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**(Stock Code: 144)**

**ANNOUNCEMENT  
CONTINUING CONNECTED TRANSACTIONS  
LEASE AGREEMENTS**

**AND**

**REVISION OF ANNUAL CAP FOR THE SHIP BERTHING FEE  
PAYABLE PURSUANT TO THE 2012 SHIP BERTHING  
SERVICES AGREEMENT**

**LEASE AGREEMENTS**

In view of the expiry of the seven existing lease agreements, namely the three Existing CMSIZ Lease Agreements, the Existing SCMPS-CMSIZ Lease Agreement, the Existing SCMPD Renewal Agreement, the Existing SCMPD Agreement and the Existing CMHK Lease Agreement, on 31 December 2012, after negotiations between the relevant subsidiaries of the Company and the relevant members of the CMG Group, the relevant parties have, on 30 October 2012, entered into seven new lease agreements, namely the three New CMSIZ Lease Agreements, the New SCMPS-CMSIZ Lease Agreement, the New SCMPI Renewal Agreement, the New SCMPI Agreement and the New CMHK Lease Agreement, to continue to lease a portion of the relevant land and some of the properties. In addition, on 30 October 2012, ZCMP, a subsidiary of the Company, and CMLHF entered into two new lease agreements, namely the 2012-2015 Zhangzhou Depot Agreement and the 2012-2015 Zhangzhou Warehouse Agreement, to lease two pieces of land to be used as a depot and a warehouse, respectively. Further details of these Lease Agreements are set out below.

### **New CMSIZ Lease Agreements**

In view of the expiry of the three Existing CMSIZ Lease Agreements on 31 December 2012, SCMPS, an indirect wholly-owned subsidiary of the Company, entered into the three New CMSIZ Lease Agreements with CMSIZ on 30 October 2012, pursuant to which SCMPS will continue to lease a portion of the three parcels of land in Shekou Industrial Park from CMSIZ for a term of one year commencing on 1 January 2013. The total rental payable under the three New CMSIZ Lease Agreements (as aggregated) is RMB1,844,218.5 (equivalent to approximately HK\$2,255,092) for the year ending 31 December 2013.

### **New SCMPS-CMSIZ Lease Agreement**

In view of the expiry of the Existing SCMPS-CMSIZ Lease Agreement on 31 December 2012, SCMPS entered into the New SCMPS-CMSIZ Lease Agreements with CMSIZ on 30 October 2012, pursuant to which SCMPS will continue to lease a piece of land in Shekou Industrial Park from CMSIZ for a term of one year commencing on 1 January 2013. The total rental payable under the New SCMPS-CMSIZ Lease Agreement is RMB772,420.50 (equivalent to approximately HK\$944,508) for the year ending 31 December 2013.

### **New SCMPI Renewal Agreement**

In view of the expiry of the Existing SCMPD Renewal Agreement on 31 December 2012, CMCIL, a wholly-owned subsidiary of the Company, entered into the New SCMPI Renewal Agreement with SCMPI on 30 October 2012, pursuant to which CMCIL will continue to lease two floors of Shekou Industrial Park Building from SCMPI for a term of two years commencing on 1 January 2013. The rental payable under the New SCMPI Renewal Agreement is RMB2,163,672 (equivalent to approximately HK\$2,645,716) for each of the years ending 31 December 2013 and 31 December 2014.

### **New SCMPI Agreement**

In view of the expiry of the Existing SCMPD Agreement on 31 December 2012, CMCIL entered into the New SCMPI Agreement with SCMPI on 30 October 2012, pursuant to which CMCIL will continue to lease a unit in Shenzhen Shipping Centre Main Tower from SCMPI for a term of two years commencing on 1 January 2013. The rental payable under the New SCMPI Agreement is RMB284,844 (equivalent to approximately HK\$348,304) for each of the years ending 31 December 2013 and 31 December 2014.

### **New CMHK Lease Agreement**

In view of the expiry of the Existing CMHK Lease Agreement on 31 December 2012, the Company entered into the New CMHK Lease Agreement with CMHK on 30 October 2012, pursuant to which the Company will continue to lease a total of 15 residential units in Western District in Hong Kong from CMHK for a term of two years commencing on 1 January 2013. The rental payable under the New CMHK Lease Agreement is HK\$1,260,000 for each of the years ending 31 December 2013 and 31 December 2014.

### **2012-2015 Zhangzhou Depot Agreement**

On 30 October 2012, ZCMP, a subsidiary of the Company, entered into a new lease agreement, namely the 2012-2015 Zhangzhou Depot Agreement, with CMLHF, to lease a parcel of land in the Zhangzhou Economic Development Zone, Fujian Province, the PRC for a term of three years commencing on 1 November 2012. The total rental payable by ZCMP to CMLHF under the 2012-2015 Zhangzhou Depot Agreement is RMB900,000 (equivalent to approximately HK\$1,100,511) for the two months ending 31 December 2012, RMB6,800,000 (equivalent to approximately HK\$8,314,972) for the year ending 31 December 2013, RMB7,130,000 (equivalent to approximately HK\$8,718,493) for the year ending 31 December 2014 and RMB6,300,000 (equivalent to approximately HK\$7,703,577) for the ten months ending 31 October 2015.

### **2012-2015 Zhangzhou Warehouse Agreement**

On 30 October 2012, ZCMP entered into a new lease agreement, namely the 2012-2015 Zhangzhou Warehouse Agreement, with CMLHF to lease a parcel of land in the Zhangzhou Economic Development Zone, Fujian Province, the PRC for a term of three years commencing on 1 November 2012. The total rental payable by ZCMP to CMLHK under the 2012-2015 Zhangzhou Warehouse Agreement is RMB378,000 (equivalent to approximately HK\$462,215) for the two months ending 31 December 2012, RMB2,268,000 (equivalent to approximately HK\$2,773,288) for each of the years ending 31 December 2013 and 31 December 2014 and RMB1,890,000 (equivalent to approximately HK\$2,311,073) for the ten months ending 31 October 2015.

## **REVISION OF ANNUAL CAP FOR THE SHIP BERTHING FEE PAYABLE PURSUANT TO THE 2012 SHIP BERTHING SERVICES AGREEMENT**

Reference is made to the announcement issued by the Company dated 30 November 2011 in relation to, inter alia, the 2012 Ship Berthing Services Agreement. The 2012 Ship Berthing Services Agreement governs the provision of berthing services by Yiu Lian to CMCS for bringing ships into and from the Tsing Yi Terminal.

In view of the anticipated increase in the demand for ship berthing services to be provided by Yiu Lian, it is expected that the existing annual cap for the ship berthing fee payable for the year ending 31 December 2012 is no longer sufficient.

On 30 October 2012, the Directors resolved to revise the annual cap for the ship berthing fee payable for the year ending 31 December 2012 from HK\$7.0 million to HK\$9.1 million. In arriving at the revised annual cap for the ship berthing fee payable, the Company has made reference to the historical ship berthing fees paid by the Group and has taken into account the expected demand for the berthing services provided by Yiu Lian.

### **LISTING RULES IMPLICATIONS**

Each of CMSIZ, SCMPI, CMHK and CMLHF is a subsidiary of CMG, the ultimate holding company of the Company. Accordingly, each of CMSIZ, SCMPI, CMHK and CMLHF is a connected person of the Company and the Lease Agreements constitute continuing connected transactions of the Company. Apart from the transactions contemplated under the Lease Agreements, the Group has also been leasing certain properties from members of the CMG Group pursuant to the SCT1 Lease Agreement, the South China Lease Agreement, the CMML-Nanyou Lease Agreement, the 2012-2013 CMML-CMSIZ Lease Agreement, the 2012-2013 CMSIZ Lease Agreements, the 2012-2013 SCMPS-CMSIZ Lease Agreement and the 2012-2013 Euroasia Cooperation Agreement. Under the Listing Rules, these transactions will be aggregated and treated as if they were one transaction as they are of similar nature with parties connected or otherwise associated with one another.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the lease agreements (as disclosed above) as aggregated are below 5%, these transactions are therefore exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In addition, pursuant to the Listing Rules, Yiu Lian is a connected person of the Company as it is an indirect wholly-owned subsidiary of CMG. Accordingly, the transaction contemplated under the 2012 Ship Berthing Services Agreement also constitutes a continuing connected transaction for the Company under the Listing Rules.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the 2012 Ship Berthing Services Agreement are below 0.1%, the transaction is therefore exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **1 BACKGROUND**

The core business of the Group is port and port-related business and the Group has been leasing properties and warehouse and receiving ship berthing services from various members of the CMG Group pursuant to various lease agreements and ship berthing services agreement. These lease agreements and services agreement are important for the Group as they enable the Group to offer various port and port-related services in a more cost-effective way.

## **2 LEASE AGREEMENTS**

In view of the expiry of the seven existing lease agreements, namely the three Existing CMSIZ Lease Agreements, the Existing SCMPS-CMSIZ Lease Agreement, the Existing SCMPD Renewal Agreement, the Existing SCMPD Agreement and the Existing CMHK Lease Agreement, on 31 December 2012, after negotiations between the relevant subsidiaries of the Company and the relevant members of the CMG Group, the relevant parties have, on 30 October 2012, entered into seven lease agreements, namely the three New CMSIZ Lease Agreements, the New SCMPS-CMSIZ Lease Agreement, the New SCMPI Renewal Agreement, the New SCMPI Agreement and the New CMHK Lease Agreement, to continue to lease a portion of the relevant land and some of the properties. In addition, on 30 October 2012, ZCMP, a subsidiary of the Company, and CMLHF entered into two new lease agreements, namely the 2012-2015 Zhangzhou Depot Agreement and the 2012-2015 Zhangzhou Warehouse Agreement, to lease two pieces of land to be used as a depot and a warehouse, respectively. Further details of these Lease Agreements are set out below.

## **New CMSIZ Lease Agreements**

SCMPS, an indirect wholly-owned subsidiary of the Company, entered into the three Existing CMSIZ Lease Agreements with CMSIZ on 14 December 2010 to lease three parcels of land in Shekou Industrial Park with a total area of 24,953.52 square meters from CMSIZ at an aggregated rental of RMB1,871,514 (equivalent to approximately HK\$2,288,469) per annum. Each of the three Existing CMSIZ Lease Agreements will expire on 31 December 2012. Further details of the three Existing CMSIZ Lease Agreements were disclosed in the announcement of the Company dated 14 December 2010.

On 30 October 2012, in view of the expiration of the three Existing CMSIZ Lease Agreements on 31 December 2012, SCMPS entered into the three New CMSIZ Lease Agreements with CMSIZ to renew the lease of a portion of the three parcels of land in Shekou Industrial Park with a total area of 24,589.58 square meters. Each of the three New CMSIZ Lease Agreements has a term of one year commencing on 1 January 2013 and ending on 31 December 2013.

The rental payable under the three New CMSIZ Lease Agreements shall be calculated on the basis of RMB75 (equivalent to approximately HK\$92) per square meter per annum, representing a total rental payable under the three New CMSIZ Lease Agreements (as aggregated) of RMB1,844,218.5 (equivalent to approximately HK\$2,255,092) for the year ending 31 December 2013. Rental under the three New CMSIZ Lease Agreements shall be payable by SCMPS on a semi-annual basis in cash and in equal instalments and the first instalment shall be payable by SCMPS on 31 January 2013. The rental under each of the New CMSIZ Lease Agreements is negotiated and agreed by the parties on an arm's length basis with reference to the location, the purpose of use of the land and the market rental of similar land parcels in nearby areas. No third party valuation has been performed on the leased land.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the three New CMSIZ Lease Agreements (as aggregated) are less than 0.1%, the transactions contemplated under the three New CMSIZ Lease Agreements constitute de minimis continuing connected transactions pursuant to Rule 14A.33(3) of the Listing Rules and are exempt from the reporting, announcement and independent shareholders' approval requirements. No annual cap is therefore set for the three New CMSIZ Lease Agreements.

### **New SCMPS-CMSIZ Lease Agreement**

SCMPS entered into the Existing SCMPS-CMSIZ Lease Agreement with CMSIZ on 14 December 2010 to lease a piece of land located in Shekou Industrial Park with a total area of 10,298.94 square meters at a rental of RMB772,420.50 (equivalent to approximately HK\$944,508) per annum. The Existing SCMPS-CMSIZ Lease Agreement will expire on 31 December 2012. Further details of the Existing SCMPS-CMSIZ Lease Agreement were disclosed in the announcement of the Company dated 14 December 2010.

On 30 October 2012, in view of the expiration of the Existing SCMPS-CMSIZ Lease Agreement on 31 December 2012, SCMPS and CMSIZ entered into the New SCMPS-CMSIZ Lease Agreement to renew the lease of such piece of land in Shekou Industrial Park. The New SCMPS-CMSIZ Lease Agreement has a term of one year commencing on 1 January 2013 and ending on 31 December 2013.

The rental payable under the New SCMPS-CMSIZ Lease Agreement shall be calculated on the basis of RMB75 (equivalent to approximately HK\$92) per square meter per annum, representing a total rental payable by SCMPS to CMSIZ under the New SCMPS-CMSIZ Lease Agreement of RMB772,420.50 (equivalent to approximately HK\$944,508) for the year ending 31 December 2013. Rental under the New SCMPS-CMSIZ Lease Agreement shall be payable by SCMPS on a semi-annual basis in cash and in equal instalments and the first instalment shall be payable by SCMPS on 31 January 2013. The rental under the New SCMPS-CMSIZ Lease Agreement is negotiated and agreed by the parties on an arm's length basis with reference to the market rental of similar land parcels in nearby areas. No third party valuation has been performed on the land.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the New SCMPS-CMSIZ Lease Agreement are less than 0.1%, the transaction contemplated under the New SCMPS-CMSIZ Lease Agreement constitutes a de minimis continuing connected transaction pursuant to Rule 14A.33(3) of the Listing Rules and is exempt from the reporting, announcement and independent shareholders' approval requirements. No annual cap is therefore set for the New SCMPS-CMSIZ Lease Agreement.

### **New SCMPI Renewal Agreement**

On 14 December 2010, CMCIL, a wholly-owned subsidiary of the Company, entered into the Existing SCMPD Renewal Agreement with SCMPD for the leasing of two floors of Shekou Industrial Park Building with a total area of 2,226 square meters with a term of 26 months commencing on 1 November 2010

and expiring on 31 December 2012. The total rental payable by CMCIL to SCMPD under the Existing SCMPD Renewal Agreement during the entire lease period was RMB4,253,886 (equivalent to approximately HK\$5,201,609). Further details of the Existing SCMPD Renewal Agreement were disclosed in the announcement of the Company dated 14 December 2010.

On 30 October 2012, in view of the expiration of the Existing SCMPD Renewal Agreement on 31 December 2012, CMCIL and SCMPI, a wholly-owned subsidiary of SCMPD, entered into the New SCMPI Renewal Agreement to extend the leasing of such two floors of Shekou Industrial Park Building for a term of two years commencing on 1 January 2013 and ending on 31 December 2014.

The rental payable under the New SCMPI Renewal Agreement shall be calculated on the basis of RMB972 (equivalent to approximately HK\$1,189) per square meter per annum, representing a total rental payable by CMCIL to SCMPI under the New SCMPI Renewal Agreement of RMB2,163,672 (equivalent to approximately HK\$2,645,716) for each of the years ending 31 December 2013 and 31 December 2014. Rental under the New SCMPI Renewal Agreement shall be payable by CMCIL on a monthly basis in cash and in equal instalments. The rental is negotiated and agreed by the parties on an arm's length basis with reference to the market value of the properties as assessed by the management of the Group and recent rental transactions in nearby areas. No third party valuation has been performed on the properties.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the New SCMPI Renewal Agreement are less than 0.1%, the transaction contemplated under the New SCMPI Renewal Agreement constitutes a de minimis continuing connected transaction pursuant to Rule 14A.33(3) of the Listing Rules and is exempt from the reporting, announcement and independent shareholders' approval requirements. No annual cap is therefore set for the New SCMPI Renewal Agreement.

### **New SCMPI Agreement**

On 28 December 2010, CMCIL entered into the Existing SCMPD Agreement with SCMPD for the leasing of a unit in Shenzhen Shipping Centre Main Tower with a total area of 226.07 square meters with a term of two years commencing on 1 January 2011 and expiring on 31 December 2012. The total rental payable by CMCIL to SCMPD under the Existing SCMPD Agreement was RMB467,958 (equivalent to approximately HK\$572,214).



On 30 October 2012, in view of the expiration of the Existing SCMPD Agreement on 31 December 2012, CMCIL and SCMPI entered into the New SCMPI Agreement to extend the leasing of such unit for a term of two years commencing on 1 January 2013 and ending on 31 December 2014.

The rental payable under the New SCMPI Agreement shall be calculated on the basis of RMB1,260 (equivalent to approximately HK\$1,540) per square meter per annum, representing a total rental payable by CMCIL to SCMPI under the New SCMPI Agreement of RMB284,844 (equivalent to approximately HK\$348,304) for each of the years ending 31 December 2013 and 31 December 2014. Rental under the New SCMPI Agreement shall be payable by CMCIL on a monthly basis in cash and in equal instalments. The rental is negotiated and agreed by the parties on an arm's length basis with reference to the market value of the properties as assessed by the management of the Group and recent rental transactions in nearby areas. No third party valuation has been performed on the properties.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the New SCMPI Renewal Agreement are less than 0.1%, the transaction contemplated under the New SCMPI Agreement constitutes a de minimis continuing connected transaction pursuant to Rule 14A.33(3) of the Listing Rules and is exempt from the reporting, announcement and independent shareholders' approval requirements. No annual cap is therefore set for the New SCMPI Agreement.

### **New CMHK Lease Agreement**

The Company entered into the Existing CMHK Lease Agreement with CMHK on 30 November 2011 to lease a total of 21 residential units in Borita Building located at 135-143 Third Street and Wah Tat Court located at 152-158 Third Street in Western District, and Sun Shing Mansion at 32-42 Bonham Strand West in Sheung Wan in Hong Kong as staff quarters for employees of the Group who are seconded to Hong Kong. The rental payable by the Company to CMHK under the Existing CMHK Lease Agreement was HK\$7,000 per residential unit per month, with the rental ranging from HK\$12.28 to HK\$16.28 per square foot per month and representing a total annual rental payable of HK\$1,764,000. Further details of the Existing CMHK Lease Agreement were disclosed in the announcement of the Company dated 30 November 2011.

On 30 October 2012, in view of the expiration of the Existing CMHK Lease Agreement, the Company and CMHK entered into the New CMHK Lease Agreement to extend the lease of a total of 15 residential units in Borita Building located at 135-143 Third Street and Wah Tat Court located at 152-158 Third Street in Western District in Hong Kong for a term of two years commencing on 1 January 2013 and ending on 31 December 2014.

The rental payable by the Company to CMHK under the New CMHK Lease Agreement is HK\$7,000 per residential unit per month, with the rental ranging from HK\$13.86 to HK\$16.28 per square foot per month and representing a total rental payable of HK\$1,260,000 for each of the years ending 31 December 2013 and 31 December 2014. Rental under the New CMHK Lease Agreement shall be payable by the Company on a monthly basis in cash and in equal instalments. The rental is negotiated and agreed by the parties on an arm's length basis with reference to the market rental of similar residential units in nearby areas. No third party valuation has been performed on the leased residential units. In addition to the rental, the Company is also responsible for the payment of government rates, management fees and other utilities in relation to the leased residential units.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the New CMHK Lease Agreement are less than 0.1%, the transaction contemplated under the New CMHK Lease Agreement constitutes a de minimis continuing connected transaction pursuant to Rule 14A.33(3) of the Listing Rules, and is exempt from the reporting, announcement and independent shareholders' approval requirements. No annual cap is therefore set for the New CMHK Lease Agreement.

### **2012-2015 Zhangzhou Depot Agreement**

On 30 October 2012, ZCMP, a subsidiary of the Company, entered into a new lease agreement, namely the 2012-2015 Zhangzhou Depot Agreement, with CMLHF to lease a parcel of land in the Zhangzhou Economic Development Zone, Fujian Province, the PRC with a total area of 90,226.769 square meters to be used as a depot for a term of three years commencing on 1 November 2012 and ending on 31 October 2015.

The total rental payable by ZCMP to CMLHF under the 2012-2015 Zhangzhou Depot Agreement is RMB900,000 (equivalent to approximately HK\$1,100,511) for the two months ending 31 December 2012, RMB6,800,000 (equivalent to approximately HK\$8,314,972) for the year ending 31 December 2013, RMB7,130,000 (equivalent to approximately HK\$8,718,493) for the year ending 31 December 2014 and RMB6,300,000 (equivalent to approximately

HK\$7,703,577) for the ten months ending 31 October 2015. Rental under the 2012-2015 Zhangzhou Depot Agreement shall be payable by ZCMP on a monthly basis in cash and in equal instalments. The rental is negotiated and agreed by the parties on an arm's length basis with reference to the market rental of similar land parcels in nearby areas. No third party valuation has been performed on the leased land.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the 2012-2015 Zhangzhou Depot Agreement are less than 0.1%, the transaction contemplated under the 2012-2015 Zhangzhou Depot Agreement constitutes a de minimis continuing connected transaction pursuant to Rule 14A.33(3) of the Listing Rules and is exempt from the reporting, announcement and independent shareholders' approval requirements. No annual cap is therefore set for the 2012-2015 Zhangzhou Warehouse Agreement.

### **2012-2015 Zhangzhou Warehouse Agreement**

On 30 October 2012, ZCMP entered into a new lease agreement, namely the 2012-2015 Zhangzhou Warehouse Agreement, with CMLHF to lease a parcel of land in the Zhangzhou Economic Development Zone, Fujian Province, the PRC with a total area of 12,600 square meters to be used as a warehouse for a term of three years commencing on 1 November 2012 and ending on 31 October 2015.

The total rental payable by ZCMP to CMLHK under the 2012-2015 Zhangzhou Warehouse Agreement is RMB378,000 (equivalent to approximately HK\$462,215) for the two months ending 31 December 2012, RMB2,268,000 (equivalent to approximately HK\$2,773,288) for each of the years ending 31 December 2013 and 31 December 2014 and RMB1,890,000 (equivalent to approximately HK\$2,311,073) for the ten months ending 31 October 2015. Rental under the 2012-2015 Zhangzhou Warehouse Agreement shall be payable by ZCMP on a monthly basis in cash and in equal instalments. The rental is negotiated and agreed by the parties on an arm's length basis with reference to the market rental of similar land parcels in nearby areas. No third party valuation has been performed on the leased land.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the 2012-2015 Zhangzhou Warehouse Agreement are less than 0.1%, the transaction contemplated under the 2012-2015 Zhangzhou Warehouse Agreement constitutes a de minimis continuing connected transaction pursuant to Rule 14A.33(3) of the Listing Rules and is exempt from the reporting, announcement and independent shareholders' approval requirements. No annual cap is therefore set for the 2012-2015 Zhangzhou Warehouse Agreement.

### **3 REVISION OF ANNUAL CAP FOR THE SHIP BERTHING FEE PAYABLE PURSUANT TO THE 2012 SHIP BERTHING SERVICES AGREEMENT**

Reference is made to the announcement issued by the Company dated 30 November 2011 in relation to, inter alia, the 2012 Ship Berthing Services Agreement. The 2012 Ship Berthing Services Agreement governs the provision of berthing services by Yiu Lian to CMCS for bringing ships into and from the Tsing Yi Terminal. As set out in such announcement, the annual cap for the ship berthing fee payable under the 2012 Ship Berthing Services Agreement for the year ending 31 December 2012 was set at HK\$7.0 million.

Due to the opening of CMCS's third vessel wharf in Tsing Yi Terminal, there was an increase of 14% in the number of vessels using the barges provided by Yiu Lian for bringing ships into and from the Tsing Yi Terminal for the eight months ended 31 August 2012 as compared with the same period in 2011. In view of the anticipated increase in the demand for ship berthing services to be provided by Yiu Lian, it is expected that the existing annual cap for the ship berthing fee payable under the 2012 Ship Berthing Services Agreement for the year ending 31 December 2012 is no longer sufficient.

On 30 October 2012, the Directors resolved to revise the annual cap for the ship berthing fee payable for the year ending 31 December 2012 from HK\$7.0 million to HK\$9.1 million. In arriving at the revised annual cap for the ship berthing fee payable, the Company has made reference to the historical ship berthing fees paid by the Group and has taken into account the increase in demand for the ship berthing services provided by Yiu Lian.

Other than the increase in the annual cap for the ship berthing fee payable for the year ending 31 December 2012, the terms and conditions of the 2012 Ship Berthing Services Agreement will remain unchanged.

As at the date of this announcement, the ship berthing fee payable has not exceeded the existing annual cap. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the revised annual cap for the 2012 Ship Berthing Services Agreement are below 0.1%, the disclosure in relation to the revision of the annual cap for the 2012 Ship Berthing Services Agreement in this announcement is made for the information of investors only.

### **4 INFORMATION ON THE PARTIES**

CMCIL, a direct wholly-owned subsidiary of the Company, is a foreign investment enterprise established under the laws of the PRC. Its principal activity is investment holding.

CMCS, an indirect wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong and its principal activity is the provision of container services at the Tsing Yi Terminal.

CMHK is a company incorporated in Hong Kong and its principal activity is investment holding. It is a wholly-owned subsidiary of CMG and the intermediate holding company of the Company. Accordingly, CMHK is a connected person of the Company.

CMLHF is a company incorporated in the PRC and its principal activity is logistic operation. It is an indirect subsidiary of CMG and therefore a connected person of the Company.

CMSIZ is a company incorporated in the PRC and its principal activities are the development and operation in Shekou Industrial Zone and property development and investment in Shekou, Shenzhen, the PRC. It is an indirect wholly-owned subsidiary of CMG and therefore a connected person of the Company.

SCMPI is a company incorporated in the PRC and a wholly-owned subsidiary of SCMPD, a limited liability company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange. It is principally engaged in the development, sale, leasing and management of properties in the PRC. SCMPD is a subsidiary of CMG, the ultimate holding company of the Company holding indirectly approximately 55% of the existing issued share capital of the Company. Accordingly, SCMPI is a connected person of the Company.

SCMPS, an indirect wholly-owned subsidiary of the Company, is a limited liability company established under the laws of the PRC. Its principal activity is the provision of terminal services and ports transportation.

Yiu Lian is a company incorporated in Hong Kong and its principal business is the ownership and operation of dockyards. Yiu Lian is an indirect wholly-owned subsidiary of CMG and therefore a connected person of the Company.

ZCMP, an indirect subsidiary of the Company, is a limited liability company established under the laws of the PRC. Its principal activity is port and port-related businesses.

## 5 REASONS FOR THE TRANSACTIONS

The core business of the Group includes port and port-related business. It has been the strategy of the Group to strengthen and develop its port business and port-related business through investment in new projects, acquisition of high quality port-related business and properties, leasing properties and warehouse, providing cargo management services and expanding in container related logistics services.

The Directors are of the view that the continuous leasing of the land and properties in Shekou Industrial Park through the three New CMSIZ Lease Agreements, the New SCMPS-CMSIZ Lease Agreement and the New SCMPI Renewal Agreement and the continuous leasing of the properties in Shenzhen Shipping Centre Main Tower through the New SCMPI Agreement will facilitate a smooth business operation of the Group's port and port-related business as most of the operations of SCMPS and other subsidiaries of the Group are operated on these leased land and properties. The Shekou Industrial Park is an important strategic area for the provision of logistics services and operations of the Group.

The Directors are also of the view that the continuous leasing of the various residential units in Hong Kong from CMHK under the New CMHK Lease Agreement at a relatively lower rental as compared to market rental is beneficial to the Group as it will result in cost savings, and which will facilitate the provision of more cost effective support and ancillary services to the Group.

In addition, the Directors are of the view that the leasing of the depot under the 2012-2015 Zhangzhou Depot Agreement and the leasing of the warehouse under the 2012-2015 Zhangzhou Warehouse Agreement will facilitate a smooth business operation of the Group's port and port-related business in light of the shortage of depot and warehouse.

In response to the growing demand for logistics services, the Directors believe that the leasing of the land and properties as stipulated in the Lease Agreements is beneficial to the Group and assist in maintaining the Group's sustainable growth.

Further, the Directors are of the view that the Group will also continue to benefit from the ship berthing services provided by Yiu Lian as such services are essential to facilitate a smooth business operation of CMCS's operations in Tsing Yi Terminal.

The Directors, including the independent non-executive Directors, are of the view that each of the Lease Agreements was entered into on normal commercial terms and in the ordinary and usual course of business of the Company. Taking into account the market rental of similar land parcels or properties in nearby areas in respect of each of the Lease Agreements, and the historical caps for the ship berthing fee payable under previous ship berthing services agreements and the increase in demand for ship berthing services in respect of the 2012 Ship Berthing Services Agreement, the Directors, including the independent non-executive Directors, are of the view that the terms of each of the Lease Agreements and the proposed revision of the annual cap for the ship berthing fee payable for the year ending 31 December 2012 are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors have a material interest in the Lease Agreements and the 2012 Ship Berthing Services Agreement, nor are they required to abstain from voting in the relevant board resolutions.

## **6 LISTING RULES IMPLICATIONS**

Each of CMSIZ, SCMPI, CMHK and CMLHF is a subsidiary of CMG, the ultimate holding company of the Company. Accordingly, each of CMSIZ, SCMPI, CMHK and CMLHF is a connected person of the Company and the transactions contemplated under the Lease Agreements constitute continuing connected transactions of the Company. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the Lease Agreements are below 0.1%, the transaction contemplated under each of the Lease Agreements constitutes a de minimis continuing connected transaction pursuant to Rule 14A.33(3) of the Listing Rules and is exempt from the reporting, announcement and independent shareholders' approval requirements. No annual cap is therefore set for each of the Lease Agreements.

However, apart from the transactions contemplated under the Lease Agreements, the Group has also been leasing certain properties from members of the CMG Group pursuant to the SCT1 Lease Agreement, the South China Lease Agreement, the CMML-Nanyou Lease Agreement, the 2012-2013 CMML-CMSIZ Lease Agreement, the 2012-2013 CMSIZ Lease Agreements, the 2012-2013 SCMPS-CMSIZ Lease Agreement and the 2012-2013 Euroasia Cooperation Agreement.

Under the Listing Rules, these transactions will be aggregated and treated as if they were one transaction as they are of similar nature with parties connected or otherwise associated with one another.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the lease agreements (as disclosed above) as aggregated are below 5%, these transactions are therefore exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In addition, pursuant to the Listing Rules, Yiu Lian is a connected person of the Company as it is an indirect wholly-owned subsidiary of CMG. Accordingly, the transaction contemplated under the 2012 Ship Berthing Services Agreement also constitutes a continuing connected transaction of the Company under the Listing Rules.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the 2012 Ship Berthing Services Agreement are below 0.1%, the transaction is therefore exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save as disclosed above, the Group does not have any other prior transactions or relationship with CMSIZ, SCMPI, CMHK, CMLHF and Yiu Lian and their ultimate beneficial owners and associates which required aggregation with the transactions contemplated under the Lease Agreements and the 2012 Ship Berthing Services Agreement pursuant to Rule 14A.25 of the Listing Rules.

## 7 DEFINITIONS

*In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:*

<b>“2012 Ship Berthing Services Agreement”</b>	the ship berthing services agreement entered into between CMCS and Yiu Lian on 30 November 2011, pursuant to which Yiu Lian agreed to provide barges for bringing ships into and from the Tsing Yi Terminal, details of which were disclosed in the announcement of the Company dated 30 November 2011
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- “2012-2013  
CMML-CMSIZ  
Lease Agreement”** the lease agreement entered into between CMBL as lessee and CMSIZ as lessor on 30 November 2011 in relation to the leasing of a piece of land in the centralized inspection area located in Shenzhen Qianhaiwan Logistics Park by CMBL from CMSIZ, details of which were disclosed in the announcement of the Company dated 30 November 2011
- “2012-2013 CMSIZ  
Lease Agreements”** collectively, six separate lease agreements entered into between SCMPS as lessee and CMSIZ as lessor on 30 November 2011 in relation to the leasing of 21 parcels of land in Shekou Industrial Park and certain property assets by SCMPS from CMSIZ, details of which were disclosed in the announcement of the Company dated 30 November 2011
- “2012-2013 Euroasia  
Cooperation  
Agreement”** the cooperation agreement entered into between CMCS as lessee and Euroasia Dockyard Enterprise and Development Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CMG, as lessor on 30 November 2011 in relation to the leasing of a piece of land in Tsing Yi, details of which were disclosed in the announcement of the Company dated 30 November 2011
- “2012-2013  
SCMPS-CMSIZ  
Lease Agreement”** the lease agreement entered into between SCMPS as lessee and CMSIZ as lessor on 30 November 2011 in relation to the leasing of a piece of land located at the southeast side of Port Road in Shekou Industrial Park by SCMPS from CMSIZ, details of which were disclosed in the announcement of the Company dated 30 November 2011
- “2012-2015 Zhangzhou  
Depot Agreement”** the new lease agreement entered into between ZCMP as lessee and CMLHF as lessor on 30 October 2012 in relation to the leasing of a parcel of land in the Zhangzhou Economic Development Zone, Fujian Province, the PRC with a total area of 90,226.769 square meters to be used as a depot

<b>“2012-2015 Zhangzhou Warehouse Agreement”</b>	the new lease agreement entered into between ZCMP as lessee and CMLHF as lessor on 30 October 2012 in relation to the leasing of a parcel of land in the Zhangzhou Economic Development Zone, Fujian Province, the PRC with a total area of 12,600 square meters to be used as a warehouse
<b>“associates”</b>	has the meaning ascribed to this term under the Listing Rules
<b>“Board”</b>	the board of Directors of the Company
<b>“CMBL” or “CMML”</b>	China Merchants Bonded Logistics Ltd. (招商局保税物流有限公司), formerly known as China Merchants Maritime & Logistics (Shenzhen) Ltd. (深圳招商局海運物流有限公司), a limited liability company incorporated under the laws of the PRC and an indirect subsidiary of the Company
<b>“CMCIL”</b>	CMH International (China) Investment Co., Ltd. (招商局國際(中國)投資有限公司), a foreign investment enterprise established under the laws of the PRC and a direct wholly-owned subsidiary of the Company
<b>“CMCS”</b>	China Merchants Container Services Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
<b>“CMG”</b>	China Merchants Group Limited, a company incorporated in the PRC and the ultimate holding company of the Company
<b>“CMG Group”</b>	CMG and its subsidiaries, excluding the Group
<b>“CMHK”</b>	China Merchants Holdings (Hong Kong) Company Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of CMG and the intermediate holding company of the Company
<b>“CMLHF”</b>	China Merchants Logistics Holding Fujian Co. Ltd. (招商局物流集團福建有限公司), a company incorporated in the PRC and an indirect subsidiary of CMG

<b>“CMML-Nanyou Lease Agreement”</b>	a lease agreement entered into between CMML as lessee and Shenzhen Nanyou (Group) Company Limited, a company incorporated in the PRC and a 76%-owned subsidiary of CMG, as lessor on 14 December 2010 in relation to the leasing of a piece of land located in Shenzhen Qianhaiwan Logistics Park by CMML from Shenzhen Nanyou (Group) Company Limited, details of which were disclosed in the announcement of the Company dated 14 December 2010
<b>“CMSIZ”</b>	China Merchants Shekou Industrial Zone Company Limited (招商局蛇口工業區有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of CMG
<b>“Company”</b>	China Merchants Holdings (International) Company Limited, a company incorporated in Hong Kong and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
<b>“connected person”</b>	has the meaning ascribed to this term under the Listing Rules
<b>“Directors”</b>	the directors of the Company
<b>“Existing CMHK Lease Agreement”</b>	the lease agreement entered into between the Company as lessee and CMHK as lessor on 30 November 2011 in relation to the leasing of 21 residential units in Sheung Wan and the Western District in Hong Kong, details of which were disclosed in the announcement of the Company dated 30 November 2011
<b>“Existing CMSIZ Lease Agreements”</b>	collectively, three separate lease agreements entered into between SCMPS as lessee and CMSIZ as lessor on 14 December 2010 in relation to the leasing of three parcels of land in Shekou Industrial Park, details of which were disclosed in the announcement of the Company dated 14 December 2010, and an “Existing CMSIZ Lease Agreement” shall mean each or any one of them

<b>“Existing SCMPD Agreement”</b>	the lease agreement entered into between CMCIL as lessee and SCMPD as lessor dated 28 December 2010 in relation to the leasing of a flat with a total area of 226.07 square meters
<b>“Existing SCMPD Renewal Agreement”</b>	the lease agreement entered into between CMCIL as lessee and SCMPD as lessor dated 14 December 2010 in relation to the leasing of two floors in Shekou Industrial Park with a total area of 2,226 square meters, details of which were disclosed in the announcement of the Company dated 14 December 2010
<b>“Existing SCMPS-CMSIZ Lease Agreement”</b>	the lease agreement entered into between SCMPS as lessee and CMSIZ as lessor dated 14 December 2010 in relation to the leasing of a parcel of land in Shekou Industrial Park with a total area of 10,298.94 square meters, details of which were disclosed in the announcement of the Company dated 14 December 2010
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Lease Agreements”</b>	collectively, the New CMSIZ Lease Agreements, the New SCMPS-CMSIZ Lease Agreement, the New SCMPI Renewal Agreement, the New SCMPI Agreement, the New CMHK Lease Agreement, the 2012-2015 Zhangzhou Depot Agreement and the 2012-2015 Zhangzhou Warehouse Agreement
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“New CMHK Lease Agreement”</b>	the lease agreement entered into between the Company as lessee and CMHK as lessor on 30 October 2012 in relation to the leasing of 15 residential units in the Western District in Hong Kong

<b>“New CMSIZ Lease Agreements”</b>	collectively, three new separate lease agreements entered into between SCMPS as lessee and CMSIZ as lessor on 30 October 2012 in relation to the leasing of three parcels of land in Shekou Industrial Park and a “New CMSIZ Lease Agreement” shall mean each or any one of them
<b>“New SCMPI Agreement”</b>	a renewal agreement entered into between CMCIL as lessee and SCMPI as lessor on 30 October 2012 in relation to the leasing of a unit in Shenzhen Shipping Centre Main Tower with a total area of 226.07 square meters
<b>“New SCMPI Renewal Agreement”</b>	a renewal agreement entered into between CMCIL as lessee and SCMPI as lessor on 30 October 2012 in relation to the leasing of two floors in Shekou Industrial Park with a total area of 2,226 square meters
<b>“New SCMPS-CMSIZ Lease Agreement”</b>	a new lease agreement entered into between SCMPS as lessee and CMSIZ as lessor on 30 October 2012 in relation to the leasing of a parcel of land in Shekou Industrial Park with a total area of 10,298.94 square meters
<b>“PRC”</b>	the People’s Republic of China
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“SCMPD”</b>	China Merchants Property Development Company Limited (深圳招商房地產有限公司), a subsidiary of CMG
<b>“SCMPI”</b>	China Merchants Property Investment Company (深圳招商商置投資有限公司), a wholly-owned subsidiary of SCMPD
<b>“SCMPS”</b>	China Merchants Port Services (Shenzhen) Company Limited (招商港務(深圳)有限公司), a limited liability company incorporated in the PRC, which is an indirect wholly-owned subsidiary of the Company

**“SCT1 Lease Agreement”**

has the same meaning as defined in the announcement of the Company dated 7 May 2007, which was a lease agreement entered into between Shekou Container Terminals Limited (蛇口集裝箱碼頭有限公司), a wholly foreign owned enterprise established under the laws of the PRC and a 80%-owned subsidiary of the Company, as lessee and CMSIZ as lessor on 20 May 1989

**“South China Lease Agreement”**

has the same meaning as defined in the announcement of the Company dated 30 April 2008, which is a lease agreement dated 23 February 1990 in relation to the leasing of a piece of land located in Shekou Industrial Zone by China Merchants International Cold Chain (Shenzhen) Company Limited (招商局國際冷鏈(深圳)有限公司, formerly known as South China Cold Storage & Ice Company Limited (華南冷藏制冰(深圳)有限公司) and a limited liability company established under the laws of the PRC and an indirect 70%-owned subsidiary of the Company) from CMSIZ

**“Yiu Lian”**

Yiu Lian Dockyards Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CMG

**“ZCMP”**

Zhangzhou China Merchants Port Co., Ltd. (漳州招商局碼頭有限公司), a limited liability company incorporated in the PRC and an indirect subsidiary of the Company

**“%”**

per cent.

*For reference only, an exchange rate of HK\$1.00 to RMB 0.8178019 has been used for the conversion of Renminbi into Hong Kong dollars in this announcement.*

By Order of the Board of  
**China Merchants Holdings (International) Company Limited**  
**Fu Yuning**  
*Chairman*

Hong Kong, 30 October 2012

*As at the date of this announcement, the Board comprises Dr. Fu Yuning, Mr. Li Jianhong, Mr. Li Yinquan, Mr. Hu Zheng, Mr. Meng Xi, Mr. Su Xingang, Mr. Yu Liming, Mr. Hu Jianhua, Mr. Wang Hong and Mr. Zheng Shaoping as executive Directors; and Mr. Kut Ying Hay, Mr. Lee Yip Wah Peter, Mr. Li Kwok Heem John, Mr. Li Ka Fai David and Mr. Bong Shu Ying Francis as independent non-executive Directors.*