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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)

CONNECTED TRANSACTION

LOAN FACILITY TO KHOR AMBADO FREE ZONE COMPANY FZCO

SUMMARY

The Board is pleased to announce that on 17 August 2017, the Company and the Djibouti Asset Company entered into the CMP Loan Agreement, pursuant to which the Company agreed to grant the CMP Loan Facility of up to US\$150 million (equivalent to approximately HK\$1,170 million) to the Djibouti Asset Company.

The Djibouti Asset Company is an associate of CMG, the ultimate holding company of the Company, and therefore a connected person of the Company. Accordingly, the transaction contemplated under the CMP Loan 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 interest income receivable under the CMP Loan Agreement exceed 0.1% but are below 5%, the transaction contemplated under the CMP Loan Agreement is therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 17 August 2017, the Company and the Djibouti Asset Company entered into the CMP Loan Agreement, pursuant to which the Company agreed to grant the CMP Loan Facility of up to US\$150 million (equivalent to approximately HK\$1,170 million) to the Djibouti Asset Company.

THE CMP LOAN AGREEMENT

The key terms of the CMP Loan Agreement are set out below:

Date:	17 August 2017
Parties:	(1) Company, as the lender (2) Djibouti Asset Company, as the borrower
Principal amount:	US\$150 million (equivalent to approximately HK\$1,170 million)
Purpose:	Djibouti Asset Company shall apply all amounts borrowed by it under the CMP Loan Agreement for the purpose of granting the DAC Loan Facility to PDSA.
Term:	(i) Initial term of one year; and (ii) extendable for a period of one year each if agreed by the Company and the Djibouti Asset Company provided that the aggregate term shall not exceed 10 years.
Interest:	An amount equal to the higher of (i) 5% per annum of the outstanding amount under the CMP Loan Facility; and (ii) 50% of the interest payable by PDSA to the Djibouti Asset Company pursuant to the DAC Loan Agreement for that relevant year.
Repayment:	The Djibouti Asset Company shall repay the outstanding amount of the loan upon the expiry of the term of the CMP Loan Facility.
Security:	The CMP Loan Facility is secured by a share pledge over 15.3% of the issued shares of PDSA held by Great Horn.

REASONS FOR THE TRANSACTION

The core business of the Group includes port and port-related business. The Group has, in recent years, been actively exploring and, as and when deemed appropriate, capturing available opportunities overseas as one of the means to effectively add new growth drivers to its existing and sustainably growing ports business.

As disclosed in the announcement of the Company on 16 January 2017, the Djibouti Asset Company is established for the purpose of investing in and financing the development rights to develop commercial and infrastructure projects within the Djibouti International Free Trade Zone. The Djibouti Asset Company is owned as to 30% by the Asset Joint Venture (in which the Company has a 40% interest with the remaining 60% held by associates of CMG) and as to 60% and 10% by Great Horn and PDA, respectively. The Djibouti Asset Company shall apply the funds under the CMP Loan Facility to support further financing to PDSA under the DAC Loan Facility. To support the operation and development of PDSA, the Company agreed to grant the CMP Loan Facility to the Djibouti Asset Company. The key terms of the DAC Loan Agreement are set out below:

Date:	17 August 2017
Parties:	(1) Djibouti Asset Company, as the lender (2) PDSA, as the borrower (3) DPFZA, as the guarantor
Principal amount:	US\$150 million (equivalent to approximately HK\$1,170 million)
Purpose:	PDSA shall apply all amounts borrowed under the DAC Loan Facility towards development, upgrading and operation of its facilities and assets in Djibouti.
Term:	(i) Initial term of one year; and (ii) extendable for a period of one year each if agreed by the Djibouti Asset Company, PDSA and DPFZA provided that the aggregate term shall not exceed 10 years.
Interest rate:	An amount equal to the higher of the following amounts: (i) 5% per annum of the outstanding amount under the DAC Loan Facility; and (ii) an amount that is equal to 20% x 90% x the net profit of PDSA of the preceding financial year.
Repayment:	PDSA shall repay the principal upon the expiry of the term of the DAC Loan Facility.

The terms of the CMP Loan Facility were arrived at between the Company and the Djibouti Asset Company after arm's length negotiations and the interest rate under the CMP Loan Agreement was determined with reference to, amongst others, the coupon rate of the Company's 10-year guaranteed notes issued in 2015.

Taking into account of the above, the Directors, including the independent non-executive Directors, are of the view that, whilst the entering into of the CMP Loan Agreement is not in the ordinary and usual course of business of the Group, the CMP Loan Agreement has been entered into on normal commercial terms and that the terms of the CMP Loan Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors have a material interest in the CMP Loan Agreement nor are they required to abstain from voting in the relevant board resolution.

GENERAL INFORMATION

The Djibouti Asset Company is a free zone limited liability company incorporated in Djibouti established for the purpose of investing in and financing the development rights to develop commercial and infrastructure projects within the Djibouti International Free Trade Zone.

DPFZA is the sole government authority in charge of the administration and the control of all the free zones and ports in Djibouti.

Great Horn is a company incorporated in Djibouti and is a subsidiary of DPFZA. Great Horn's principal activities are investments in Djibouti and holding the related interests.

PDSA is a company incorporated in Djibouti and is a subsidiary of DPFZA. Its principal activities are development, construction and operation of seaports in Djibouti.

To the best of the Directors' knowledge, information and belief having made all enquiries, save as disclosed above and save as PDSA is 23.5% indirectly held by the Company, each of the DPFZA, Great Horn and PDSA and each of their respective beneficial owners are third parties independent of the Company and the connected persons of the Company.

LISTING RULES IMPLICATIONS

The Djibouti Asset Company is an associate of CMG, the ultimate holding company of the Company, and therefore a connected person of the Company. Accordingly, the transaction contemplated under the CMP Loan 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 CMP Loan Agreement exceed 0.1% but are below 5%, the transaction contemplated under the CMP Loan Agreement is therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the avoidance of doubt, the transaction contemplated under the DAC Loan Agreement does not constitute a connected or notifiable transaction of the Company under the Listing Rules.

DEFINITIONS

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

“associates”	has the meaning ascribed to this term under the Listing Rules
“Asset Joint Venture”	Lac Assal Investment Holding Company Limited (阿薩勒湖投資控股有限公司), a company incorporated in Hong Kong established for the purpose of investment into the Djibouti Asset Company
“Board”	the board of Directors of the Company
“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
“CMP Loan Agreement”	the loan agreement entered into between the Company and the Djibouti Asset Company, under which the Company agreed to grant the CMP Loan Facility to the Djibouti Asset Company dated 17 August 2017
“CMP Loan Facility”	the loan facility of up to US\$150 million (equivalent to approximately HK\$1,170 million) to be provided by the Company to the Djibouti Asset Company under the CMP Loan Agreement

“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
“DAC Loan Agreement”	the loan agreement to be entered into between the Djibouti Asset Company, PDSA and DPFZA, under which the Djibouti Asset Company agrees to grant the DAC Loan Facility to PDSA
“DAC Loan Facility”	the loan facility of up to US\$150 million (equivalent to approximately HK\$1,170 million) to be provided by the Djibouti Asset Company to PDSA under the DAC Loan Agreement
“DCT”	Doraleh Container Terminal S.A., a company incorporated in Djibouti and a subsidiary of PDSA
“DDP”	Djibouti Dry Port FZCO, a company incorporated in Djibouti and a subsidiary of PDSA
“Directors”	the directors of the Company
“Djibouti Asset Company”	Khor Ambado Free Zone Company FZCO, a free zone limited liability company incorporated in Djibouti established for the purpose of investing in and financing the development rights to develop commercial and infrastructure projects within the Djibouti International Free Trade Zone
“DMP”	Doraleh Multi-Purpose Port in Djibouti
“DPFZA”	Djibouti Ports & Free Zones Authority, the sole government authority in charge of the administration and the control of all the free zones and ports in Djibouti
“Great Horn”	Great Horn Investment Holdings SAS, a company incorporated in Djibouti and a subsidiary of DPFZA
“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
“PDA”	Port of Dalian Group Co., Ltd. (大連港集團有限公司), also known as Dalian Port Corporation Limited, a limited liability company established in the PRC and wholly-owned by Dalian Municipal Government, and the controlling shareholder of Dalian Port
“PDSA”	Port De Djibouti S.A, a company incorporated in Djibouti and following the conversion and transformation of Port Autonome International De Djibouti from a public entity to a private company limited by shares
“PRC”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region and Taiwan
“subsidiary (ies)”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For reference only, an exchange rate of US\$1.00 to HK\$7.80 has been used for the conversion of United States dollars into Hong Kong dollars in this announcement.

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

Hong Kong, 17 August 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.