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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)**

**PROPOSED ISSUE OF SHARES BY WAY OF CONVERSION OF  
CAPITAL RESERVE,  
PROPOSED BONUS ISSUE, CASH DIVIDEND  
AND  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**PROPOSED ISSUE OF SHARES BY WAY OF CONVERSION OF CAPITAL  
RESERVE, PROPOSED BONUS ISSUE AND CASH DIVIDEND**

On 24 March 2016, the Board proposed (i) the issue of a total of 5,606,320,000 Bonus Shares, in a total amount of RMB5,606,320,000; (ii) the issue of a total of 1,681,896,000 Dividend Bonus Shares by way of capitalization of retained earnings as at 31 December 2015; and (iii) the distribution of a Cash Dividend of RMB0.75 (tax inclusive) per ten (10) Shares, in a total amount of RMB420,474,000 based on its total share capital of 5,606,320,000 Shares.

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

On 24 March, 2016, the Board also proposed to amend the Articles of Association in order to reflect the change in the registered capital of the Company as a result of the creation of the Dividend Bonus Shares and Bonus Shares.

\* For identification purpose only

## GENERAL

The proposed Bonus Issue, Dividend Bonus Issue, Cash Dividend and the Proposed Amendments are subject to the approval of the Shareholders at the AGM.

A circular containing, inter alia, details of the proposed Dividend Bonus Issue, Bonus Issue, Cash Dividend, the Proposed Amendments and the notice of AGM will be despatched to the Shareholders in due course.

### I. PROPOSED ISSUE OF SHARES BY WAY OF CONVERSION OF CAPITAL RESERVE, PROPOSED BONUS ISSUE AND CASH DIVIDEND

On 24 March, 2016, the board of directors (the “**Board**”) of Dalian Port (PDA) Company Limited (the “**Company**”) proposed (i) the issue of a total of 5,606,320,000 new shares (the “**Shares**”) of the Company (the “**Bonus Shares**”), in a total amount of RMB5,606,320,000, by way of conversion of capital reserve of the Company on the basis of ten (10) Bonus Shares for every ten (10) existing Shares (the “**Bonus Issue**”); (ii) a bonus issue of new shares on the basis of three (3) bonus shares (the “**Dividend Bonus Shares**”) per ten (10) Shares by way of capitalization of retained earnings as at 31 December 2015 (the “**Dividend Bonus Issue**”); and (iii) the distribution of a cash dividend (the “**Cash Dividend**”) of RMB0.75 (tax inclusive) per ten (10) Shares, in a total amount of RMB420,474,000 based on its total share capital of 5,606,320,000 Shares.

The Dividend Bonus Issue involves the issue of a total of 1,681,896,000 Dividend Bonus Shares. The Bonus Issue involves the issue of a total of 5,606,320,000 Bonus Shares. The Dividend Bonus Shares and Bonus Shares will be issued on a pro rata basis and any fractional Shares (if any) will be rounded down to the nearest whole unit.

The issue of Dividend Bonus Shares and Bonus Shares is subject to the following conditions:

- (i) approval from the by the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting expected to be held before end of June 2016 (the “**AGM**”);

- (ii) The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) granting the listing of, and permission to deal in, the new H Shares (the “**New H Shares**”) to be allotted and issued under the Dividend Bonus Issue and Bonus Issue; and
- (iii) compliance with the relevant legal procedures and requirements under the Company Law of People’s Republic of China to effect the Dividend Bonus Issue and Bonus Issue.

The Cash Dividend will be declared according to the Articles of Association of the Company (the “**Articles of Association**”). Dividend on A Shares will be paid in Renminbi and dividend on H Shares will be paid in Hong Kong dollars. Payment of the Cash Dividend is also subject to the approval of the Shareholders at the AGM.

#### **Status of Dividend Bonus Shares and Bonus Shares**

The Dividend Bonus Shares and Bonus Shares will, subject to the Articles of Association, rank *pari passu* in all respects with the Shares in issue on the date of the issue of the Dividend Bonus Shares and Bonus Shares. Holders of the Dividend Bonus Shares and Bonus Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Dividend Bonus Shares and Bonus Shares are allotted and issued. The Dividend Bonus Issue and Bonus Issue should not result in any change to the rights of the Shares.

#### **Overseas Shareholders**

The Company will make appropriate enquiries on whether there are legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in the place where overseas shareholders reside, to determine whether it will be necessary or expedient to exclude such overseas shareholders from the Dividend Bonus Issue and the Bonus Issue. Further details of the rights of the overseas shareholder(s) will be set out in the circular to be despatched to the Shareholders.

## Effect to the shareholding upon completion of the Dividend Bonus Issue and Bonus Issue

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Dividend Bonus Issue and Bonus Issue (assuming that no other Shares are allotted or issued and no existing Shares are repurchased prior to the record date in respect of holders of H Shares and A Shares by reference to which entitlements to the Dividend Bonus Issue, the Bonus Issue and the payment of the Cash Dividend, upon satisfaction of the conditions set out above):

	As at the date of this announcement		Immediately upon completion of the Dividend Bonus Issue and the Bonus Issue	
	Number of Shares	%	Number of Shares	%
H Shares	<u>2,242,920,000</u>	<u>40.01</u>	<u>5,158,716,000</u>	<u>40.01</u>
A Shares	<u>3,363,400,000</u>	<u>59.99</u>	<u>7,735,820,000</u>	<u>59.99</u>
Total	<u>5,606,320,000</u>	<u>100.0</u>	<u>12,894,536,000</u>	<u>100.0</u>

## Application for Listing

Application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the approval for the listing of, and permission to deal in, the Dividend Bonus Shares and Bonus Shares.

## Reasons for Dividend Bonus Issue, Bonus Issue and Cash Dividend

The Board believes that the Dividend Bonus Issue and the Bonus Issue i) will provide the Company with a wider capital base and therefore increase the marketability of the Shares; and ii) is a return to the long-term support and care of the Shareholders.

Based on the positive expectations on the future development of the Company, and with reference to the operating and the overall financial status of the Company, the Company proposes the Cash Dividend, Dividend Bonus Issue and Bonus Issue in accordance with the provisions in relation to profit distribution in the Articles of Association, to increase the Company's capital base, promote the continuous sustainable development of the Company and to increase the liquidity of the Shares.

The proposed Cash Dividend, Dividend Bonus Issue and Bonus Issue are subject to Shareholders' approval. A special resolution to consider and approve the proposed Dividend Bonus Issue and Bonus Issue will be proposed at the AGM. An ordinary resolution to consider and approve the proposed Cash Dividend will be proposed at the AGM.

## II. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 24 March 2016, the Board also proposed to amend the Articles of Association in order to enable the Articles of Association to change in the registered capital of the Company as a result of the creation of the Dividend Bonus Shares and Bonus Shares (the "**Proposed Amendments**").

It is proposed that the general meeting shall authorize the Chairman of the Board or his delegates to make appropriate amendments to the Articles of Association whenever necessary in the process of submitting the same for approval, as required from time to time by the relevant regulatory authorities and the stock exchange.

The Proposed Amendments are subject to Shareholders' approval at the AGM and will become effective upon approval by the regulatory bodies.

## III. GENERAL

The proposed Bonus Issue, Dividend Bonus Issue, Cash Dividend and the Proposed Amendments are subject to the approval of the Shareholders at the AGM.

Further details on the expected timetable and the Proposed Amendments will be announced by the Company in due course.

A circular containing, inter alia, details of the proposed Dividend Bonus Issue, Cash Dividend, Bonus Issue, the Proposed Amendments and the notice of AGM will be despatched to Shareholders in due course.

By Order of the Board  
**LEE, Kin Yu Arthur**  
*Company Secretary*

Dalian, Liaoning Province, the PRC

24 March 2016

*Executive Directors:* HUI Kai, WEI Minghui

*Non-executive Directors:* XU Song and YIN Shihui

*Independent non-executive Directors:* WAN Kam To, Peter, WANG Zhifeng and SUN Xiyun

\* *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”.*