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(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 00144)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION
LEASE AGREEMENT**

2013-2016 ZHANGZHOU LEASE AGREEMENT

On 6 March 2013, ZCMP entered into the 2013-2016 Zhangzhou Lease Agreement with CMLHF pursuant to which, CMLHF leased two warehouses with a total area of 25,000 square meters and a depot with a total area of 45,000 square meters in the Zhangzhou Economic Development Zone, Fujian Province, the PRC to ZCMP for a term of three years commencing on 1 March 2013 and ending on 29 February 2016.

The monthly rental payable for the warehouses under the 2013-2016 Zhangzhou Lease Agreement is RMB15 (equivalent to approximately HK\$18.75) per square meter for the twelve months ending 28 February 2014, RMB15.45 (equivalent to approximately HK\$19.31) per square meter for the twelve months ending 28 February 2015 and RMB15.91 (equivalent to approximately HK\$19.89) per square meter for the twelve months ending 29 February 2016, whereas the monthly rental payable for the depot under the 2013-2016 Zhangzhou Lease Agreement is RMB6 (equivalent to approximately HK\$7.5) per square meter for the twelve months ending 28 February 2014, RMB6.18 (equivalent to approximately HK\$7.73) per square meter for the twelve months ending 28 February 2015 and RMB6.36 (equivalent to approximately HK\$7.95) per square meter for the twelve months ending 29 February 2016. The aggregate amount of the rental payable under the 2013-2016 Zhangzhou Lease Agreement is RMB6,450,000 (equivalent to approximately HK\$8,062,500) for the ten months ending 31 December 2013, RMB7,933,500 (equivalent to approximately HK\$9,916,875) for the year ending 31 December 2014, RMB8,168,200 (equivalent to approximately HK\$10,210,250) for the year ending 31 December 2015 and RMB1,367,900 (equivalent to approximately HK\$1,709,875) for the two months ending 29 February 2016.

An operational fee shall be payable by ZCMP under the 2013-2016 Zhangzhou Lease Agreement and the amount payable shall depend on the annual intake of goods of the warehouses and depots.

LISTING RULES IMPLICATIONS

CMLHF is an indirect subsidiary of CMG, the ultimate holding company of the Company. Accordingly, CMLHF is a connected person of the Company and the transaction contemplated under the 2013-2016 Zhangzhou Lease Agreement constitutes a continuing connected transaction of the Company. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the 2013-2016 Zhangzhou Lease Agreement is less than 0.1%, the transaction contemplated under the 2013-2016 Zhangzhou 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 under Chapter 14A of the Listing Rules.

Apart from the transactions contemplated under the 2013-2016 Zhangzhou Lease Agreement, the Group has also been leasing certain properties from members of the CMG Group pursuant to the 2012-2013 CMBL-CMSIZ Lease Agreement, the 2012-2013 CMSIZ Lease Agreements, the 2012-2013 Euroasia Cooperation Agreement, the 2012-2013 SCMPS-CMSIZ Lease Agreement, the 2012-2015 Zhangzhou Depot Agreement, the 2012-2015 Zhangzhou Warehouse Agreement, the CMHK Lease Agreement, the CMML-Nanyou Lease Agreement, the CMSIZ Lease Agreements, the SCMPI Agreement, SCMPI Renewal Agreement, the SCMPS-CMSIZ Lease Agreement, the SCT1 Lease Agreement and the South China Lease Agreement. Under the Listing Rules, the 2013-2016 Zhangzhou Lease Agreement will be aggregated with these transactions 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 aggregated are below 5%, these transactions are therefore exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1 2013-2016 ZHANGZHOU LEASE AGREEMENT

On 6 March 2013, ZCMP entered into the 2013-2016 Zhangzhou Lease Agreement with CMLHF pursuant to which, CMLHF leased two warehouses with a total area of 25,000 square meters and a depot with a total area of 45,000 square meters in the Zhangzhou Economic Development Zone, Fujian Province, the PRC to ZCMP for a term of three years commencing on 1 March 2013 and ending on 29 February 2016.

The monthly rental payable for the warehouses under the 2013-2016 Zhangzhou Lease Agreement is RMB15 (equivalent to approximately HK\$18.75) per square meter for the twelve months ending 28 February 2014, RMB15.45 (equivalent to approximately HK\$19.31) per square meter for the twelve months ending 28 February 2015 and RMB15.91 (equivalent to approximately HK\$19.89) per square meter for the twelve months ending 29 February 2016, whereas the monthly rental payable for the depot under the 2013-2016 Zhangzhou Lease Agreement is RMB6 (equivalent to approximately HK\$7.5) per square meter for the twelve months ending 28 February 2014, RMB6.18 (equivalent to approximately HK\$7.73) per square meter for the twelve months ending 28 February 2015 and RMB6.36 (equivalent to approximately HK\$7.95) per square meter for the twelve months ending 29 February 2016. The aggregate amount of the rental payable under the 2013-2016 Zhangzhou Lease Agreement is RMB6,450,000 (equivalent to approximately HK\$8,062,500) for the ten months ending 31 December 2013, RMB7,933,500 (equivalent to approximately HK\$9,916,875) for the year ending 31 December 2014, RMB8,168,200 (equivalent to approximately HK\$10,210,250) for the year ending 31 December 2015 and RMB1,367,900 (equivalent to approximately HK\$1,709,875) for the two months ending 29 February 2016.

The monthly rental is payable in advance on the 15th calendar day before the end of each month in cash.

In additional, an operational fee shall be payable by ZCMP under the 2013-2016 Zhangzhou Lease Agreement and the amount shall depend on the annual intake of goods of the warehouses and depot and be calculated in accordance with the following:

- (i) if the annual intake of goods is not more than 700,000 tons, an operational fee of RMB0.5 (equivalent to approximately HK\$0.63) per ton shall be payable;

(ii) if the annual intake of goods is more than 700,000 tons but less than 1,000,000 tons, an operational fee of RMB0.6 (equivalent to approximately HK\$0.75) per ton shall be payable; and

(iii) if the annual intake of goods is more than 1,000,000 tons, an operational fee of RMB0.8 (equivalent to approximately HK\$1) per ton shall be payable.

It is expected that the total intake of goods of the warehouses and depot under the 2013-2016 Zhangzhou Lease Agreement is approximately 580,000 tons for the ten months ending 31 December 2013, approximately 700,000 tons for the year ending 31 December 2014, approximately 1,000,000 tons for the year ending 31 December 2015 and approximately 170,000 tons for the two months ending 29 February 2016. Hence, the expected total operational fee payable under the 2013-2016 Zhangzhou Lease Agreement is RMB290,000 (equivalent to approximately HK\$362,500) for the ten months ending 31 December 2013, RMB350,000 (equivalent to approximately HK\$437,500) for the year ending 31 December 2014, RMB530,000 (equivalent to approximately HK\$662,500) for the year ending 31 December 2015 and RMB85,000 (equivalent to approximately HK\$106,250) for the two months ending 29 February 2016.

The operational fee is payable in advance before the first calendar day of each quarter in cash.

The rental was negotiated and agreed by the parties on an arm's length basis with reference to the market rental of similar land parcels and the recent rental transactions in nearby areas. The operation fee payable was negotiated and agreed by the parties on an arm's length basis with reference to the monthly labour costs of similar job nature.

2 INFORMATION ON THE PARTIES

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.

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.

3 REASONS FOR THE TRANSACTION

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 leasing of the warehouses and depot under the 2013-2016 Zhangzhou Lease Agreement will facilitate the expansion of the business of the Company and the smooth business operation of the Group's port and port-related business.

The Directors, including the independent non-executive Directors, are of the view that the 2013-2016 Zhangzhou Lease Agreement 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 area in respect of the 2013-2016 Zhangzhou Lease Agreement, the Directors, including the independent non-executive Directors, are of the view that the terms of the 2013-2016 Zhangzhou Lease Agreement 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 2013-2016 Zhangzhou Lease Agreement, nor are they required to abstain from voting in the relevant board resolutions.

4 LISTING RULES IMPLICATIONS

CMLHF is an indirect subsidiary of CMG, the ultimate holding company of the Company. Accordingly, CMLHF is a connected person of the Company and the transaction contemplated under the 2013-2016 Zhangzhou Lease Agreement constitutes a continuing connected transaction of the Company. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the 2013-2016 Zhangzhou Lease Agreement is less than 0.1%, the transaction contemplated under the 2013-2016 Zhangzhou 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 under Chapter 14A of the Listing Rules.

Apart from the transactions contemplated under the 2013-2016 Zhangzhou Lease Agreement, the Group has also been leasing certain properties from members of the CMG Group pursuant to the 2012-2013 CMBL-CMSIZ Lease Agreement, the 2012-2013 CMSIZ Lease Agreements, the 2012-2013 Euroasia Cooperation Agreement, the 2012-2013 SCMPS-CMSIZ Lease Agreement, the 2012-2015 Zhangzhou Depot Agreement, the 2012-2015 Zhangzhou Warehouse Agreement, the CMHK Lease Agreement, the CMML-Nanyou Lease Agreement, the CMSIZ Lease Agreements, the SCMPI Agreement, SCMPI Renewal Agreement, the SCMPS-CMSIZ Lease Agreement, the SCT1 Lease Agreement and the South China Lease Agreement. Under the Listing Rules, the 2013-2016 Zhangzhou Lease Agreement will be aggregated with these transactions 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 aggregated are below 5%, these transactions are therefore exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Save as disclosed above, the Group does not have any other prior transactions or relationship with CMLHF and its ultimate beneficial owners and associates which required aggregation with the transactions contemplated under the 2013-2016 Zhangzhou Lease Agreement pursuant to Rule 14A.25 of the Listing Rules.

5 DEFINITIONS

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

“2012-2013 CMBL-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
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“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 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, details of which were disclosed in the announcement of the Company dated 30 October 2012

“2012-2015 Zhangzhou Warehouse Agreement”	the 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, details of which were disclosed in the announcement of the Company dated 30 October 2012
“2013-2016 Zhangzhou Lease Agreement”	the lease agreement entered into between ZCMP as lessee and CMLHF as lessor on 6 March 2013 in relation to the leasing of two warehouses with a total area of 25,000 square meters and a depot with a total area of 45,000 square meters in the Zhangzhou Economic Development Zone, Fujian Province, the PRC
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors of the Company
“CMBL” or “CMML”	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
“CMCIL”	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
“CMCS”	China Merchants Container Services Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“CMG”	China Merchants Group Limited, a company incorporated in the PRC and the ultimate holding company of the Company
“CMG Group”	CMG and its subsidiaries, excluding the Group

“CMHK”	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
“CMHK Lease Agreement”	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, details of which were disclosed in the announcement of the Company dated 30 October 2012
“CMLHF”	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
“CMML-Nanyou Lease Agreement”	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
“CMSIZ”	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
“CMSIZ Lease Agreements”	collectively, three 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, details of which were disclosed in the announcement of the Company dated 30 October 2012

“Company”	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
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreements”	collectively, the 2012-2013 CMBL-CMSIZ Lease Agreement, the 2012-2013 CMSIZ Lease Agreements, the 2012-2013 Euroasia Cooperation Agreement, the 2012-2013 SCMPS-CMSIZ Lease Agreement, the 2012-2015 Zhangzhou Depot Agreement, the 2012-2015 Zhangzhou Warehouse Agreement, the CMHK Lease Agreement, the CMML-Nanyou Lease Agreement, the CMSIZ Lease Agreements, the SCMPI Agreement, SCMPI Renewal Agreement, the SCMPS-CMSIZ Lease Agreement, the SCT1 Lease Agreement, the South China Lease Agreement and the 2013-2016 Zhangzhou Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SCMPD”	China Merchants Property Development Company Limited (深圳招商房地產有限公司), a subsidiary of CMG

“SCMPI”	China Merchants Property Investment Company (深圳招商商置投資有限公司), a wholly-owned subsidiary of SCMPD
“SCMPI Agreement”	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, details of which were disclosed in the announcement of the Company dated 30 October 2012
“SCMPI Renewal Agreement”	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, details of which were disclosed in the announcement of the Company dated 30 October 2012
“SCMPS-CMSIZ Lease Agreement”	a 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, details of which were disclosed in the announcement of the Company dated 30 October 2012
“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
“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 RMB0.80 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, 6 March 2013

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.