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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board
WANG, Jilu and LEE, Kin Yu Arthur
Joint Company Secretaries

Dalian, Liaoning Province, the PRC
28 June 2016

As at the date of this announcement, the board of directors of the Company comprises:

Executive Directors: HUI Kai and WEI Minghui

Non-executive Directors: BAI Jingtao, XU Song, YIN Shihui and ZHENG Shaoping

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".*



Measures for Raised Fund of Dalian Port (PDA) Company Limited (Revised Draft)

Chapter 1 General Provisions

Article 1 This Measures are enacted in order to regulate the use and management of the raised fund of Dalian Port (PDA) Company Limited (hereinafter referred to as the “Company”), improve the efficiency and outcome of the raised fund, protect the investors’ benefits to the best, secure the safety of the raised fund and protect the lawful rights and interests of the Company, shareholders, creditors and all employees.

Article 2 This Measures are provided in accordance with “Company Law of the People's Republic of China” (“Company Law”), “Law of the People's Republic of China on Securities” (“Securities Law”), “Administrative Measures for Initial Public Offering and Listing of Shares”, “Measures for the Administration of Issuance of Securities by Listed Companies”, “Notice on Further Regulating the Use of Raised Funds by Listed Companies” (the “Notice”), “Guidelines for the Regulation over Listed Companies No. 2 - Regulatory Requirements on



the Management and Use of Funds Raised by Listed Companies”, “Listing Rules of the Shanghai Stock Exchange” (“SSE Listing Rules”), “Rules Governing the Listing of Securities on the Stock of Hong Kong Limited” (“HKEX Listing Rules”), other laws, administrative regulations, regulatory documents and the article of associations.

Article 3 The “Raised Fund” defined in this Measures refers to any fund raised from the investors by publicly issuing securities (including initial public offerings, rights offering, secondary public offering, issuing convertible bonds, and issuing bond with attached warrant, etc.) and non-public offering of securities, excluding the funds raised from the equity incentive plan implemented by the Company.

Chapter 2 Provisions on the Use and Management of Raised Funds

Article 4 The use of raised fund must comply with covenant made by the Company in the issuance application documents. The board of directors shall prepare a detailed plan on the use of raised fund. The use of raised fund shall be regulatory, open and transparent.

No one is entitled to change the use of raised fund provided in the prospectus of the Company without resolutions legally made by the



shareholders meeting of the Company.

Article 5 The raised fund of the Company shall not be used for the placement and subscription of new shares, or stock and its derivatives, convertible bonds and other transactions through direct or indirect arrangements. The raised fund shall not be used for pledge, entrusted loans or other investments that change the way of use of raised fund. The raised fund shall not be occupied or diverted to seek illegitimate gain from the investment projects which raise the funds (“Fund Raised Investment Projects”) for affiliates by the controlling shareholder, actual controller and other affiliates.

Article 6 The directors, supervisors and senior managers shall be diligent in accordance with relevant laws, administrative regulations, regulatory documents and articles of associations to procure the Company to use the raised fund in a standard way, secure the safety of raised fund and disclose the use of raised fund in time.

Article 7 The board of directors shall build an internal control system for the saving, use and management of the raised fund to specifically provide the saving, use, change, supervision, the investigation of liability and



others of raised fund.

The Company shall report to the SSE the internal control system for the saving, use and management of the raised fund in time and disclose it in accordance with the relevant listing rules of the stock exchange.

Article 8 In the event that the Fund Raised Investment Projects are implemented by the subsidiary of the Company or other companies that are controlled by the Company, such subsidiary or other companies shall comply with this Measure.

Chapter 3 Deposit of Raised Fund

Article 9 The special saving system for raised fund is established for the use of raised fund and supervision of the use. To establish a special account for the management of the raised fund by the Company (hereinafter referred to as the “Special Account”) shall be approved by the board of directors. The Special Account shall not be deposited with non-raised fund or used for any other purposes.

The sponsor is responsible for following the use of raised fund and the implementation of the investment projects during the continuous supervision period. The Company shall support and assist the sponsor to



perform its duties.

Article 10 When it is fully funded, the Company shall conduct the verification procure in time. An accounting firm that is qualified to deal in securities will issue a capital verification report. The Company shall deposit the raised funds in the Special Account timely and fully.

Article 11 The Company shall execute a three-party agreement on supervision of raised fund (hereinafter referred to as the “Agreement”) with the sponsor institution, the commercial bank where the raised fund are deposited (hereinafter referred to as the “Commercial Bank”) in two weeks after the raised fund is fully funded. The Agreement shall at least cover the followings:

1. The Company shall deposit the raised funds in the Special Account;
2. The Company shall notice the sponsor institution in time in the event that the Company withdraws more than RMB 50 million from the Special Account one time or accumulatively in 12 months and it accounts for 20% of the net amount (the total amount of raised fund minus the issuance costs) (hereinafter referred to as the “Net Amount”);
3. The Commercial Bank shall issue a bank statement to the Company



and copy the sponsor institution on a monthly basis;

4. The sponsor institution may check the the Special Account at the Commercial Bank at any time;
5. The liability for breach of the Company, Commercial Bank and the sponsor institution.

The Company shall report to the SSE for filling and announcement within 2 business days after the aforesaid Agreement is executed.

In the event that the aforesaid agreement is terminated in advance before the valid term expires due to the change of sponsor or Commercial Bank, the Company shall execute a new agreement with relevant parties within two weeks after the Agreement is terminated and report to the SSE for filling and announcement within 2 business days after the new agreement is executed.

Chapter 4 Use and Management of Raised Fund

Article 12 The Fund Raised Investment Projects shall strictly follow the planned schedule committed by the Company when organizing the implementation, report to the board of directors regularly, and disclose the implementation progress of the investment project to the public. If the unforeseen objective factors cause the project implementation progress to



relatively fall behind the planned schedule committed by the Company, the Company shall disclose the actual situation to the public promptly and explain the reasons in details.

Article 13 In the event that the Company is investing some projects, it shall go through the fund use approval procedures strictly in accordance with the Company's fund management system regarding the fund expenditures.

Each payout of the Raised Fund shall be proposed with a fund use plan by the relevant departments, within limits of the authorization of the board of directors, reported to the financial department with the signature of the head of relevant departments, reviewed by the financial department, and then made after being signed by the heads of the departments, branch leaders, the general accountant, and the general manager gradually. Where the payouts is beyond the limits of the authorization of the board of directors, such payouts shall be reported to the board of directors for approval.

Article 14 The investment project shall be implemented according to the planned schedule committed by the board of directors. The project department of the Company shall establish a project management system,



review and supervise the use of fund, progress of the project, quality of the project and etc., and create project files.

The financial department of the Company shall establish and improve the related accounting records and the original ledgers in respect of the activities of using the raised fund, and review and supervise the fund use and the effect thereof regularly. The Company shall review the progress of the Fund Raised Investment Projects comprehensively at the end of each fiscal year.

Article 15 If the Company has disclosed in the issuance application documents that it intends to displace the self-raised fund invested in advance with the raised fund and the amount invested in advance is affirmed, the displacement shall be implemented upon the special audition by an accounting firm, the opinion of sponsors and the approval of the board of directors of the Company after review and discussion. The board of directors of the Company shall report to the SSE within 2 business days after completing the displacement and make public announcements in accordance with the relevant listing rules of the stock exchange.

Apart from the aforesaid provisions, in the event that the Company displaces the self-raised fund invested in the Fund Raised Investment



Projects in advance with the raised fund, it shall go through relevant procedures and perform the disclosure obligation with reference to that of changing the Fund Raised Investment Projects.

Article 16 The Company shall use the raised fund according to the raised fund investment plan committed in the issuance application documents. The Company shall prove the feasibility, the anticipated income and others of the Fund Raised Investment Projects again to determine whether to proceed to implement the project, and disclose the progress of the project, what caused the usual situations, and the adjusted Fund Raised Investment Projects (if any) in the latest periodic report upon the occurrence of the followings in such projects:

1. Material changes to the market environment of the Fund Raised Investment Projects;
2. Fund Raised Investment Projects being suspended for more than 1 year;
3. The investment plan of raised fund is overdue yet the invested amount has not reached 50% of the related planned amount;
4. Other unusual situations happen in the Fund Raised Investment Projects.

If it is necessary to change the investing trend of the raised fund due



to the change of the market, such changes shall be reviewed and discussed by the board of directors, adopted by the shareholders meeting' resolution pursuant to the legal procedures. After being changed, the raised fund of the Company shall be invested in the main business in principle.

Article 17 The affiliate transactions, in which the raised fund is used to acquire the assets or equity interests of the natural person, legal person, or other organizations and their affiliates in actual charge of the Company, shall comply with the Company's relative regulations on the affiliate transactions, and guarantee to enable the acquisition avoid competition in the same industry effectively, and reduce the ongoing affiliate transactions following the acquisition.

Article 18 If the Company supplements the floating fund with the idle raised fund temporarily, the supplement shall comply with the following requirements:

1. The Company may not change the use of the raised fund, or affect the normal progress of the investment plan of the raised fund;
2. The use of the idle raise fund is subject to the manufacturing and operation in relation to the main business and may not be used for



the placement and subscription of new shares, or stock and its derivatives, convertible bonds and other transactions through direct or indirect arrangements;

3. Each supplement to the floating fund shall not exceed 12 months;
4. The Company has returned the overdue raised fund used to supplement the floating fund temporarily last time (if applicable).

If the Company supplements the floating fund with the idle raised fund temporarily, the supplement shall be reviewed and approved by the board of directors of the Company while the independent directors, board of supervisors, and the sponsor institution express its consent explicitly. The Company shall report to the SSE within 2 business days after the board meeting and make public announcements in accordance with the relevant listing rules of the stock exchange.

Before the supplementing floating fund is overdue, the Company shall return such part of fund to the Special Account and report to the SSE within 2 business days after all funds are returned and make public announcements in accordance with the relevant listing rules of the stock exchange.

Article 19 Upon the completion of each individual Fund Raised Investment Project, in the event that the Company uses the rest of the



raised fund (including interest income) for other Fund Raised Investment Projects, it shall be reviewed and approved by the board of directors, and may not be applicable until the independent directors, sponsors and the board of supervisors issue its opinions.

If the rest of the raised fund (including interest income) is less than RMB 1 million or 5% of the committed investment amount for this project when raising funds, the proceeding procedures may be exempted, but the usage shall be disclosed in the annual report.

If the rest of the raised fund of each Fund Raised Investment Project of the Company is used for the non Fund Raised Investment Projects (including supplementing floating fund), it shall go through relevant procedures and perform the disclosure obligation with reference to that of changing the Fund Raised Investment Projects.

Article 20 Upon the completion of all the Fund Raised Investment Projects, in the event that the rest of the raised fund (including the interest income) is more than 10% of the Net Amount, the Company may not use the rest of the raised fund until the board of directors and the shareholders meeting review and approve it and the independent directors, sponsors, and board of supervisors issue its opinions.

The rest of the raised fund (including the interest income) is lower



than 10% of the Net Amount, the Company may not use it until the board of directors reviews and approves it and the independent directors, sponsors, and board of supervisors issue its opinions.

The rest of the raised fund (including the interest income) is lower than RMB 5 million or 5% of the Net Amount, the proceeding procedures may be exempted, but the usage shall be disclosed in the latest periodic report.

Article 21 The raised fund of the Company shall be invested be invested in the main business in principle. The Company may not conduct the following actions when using the raised fund:

1. Apart from the financial enterprises, the Fund Raised Investment Projects are holding transactional financial assets and financial investments such as available-for-sale financial assets, loans and entrusted financing, and investing directly or indirectly in the companies whose main business is the sale of securities;
2. Changing the use of the raised Fund through pledge, entrusted loans or other methods;
3. Directly or indirectly providing the raised fund to affiliates , inter alia, the controlling shareholders, the actual controller and others, and make it convenient for affiliates to seek illegitimate gain from



Fund Raised Investment Projects;

4. Other actions in violation of the raised fund management regulations.

Article 22 Cash management can be used on idle raised fund temporarily, if its investment products meet the following requirements:

1. High safety, satisfied with the requirement of breakeven, the product issuer can make the breakeven promise;
2. Good fluidity, and it shall not affect the investment plan of raised fund process normally.

The investment products shall not be pledged, the product special settlement account (if applicable) shall not be deposited with a non-raised fund or for other purposes. When opening or cancelling a product special settlement account, the Company shall report to the SSE for filing within 2 business days to make filing in 2 trading days and make public announcements in accordance with the listing rules of relevant stock exchange

Article 23 Using idle raised funds to invest in products shall be reviewed and approved by the board of directors, and with the explicit consent of independent directors, board of supervisors and the sponsor institution.



The Company shall make a public announcement include the following contents within 2 business days after the board meeting:

1. The basic situation of the raised fund, including the time of raising, the amount of the raised fund, the Net Amount and the plan of investment etc.;
2. The usage of the raised fund;
3. The quota and the period of the product that invested by idle raised funds, whether changing the use of the raised funds in disguised form or the measures for guarantee it shall not affect the raised fund project process normally;
4. The income distribution type, investment scope and safety of the investment product;
5. The opinions issued by the independent directors, board of supervisors and the sponsor institution.

Article 24 The difference between the Net Amount of the Company actually raises and the planned raised fund (hereinafter referred to as the “over-raised funds”), can be used to permanently supplement the floating fund or to repay bank loans, however, the accumulative used amount shall not exceed 30% of the total amount of the over-raised funds within each 12 months, and it shall assure that not to invest in any high risk



investment or to provide financial assistance to others within 12 months after supplementing the floating fund.

Article 25 The over-raised funds to be used to permanently supplement the floating fund or to repay bank loans, shall be reviewed and approved by the board of directors and the shareholders meeting, voted by shareholder online, and the explicit consent of independent directors, board of supervisors and the sponsor institution. The Company shall report to SSE within 2 business days after the board meeting and make a public announcement in accordance with in accordance with the listing rules of relevant stock exchange, including but not limited to the following content:

1. The basic situation of the raised fund, including the time of raising, the amount of the raised fund, the Net Amount, the amount of over-raised fund and the plan of investment etc.;
2. The usage of the raised fund;
3. The necessity and detailed plan of using the over-raised fund to permanently supplement the floating fund or to repay bank loans;
4. Promise not to invest in any high risk investment or to provide financial assistance to others within 12 months after supplementing the floating fund;



5. The influence of using the over-raised fund to permanently supplement the liquidity or to repay bank loans to the Company;
6. The opinions issued by the independent directors, board of supervisors and the sponsor institution.

Article 26 The over-raised fund used by the Company on project under construction and new project (including the acquisition of assets, etc.), shall be invested in the main business. The Company shall make feasibility analysis of the investment projects scientifically and diligently, and perform the obligation of information disclosure in time in accordance with the relevant provisions of this Measures of change of raised fund.

Chapter 5 Change of Investing Trend of Raised Fund

Article 27 The Company may change the investing trend of the raised fund after it achieves the approval of the board of directors and passed by the resolution of shareholders meeting.

If the Company only changes the location of the implementation of the Fund Raised Investment Project, it may exempt from performing the preceding procedures, but it shall be approved by the board of directors,



and report to SSE within 2 business days and make a public announcement in accordance with the relevant listing rules of the stock exchange.

Article 28 After being changed, the raised fund of the Company shall be invested in the main business. The board of directors shall make a feasibility analysis of the newly Fund Raised Investment Projects carefully after the proposed change, ensure that the investment project has a good market prospects and profitability, effectively guard against the risks of investment and improve efficiency in raised fund utilization.

The Company which intends to change the investing trend of the raised fund shall report to SSE in time and make a public announcement in accordance with the relevant listing rules of the stock exchange, including but not limited to the following content:

1. The basic situation of the original project and the specific reasons for the change;
2. The basic situation of new project, market prospects and risk warning;
3. The investment plan of new project;
4. The explanation of the approvals which has been obtained by the new project or pending approval of the related departments (if



applicable);

5. The opinions on the change of investing trend of the raised fund which issued by the independent directors, board of supervisors and the sponsor institution.
6. The explanation of that the change of raised fund still needs to be submitted to the shareholders meeting for review;
7. The content required by China Securities Regulatory Commission or / and the relevant stock exchange.

The newly Fund Raised Investment Project which involves the affiliated transaction, assets purchase and foreign investment, shall make disclosure in accordance with relevant rules.

Article 29 The Company changes the investing trend of the raised fund for the acquisition of assets (including equity) of a controlling shareholder or actual controller, it shall ensure that the acquisition is able to avoid competition in the same industry effectively and reduce the affiliated transactions.

The Company shall make disclosure of the reason for the transactions between the Company and the controlling shareholder or actual controller, the pricing policy and pricing basis of affiliated transactions, the influence of the affiliated transactions on the Company



and the resolutions of related problems.

Article 30 The Company which intends to externally transfer or replace the Fund Raised Investment Project (except for the Fund Raised Investment Project has been externally transferred or replaced in the implementation of major asset reorganization of the Company), shall report to SSE within 2 business days after submitting to the board of directors for review and make a public announcement in accordance with the relevant listing rules of stock exchange, including but not limited to the following content:

1. The specific reasons for external transfer or replacement the Fund Raised Investment Project;
2. The amount of the raised fund which has been used to invested in the project;
3. The progress of the project and the realization of benefits;
4. The basic situation, feasibility analysis and risk warning of the alternation project (if applicable);
5. The pricing basis of the transfer or replacement and related benefits;
6. The opinions issued by the independent directors, board of supervisors and the sponsor institution on the transfer or replacement the Fund Raised Investment Project;



7. The explanation of that the transferring or replacing the Fund Raised Investment Project still needs to be submitted to the shareholders meeting for review;
8. The other related content required by the stock exchange.

The Company shall pay full attention to the situation of the collection and the usage of the transfer price, the situation of changing the ownership of the received assets and the situation of continuous operation of the received assets, and perform the obligation of information disclosure.

Chapter 6 Report and Supervision on the Usage of Raised Fund

Article 31 The Company's internal audit, control and other departments and external audit institutions and sponsor institution shall improve the examination and supervision on the raised fund control, submit the report regarding inspecting the deposit and usage of raised fund regularly to the general manager and chief accountant. The management of the Company shall promptly report to the audit committee the results of inspection. In the event that the audit committee considers that there exists cases of violating the regulations with respect to managing raised fund of the Company, such cases shall be reported to the board of directors



immediately. The board of directors shall immediately report to SSE after receiving the report and make a public announcement in accordance with relevant listing rules of the stock exchange. The content of public announcement shall include cases of violating the regulations regarding managing raised fund, and consequences which have happened or may happen and measures having been taken or proposed to be taken.

Article 32 The independent directors, the audit committee of board of directors and the board of supervisors shall continue to focus on the actual management and use of raised fund. Approved by more than one-second of independent directors, the committee members of the audit committee of board of directors or supervisors, it is allowed to engage an accounting firm to conduct special audit with respect to the deposit and usage of raised fund. The Company shall actively provide assistance and assume necessary expenses. The board of directors shall report to SSE within 2 business days after receiving the verification report and make a public announcement in accordance with relevant listing rules of the stock exchange. In case that the verification report considering that there exists cases of violating the regulations related to the management and use of raised fund, the board of directors shall also make a public announcement with respect to the cases of violating the regulations regarding the deposit and usage of raised fund, and consequences which



have happened or may happen and measures having been taken or proposed to be taken.

Article 33 The board of directors shall report to SSE within two (2) trading days after receiving the special audit report issued by certified public accountants and make a public announcement in accordance with relevant listing rules of the stock exchange. In case of the special audit report issued by certified public accountants considering that there exists cases of violating the regulations regarding the management and use of raised fund, the board of directors shall also make a public announcement related to the cases of violating the regulations regarding the deposit and usage of Raised Fund, and consequences which have happened or may happen and measures having been taken or proposed to be taken.

Article 34 The sponsors conducting an onsite investigation at least every six (6) months with respect to the deposit and usage of Raised Fund of the Company shall be provided in the sponsorship agreement executed by the sponsor institution and the Company. The sponsors shall issue a special verification report with respect to the deposit and usage of raised fund of the Company at the end of each fiscal year and submit to SSE at the time when the Company disclosing its annual report.



If the sponsors find the cases of violating the regulations related to the management of raised fund in the process of the investigation, the sponsors shall immediately report to the stock exchange after being aware of relevant facts.

The verification report shall include the following contents:

1. The situation of the deposit, usage and account balances of raised funds;
2. The progress of Fund Raised Investment Project, including the difference compared to the investment plan progress of raised fund;
3. The situation of using raised fund in exchange for self-raised fund invested in Fund Raised Investment Project in advance (if applicable);
4. The situation and effect of supplement floating fund by using the idle Raised Fund (if applicable);
5. The situation of the over-raised fund (if applicable);
6. The situation of change of investing trend of the raised fund (if applicable);
7. The conclusive observations related to the compliance of the deposit and usage of raised fund;
8. Other contents required by Shanghai Stock Exchange.

The board of directors of the Company shall disclose the conclusive



observations in the special audit report issued by the sponsor institution and verification report issued by an accounting firm in the Raised Fund Special Report at the end of each fiscal year.

Article 35 The relevant responsible persons using raised funds in violation of state laws, regulations, the articles of association and other rules and causing the Company to suffer losses, shall bear civil compensation liability.

Chapter VII Supplementary Provisions

Article 36 This Measures is enacted by the board of directors and shall come into implementation at the date when this Measures reviewed and approved by the board of directors and shareholders meeting (This situation also applies to amending this Regulation).

Article 37 In the event that this Measures is in conflict with state laws, administrative regulations or regulatory documents as well as the articles of associations, state laws, administrative regulations or regulatory documents as well as the articles of associations shall prevail.



Article 38 Matters not mentioned in this Measures shall be carried out in accordance with relevant state laws, administrative regulations or regulatory documents as well as the articles of associations.

Article 39 The board of directors of the Company is responsible for the interpretation of this Measures.

Dalian Port (PDA) Company Limited