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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)

(1) CONNECTED TRANSACTION
CAPITAL INCREASE IN HAIXING HARBOUR
(2) CONTINUING CONNECTED TRANSACTION
REVISED ANNUAL CAP FOR FINANCIAL SERVICES AGREEMENT

1 CAPITAL INCREASE IN HAIXING HARBOUR

Supplemental Agreement and Capital Increase

Haixing Harbour is a subsidiary of the Company in which the Company, through its two wholly-owned subsidiaries Malai Shenzhen and China Merchants Haixing, hold an aggregate 67% interest and the remaining 33% interest is held by Sinotrans Guangdong. On 31 March 2017, Malai Shenzhen, China Merchants Haixing and Sinotrans Guangdong entered into the Supplemental Agreement in relation to the capital increase of Haixing Harbour.

Pursuant to the Supplemental Agreement, the parties agreed to contribute additional capital of an aggregate amount of RMB438,000,000 (equivalent to approximately HKD494,000,000) into Haixing Harbour. The amount of additional capital to be contributed by Malai Shenzhen and China Merchants Haixing will be RMB293,460,000 (equivalent to approximately HKD331,000,000) in aggregate and the amount of additional capital to be contributed by Sinotrans Guangdong will be RMB144,540,000 (equivalent to approximately HKD163,000,000). Following completion of the additional capital contribution, Haixing Harbour will remain as to 67% held by the Company (through Malai Shenzhen and China Merchants Haixing) and as to 33% held by Sinotrans Guangdong. The Supplemental Agreement will take effect after all relevant PRC regulatory approvals have been obtained and the additional capital will be contributed by the parties at a time to be agreed among the parties after the Supplemental Agreement becomes effective.

The core business of the Group includes port and port-related business and the principal business of Haixing Harbour is ports operation. The port currently operated by Haixing Harbour handles both containers and bulk cargoes but with a focus on the latter. As part of the Group's strategy to upgrade its ports network, it is proposed that Haixing Harbour will upgrade its infrastructure and transform its port into a dedicated container terminal. Based on the current plans, the upgrade works will commence in May 2017 and will carry on for three years. The total construction cost is expected to be approximately RMB437,000,000 (equivalent to approximately HKD493,000,000) and is expected to be funded by additional capital from the shareholders of Haixing Harbour. The additional capital contribution amount under the Supplemental Agreement is therefore determined with reference to the expected construction cost for such infrastructure upgrade and Malai Shenzhen and China Merchants Haixing will fund such additional contribution by their respective internal resources.

Based on the audited financial statements of Haixing Harbour prepared in accordance with the Chinese Accounting Standards for Business Enterprises, the audited consolidated total asset value of Haixing Harbour as at 31 December 2016 and 31 December 2015 amounted to approximately RMB595,000,000 (equivalent to approximately HK$671,000,000) and RMB580,000,000 (equivalent to approximately HK$654,000,000), respectively. The net profits (before and after tax) of Haixing Harbour for the years ended 31 December 2016 and 31 December 2015 are as follows:

	For the year ended 31 December 2016 *RMB million*	**For the year ended 31 December 2015** *RMB million*
Net profit before tax	1.58 (equivalent to approximately HK$1.78 million)	31.72 (equivalent to approximately HK$35.78 million)
Net profit after tax	1.04 (equivalent to approximately HK$1.17 million)	29.83 (equivalent to approximately HK$33.65 million)

The Directors, including the independent non-executive Directors, are of the view that the Supplemental Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Company. Taking into account the proposed usage of the additional capital in Haixing Harbour and the proposed construction costs for the infrastructure upgrade, the Directors, including the independent non-executive Directors, are of the view that the terms of the Supplemental Agreement are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole. None of the Directors have a material interest in the Supplemental Agreement nor are they required to abstain from voting in the relevant board resolution.

Listing Rules Implications

Sinotrans Guangdong is a subsidiary of Sinotrans & CSC, a wholly-owned subsidiary of CMG, and is therefore a connected person of the Company. Consequently, Haixing Harbour (in which Sinotrans Guangdong holds a 33% interest) is a connected subsidiary of the Company and is therefore also a connected person of the Company.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregate amount of additional capital to be contributed by Malai Shenzhen and China Merchants Haixing under the Supplemental Agreement exceed 0.1% but are below 5%, the additional capital contribution by Malai Shenzhen and China Merchants Haixing is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules. Furthermore, since Sinotrans Guangdong will only be subscribing for a pro rata entitlement to the capital increase, the subscription of additional capital by Sinotrans Guangdong in Haixing Harbour is fully exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

2 REVISED ANNUAL CAP FOR FINANCIAL SERVICES AGREEMENT

Revision of Annual Cap

Reference is made to the announcement of the Company dated 23 December 2016 in relation to, inter alia, the Financial Services Agreement entered into between the Company and Sinotrans Finance which sets out the framework for the provision of various financial services by Sinotrans Finance to the Group. The Board also resolved on the same day to set an annual cap in respect of the aggregate amount of deposit that may be made by the Group with Sinotrans Finance at any point of time during the term of the Financial Services Agreement at HK$50,000,000.

In light of the growing business volume of the Group and that the actual rates being offered by Sinotrans Finance to the Group are more preferential than those offered by other commercial banks, on 31 March 2017, the Board resolved and the Company agreed with Sinotrans Finance to revise the annual cap in respect of the daily closing balance of the aggregate amount of deposit that may be made by the Group with Sinotrans Finance at any point of time during the term of the Financial Services Agreement at HK$500,000,000. Such revised annual cap was determined with reference to the expected cash flow from its business operations.

Taking into account the business development of the Group, the Directors, including the independent non-executive Directors, are of the view that the revised annual cap in respect of the daily closing balance of the aggregate amount of deposit that may be made by the Group with Sinotrans Finance is fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole. None of the Directors have a material interest in the Financial Services Agreement nor are they required to abstain from voting in the relevant board resolution.

Listing Rules Implications

Sinotrans Finance is a subsidiary of Sinotrans & CSC, wholly-owned subsidiary of CMG, and is therefore a connected person of the Company. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the revised annual cap in respect of the daily closing balance of the aggregate amount of deposit that may be made by the Group with Sinotrans Finance exceed 0.1% but are below 5%, it is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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
"China Merchants Haixing"	China Merchants Haixing Holdings Private Company Limited (招商局海星控股私人有限公司), a company incorporated in Singapore and a subsidiary of the Company. The principal business of China Merchants Haixing is investment holding
"CMG"	China Merchants Group Limited (招商局集團有限公司), a company incorporated in the PRC and the ultimate holding company of the Company
"Company"	China Merchants Port Holdings Company Limited (招商局港口控股有限公司), 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 Rule 14A.06 of the Listing Rules
"connected subsidiary"	has the meaning ascribed to this term under Rule 14A.16 of the Listing Rules
"Directors"	the directors of the Company
"Financial Services Agreement"	the financial services agreement dated 23 December 2016 entered into between the Company and Sinotrans Finance, details of which are set out in the announcement of the Company dated 23 December 2016
"Group"	the Company and its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Haixing Harbour"	Shenzhen Haixing Harbour Development Company Ltd. (深圳海星港口發展有限公司), a company incorporated in the PRC and a subsidiary of the Company
"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
"Malai Shenzhen"	Malai Storage (Shenzhen) Company Limited (碼來倉儲(深圳)有限公司), a company incorporated under the laws of the PRC and a subsidiary of the Company. The principal business of Malai Shenzhen is provision of logistics information consultation service and relevant technical service
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC

"Sinotrans & CSC"	Sinotrans & CSC Holdings Co., Ltd. (中國外運長航集團有限公司), a company incorporated under the laws of the PRC and a subsidiary of CMG
"Sinotrans Finance"	Sinotrans & CSC Finance Company Limited (中國外運長航財務有限公司), a company incorporated in the PRC and a subsidiary of Sinotrans & CSC
"Sinotrans Guangdong"	Sinotrans Guangdong Limited (中國外運廣東有限公司), a company incorporated in the PRC and a subsidiary of Sinotrans & CSC. The principal business of Sinotrans Guangdong is provision of integrated logistics service and supporting services
"subsidiary (ies)"	has the meaning ascribed to it under the Listing Rules
"Supplemental Agreement"	the supplemental agreement dated 31 March 2017 entered into between China Merchants Haixing, Malai Shenzhen and Sinotrans Guangdong in relation to the joint venture contract in respect of Haixing Harbour
"%"	"%" per cent.

For reference only, an exchange rate of RMB1.00 to HKD0.8865 has been used for the conversion of Renminbi into Hong Kong dollars in this announcement.

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

Hong Kong, 31 March 2017

As at the date of this announcement, the Board comprises Mr. Li Xiaopeng, Mr. Hu Jianhua, Mr. Wang Hong, Mr. Hua Li, Mr. Bai Jingtao, Mr. Wang Zhixian, Mr. Zheng Shaoping and Ms. Shi Wei 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.