

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



招商局港口控股有限公司

CHINA MERCHANTS PORT HOLDINGS COMPANY LIMITED

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

(Stock Code : 00144)

CONTINUING CONNECTED TRANSACTION - SUPPLEMENTAL PROPERTY SERVICES AGREEMENT

DETERMINATION OF ANNUAL CAP

BACKGROUND

Reference is made to the announcement of the Company dated 25 September 2015 in relation to, inter alia, the acquisition of the entire interest of Shenzhen Jinyu. Completion of the acquisition took place on 17 June 2016 and Shenzhen Jinyu became an indirect wholly-owned subsidiary of the Company. Shenzhen Jinyu is the project company for the development of the Target Property.

Shenzhen Jinyu also entered into the Property Services Agreement with CPM (an indirect subsidiary of CMG, the ultimate holding company of the Company) on 25 September 2015 in relation to the provision of certain property services (such as cleaning, repair and maintenance, security and other daily management services) for the Target Property. Upon completion of the acquisition of Shenzhen Jinyu by the Company, the Property Services Agreement constitute continuing connected transaction of the Company but since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules are below 0.1%, the transactions contemplated under the Property Services Agreement are exempt from the reporting, annual review, announcement, circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUPPLEMENTAL PROPERTY SERVICES AGREEMENT

On 11 October 2016, Shenzhen Jinyu and CPM entered into the Supplemental Property Services Agreement to amend certain payment terms under the Property Services Agreement.

Fees Payable

Following the amendments under the Supplemental Property Services Agreement, the service fees payable by Shenzhen Jinyu to CMPM are as follow:

- with respect to the office tower portion of the Target Property: 12% of the actual property management fees received from owners and tenants; and
- with respect to the commercial portion of the Target Property: RMB50,000 per month (equivalent to approximately HK\$58,072).

The fees payable under the Property Services Agreement (as amended by the Supplemental Property Services Agreement) were determined by the parties after arm's length negotiations and with reference to, inter alia, fees paid by landlord for similar services in the vicinity and also fees charged by CMPM to other third parties for similar services.

Term

The parties agree that the amendments under the Supplemental Property Services Agreement are deemed to take effect as from 1 July 2016. The term of the Property Services Agreement (as amended by the Supplemental Property Services Agreement), remains unchanged, being three years from the date of completion of construction of the Target Property. Upon expiry of such term, the Property Services Agreement can be extended for an additional term of two years if no party objects.

LISTING RULES IMPLICATIONS AND DETERMINATION OF ANNUAL CAP

As CMPM is an indirect subsidiary of CMG, the ultimate holding company of the Company, it is therefore a connected person of the Company and the transactions contemplated under the Property Services Agreement constitute continuing connected transactions of the Company under the Listing Rules.

For the purpose of Rule 14A.53 of the Listing Rules, on 11 October 2016, the Directors resolved to set the annual cap in respect of the fees payable to CMPM under the Property Services Agreement (as amended by the Supplement Property Services Agreement) at RMB7,900,000 (equivalent to approximately HK\$9,175,000) for the year ending 31 December 2016.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the fees payable to CMPM under the Property Services Agreement (as amended by the Supplement Property Services Agreement) exceed 0.1% but are below 5%, the transactions contemplated under the Property Services

Agreement are therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules but are subject to the reporting, annual review and announcement requirements.

REASONS FOR THE TRANSACTION

The core business of the Group includes port and port-related business and the Group has constantly been exploring means to further develop its West Shenzhen homebase port. As a result, the Company acquired Shenzhen Jinyu in 2015 as it holds the Nanhai Yikumeng Industrial Building which is situated in the Qianhai Special Economic Zone (which is within the West Shenzhen area) and the acquisition enabled the Company to secure prime office space to compliment its business expansion in such area.

Given the experience of CMPM in managing similar properties, the services to be provided by CMPM under the Property Services Agreement will allow Shenzhen Jinyu to leverage the experience of CMPM in this area and to enhance the value of the Nanhai Yikumeng Industrial Building and therefore increase rental and other revenue of Shenzhen Jinyu.

Taking into account the above, the Directors, including the independent non-executive Directors, are of the view that the Property Services Agreement and the Supplemental Property Services Agreement have been entered into on normal commercial terms and in the ordinary and usual course of business of the Group. Furthermore, having considered the proposed fees to be paid under the Property Services Agreement (as amended by the Supplemental Property Services Agreement), the Directors, including the independent non-executive Directors, are of the view that the terms of the Property Services Agreement and the Supplemental Property Services Agreement and the proposed annual cap in respect of the fees payable under the Property Services Agreement (as amended by the Supplemental Property Services Agreement) for the year ending 31 December 2016 are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

Shenzhen Jinyu is a company incorporated in the PRC and a wholly-owned subsidiary of the Company. It is a holding company established for the purpose of developing the Nanhai Yikumeng Industrial Building.

CMPM is a company incorporated in the PRC and is principally engaged in the operation of property management. It is an indirect subsidiary of CMG and therefore a connected person of the Company.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“CMG”	China Merchants Group Limited, a company incorporated in the PRC and the ultimate holding company of the Company
“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”	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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Property Services Agreement”	the property services agreement dated 25 September 2015 entered into between Shenzhen Jinyu and CMPM in relation to the provision of certain property services by CMPM
“RMB”	Renminbi, the lawful currency of the PRC

“CMPM”	China Merchants Property Management Company Limited (招商局物業管理有限公司), an indirect subsidiary of CMG
“Shenzhen Jinyu”	Shenzhen Jinyu Rongtai Investment Development Company Limited (深圳金域融泰投資發展有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Supplemental Property Services Agreement”	the supplemental property services agreement dated 11 October 2016 entered into between Shenzhen Jinyu and CMPM in relation to certain amendments to the Property Services Agreement
“Target Property”	the property named Nanhai Yikumeng Industrial Building (南海意庫夢工場大廈) located in Third Industrial Road, Nanshan District, Shenzhen, Guangdong Province, which is developed by Shenzhen Jinyu
“%”	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, 11 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.