirements of the Group and the expected continuous growth of business of the Group. We have also reviewed the latest published financial statements of the Group. It is noted that the proposed annual caps represent approximately 66% of the Group's cash and cash equivalent as at 30 September 2011, and represent approximately 59% of the Group's cash and cash equivalent together with all accounts receivables as at 30 September 2011. We have also noted the announcement of the Company dated 28 October 2011 in relation to the successful closing of the issue of RMB400,000,000 5.80% guaranteed bonds, assuming cash and cash equivalent has been increased by RMB400 million with all other figures remain unchanged, the proposed annual caps would represent approximately 62% of the Group's cash and cash equivalent and 56% of the Groups' cash and cash equivalent together with all accounts receivables as at 30 September 2011. We have been advised by the Company that the annual caps being set at this level are prudent for the Group to benefit from the flexibility in the allocation of available funds.

According to the third quarterly report 2011 of the Company, reported total assets of the Group amounted to approximately RMB29.5 billion as at 30 September 2011, representing a growth of 30.0% during a nine month period over total assets as at 31 December 2010. In view of high level of assets growth and the cash and cash equivalent exceeding that of the proposed annual cap, we are of the view that the annual caps in relation to the Deposit Services contemplated under the Financial Services Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

V. Reasons for the Deposit Services contemplated under the Financial Services Agreement

As mentioned in the Board Letter, the Company expects by entering into the Financial Services Agreement, it will be able to centralise its control and management over the financial resources of the Group, thereby improving the utilisation and efficiency of fund usage. The services, including the Deposit Services, provided under the Financial Services Agreement would further improve the Company's capabilities in fund clearance, financial management and investment.

The Directors also consider that the provision of intra-group deposits and loans would improve the efficiency of deployment of funds among members of the Group, which in turn would improve the Group's operating results. Through enabling the provision of intra-group loans, members of the Group would reduce its demand of obtaining loans from banks or other financial institutions. This would be particularly helpful during the time when it is difficult to raise loans and when banks are tightening lending credits as a result of the PBOC's continuous efforts in raising PRC banks' reserve requirements. The Company will also benefit from utilising the surplus funds deposited by other members of the Group for general working capital or repayment of certain debts, thereby having a centralised treasury platform to facilitate financial operations within the Group.

According to our discussion with the management of the Company, we are given to understand that pursuant to the rules and regulations in the PRC, companies incorporated in the PRC, other than those regulated financial institutions, are prohibited to advance loans freely and directly, even to intra group companies. In case any loans are to be advanced, such loans should be channeled through a PRC regulated financial institution or agent. As such, we are of the view that the setting up of the Finance Company and the subsequent utilisation of the Deposit Services is part of the ordinary and usual course of business of the Group, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

VI. Risk relating to the Deposit Services contemplated under the Financial Services Agreement

In view of the Deposit Services depositing a significant amount of money with the Finance Company, the Financial Services Agreement has included various corporate governance procedures to ensure the proper operations of the Finance Company thereby ensuring the safety of the Deposit Services. As mentioned in the Board Letter, the Finance Company will:

- (i) adhere to strict compliance with the risk monitoring indicators for financial institutions issued by the CBRC;
- (ii) comply with the requirements of the CBRC for major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio;
- (iii) provide annual audit reports periodically to the Company and provide other financial reports upon the request of the Company;
- (iv) report its financial and operation conditions to the Company; and
- (v) allow the Company's auditor to review and inspect relevant accounting records of the Finance Company in connection with fulfillment of requirements of the Hong Kong Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition to the above, as advised by the Company, the Finance Company agreed to report to the independent non-executive Directors regularly, or upon request on the matters as considered necessary or upon the occurrence of any material events or changes. The Company will also have the right to appoint an independent accounting firm to review the books and records and/or carry out an audit of the financial statements of the Finance Company.

Accordingly, in view of that the Deposit Services provided by the Finance Company will be subject to annual review by the independent non-executive Directors, the auditors of the Company, and compliance of risk monitoring by the CBRC, the Company has complied with the necessary regulatory requirements and corporate governance practice to govern the conduct of the Deposit Services and safeguard the interests of the Company and Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above and in particular:

- (i) the Deposit Services are entered into in the ordinary and usual course of business of the Company;
- (ii) the terms of the Deposit Services contemplated under the Financial Services Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (iii) there are advantages of utilising the Deposit Services, such as improved and efficient fund management and cost savings;
- (iv) measures are in place to safeguard deposits placed by the Group with the Finance Company;
- (v) the Finance Company is regulated by the PBOC and the CBRC; and
- (vi) the proposed annual caps for the Deposit Services are fair and reasonable so far as the Company and the Independent Shareholders are concerned,

we are of the view that the terms of the Deposit Services and the annual caps thereof as contemplated under the Financial Services Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Board Committee advise the Independent Shareholders to vote in favour of the resolution to approve the Deposit Services and the annual caps thereof under the Financial Services Agreement at the EGM.

Yours faithfully,
For and on behalf of
TC Capital Asia Limited
Edward Wu
Managing Director

THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this Circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Company for the years ended 31st December 2010, 2009 and 2008 together with the relevant notes to the financial statements of the Company can be found on pages 76 to 177 of the annual report of the Company for the year ended 31st December 2010, pages 60 to 145 of the annual report of the Company for the year ended 31st December 2009 and pages 50 to 125 of the annual report of the Company for the year ended 31st December 2008. Please also see below the hyperlinks to the said annual reports:

<http://www.hkexnews.hk/listedco/listconews/sehk/20110426/LTN20110426182.pdf>

<http://www.hkexnews.hk/listedco/listconews/sehk/20100316/LTN20100316031.pdf>

<http://www.hkexnews.hk/listedco/listconews/sehk/20090417/LTN20090417113.pdf>

STATEMENT OF INDEBTEDNESS

As at the close of business of 30 September 2011, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group has outstanding borrowings and indebtedness of approximately RMB12,743 million comprising secured bank loans of approximately RMB47 million, unsecured bank loans of approximately RMB5,261 million, issued and outstanding medium-term notes of approximately RMB2,485 million and other unsecured obligations of approximately RMB4,950 million.

Other than as disclosed above, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business of the Group, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, bank loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, mortgage, charges, guarantees or other material contingent liabilities as at the close of business on 30 September 2011.

The Directors have confirmed that there has not been any material change in the indebtedness or contingent liabilities of the Group since 30 September 2011 other than guaranteed bonds of RMB400 million the issue of which was completed on 28 October 2011.

WORKING CAPITAL

Taking into account the financial resources of the Group, the Directors are of the opinion that the Group has sufficient working capital for its present requirement, that is, for at least the next 12 months from the date of publication of this circular.

FINANCIAL AND TRADING PROSPECTS

As disclosed in the third quarterly results of the Company dated 27 October 2011, in the third quarter of 2011, the Group's terminal operations achieved sound growth. As at 30 September 2011, it recorded a total revenue and profit of RMB2,700 million and RMB584 million according to the PRC accounting rules and standards.

In view of the ongoing recovery of the world economy and the continued implementation of the initiatives of the PRC central government to revitalise the economy of the Group's hinterland, northeastern China, and to develop the coastal economic zone of Liaoning province, the Group remains cautiously positive about the trading prospects for 2011 taken as a whole.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Hong Kong 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. The Directors confirm that, to the best of their knowledge and belief after having made all reasonable enquiries, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, as far as the Company was aware, none of the Directors, supervisors or chief executive 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.

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.

DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors and supervisors of the Company had any interest in any assets which have been since 31 December 2010 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group. As at the Latest Practicable Date, none of the Directors and supervisors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date of the latest published audited financial statements of the Company.

The Directors are not aware that, after 31 December 2010, being the date to which the latest published audited accounts of the Company have been made up and up to the Latest Practicable Date, any member of the Group has acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the Company.

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.

CONSENT

As at the date of this circular, TC Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name and opinion in the form and context in which it appears in this circular.

As at the Latest Practicable Date, TC Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. *Company to request IFA to confirm*

EXPERT'S QUALIFICATION AND INTERESTS IN THE GROUP'S ASSETS

The following is the qualification of the professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
TC Capital	Independent financial adviser and a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulatory activities under the SFO

As at the Latest Practicable Date, TC Capital had no interest in any assets which have been since 31 December 2010 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, were entered into by the members of the Group within two years preceding the Latest Practicable Date and are or may be material:

- (a) The stated-owned land use right transfer agreement entered into between the Company and PDA on 8 November 2010 in relation to acquisition of the land use right of a piece of land located in Xingang of Dalian for a cash consideration of RMB107,636,681.60.
- (b) The Xingang property demolition compensation agreement entered into between the Company and PDA on 8 November 2010 in relation to compensation for demolishing certain properties and assets located in Xingang of Dalian for a cash consideration of RMB12,688,787.
- (c) The acquisition agreement entered into between the Company and Dalian Construction Investment Company Limited on 29 April 2011 in relation to acquisition of a 17.5% equity interest of Sino Rail Bohai Train Ferry Co, Ltd. for a cash consideration of RMB274,473,600.
- (d) The Dayao Bay and Dalian Bay Property Compensation Agreement entered into between the Company and PDA on 16 May 2011 relating to compensation by the Company of a total amount of RMB22,082,220 to PDA for demolishing certain properties and assets located in Dalian, China in connection with construction by the Company of Dayao Bay No. 4 ore stacking yard and Dalian Bay passenger and roll-on, roll-off terminals and general cargo terminals in Dalian, China.
- (e) The Lease Agreement entered into between (Dalian Port Container Development Co., Ltd., a wholly-owned subsidiary of the Company, and PDA on 9 June 2011 for lease from PDA of a plot of land located at the south bank of Dayao Bay in Dalian, China for a term commencing from 9 June 2011 and ending on 31 December 2013 in connection with the proposed development of a dangerous goods depot at the south bank of Dayao Bay and the maximum annual rental during the term of the Lease Agreement will not exceed RMB1,725,000.
- (f) The Investment Agreement entered into between the Company and PDA on 21 June 2011 for establishment of the Finance Company the proposed registered capital of which is RMB500,000,000 and the Company is committed to contribute RMB200,000,000.

MISCELLANEOUS

- (a) The joint company secretaries of the Company are Mr. Zhu Hongbo 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 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Morrison & Foerster at Edinburgh Tower, 33/F, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours on any business day from the date of this circular until 1 December 2011:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the three year ended 31 December 2008, 2009 and 2010, respectively;
- (c) the material contracts referred to in the paragraph above headed "Material Contacts" in this Appendix;
- (d) the Financial Services Agreement;
- (e) the circular issued by the Company on 7 June 2011 in connection with the transaction under the Dayao Bay and Dalian Bay Property Compensation Agreement dated 16 May 2011;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this circular;
- (g) the letter from TC Capital, the text of which is set out on pages 18 to 23 of this circular; and
- (h) the consent letter from TC Capital referred to in the paragraph headed "Consent" in this Appendix.

In accordance with the Hong Kong Listing Rules, this appendix serves as the explanatory statement to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the special resolution to be proposed at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting for the granting of the H Shares Repurchase Mandate to the Board.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

H SHARE REPURCHASE MANDATE

1. Reasons for Repurchase of H Shares

The Board believes that the flexibility afforded by the H Share Repurchase Mandate to repurchase H Shares would be beneficial to and in the best interest of the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at such time, lead to an enhancement of the net asset value per share and/or earnings per share of the Company. Such repurchases of H Shares will only be made when the Board believes that such repurchases of H Shares will benefit the Company and its Shareholders.

2. Registered Capital

As at the Latest Practicable Date, the registered capital of the Company was RMB4,426,000,000 comprising 1,062,600,000 H Shares of RMB1.00 each and 3,363,400,000 A Shares of RMB1.00 each.

3. Exercise of the H Share Repurchase Mandate

Subject to the passing of the special resolution set out in the notices of EGM, the A Shareholders' Class Meeting and H Shareholders' Class Meeting, respectively, the Board will be granted the Repurchase Mandate until the end of the Relevant Period (as defined in the special resolution in the notice of the EGM, special resolution in the notice of A Shareholders' Class Meeting and special resolution in the notice of the H Shareholders' Class Meeting). The exercise of the H Share Repurchase Mandate is subject to the approval(s) of the SAFE and/or any other regulatory authorities as required by the laws, rules and regulations of the PRC being obtained and to the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under the Articles of Association.

The exercise in full of the H Share Repurchase Mandate (on the basis of 1,062,600,000 H Shares in issue as at the Latest Practicable Date and that no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the EGM, the A Shareholders' Class Meeting and H Shareholders' Class Meeting) would result in a maximum of 106,260,000 H Shares being repurchased by the Company during the Relevant Period, being the maximum of 10% of the total H Shares in issue as at the date of passing of the relevant resolution.

4. Funding of Repurchases

In repurchasing its H Share, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to purchase its H Shares. Any repurchases by the Company may only be made out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for such purpose. Under PRC laws, H Shares so repurchased will be treated as cancelled and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled. The Company may not purchase securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange from time to time.

GENERAL

The Board considers that there would not be any material adverse impact on the working capital and on the gearing position of the Company in the event that the H Share Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period (as compared with the position disclosed in the latest published audited accounts contained in the annual report of the Company for the year ended 31 December 2010). However, the Directors do not propose to exercise the H Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regarded to the circumstances then prevailing, in the best interests of the Company.

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make purchases under the H Share Repurchase Mandate in accordance with the Hong Kong Listing Rules, the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Directors have no present intention to exercise the power to repurchase Shares to the extent that the aggregate amount of the share capital of the Company in public hands would be reduced to less than 25%.

H SHARES PRICES

The highest and lowest prices at which the H Shares have traded on the Hong Kong Stock Exchange as quoted in the Hong Kong Stock Exchange's daily quotations sheets in each of the previous twelve months prior to the Latest Practicable Date are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2010		
November	3.98	3.25
December	3.56	3.13
2011		
January	3.52	3.19
February	3.27	2.99
March	3.24	2.84
April	3.26	3.01
May	3.18	2.81
June	3.05	2.56
July	3.04	2.31
August	2.44	1.79
September	2.20	1.65
October	2.15	1.50
November (up to and including the Latest Practicable Date)	2.12	1.92

H SHARE PURCHASED BY THE COMPANY

No purchase of H Shares has been made by the Company in the previous six months preceding the Latest Practicable Date (whether on the Hong Kong Stock Exchange or otherwise).

DISCLOSURE OF INTERESTS

If as a result of the H Share repurchase by the Company, a substantial shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company or become obligated to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, PDA, whose interest in the Company is notifiable under Part XV (Disclosure of Interests) of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), held directly or indirectly approximately 54.42% of the Company's total registered capital. In the event that the Board exercised in full the power to repurchase H Shares in accordance with the terms of the Repurchase Mandate proposed at the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting, the total interests of PDA in the total registered capital of the Company would be increased to approximately 55.76%. The Directors are not aware of any consequences which will arise under the Takeovers Code and/or any similar applicable law, as a result of any purchases of H Shares to

be made under the Repurchase Mandate. Moreover, the Directors will not make share repurchase on the Hong Kong Stock Exchange if such repurchase would result in the requirements under Rule 8.08 of the Listing Rules not being complied with.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) presently intends to sell H Shares to the Company under the H Share Repurchase Mandate in the event that the H Share Repurchase Mandate is approved by the Shareholders and the conditions to which the H Share Repurchase Mandate is subject are fulfilled.

The Company has not been notified by any connected persons (as defined in the Hong Kong Listing Rules) of the Company that they have a present intention to sell any H Shares to the Company, or that they have undertaken not to sell any H Shares held by them to the Company in the event that the H Share Repurchase Mandate is approved by its Shareholders and the conditions to which the H Share Repurchase Mandate is subject are fulfilled.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Dalian Port (PDA) Company Limited (the “**Company**”) will be held at Room 109, PDA Group Building, No. 1 Gangwan Street, Zhongshan District, Dalian City, Liaoning Province, PRC at 10:30 a.m. on Thursday, 5 January 2012 for the purposes of considering and, if thought fit, approving the following resolutions:

AS ORDINARY RESOLUTION

1. “**THAT** the Financial Services Agreement and the deposit services contemplated thereunder and the proposed caps for such deposit services be and is hereby approved.”
2. “**THAT** the adjustment of the remuneration standards for independent non-executive director who resides outside the PRC from RMB200,000 per annum to RMB250,000 per annum be and is hereby approved.”

AS SPECIAL RESOLUTION

3. “**THAT**
 - (a) subject to the aggregate nominal value of A Shares which may be repurchased pursuant to the approval in this paragraph (a) shall not exceed 10 percent of the existing issued A Shares of the Company as at the date of the passing of this resolution and (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase A shares of RMB1.00 each in issue in the capital of the Company, subject to and in accordance with applicable laws, rules and regulations and/or requirements of the governmental or regulatory body in the PRC, the Shanghai Stock Exchange or of any other stock exchange, be and is hereby approved (the “**A Share Repurchase Mandate**”);
 - (b) subject to the aggregate nominal value of H Shares which may be repurchased pursuant to the approval in this paragraph (b) shall not exceed 10 percent of the existing issued H Shares of the Company as at the date of the passing of this resolution and (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase H shares of RMB1.00 each in

* The Company is registered as a Non-Hong Kong company under Par XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under the English name “Dalian Port (PDA) Company Limited”.

NOTICE OF EXTRAORDINARY GENERAL MEETING

issue in the capital of the Company (the “**H Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), subject to and in accordance with applicable laws, rules and regulations and/or requirements of the governmental or regulatory body in the PRC, the Hong Kong Stock Exchange or of any other stock exchange, be and is hereby approved (the “**H Share Repurchase Mandate**”);

- (c) the approval in paragraphs (a) and (b) above shall be conditional upon:
 - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i)) at the class meeting for holders of A Shares of the Company to be held on Thursday, 5 January 2012 (or on such adjourned date as may be applicable); and the class meeting for holders of H Shares of the Company to be held on Thursday, 5 January 2012 (or on such adjourned date as may be applicable);
 - (ii) the approval of the State Administration of Foreign Exchange of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate; and
 - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure set out in Article 35 of the Articles of Association of the Company;
- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting following the passing of this special resolution;
 - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
 - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the shareholders of the Company in a general meeting or by a special resolution of holders of H Shares or holders of A Shares of the Company at their respective class meetings; and
- (e) subject to approval of all relevant governmental authorities in the PRC for the A Share Repurchase Mandate and the H Share Repurchase Mandate being granted, the Directors are and be hereby authorised to:
 - (i) formulate and implement detailed repurchase plan, including but not limited to repurchase price, number of shares to repurchase, time of repurchase and period of repurchase etc;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) notify creditors in accordance with the PRC Company Law and articles of association of the Company;
- (iii) open overseas share accounts and to carry out related change of foreign exchange registration procedures;
- (iv) carry out relevant approval procedures required by regulatory authorities and venues in which the Company is listed, and to carry out filings with the China Securities Regulatory Commission;
- (v) carry out cancelation procedures for repurchased shares, reduce registered capital, and to make corresponding amendments to the articles of association of the Company relating to share capital and shareholdings etc, and to carry out statutory registrations and filings within and outside China; and
- (vi) approve and execute, on behalf of the Company, documents and matters related to share repurchase.”

By Order of the Board of Directors
ZHU Hongbo LEE, Kin Yu, Arthur
Joint Company Secretaries

17 November 2011

Notes:

1. Pursuant to rule 13.39(4) of the Hong Kong Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the votes of the shareholders of the Company at the EGM shall be taken by poll.
2. Each shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his/her behalf at the EGM. A proxy need not be a shareholder of the Company. Shareholders shall have one vote for each share that they hold.
3. In order to determine the holders of H Shares who are entitled to attend the EGM, the H Share registers of members of the Company shall be closed from Tuesday, 6 December 2011 to Thursday, 5 January 2012 (both days inclusive), during which no transfer of H Shares will be registered. Holders of the H Shares whose names appear on the H Share registers of members on Tuesday, 6 December 2011 are entitled to attend the EGM. In order to be entitled to attend and vote at the EGM, holders of H Shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 5 December 2011.
4. The instruments appointing a proxy must be in writing under the hand of a shareholder or his/her attorney duly authorized in writing. If the shareholder is a corporation, that instrument must be either under the company seal or under the hand of its director or duly authorized attorney. If that instrument is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign or other authorization documents must be notarized.
5. The proxy form together with the power of attorney or other authorization document (if any) must be deposited at the Office of Board of Directors of the Company, at the address as stated in Note 7 below for holders of the A Shares and at the H Share registrar, Computershare Hong Kong Investor Services Limited at the address as stated in Note 3 above for holders of the H Shares not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjourned meeting should you so wish.

NOTICE OF EXTRAORDINARY GENERAL MEETING

6. Shareholders who intend to attend the EGM in person or by proxy should return the reply slip to the office of the Board of Directors of the Company at the address as stated in Note 7 below on or before 5:00 p.m. on Thursday, 15 December 2011 by hand, by post or by fax.
7. The contact details of the office of the Board of Directors of the Company are as follows:

Room 616, PDA Building
No.1, Gangwan Street
Zhongshan District
Dalian City, Liaoning Province
PRC
Postal Code: 116004
Telephone No.: 86 411 8262 3910/8262 3923
Facsimile No.: 86 411 8262 3159
8. The EGM is expected to last for half a day and shareholders (in person or by proxy) attending the meeting shall be responsible for their own transportation and accommodation expenses.

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

Executive Directors: SUN Hong, ZHANG Fengge, XU Song and ZHU Shiliang

Non-executive Directors: XU Jian and ZHANG Zuogang

Independent Non-executive Directors: LIU Yongze, GUI Liyi and WAN Kam To, Peter



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)

**NOTICE OF 2012 FIRST CLASS MEETING OF
THE HOLDERS OF A SHARES**

NOTICE IS HEREBY GIVEN that a class meeting of the holders of A shares (the “**A Shareholders Class Meeting**”) of the Dalian Port (PDA) Company Limited (the “**Company**”) will be held at Room 109, PDA Group Building, No. 1 Gangwan Street, Zhongshan District, Dalian City, Liaoning Province, the People's Republic of China (the “**PRC**”) on Thursday, 5 January 2012 at 11:00 a.m. (or immediately after the conclusion or adjournment of the Extraordinary General Meeting (the “**EGM**”) which will be held at the same place and date) for the purpose of considering and, if thought fit, passing the following resolution:

SPECIAL RESOLUTION

1. “THAT

- (a) subject to the aggregate nominal value of A Shares which may be repurchased pursuant to the approval in this paragraph (a) shall not exceed 10 percent of the existing issued A Shares of the Company as at the date of the passing of this resolution and (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase A shares of RMB1.00 each in issue in the capital of the Company, subject to and in accordance with applicable laws, rules and regulations and/or requirements of the governmental or regulatory body in the PRC, the Shanghai Stock Exchange or of any other stock exchange, be and is hereby approved (the “**A Share Repurchase Mandate**”);
- (b) subject to the aggregate nominal value of H Shares which may be repurchased pursuant to the approval in this paragraph (b) shall not exceed 10 percent of the existing issued H Shares of the Company as at the date of the passing of this resolution and (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase H shares of RMB1.00 each in issue in the capital of the Company (the “**H Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), subject to and in accordance with

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NOTICE OF 2012 FIRST CLASS MEETING OF THE HOLDERS OF A SHARES

applicable laws, rules and regulations and/or requirements of the governmental or regulatory body in the PRC, the Hong Kong Stock Exchange or of any other stock exchange, be and is hereby approved (the “**H Share Repurchase Mandate**”);

- (c) the approval in paragraph (a) and (b) above shall be conditional upon:
 - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i)) at the extraordinary general meeting for shareholders of the Company to be held on Thursday, 5 January 2012 December 2011 (or on such adjourned date as may be applicable); and the class meeting for holders of H Shares of the Company to be held on Thursday, 5 January 2012 (or on such adjourned date as may be applicable);
 - (ii) the approval of the State Administration of Foreign Exchange of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate; and
 - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure set out in Article 35 of the Articles of Association of the Company;
- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting following the passing of this special resolution;
 - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
 - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the shareholders of the Company in a general meeting or by a special resolution of holders of H Shares or holders of A Shares of the Company at their respective class meetings; and
- (e) subject to approval of all relevant governmental authorities in the PRC for the A Share Repurchase Mandate and the H Share Repurchase Mandate being granted, the Directors are and be hereby authorised to:
 - (i) formulate and implement detailed repurchase plan, including but not limited to repurchase price, number of shares to repurchase, time of repurchase and period of repurchase etc;
 - (ii) notify creditors in accordance with the PRC Company Law and articles of association of the Company;

NOTICE OF 2012 FIRST CLASS MEETING OF THE HOLDERS OF A SHARES

- (iii) open overseas share accounts and to carry out related change of foreign exchange registration procedures;
- (iv) carry out relevant approval procedures required by regulatory authorities and venues in which the Company is listed, and to carry out filings with the China Securities Regulatory Commission;
- (v) carry out cancelation procedures for repurchased shares, reduce registered capital, and to make corresponding amendments to the articles of association of the Company relating to share capital and shareholdings etc, and to carry out statutory registrations and filings within and outside China; and
- (vi) approve and execute, on behalf of the Company, documents and matters related to share repurchase.”

By Order of the Board of Directors
ZHU Hongbo LEE, Kin Yu, Arthur
Joint Company Secretaries

17 November 2011

Notes:

1. Holders of A Shares whose names appear on the A Share register of members of the Company on Tuesday, 6 December 2011 at 4:30 p.m. are entitled to attend this meeting.
2. Holders of A Shares, who intend to attend the class meeting of the A Shareholders Class Meeting, must complete the reply slips for attending the A Shareholders Class Meeting and return them by hand, by post or by fax to the Office of the Board of Directors of the Company no later than 20 days before the date of the A Shareholders Class Meeting, i.e. no later than 5:00 p.m. on Thursday, 15 December 2011.

Details of the Office of the Board of Directors of the Company are as follows:

Room 616, PDA Building
No.1, Gangwan Street
Zhongshan District
Dalian City, Liaoning Province
PRC
Postal Code: 116004
Telephone No.: 86 411 8262 3910/8262 3923
Facsimile No.: 86 411 8262 3159

3. Each holder of A Shares who has the right to attend and vote at the A Shareholders Class Meeting is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his/her behalf at the A Shareholders Class Meeting.
4. The instruments appointing a proxy must be in writing under the hand of a shareholder or his/her attorney duly authorized in writing. If the shareholder is a corporation, that instrument must be either under the company seal or under the hand of its director or duly authorized attorney. If that instrument is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign or other authorization documents must be notarized.

NOTICE OF 2012 FIRST CLASS MEETING OF THE HOLDERS OF A SHARES

5. The proxy form together with the power of attorney or other authorization document (if any) must be deposited at the Office of Board of Directors of the Company, at the address as stated in Note 2 above not less than 24 hours before the time fixed for holding the A Shareholders' Class Meeting or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjourned meeting should you so wish.

6. Shareholders attending the A Shareholders Class Meeting shall be responsible for their own transportation and accommodation expenses.
7. Pursuant to rule 13.39(4) of the Hong Kong Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the votes of the shareholders of the Company at the A Shareholders Class Meeting shall be taken by poll.

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

Executive Directors: SUN Hong, ZHANG Fengge, XU Song and ZHU Shiliang

Non-executive Directors: XU Jian and ZHANG Zuogang

Independent Non-executive Directors: LIU Yongze, GUI Liyi and WAN Kam To, Peter



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)

**NOTICE OF 2012 FIRST CLASS MEETING OF
THE HOLDERS OF H SHARES**

NOTICE IS HEREBY GIVEN that a class meeting of the holders of H shares (the **“H Shareholders Class Meeting”**) of the Dalian Port (PDA) Company Limited (the **“Company”**) will be held at Room 109, PDA Group Building, No. 1 Gangwan Street, Zhongshan District, Dalian City, Liaoning Province, the People's Republic of China (the **“PRC”**) on Thursday, 5 January 2012 at 11:10 a.m. (or immediately after the conclusion or adjournment of the Extraordinary General Meeting (the **EGM**)) and a class meeting of the holders of A shares of the Company which will be held at the same place and date) for the purpose of considering and, if thought fit, passing the following resolution:

SPECIAL RESOLUTION

1. “THAT

- (a) subject to the aggregate nominal value of A Shares which may be repurchased pursuant to the approval in this paragraph (a) shall not exceed 10 percent of the existing issued A Shares of the Company as at the date of the passing of this resolution and (c) below, the exercise by the directors of the Company (the **“Directors”**) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase A shares of RMB1.00 each in issue in the capital of the Company, subject to and in accordance with applicable laws, rules and regulations and/or requirements of the governmental or regulatory body in the PRC, the Shanghai Stock Exchange or of any other stock exchange, be and is hereby approved (the **“A Share Repurchase Mandate”**);
- (b) subject to the aggregate nominal value of H Shares which may be repurchased pursuant to the approval in this paragraph (b) shall not exceed 10 percent of the existing issued H Shares of the Company as at the date of the passing of this resolution and (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase H shares of RMB1.00 each in issue in the capital of the Company (the **“H Shares”**) on The Stock Exchange of Hong Kong Limited (the **“Hong Kong Stock Exchange”**), subject to and in accordance with

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NOTICE OF 2012 FIRST CLASS MEETING OF THE HOLDERS OF H SHARES

applicable laws, rules and regulations and/or requirements of the governmental or regulatory body in the PRC, the Hong Kong Stock Exchange or of any other stock exchange, be and is hereby approved (the “**H Share Repurchase Mandate**”);

- (c) the approval in paragraphs (a) and (b) above shall be conditional upon:
 - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i)) at the extraordinary general meeting for shareholders of the Company to be held on Thursday, 5 January 2012 (or on such adjourned date as may be applicable); and the class meeting for holders of A Shares of the Company to be held on Thursday, 5 January 2012 (or on such adjourned date as may be applicable);
 - (ii) the approval of the State Administration of Foreign Exchange of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate; and
 - (iii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure set out in Article 35 of the Articles of Association of the Company;
- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting following the passing of this special resolution;
 - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
 - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the shareholders of the Company in a general meeting or by a special resolution of holders of H Shares or holders of A Shares of the Company at their respective class meetings; and
- (e) subject to approval of all relevant governmental authorities in the PRC for the A Share Repurchase Mandate and the H Share Repurchase Mandate being granted, the Directors are and be hereby authorised to:
 - (i) formulate and implement detailed repurchase plan, including but not limited to repurchase price, number of shares to repurchase, time of repurchase and period of repurchase etc;
 - (ii) notify creditors in accordance with the PRC Company Law and articles of association of the Company;

NOTICE OF 2012 FIRST CLASS MEETING OF THE HOLDERS OF H SHARES

- (iii) open overseas share accounts and to carry out related change of foreign exchange registration procedures;
- (iv) carry out relevant approval procedures required by regulatory authorities and venues in which the Company is listed, and to carry out filings with the China Securities Regulatory Commission;
- (v) carry out cancelation procedures for repurchased shares, reduce registered capital, and to make corresponding amendments to the articles of association of the Company relating to share capital and shareholdings etc, and to carry out statutory registrations and filings within and outside China; and
- (vi) approve and execute, on behalf of the Company, documents and matters related to share repurchase.”

By Order of the Board of Directors
ZHU Hongbo LEE, Kin Yu, Arthur
Joint Company Secretaries

17 November 2011

Notes:

1. In order to determine the holders of H Shares who are entitled to attend the H Shareholders Class Meeting, the H Share registers of members of the Company shall be closed from Tuesday, 6 December 2011 to Thursday, 5 January 2012 (both days inclusive), during which no transfer of H Shares will be registered. Holders of the H Shares whose names appear on the H Share registers of members on Tuesday, 6 December 2011 are entitled to attend the H Shareholders' Class Meeting. In order to be entitled to attend and vote at the H Shareholders Class Meeting, holders of H Shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 5 December 2011.
2. Holders of H Shares, who intend to attend the class meeting of the H Shareholders Class Meeting, must complete the reply slips for attending the H Shareholders Class Meeting and return them by hand, by post or by fax to the Office of the Board of Directors of the Company no later than 20 days before the date of the H Shareholders Class Meeting, i.e. no later than 5:00 p.m. on Thursday, 15 December 2011.

Details of the Office of the Board of Directors of the Company are as follows:

Room 616, PDA Building
No.1, Gangwan Street
Zhongshan District
Dalian City, Liaoning Province
PRC
Postal Code: 116004
Telephone No.: 86 411 8262 3910/8262 3923
Facsimile No.: 86 411 8262 3159

3. Each holder of H Shares who has the right to attend and vote at the H Shareholders Class Meeting is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his/her behalf at the H Shareholders Class Meeting.

NOTICE OF 2012 FIRST CLASS MEETING OF THE HOLDERS OF H SHARES

4. The instruments appointing a proxy must be in writing under the hand of a shareholder or his/her attorney duly authorized in writing. If the shareholder is a corporation, that instrument must be either under the company seal or under the hand of its director or duly authorized attorney. If that instrument is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign or other authorization documents must be notarized.
5. The proxy form together with the power of attorney or other authorization document (if any) must be deposited at the Office of Board of Directors of the Company, at the address as stated in Note 2 above not less than 24 hours before the time fixed for holding the H Shareholders' Class Meeting or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjourned meeting should you so wish.

6. Shareholders attending the H Shareholders Class Meeting shall be responsible for their own transportation and accommodation expenses.
7. Pursuant to rule 13.39(4) of the Hong Kong Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the votes of the shareholders of the Company at the H Shareholders Class Meeting shall be taken by poll.

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

Executive Directors: SUN Hong, ZHANG Fengge, XU Song and ZHU Shiliang

Non-executive Directors: XU Jian and ZHANG Zuogang

Independent Non-executive Directors: LIU Yongze, GUI Liyi and WAN Kam To, Peter