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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)

ANNOUNCEMENT

FORENSIC INVESTIGATION ON A SUBSIDIARY

Background

大連金港聯合汽車國際貿易有限公司 (“**Jin Gang**”) is a 60%-owned subsidiary of Dalian Port (PDA) Company Limited (the “**Company**”). Jin Gang has been providing motor vehicle agency and sales services to 大連博輝國際貿易有限公司 (“**Dalian UniBright**”) since 2013. Dalian UniBright is an independent third party.

On 7 November 2017, Dalian UniBright commenced legal proceedings against Jin Gang and the Company at the Intermediate People's Court of Dalian, Liaoning Province (the “**PRC Court**”) claiming RMB240 million (the “**Proceedings**”) as wrongful payment received by Jin Gang. Dalian UniBright also alleged that Jin Gang had overstated its revenue, level of inventory and account receivable (the “**Allegations**”).

Jin Gang has been advised by its PRC legal advisers that the PRC Court will likely reject Dalian UniBright's claims in the Proceedings. On the contrary, Jin Gang maintains its claim against Dalian UniBright for outstanding payments. Jin Gang is consulting its PRC legal advisers as to commencing legal action against Dalian UniBright.

Engagement of independent forensic accountant for investigation

Dalian UniBright had raised its Allegations to the Company's auditors namely PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) (the “**Auditors**”). On 9 February 2018, the Auditors referred the matter to the Company's audit committee and drew its attention to the matter, and requested that, to comply with the normal practice of Hong Kong listed companies, an independent consultant be engaged to carry out independent review procedures on the transactions between Jin Gang and Dalian UniBright and relevant matters thereto, and directly report to the independent directors and audit committee. The Auditors considered that the investigation results will be material audit evidence in their audit of the Company's consolidated financial statements for the year ended 31 December 2017 and may affect their completion of such audit.

After due consideration, the Company's audit committee has engaged 致同諮詢(北京)有限公司 as an independent consultant in conducting a forensic investigation on Jin Gang.

The Company will make further announcement(s) on any update of the above matters as and when required under Hong Kong laws and the Listing Rules.

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

Dalian City, Liaoning Province, the PRC
16 March 2018

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

Executive Directors: ZHANG Yiming and WEI Minghui

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

Independent non-executive Directors: WANG Zhifeng, SUN Xiyun 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".*