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**DISCLOSEABLE AND CONNECTED TRANSACTIONS
QIANHAIWAN EQUITY TRANSFER AGREEMENT
AND
LAND USE RIGHTS CONFIRMATION CONTRACT**

QIANHAIWAN EQUITY TRANSFER AGREEMENT

On 14 October 2016, CMPDS, CMSIZ, CMV, PFYD and Qianhaiwan Property entered into the Qianhaiwan Equity Transfer Agreement pursuant to which, CMPDS agreed to acquire 49% and 51% of the equity interest in Qianhaiwan Property from CMV and PFYD, respectively.

The total consideration for the acquisition of the equity interest in Qianhaiwan Property payable by CMPDS under the Qianhaiwan Equity Transfer Agreement is RMB2,528,472,800 (equivalent to approximately HKD2,936,669,918.70). In addition, on the date of payment of the Qianhaiwan First Instalment, CMPDS shall pay to Qianhaiwan Property an amount equal to all the outstanding amounts advanced by CMSIZ, CMV and PFYD to Qianhaiwan Property as at the date of payment of the Qianhaiwan First Instalment and Qianhaiwan Property shall, on the day of receipt of such funds, use such funds to repay the outstanding amounts due to CMSIZ, CMV and PFYD, provided that the amount to be paid by CMPDS to Qianhaiwan Property shall not exceed RMB326,550,416.39 (equivalent to approximately HKD379,268,776.30).

Upon completion of the transfer under the Qianhaiwan Equity Transfer Agreement, Qianhaiwan Property will become an indirect wholly-owned subsidiary of the Company. The principal asset of Qianhaiwan Property is a parcel of land situated at the junction of Zhenhai Road and Gangcheng Road, Qianhai District, Shenzhen, the PRC and the completed property development project, namely the Qianhaiwan Garden, located at the same address.

LAND USE RIGHTS CONFIRMATION CONTRACT

On 14 October 2016, SCT1 and CMSIZ entered into the Land Use Rights Confirmation Contract pursuant to which CMSIZ agreed to sell and SCT1 agreed to purchase the Jetty III Land which is currently leased by SCT1 under the SCT1 Lease Agreement. CMSIZ owns the land use right of a much larger piece of land of which the Jetty III Land forms part. In order to segregate the land use right of the Jetty III Land from such larger piece of land, according to PRC laws, SCT1 is required to enter into a separate land use right transfer agreement with the Shenzhen Land Bureau in respect of the land use right of the Jetty III Land.

The consideration for the acquisition of the land use rights of the Jetty III Land under the Land Use Rights Confirmation Contract is RMB552,287,800 (equivalent to approximately HKD641,449,245.06). In addition, based on the current base land price, the additional land premium that may be payable by SCT1 under the land use right transfer agreement to be entered into between SCT1 and the Shenzhen Land Bureau is expected to be RMB98,804,300 (equivalent to approximately HKD114,755,284.55).

LISTING RULES IMPLICATIONS

Under the Listing Rules, the transactions contemplated under the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract will be aggregated and treated as if they were one transaction. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of these transactions as aggregated are more than 5% but less than 25%, these transactions constitute discloseable and connected transactions of the Company, and are subject to (i) the notification and announcement requirements under Chapter 14 of the Listing Rules and (ii) the announcement, shareholders' approval, circular and annual reporting requirements under Chapter 14A of the Listing Rules.

The EGM will be convened for the purpose of considering, and if thought fit, approving the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract. CMG and its associates are required to abstain from voting on the ordinary resolutions approving the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract at the EGM.

An Independent Board Committee has been established to advise the Independent Shareholders and the Independent Financial Adviser has been engaged to advise the Independent Board Committee and the Independent Shareholders in respect of the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract.

As additional time is required to prepare the property valuation report for inclusion in the circular, the circular containing, among other things, the advice of the Independent Financial Adviser, the recommendations of the Independent Board Committee in relation to the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract, the property valuation report on the parcel of land held by Qianhaiwan Property and the Jetty III Land and the notice of the EGM, is expected to be dispatched to the Shareholders on 7 November 2016.

1 QIANHAIWAN EQUITY TRANSFER AGREEMENT

Date: 14 October 2016

Parties: (1) CMPDS;
(2) CMSIZ;
(3) CMV;
(4) PFYD; and
(5) Qianhaiwan Property.

Subject Matter

Pursuant to the Qianhaiwan Equity Transfer Agreement, CMPDS, a wholly-owned subsidiary of the Company, agreed to acquire 49% and 51% of the equity interest in Qianhaiwan Property from CMV and PFYD, respectively.

Consideration

The total consideration for the acquisition of the equity interest in Qianhaiwan Property payable by CMPDS under the Qianhaiwan Equity Transfer Agreement is RMB2,528,472,800 (equivalent to approximately HKD2,936,669,918.70), 60% of which (the “**Qianhaiwan First Instalment**”) shall be payable within 5 business days after all the conditions precedent to completion under the Qianhaiwan Equity Transfer Agreement are satisfied and the remaining 40% shall be payable within 10 business days after, inter alia, the completion of the registration of the transfer with the local administration of industry and commerce, the completion of the transfer of the equity interest and the issuance of the new business licence of Qianhaiwan Property.

In addition, on the date of payment of the Qianhaiwan First Instalment, CMPDS shall pay to Qianhaiwan Property an amount equal to all the outstanding amounts advanced by CMSIZ, CMV and PFYD to Qianhaiwan Property as at the date of payment of the Qianhaiwan First Instalment and Qianhaiwan Property shall, on the day of receipt of such funds, use such funds to repay the outstanding amounts due to CMSIZ, CMV and PFYD, provided that the amount to be paid by CMPDS to Qianhaiwan Property shall not exceed RMB326,550,416.39 (equivalent to approximately HKD379,268,776.30), being the total amount advanced by CMSIZ, CMV and PFYD as at 31 December 2015. If the outstanding amounts due to CMSIZ, CMV and PFYD exceed RMB326,550,416.39, CMPDS and Qianhaiwan Property shall not be liable to repay the excess amount.

The consideration payable under the Qianhaiwan Equity Transfer Agreement (including the amount to be paid to Qianhaiwan Property for repayment of the amounts due to CMSIZ, CMV and PFYD) was arrived at after arm’s length negotiations between the parties and with reference to, inter alia, the financial condition of Qianhaiwan Property as at 31 December 2015 and the preliminary valuation of the properties held by Qianhaiwan

Property. The consideration payable under the Qianhaiwan Equity Transfer Agreement (including the amount to be paid to Qianhaiwan Property for repayment of the amounts due to CMSIZ, CMV and PFYD) shall be funded from internal resources of the Group.

Conditions Precedent

Completion of the transfer under the Qianhaiwan Equity Transfer Agreement is subject to, inter alia, (i) the obtaining of all necessary building ownership certificates; (ii) the obtaining of all necessary regulatory approvals including those from the relevant ministry of commerce and the National Development and Reform Commission (if required); (iii) the approval by CMG; (iv) the obtaining of all the approvals (including approval by the board of directors and shareholders) by each party and the Company as may be required under their respective articles of association, relevant laws and regulations and the rules of the stock exchange which they are subject to; and (v) the obtaining of all necessary approvals required for the implementation of the Land Use Rights Confirmation Contract. CMPDS shall have the right to terminate the Qianhaiwan Equity Transfer Agreement if the above conditions are not satisfied by 31 December 2016. Furthermore, if the above conditions are not satisfied within six months from the date of the Qianhaiwan Equity Transfer Agreement, the Qianhaiwan Equity Transfer Agreement shall automatically lapse.

Upon completion of the transfer under the Qianhaiwan Equity Transfer Agreement, Qianhaiwan Property will become an indirect wholly-owned subsidiary of the Company.

Other Key Terms of the Qianhaiwan Equity Transfer Agreement

The parties further agreed that CMV and PFYD shall be entitled to any net profits, and shall be responsible for any net losses (as the case may be), incurred by Qianhaiwan Property during the period between 31 December 2015 and the completion date.

Information of Qianhaiwan Property

Qianhaiwan Property is a limited liability company incorporated in the PRC with a registered capital of RMB200,000,000 (equivalent to approximately HKD232,290,000). As at the date of this announcement, Qianhaiwan Property is owned, as to 49% by CMV and as to 51% by PFYD.

The principal asset of Qianhaiwan Property is a parcel of land situated at the junction of Zhenhai Road and Gangcheng Road, Qianhai District, Shenzhen, the PRC with a total site area of 51,790.43 sq.m and the completed property development project, namely, the Qianhaiwan Garden, located at the same address.

As at 31 December 2015, the net asset value attributable to the shareholders of Qianhaiwan Property is RMB196,688,238.81 (equivalent to approximately HKD228,441,624.63). The net profits (both before and after taxation and extraordinary items) of Qianhaiwan Property for the financial years ended 31 December 2014 and 2015 based on the audited financial statements of Qianhaiwan Property is as follows:

	Year ended 31 December 2014 <i>RMB\$'000</i>	Year ended 31 December 2015 <i>RMB\$'000</i>
Profit before taxation and exceptional items	7,552.41	5,703.79
Profit after taxation and exceptional items	<u>6,181.48</u>	<u>3,978.18</u>

2 LAND USE RIGHTS CONFIRMATION CONTRACT

Date: 14 October 2016

Parties: (1) CMSIZ; and
(2) SCT1.

Subject Matter

Pursuant to the Land Use Rights Confirmation Contract, CMSIZ agreed to sell and SCT1, a subsidiary of the Company, agreed to purchase the land use rights in respect of a parcel of land situated at Jetty III Shekou Container Terminal with a total area of 204,027.68 sq.m which is currently leased by SCT1 under the SCT1 Lease Agreement for the operation of port and port-related business.

CMSIZ owns the land use right of a much larger piece of land of which the Jetty III Land forms part. In order to segregate the land use right of the Jetty III Land from such larger piece of land, according to PRC laws, SCT1 is required to enter into a separate land use right transfer agreement with the Shenzhen Land Bureau in respect of the land use right of the Jetty III Land, in addition to entering into of the Land Use Rights Confirmation Contract with CMSIZ. CMSIZ has undertaken to assist SCT1 and to procure such land use right transfer agreement will be entered into before 31 October 2017. If the land use right transfer agreement is not entered into before 31 October 2017, SCT1 shall have the right to request CMSIZ to return all amounts paid by SCT1 under the Land Use Rights Confirmation Contract together with interest.

Consideration

The consideration for the acquisition of the land use rights of the Jetty III Land under the Land Use Rights Confirmation Contract is RMB552,287,800 (equivalent to approximately HKD641,449,245.06), of which 60% of the consideration (the “**Jetty III First Instalment**”) shall be payable within 15 business days after the Land Use Rights Confirmation Contract becomes effective and the remaining 40% of the consideration shall be payable within 15 business days from the earlier of (i) the date when the land use right transfer agreement to be entered into between SCT1 and the Shenzhen Land Bureau takes effect and the new land use right certificate in respect of the Jetty III Land has been obtained, and (ii) 9 months after the date of payment of the Jetty III First Instalment.

The consideration payable by SCT1 under the Land Use Rights Confirmation Contract was arrived at after arm’s length negotiations between the parties taking into account, inter alia, the preliminary valuation of the Jetty III Land and represents the proportion of the aggregate initial land premium and infrastructure construction costs paid by CMSIZ in connection with the Jetty III Land. In addition, based on the current base land price, the additional land premium that may be payable by SCT1 under the land use right transfer agreement to be entered into between SCT1 and the Shenzhen Land Bureau is expected to be RMB98,804,300 (equivalent to approximately HKD114,755,284.55). If the actual additional land premium payable by SCT1 under such land use right contract exceeds RMB98,804,300, CMSIZ shall be responsible to pay for any such excess amount provided that CMSIZ shall not be responsible for such excess amount if there is a change to the base land price resulting in the actual additional land premium exceeding RM98,804,300. The consideration payable by SCT1 under the Land Use Rights Confirmation Contract shall be funded from the internal resources of the Group.

Conditions Precedent

The Land Use Rights Confirmation Contract shall take effect upon the obtaining of all necessary approvals by the board of directors and shareholders of the relevant parties (including the Company) as may be by the respective articles of association, relevant laws and regulations and the rules of the stock exchange. Further, completion of the transactions contemplated under the Land Use Rights Confirmation Contract is also subject to the obtaining of all necessary approvals required for the implementation of the Qianhaiwan Equity Transfer Agreement.

Termination of SCT1 Lease Agreement

The land use right for the Jetty III Land shall be transferred from CMSIZ to SCT1 and the SCT1 Lease Agreement shall be terminated on the date when SCT1 has paid to CMSIZ the Jetty III First Instalment and all amounts payable under the SCT1 Lease Agreement during the period from 1 January 2017 to the date of payment of the Jetty III First Instalment.

3 INFORMATION ON THE PARTIES

CMPDS, an indirect wholly-owned subsidiary of the Company, is a limited liability company established under the laws of the PRC. Its principal activities are port investment, holding business and provision of port information consultation services.

CMSIZ is a company incorporated in the PRC and whose shares are listed on the Shenzhen Stock Exchange. The principal activities of CMSIZ are the development and operation in Shekou Industrial Zone, and property development and investment in Shekou, Shenzhen, the PRC. It is an indirect subsidiary of CMG and therefore a connected person of the Company.

CMV is a company incorporated in the PRC and a wholly-owned subsidiary of CMSIZ. Its principal activities are investment holding, and development, sales and leasing of real estate.

PFYD is a company incorporated in the PRC in which CMSIZ has a 91.6% effective interest. Its principal activities are car park development, real estate development and management, and self-owned property leasing.

SCT1, an indirect 80%-owned subsidiary of the Company, is a wholly foreign owned enterprise established under the laws of the PRC. Its principal activity is provision of container services at the Shekou Container Terminal in Shenzhen, the PRC.

4 REASONS FOR THE TRANSACTION

The Group's core business primarily includes investing and operating ports and port-related activities based from a portfolio of assets located at the three economically most active delta regions along China's coast. Among these assets, those located in the West Shenzhen Ports Zone constitute a significant share of the Group's ports business. The Group has over the past decade been endeavouring to integrate and/or re-align its interests, equity or operation-wise, in these West Shenzhen assets whenever it is practicably possible to so do with a view to harmoniously improving their efficiency and, in turn, further strengthening the Group's foothold in the proximity.

The Qianhaiwan Garden is in a strategic location in the Qianhai Special Economic Zone. It is currently expected that part of the Qianhaiwan Garden will be utilised as staff quarters for employees of the Group and the remainder of the Qianhaiwan Garden will be used for retail and commercial purposes and other ancillary community support functions. Given its location, acquisition of the Qianhaiwan Garden (through the acquisition of the entire interest in Qianhaiwan Property pursuant to the Qianhaiwan Equity Transfer Agreement) will support the overall development of the ports business of the Group in the West Shenzhen Ports Zone.

The Jetty III Land has been leased by SCT1 under the SCT1 Lease Agreement since 1989 and is a crucial asset to SCT1 as all its port facilities and equipment are currently affixed to it. The SCT1 Lease Agreement is due to expire on 19 May 2019. The acquisition of the Jetty III Land will therefore enable the Group to own such crucial asset directly and does not need to rely on any further leasing arrangement with CMSIZ (which might or might not be extended by CMSIZ on commercial favourable terms).

Taking into account the above, the Directors (save for the independent non-executive Directors, who will express their views after considering the advice from the Independent Financial Adviser) consider that the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The views of the independent non-executive Directors, after considering the advice from the Independent Financial Adviser, will be set out in the circular.

5 LISTING RULES IMPLICATIONS

Each of CMV, PFYD, Qianhaiwan Property and CMSIZ is a subsidiary of CMG, the ultimate holding company of the Company. Accordingly, each of CMV, PFYD, Qianhaiwan Property and CMSIZ is a connected person of the Company and the transactions contemplated under the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract constitute connected transactions of the Company.

Under the Listing Rules, the transactions contemplated under the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract will be aggregated and treated as if they were one transaction. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of these transactions as aggregated are more than 5% but less than 25%, these transactions constitute discloseable and connected transactions of the Company, and are subject to (i) the notification and announcement requirements under Chapter 14 of the Listing Rules and (ii) the announcement, shareholders' approval, circular and annual reporting requirements under Chapter 14A of the Listing Rules.

Save as disclosed above, the Group does not have any prior transactions or relationship with CMV, PFYD, Qianhaiwan Property and CMSIZ and their ultimate beneficial owners and associates which required aggregation with the transaction contemplated under the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract pursuant to Rule 14.22 or 14A.81 of the Listing Rules.

6 EGM

The EGM will be convened for the purpose of considering, and if thought fit, approving the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract. In accordance with the Listing Rules, CMG which is interested in approximately 53% shares in the Company, and its associates are required to abstain from voting on the ordinary resolutions approving the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract at the EGM.

7 INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise the Independent Shareholders and the Independent Financial Adviser has been engaged to advise the Independent Board Committee and the Independent Shareholders in respect of the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract.

8 DESPATCH OF CIRCULAR

As additional time is required to prepare the property valuation report for inclusion in the circular, the circular containing, among other things, the advice of the Independent Financial Adviser, the recommendations of the Independent Board Committee in relation to the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract, the property valuation report on the parcel of land held by Qianhaiwan Property and the Jetty III Land and the notice of the EGM, is expected to be dispatched to the Shareholders on 7 November 2016.

9 DEFINITIONS

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

“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“CMG”	China Merchants Group Limited, a company incorporated in the PRC and the ultimate holding company of the Company
“CMPDS”	China Merchants Port Development (Shenzhen) Company Limited (招商局港口發展(深圳)有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“CMSIZ”	China Merchants Shekou Industrial Zone Holdings Company Limited (招商局蛇口工業區控股股份有限公司), a company incorporated in the PRC and whose shares are listed on the Shenzhen Stock Exchange. It is an indirect subsidiary of CMG
“CMV”	Shenzhen China Merchants Venture Company Limited (深圳市招商創業有限公司) a company incorporated in the PRC and a subsidiary of CMSIZ
“Company”	China Merchants Port Holdings 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(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the directors of the Company

“EGM”	the extraordinary general meeting to be convened by the Company to approve the transactions contemplated under the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract
“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
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely 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 established to advise the Independent Shareholders in respect of the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Qianhaiwan Equity Transfer Agreement and the Land Use Rights Confirmation Contract
“Independent Shareholders”	the Shareholders other than CMG and its associates
“Jetty III Land”	the parcel of land situated at Jetty III Shekou Container Terminal with a total area of 204,027.68 sq.m which is currently leased by SCT1 under the SCT1 Lease Agreement
“Land Use Rights Confirmation Contract”	the land use rights confirmation contract dated 14 October 2016 entered into between SCT1 and CMSIZ, pursuant to which CMSIZ agreed to sell to SCT1 the Jetty III Land
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PFYD”	Shenzhen Qianhai Pingfangyuanqu Development Company Limited (深圳市前海平方園區開發有限公司), a company incorporated in the PRC and a subsidiary of CMSIZ
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Qianhaiwan Equity Transfer Agreement”	the equity transfer agreement dated 14 October 2016 entered into between CMPDS, CMSIZ, CMV, PFYD and Qianhaiwan Property pursuant to which CMPDS agreed to acquire the entire equity interest in Qianhaiwan Property
“Qianhaiwan Property”	Shenzhen China Merchants Qianhaiwan Property Company Limited (深圳市招商前海灣置業有限公司), a company incorporated in the PRC and is currently owned, as to 49% by CMV and as to 51% by PFYD
“RMB”	Renminbi, the lawful currency of the PRC
“SCT1”	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
“SCT1 Lease Agreement”	the lease agreement entered into between SCT1 as lessee and CMSIZ as lessor on 20 May 1989, details of which were disclosed in the announcement of the Company dated 7 May 2007
“sq.m”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For reference only, an exchange rate of HK\$1.00 to RMB0.8610 has been used for the conversion of Renminbi into Hong Kong dollars in this announcement.

By Order of the Board of
China Merchants Port Holdings Company Limited
Li Xiaopeng
Chairman

Hong Kong, 14 October 2016

As at the date of this announcement, the Board comprises Mr. Li Xiaopeng, Mr. Hu Jianhua, Mr. Fu Gangfeng, Mr. Yu Liming, Mr. Wang Hong, Mr. Deng Renjie, Mr. Bai Jingtao, Mr. Wang Zhixian 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.