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XIAMEN INTERNATIONAL PORT CO., LTD

(A joint stock limited company incorporated in the People’s Republic of China with limited liability)

(Stock code: 3378)

Continuing Connected Transactions

Terminal-related Labour Services and Port Use Right Granting

On 28 April 2007, Xiamen Songyu and Xiamen Waili, an indirect non-wholly-owned subsidiary of the Company, have entered into the Labour Services Agreements and on 30 April 2007, the Company and XICT have entered into the Agreement on Port Use Right.

Xiamen Songyu is an associate (as defined under the Listing Rules) of Xiamen Port Holding, a controlling shareholder and a connected person of the Company, and therefore, is a connected person of the Company. The Port Use Right Granting will constitute continuing connected transactions of the Company under the Listing Rules. Since all the applicable Relevant Ratios are less than 2.5%, the Terminal-related Labour Services and the Port Use Right Granting will be subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules but will be exempted from independent Shareholders’ approval. The Company is also required to comply with the annual review requirements under Chapter 14A of the Listing Rules.

The Directors (including all the three independent non-executive Directors) have approved the Terminal-related Labour Services and the Port Use Right Granting.

A) TERMINAL-RELATED LABOUR SERVICES

Major Terms of the Terminal Gate Labour Services Agreement

<table>
<thead>
<tr>
<th>Date of Agreement</th>
<th>28 April 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parties</td>
<td>(a) Xiamen Songyu; and (b) Xiamen Waili, an indirect non-wholly owned subsidiary of the Company</td>
</tr>
<tr>
<td>Services</td>
<td>Xiamen Waili will provide terminal related labour services to Xiamen Songyu at the terminal gates of and alongside the vessels at Songyu Container Terminal. Such services include but not limited to inspecting the conditions of containers, checking the number of containers against relevant records and documents and coordinating traffic at the terminal gates of Songyu Container Terminal.</td>
</tr>
<tr>
<td>Term of Agreement</td>
<td>The agreement is effective for a term of one year from the date of signing of the agreement. Subject to compliance with the Listing Rules, the agreement shall be renewed for a further term of one year upon the expiry of its term unless one month prior to the expiry of its term, the parties have confirmed in writing that the agreement shall be terminated after the expiry of its term.</td>
</tr>
<tr>
<td>Charges</td>
<td>The charges incurred will be settled on a monthly basis in the following manner: (a) on the 15th day of each month, Xiamen Songyu shall provide Xiamen Waili with a breakdown of the charges for the relevant services rendered by Xiamen Waili to Xiamen Songyu for the previous month; if Xiamen Waili disagrees with any amount, it shall provide the relevant documents to Xiamen Songyu for clarification prior to the 20th day of that month; (b) after the parties have agreed on the charges to be paid by Xiamen Songyu, Xiamen Songyu shall settle the charges within 10 days after the receipt of the relevant invoice from Xiamen Waili.</td>
</tr>
</tbody>
</table>

Major Terms of the Tally Services Agreement

<table>
<thead>
<tr>
<th>Date of Agreement</th>
<th>28 April 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parties</td>
<td>(a) Xiamen Songyu; and (b) Xiamen Waili, an indirect non-wholly-owned subsidiary of the Company</td>
</tr>
<tr>
<td>Services</td>
<td>Xiamen Waili will provide tally services to Xiamen Songyu at the Songyu Container Terminal, including but not limited to inspecting the sealing conditions of containers, monitoring the packing of cargo into and out of containers and making appropriate records.</td>
</tr>
<tr>
<td>Term of Agreement</td>
<td>The agreement is effective for a term of one year from 12 April 2007. Subject to compliance with the Listing Rules, the agreement shall be renewed for a further term of one year upon the expiry of its term unless there is disagreement between the parties.</td>
</tr>
<tr>
<td>Charges</td>
<td>The charges incurred will be settled on a monthly basis in the following manner: (a) on the 15th day of each month, Xiamen Songyu shall provide Xiamen Waili with a breakdown of the charges for the relevant services rendered by Xiamen Waili to Xiamen Songyu for the previous month; if Xiamen Waili disagrees with any amount, it shall provide the relevant documents to Xiamen Songyu for clarification prior to the 20th day of that month; (b) after the parties have agreed on the charges to be paid by Xiamen Songyu, Xiamen Songyu shall settle the charges within 10 days after the receipt of the relevant invoice from Xiamen Waili.</td>
</tr>
</tbody>
</table>

The Directors are of the view that the terms of the above three agreements in relation to the provision of the terminal-related labour services by Xiamen Waili to Xiamen Songyu are no less favourable to the Group than those terms of the agreements in relation to the provision of similar services by Xiamen Waili to independent customers.
B) PORT USE RIGHT GRANTING

Major Terms of the Agreement on Port Use Right

Date of the Agreement on Port Use Right: 30 April 2007

Grantor: the Company

Grantee: XICT

Port Use Right: The provisional right for XICT to use the constructed and completed port facilities owned by the Company at berth #1 of Haicang port area for XICT’s berthing operation.

Granting Period: The port use right is valid for four months starting from 1 May 2007 and ending on 31 August 2007.

Charges: It is provided in the agreement that any charges to be incurred for use of the relevant port facilities shall be determined in accordance with the following pricing principles:

(a) State-prescribed price;
(b) where there is no State-prescribed price, then the comparable local market price;
(c) where there is no comparable local market price, based on negotiation of the parties with reference to the customary charges set by the Group, or
(d) such prices negotiated and agreed by the parties with reference to market rates.

Payment of Charges: The charges incurred will be settled by one lump sum payment through bank transfer to the Company within one month following the expiration of the term of the agreement.

The Directors are of the view that the terms of the above agreement in relation to the port use right granting by the Company to XICT are no less favourable to the Group than the terms of the agreements in relation to the provision of similar right by the Group to independent parties.

CAP OF THE CHARGES

Labour Services Agreement

The Directors expect that the aggregate charges that will be paid by Xiamen Songyu under the Labour Services Agreements as described in the section headed 'Terminal-related Labour Services Agreement' through bank transfer for the 1-year period from the commencement date of the respective term of each of the Labour Services Agreements is RMB3,300,000 (equivalent to approximately HK$3,300,000), amongst which RMB2,300,000 will be the expected transaction amount for the financial year ending 31 December 2007 and RMB1,000,000 will be the expected transaction amount for the 4-month period on the respective expiration date of each of the Labour Services Agreements. The Directors have determined the above caps on the basis of the pricing formulas set out in the Labour Services Agreements in April during the financial year ending 31 December 2008. The Directors have considered the terms of each of the Labour Services Agreements and the terms of the agreement dated 28 April 2007 entered into between Xiamen Songyu and Xiamen Waili in respect of the provision of labour services to Xiamen Songyu regarding the inspection of containers as described thereunder.

It is anticipated by the Company and XICT in the agreement that, with reference to the estimated usage and business volume thereof, the maximum charges to be incurred shall not be more than RMB14,700,000 (equivalent to approximately HK$14,700,000). The Directors (including all the three independent non-executive Directors) have approved the agreement. The Directors have considered the terms of each of the Labour Services Agreements and the terms of the agreement dated 28 April 2007 entered into between Xiamen Songyu and Xiamen Waili in respect of the provision of labour services to Xiamen Songyu regarding the inspection of containers as described thereunder.

Reasons for and benefits of entering into the Labour Services Agreements and the Agreement on Port Use Right

Labour Services Agreement

Xiamen Songyu is principally engaged in loading and unloading of domestic and international containers; transshipment; warehousing; distribution; constructing, operating and managing container terminals.

Xiamen Waili is principally engaged in tallying of international and domestic cargo and container services.

The Directors are of the view that the provision of the Terminal-related Port Services is consistent with the business strategies of the Group and the Group can benefit from entering into the Labour Services Agreements with Xiamen Songyu as it will enhance the revenue of the Group.

Agreement on Port Use Right

The Company is principally engaged in, inter alia, (1) container loading and unloading and storage for international and domestic trade, (2) bulk/general cargo loading and unloading for international and domestic trade and (3) ancillary value-added port services, including shipping agency, tallying, tugboat berthing and unberthing and port-related logistics in Xiamen.

XICT is principally engaged in container and general cargo loading and unloading for international trade, storage and other port-related business.

Berth #1 being constructed at Haicang port area is owned by the Company. The construction of certain port facilities of the berth has already been completed and hence those facilities are available for temporary use pending the completion of the whole construction work. XICT, which owns and operates berths #2 and #3 adjoining to berth #1 of the Group, temporarily use those completed port facilities for XICT’s berthing operation and storage business. The Directors consider that it is beneficial for the Company to have those completed port facilities utilized by XICT for fees to increase the overall revenue of the Group.

With reference to the Company’s announcement made on 29 August 2006, an agreement was entered between the Company and XICT in respect of the provisional right for XICT to use XICT to use the completed and constructed port facilities owned by the Company at berth #1 of Haicang port area for XICT’s berthing operation during the period from 1 September 2006 to 28 February 2007. The relevant transaction amount was RMB9,900,000 (equivalent to approximately HK$9,900,000). After the end of the term of the aforesaid agreement, the Directors were considering business opportunities which involved the treatment of the relevant port assets, and therefore, the Directors only re-considered granting the relevant port use rights to XICT after the terms expired in order to capitalize on the intrinsic business opportunities which have been substantially finalized. Accordingly, the Agreement on Port Use Right was signed about 2 months after the end of the term of the aforesaid agreement on 28 February 2007.

GENERAL

The Directors (including all the three independent non-executive Directors) have approved the entering into of the Labour Services Agreements and the Agreement on Port Use Right by the relevant members of the Group. The Directors, including the independent non-executive Directors, have considered the terms of each of the Labour Services Agreements and the terms of the Agreement on Port Use Right and are of the opinion that the same are on normal commercial terms, are concluded in the ordinary and usual course of business of the Group, and are fair and reasonable in the interests of the Company and the Shareholders.

Xiamen Songyu is an associate (as defined under the Listing Rules) of Xiamen Port Holding, a controlling shareholder and a connected person of the Company, and therefore, is a connected person of the Company under the Listing Rules. XICT is deemed as connected person of the Company pursuant to Rule 14.06 of the Listing Rules. Accordingly, the Terminal-related Labour Services and the Port Use Right Granting will constitute continuing connected transactions of the Company under the Listing Rules. Since all the applicable Relevant Ratios are less than 2.5%, the Terminal-related Labour Services and the Port Use Right Granting will be subject to the reporting and announcement requirements as set out in Chapter 14A of the Listing Rules but will be exempted from independent Shareholders’ approval as required to comply with the annual review requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

- **Agreement on Port Use Right** the agreement on provisional port use right dated 30 April 2007 and entered into between the Company and XICT in respect of the granting of the provisional use of the port facilities described thereunder.
- **Company** Xiamen International Port Co., Ltd (厦门国际港务股份有限公司), a joint stock limited company incorporated in the PRC, the H Shares of which are listed on the Hong Kong Stock Exchange.
- **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.
- **Hong Kong Stock Exchange** The Stock Exchange of Hong Kong Limited.
- **Inspection Platform Operation Agreement** the inspection platform operation agreement dated 28 April 2007 entered into between Xiamen Songyu and Xiamen Waili in respect of the provision of inspection services.
- **Labour Services Agreements** the Terminal Gate Labour Services Agreement, the Tally Services Agreement and the Inspection Platform Operation Agreement.
- **Listings Rules** the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.
- **PRC** The People’s Republic of China.
- **Relevant Ratios** the five ratios as set out in Rule 14.07 of the Listing Rules.
- **RMB** Renminbi, the lawful currency of the PRC.
- **Share(s)** shares of nominal value RMB 1.00 each in the share capital of the Company.
- **Shareholder(s)** holder(s) of Shares.
- **Songyu Container Terminal** Songyu container terminal situated at the Songyu port area in Xiamen, Fujian Province.
- **Tally Services Agreement** the agreement dated 28 April 2007 entered into between Xiamen Songyu and Xiamen Waili in respect of the provision of tally services by Xiamen Waili to Xiamen Songyu at the Songyu Container Terminal as described thereunder.
- **Terminal Gate Labour Services Agreement** the terminal labour services agreement (coordination at the terminal gates and alongside the vessels and inspection of containers at the terminal gates) dated 28 April 2007 entered into between Xiamen Songyu and Xiamen Waili in respect of the provision of terminal-related labour services to Xiamen Songyu at the terminal gate of and alongside the vessels at Songyu Container Terminal as described thereunder.
- **Terminal-related Labour Services** the provision of Terminal-related Labour Services pursuant to the Labour Services Agreements.
- **Xiamen Port Holding** Xiamen Port Holding Company Limited (厦门港务集团有限公司), wholly State-owned company incorporated in the PRC and the controlling shareholder with 61.1% share interest in the Company.
- **Xiamen Port Holding Group Company Limited** (厦门港务集团有限公司).
- **Xiamen Songyu Container Terminal Company Limited** (厦门集装箱码头有限公司), a joint venture company established on 18 November 2005 by Xiamen Port Holding and Xiapu Port Company Limited (a 70% owned subsidiary of the Company) and 49% held by Hutchison Ports Xiamen Limited.
- **XICT** Xiamen International Container Terminals Ltd. (厦门国际集装箱码头有限公司), a Sino-foreign equity joint venture established on 4 March 1997 and is 51% owned by Xiamen Port Holding and 49% held by Hutchison Ports Xiamen Limited.
- **%** per cent.

Unless otherwise specified, the RMB amount shown in this announcement have been translated into HK$ at an exchange rate of HK$100 = RMB 100 for indication purposes only.

By Order of the Board

Xiamen International Port Co., Ltd

Xialiang Si

Joint Company Secretary

Xiamen, the PRC, 3 May 2007