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大連港股份

大連港股份有限公司

Dalian Port (PDA) Company Limited*

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

(Stock Code: 2880)

CONNECTED TRANSACTION PURCHASE OF TUGBOATS

PURCHASE OF TUGBOATS

On 18 November 2020, the Company entered into the Purchase Agreement with YKP, pursuant to which the Company agreed to purchase the Tugboats from YKP for a total consideration of RMB87,504,000 (equivalent to approximately HK\$103,167,216).

LISTING RULE IMPLICATIONS

As of the date of this announcement, YKP is a subsidiary of Liaoning Port Group, an indirect holding company of the Company. It is therefore a connected person of the Group as defined under Rule 14A.07 of the Listing Rules. As such, the transaction under the Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the transaction contemplated under the Purchase Agreement exceed 0.1% but are less than 5%, the Purchase constitutes a connected transaction subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 18 November 2020, the Company entered into the Purchase Agreement with YKP, pursuant to which the Company agreed to purchase the Tugboats from YKP for a total consideration of RMB87,504,000 (equivalent to approximately HK\$103,167,216).

THE PURCHASE AGREEMENT

Date

18 November 2020

Parties

Purchaser : The Company

Vendor : Yingkou Port Group Corporation Limited

Subject Matter

The assets to be purchased by the Company from YKP pursuant to the Purchase Agreement are three tugboats, named “North I”, “New North III” and “New North VII”, respectively.

Consideration

The total consideration for the Purchase is RMB87,504,000 (equivalent to approximately HK\$103,167,216).

Payment Terms

Upon the validation of the Purchase Agreement, YKP shall issue a payment receipt and a VAT invoice to the Company of the Purchase amount. The Company shall pay the full amount of the total consideration within seven (7) business days after receiving the receipt and VAT invoice issued by YKP.

Delivery and Completion

Upon YKP’s receipt of the total consideration paid by the Company, both parties of the Purchase Agreement shall complete the delivery procedures within five (5) business days. Both parties shall sign the delivery agreement provided by the Company (the “**Completion**”), after which YKP shall assist the Company on registration procedures.

Fee Arrangements

Before Completion, the maintenance fee and labor cost of the Tugboats shall be borne by YKP while the aforementioned fees from the day of Completion shall be borne by the Company.

The cost of registration shall be borne by the Company.

BASIS OF THE CONSIDERATION

The Consideration was determined based on normal commercial terms and after arm's length negotiation between the parties with reference to the appraised value of the Tugboats of RMB81,304,000 (equivalent to approximately HK\$95,857,416) as evaluated by an independent valuer on 30 April 2020 using the cost method plus value added tax of RMB6,200,000 (equivalent to approximately HK\$7,309,800). As advised by the independent valuer, taking into account relevant professional standards and the asset nature of the Tugboats, the appraised value of the Tugboats is not expected to undergo any material change within one year, and it is fair and reasonable for the Company to rely on the appraised value of the Tugboats as at 30 April 2020.

INFORMATION ON THE TUGBOATS

| | North I | New North III | New North VII |
|----------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Building Information | Built by Jiangsu Shipyard on 1 December 2000 | Built by Jiangsu Shipyard on 25 February 2011 | Built by Jiangsu Shipyard on 21 December 2012 |
| Horsepower | 4,800 | 6,500 | 6,500 |
| Original Cost | RMB26,305,789.52 (equivalent to approximately HK\$31,014,525.84) | RMB44,642,125.30 (equivalent to approximately HK\$52,633,065.73) | RMB48,011,708.92 (equivalent to approximately HK\$56,605,804.82) |
| | RMB118,959,623.74 in total (equivalent to approximately HK\$140,253,396.39) | | |
| Net Asset Value | RMB48,160,347.65 in total (equivalent to approximately HK\$56,781,049.88) | | |

REASONS FOR AND BENEFITS OF THE PURCHASE

In 2014, the National Development and Reform Commission of PRC officially approved the development plan for a petrochemical industry base at Dalian Changxing Island (Xizhong Island), after which the Changxing Island area will be capable of 50 million ton of refining and chemical integration with an estimated port throughput of more than 100 million tons in the future.

In order to meet the increasing demand of tugboats in Changxing Island area and to stabilize business partnerships with the Company's clients, the Company plans to purchase the Tugboats that will mainly serve the Company's clients in Changxing Island area for berthing and unberthing. A steady growth of the tugboats business is foreseeable with the increasing product varieties and throughput of the Company's clients in Changxing Island area.

The basis of consideration was determined with reference to appraised value of the Tugboats evaluated by an independent valuer. For details of the consideration, please refer to the section headed "Basis of the Consideration".

Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Purchase Agreement were determined after arm's length negotiation, and the Purchase contemplated thereunder are conducted in the ordinary and usual course of business of the Company and are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As at the date of this announcement, CMG indirectly controls Liaoning Port Group, which in turn controls YKP as the vendor of the Purchase Agreement. Each of Mr. WEI Minghui, Mr. SUN Dequan, Mr. CAO Dong, and Mr. YUAN Yi, being a Director also holding a management position or directorship with CMG or its associates (other than the Group), has abstained from voting on the board resolution approving the Purchase Agreement and the transactions contemplated thereunder. Dr. LI Jianhui was a Director and held a management position or directorship with CMG or its associates (other than the Group) and has abstained from voting on the aforementioned board resolution. Save as disclosed above, none of the Directors attending the board meeting has a material interest in or is required to abstain from voting on the Purchase Agreement and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, YKP is a subsidiary of Liaoning Port Group, an indirect holding company of the Company. It is therefore a connected person of the Group as defined under Rule 14A.07 of the Listing Rules. As such, the transaction under the Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the transaction contemplated under the Purchase Agreement exceed 0.1% but are less than 5%, the Purchase constitutes a connected transaction subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

The Group is principally engaged in oil/liquefied chemical terminal and the related logistics services (oil segment); container terminal and related logistics services (container segment); automobile terminal and related logistics services (automobile terminal segment); bulk and general cargo terminal and related logistics services (bulk and general cargo segment); bulk grain terminal and related logistics services (bulk grain segment); passenger and roll-on, roll-off terminal and related logistics services (passenger and ro-ro segment) and value-added and ancillary port operations (value-added services segment).

YKP is a company with limited liability established in the PRC, with principal business in terminal and other port facility services, cargo handling, warehousing services, ship port services, port facility equipment and port machinery rental and maintenance services. YKP is ultimately non-wholly owned by CMG that is wholly owned by the PRC Government (the State Council of the PRC) and supervised by the SASAC. CMG mainly provides services in three sectors, including transportation and related infrastructure, financial investment and asset management, and industry park and property development and management.

DEFINITIONS

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|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Board” | the board of Directors; |
| “CMG” | 招商局集團有限公司 (China Merchants Group Limited), a state wholly-owned enterprise established under the laws of the PRC under the direct control of the SASAC; |
| “Company” | 大連港股份有限公司 (Dalian Port (PDA) Company Limited*), a joint stock limited company incorporated in the PRC; |
| “connected person” | has the meaning ascribed to it under the Listing Rules; |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules; |
| “Director(s)” | the director(s) of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Jiangsu Shipyard” | 江蘇省鎮江船廠(集團)有限公司 (Jiangsu Zhenjiang Shipyard (Group) Co., Ltd.), a limited liability company incorporated in the PRC; |
| “Liaoning Port Group” | 遼寧港口集團有限公司 (Liaoning Port Group Limited), a controlling shareholder of YKP and a limited liability company established in the PRC; |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; |
| “normal commercial terms or better” | has the meaning ascribed to it under the Listing Rules; |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong Special Administrative Region of the PRC, Macao Special Administrative Region of the PRC and Taiwan; |
| “Purchase” | the proposed purchase of the Tugboats by the Company from YKP pursuant to the Purchase Agreement; |
| “Purchase Agreement” | the purchase agreement dated 18 November 2020 entered into between the Company and YKP in relation to the purchase of the Tugboats by the Company from YKP; |
| “RMB” | Renminbi, the lawful currency of the PRC; |

| | |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “SASAC” | State-owned Assets Supervision and Administration Commission of the State Council of the PRC; |
| “Shareholders” | the shareholders of the Company; |
| “Tugboats” | the three tugboats respectively named “North I”, “New North III” and “New North VII”; |
| “YKP” | 營口港務集團有限公司 (Yingkou Port Group Corporation Limited), a limited liability company established in the PRC and non-wholly owned as to 45.9% by Liaoning Port Group; |
| “%” | per cent. |

By Order of the Board
Dalian Port (PDA) Company Limited*
WANG Huiying LEE, Kin Yu Arthur
Joint Company Secretaries

Dalian City, Liaoning Province, the PRC
18 November 2020

As at the date of this announcement, the Board comprises of:

Executive Directors: WEI Minghui, SUN Dequan and QI Yue

Non-executive Directors: CAO Dong, YUAN Yi and NA Danhong

Independent non-executive Directors: LI Zhiwei, LIU Chunyan and LAW Man Tat

* *The Company is registered as Non-Hong Kong Company under Part XI of the previous Companies Ordinance (equivalent to Part 16 of the Companies Ordinance with effect from 3 March 2014) under the English name “Dalian Port (PDA) Company Limited”.*

* *For identification purposes only*