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*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

**(Stock Code: 00144)**

## **CONNECTED TRANSACTION ACQUISITION OF LAND USE RIGHTS**

### **LAND USE RIGHTS TRANSFER AGREEMENT**

On 25 March 2013, China Merchants Zhangzhou and Zhangzhou Xiamen Bay entered into the Land Use Rights Transfer Agreement, pursuant to which China Merchants Zhangzhou agreed to sell and Zhangzhou Xiamen Bay agreed to purchase the land use rights in respect of a parcel of land situated at the Fourth District of the Zhangzhou Economic Development Zone located in Fujian, the PRC, with a total site area of 299,232.859 square meters (including the sea use rights with a site area of 172,831.724 square meters). The Land is designated for port purpose.

The consideration for the Acquisition is RMB450 (equivalent to approximately HK\$563) per square meter, representing a total consideration of RMB134,654,787 (equivalent to approximately HK\$168,318,483).

### **LISTING RULES IMPLICATIONS**

China Merchants Zhangzhou is an indirect subsidiary of CMG, the ultimate holding company of the Company. Accordingly, China Merchants Zhangzhou is a connected person of the Company and the transaction contemplated under the Land Use Rights Transfer Agreement constitutes a 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 Land Use Rights Transfer Agreement are below 5%, the transaction is therefore exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

# 1 LAND USE RIGHTS TRANSFER AGREEMENT

## **Date**

25 March 2013

## **Parties**

- (1) China Merchants Zhangzhou, as vendor
- (2) Zhangzhou Xiamen Bay, as purchaser

## **Subject Matter**

Pursuant to the Land Use Rights Transfer Agreement, China Merchants Zhangzhou agreed to sell and Zhangzhou Xiamen Bay agreed to purchase the land use rights in respect of a parcel of land situated at the Fourth District of the Zhangzhou Economic Development Zone located in Fujian, the PRC, with a total site area of 299,232.859 square meters (including the sea use rights with a site area of 172,831.724 square meters). The Land is designated for port purpose.

The tenure of the Land is 45 years, commencing on 29 December 2012 and ending on 29 December 2057.

## **Consideration**

The consideration for the Acquisition is RMB450 (equivalent to approximately HK\$563) per square meter, representing a total consideration of RMB134,654,787 (equivalent to approximately HK\$168,318,483).

The consideration for the Acquisition shall be paid by Zhangzhou Xiamen Bay to China Merchants Zhangzhou in cash as follows:

- (i) RMB41,396,437 (equivalent to approximately HK\$51,745,546) shall be payable on the date of signing of the Land Use Rights Transfer Agreement;
- (ii) an amount that is equal to 40% of the consideration shall be payable within three months from signing of the Land Use Rights Transfer Agreement; and
- (iii) the remaining consideration shall be payable within a year from signing of the Land Use Rights Transfer Agreement.

The consideration is negotiated and agreed by the parties on an arm's length basis with reference to the market value of comparable land parcels adjacent to the Land and the purpose and usage of the Land. Based on the valuation report dated 8 March 2013 prepared by China Tong Cheng Assets Appraisal Co., Ltd., an independent professional property valuer, the aggregate fair value of the Land is approximately RMB159,768,032 (equivalent to approximately HK\$199,710,000). The consideration will be funded by internal resources of the Group.

### **Completion**

Completion of the Land Use Rights Transfer Agreement is not subject to any conditions precedent. After Zhangzhou Xiamen Bay has paid the consideration in full to China Merchants Zhangzhou, China Merchants Zhangzhou will assist Zhangzhou Xiamen Bay in completing the change of land use rights registration and obtaining the land use rights certificate in accordance with the applicable regulatory procedures.

## **2 INFORMATION ON THE PARTIES**

China Merchants Zhangzhou is a company incorporated in the PRC and an indirect subsidiary of CMG. Its principal activity is the management and development of the Zhangzhou Economic Development Zone. The original cost incurred by China Merchants Zhangzhou for the acquisition and development of the Land was approximately RMB93,534,000 (equivalent to approximately HK\$116,920,000).

Zhangzhou Xiamen Bay is owned as to 60% by Royalight Limited (a wholly-owned subsidiary of the Company) and 40% by Xiamen Port Holding Group Company Limited (廈門港務控股集團有限公司, an independent third party). Its principal activity is the development, operation and management of the Zhangzhou Economic Development Zone located in Fujian, the PRC and the provision of port and port-related services.

## **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 Zhangzhou Economic Development Zone has been an important strategic area for the provision of port-related and logistics services and operations of the Group. The Directors are of the view that the Acquisition is in line with the Group's strategy to further strengthen its port operations in the Zhangzhou Economic Development Zone.

The Directors, including the independent non-executive Directors, are of the view that the Land Use Rights Transfer Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Company. Taking into account the growing demand for port services and land, the Directors, including the independent non-executive Directors, are of the view that the terms of the Land Use Rights Transfer 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 Land Use Rights Transfer Agreement, nor are they required to abstain from voting in the relevant board resolutions.

#### **4 LISTING RULES IMPLICATIONS**

China Merchants Zhangzhou is an indirect subsidiary of CMG, the ultimate holding company of the Company. Accordingly, China Merchants Zhangzhou is a connected person of the Company and the transaction contemplated under the Land Use Rights Transfer Agreement constitutes a 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 Land Use Rights Transfer Agreement are below 5%, the transaction is therefore exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Group does not have any prior transactions or relationship with China Merchants Zhangzhou and its ultimate beneficial owners and associates which required aggregation with the transactions contemplated under the Land Use Rights Transfer 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:*

“Acquisition”	the acquisition of the land use rights of the Land pursuant to the Land Use Rights Transfer Agreement
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors of the Company
“China Merchants Zhangzhou”	China Merchants Zhangzhou Economic Development Zone Co., Ltd. (招商局漳州開發區有限公司), a company incorporated in the PRC and indirectly owned by CMG
“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
“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
“Land”	the parcel of land situated at the Fourth District of the Zhangzhou Economic Development Zone located in Fujian, the PRC, with a total site area of 299,232.859 square meters (including the sea use rights with a total site area of 172,831.724 square meters)

“Land Use Rights Transfer Agreement”	the land use rights transfer agreement dated 25 March 2013 entered into between Zhangzhou Xiamen Bay as purchaser and China Merchants Zhangzhou as vendor in relation to the acquisition of the land use rights of the Land
“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
“Zhangzhou Xiamen Bay”	Xia Men Bay China Merchants Terminals Co., Ltd. (漳州招商局廈門灣港務有限公司), a limited liability company incorporated in the PRC and indirectly owned by 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, 25 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.*