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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)

ANNOUNCEMENT

PROPOSED DISCLOSEABLE TRANSACTION ACQUISITION OF 51% EQUITY INTEREST IN ZHONGSHAN PORT GROUP

The Board wishes to announce that on 11 September 2017, the board of directors of Chiwan Wharf, a subsidiary of the Company, has approved the terms of the Share Purchase Agreement, pursuant to which Chiwan Wharf will acquire from the Vendor the Sale Shares, representing 51% equity interest in the Target for a total consideration of RMB484,500,000 (equivalent to approximately HK$579,962,000). The execution of the Share Purchase Agreement will take place on 13 September 2017.

Upon completion of the acquisition, Chiwan Wharf, the Vendor and ZDCCI will each hold 51%, 11.51% and 37.49% of the equity interest in the Target. On the same day, Chiwan Wharf will also enter into the New Articles and the Equity Pledge Agreement in connection with the acquisition of the Target.

The Target currently operates port zones in Zhongshan Port, Xiaolan Port and Shenwan Port in the Pearl Delta River region with a total of 23 berths in operation.

As the applicable ratios of the consideration to be paid by Chiwan Wharf under the Share Purchase Agreement are more than 5% but less than 25%, the Share Purchase Agreementt, when entered into, and the transactions contemplated thereunder will constitute a discloseable transaction of the Company, and are subject to the notification and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

THE ACQUISITION

The Board wishes to announce that on 11 September 2017, the board of directors of Chiwan Wharf, a subsidiary of the Company has approved the terms of the Share Purchase Agreement with the Vendor in relation to the acquisition of 51% of the equity interest in the Target. The execution of the Share Purchase Agreement will take place on 13 September 2017. Upon completion of the acquisition, Chiwan Wharf, the Vendor and ZDCCI will each hold 51%, 11.51% and 37.49% of the equity interest in the Target, respectively. On the same day, Chiwan Wharf will also enter into the New Articles and the Equity Pledge Agreement in connection with the acquisition of the Target.

THE SHARE PURCHASE AGREEMENT AND NEW ARTICLES

Major terms of the Share Purchase Agreement are set out below:

Parties

(1) Chiwan Wharf (as purchaser)

(2) Zhongshan Zhonghang Investment Development Limited (中山市中航投資發展有限公司) (as vendor)

Assets to be acquired

Chiwan Wharf will acquire from the Vendor the Sale Shares, representing 51% of the equity interest of the Target.

Consideration

The total consideration for the acquisition of the Sale Shares shall be RMB484,500,000 (equivalent to approximately HK$579,962,000). The consideration was determined based on, inter alia, the appraised value of the Target as at 30 June 2017 (deducting the net profit to be distributed to the existing shareholders for the six months ended 30 June 2017) and also with reference to the historical financial performance and potential future development of the Target.

The consideration will be settled by cash in two instalments. Payment of the first instalment of RMB454,500,000 is conditional upon, and shall be made within five business days after, satisfaction of, inter alia, the following:

(i) execution of the New Articles by the relevant parties;

(ii) all necessary written notification and/or consent required from the third party lenders of the Target having been made/obtained;

(iii) all necessary consents and approvals (including those from the relevant PRC authorities) in relation to the transactions contemplated under the Share Purchase Agreement having been obtained; and

(iv) completion of relevant registration or filing with company registration authority in relation to the equity interest of Chiwan Wharf in the Target.

The second instalment of RMB30,000,000 shall be made within five business days upon the execution and completion of registration of the Equity Pledge Agreement with the relevant authorities.

The total consideration will be funded by the internal resources of the Group and bank loan facilities.

Corporate governance of the Target

Following completion of the acquisition under the Share Purchase Agreement, the board of directors of the Target will comprise nine directors of which Chiwan Wharf shall be entitled to appoint five directors (including the chairman who shall also act as the legal representative of the Target). ZDCCI and the Vendor shall be entitled to appoint three directors and one director, respectively. Resolutions of the board of directors of the Target shall be passed by a majority of directors present at the meeting.

Chiwan Wharf shall be entitled to appoint one out of three supervisors in the supervisory committee and such supervisor shall be the chairman of the supervisory committee. Chiwan Wharf shall also have the right to nominate the chief executive officer and chief financial officer of the Target.

EQUITY PLEDGE AGREEMENT

Pursuant to the Share Purchase Agreement, the Vendor shall create in favour of Chiwan Wharf an equity pledge of 6,000,000 shares of the Target held by it, representing 6% of the total equity interest in the Target, to guarantee certain of its obligations under the Share Purchase Agreement for a period of two years from the date of registration of the Equity Pledge Agreement.

INFORMATION OF THE TARGET, THE VENDOR AND ZDCCI

The Target

The Target is a company incorporated in the PRC with limited liability and currently owned by the Vendor and ZDCCI as to 62.51% and 37.49%, respectively. The Target and its subsidiaries are principally engaged in port investment and operation, water

cargo transportation, logistics operation, agency of shipping and cargo, storage, import and export of goods and technology, and leasing of properties in Zhongshan, Guangdong Province, the PRC. The Target currently operates port zones in Zhongshan Port, Xiaolan Port and Shenwan Port in the Pearl Delta River region with a total of 23 berths in operation.

Based on the audited financial statements of the Target prepared in accordance with the *China Accounting Standards for Business Enterprises*, the audited consolidated total assets and net assets of the Target as at 30 June 2017 amounted to approximately RMB1,050,597,400 (equivalent to approximately HK$1,257,598,000) and RMB476,682,100 (equivalent to approximately HK$570,603,400) respectively. The net profits (before and after tax) of the Target for the years ended 31 December 2015 and 31 December 2016 are as follows:

	For the year ended 31 December 2015	**For the year ended 31 December 2016**
	(RMB'000) *(HK$'000)*	
Net profit before tax	RMB72,783 (equivalent to approximately HK$87,124)	RMB100,960 (equivalent to approximately HK$120,852)
Net profit after tax	RMB52,400 (equivalent to approximately HK$62,724)	RMB75,795 (equivalent to approximately HK$90,729)

The Vendor

The Vendor is a company incorporated in the PRC with limited liability. Its principal business activity includes port investment, shipping, land transportation and related business, sale of construction materials and electronic appliances, leasing of properties and management of car parking in local districts.

ZDCCI

ZDCCI is a company incorporated in the PRC with limited liability. It principally engages in the investments of urban construction projects, domestic trades, and property development and management.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, each of the Target, the Vendor and ZDCCI and their respective ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company is the leading port investor and operator in China with international presence. At present, the Company's investments and operations span across China Coastal areas including Hong Kong, Shenzhen, Shanghai, Ningbo, Qingdao, Dalian, Tianjin, Zhanjiang, Xiamen Bay, and Taiwan, and internationally, in Sri Lanka, Nigeria, Djibouti, Togo, Turkey, the United States and a number of countries in Asia, Europe and the Mediterranean region.

The Group has, in recent years, been actively exploring and, as and when deemed appropriate, capturing available opportunities as one of the means to effectively add new growth drivers to its existing and sustainably growing ports business. The acquisition of the Target will allow the Group to control the ports assets in Zhongshan currently operated by the Target and will further strengthen the Group's port network and strategic synergy of port resources in the Pearl River Delta region.

The Directors are of the view that the Share Purchase Agreement, the New Articles and the Equity Pledge Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable ratios of the consideration to be paid by Chiwan Wharf under the Share Purchase Agreement are more than 5% but less than 25%, the Share Purchase Agreement, when entered into, and the transactions contemplated thereunder will constitute a discloseable transaction of the Company, and are subject to the notification and announcement requirements under Chapter 14 of the Hong Kong 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
"Chiwan Wharf"	Shenzhen Chiwan Wharf Holdings Limited (深圳赤灣港航股份有限公司), a limited liability company incorporated in the PRC and whose A shares and B shares are listed on the Shenzhen Stock Exchange
"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 the Hong Kong Listing Rules
"Directors"	the directors of the Company
"Equity Pledge Agreement"	the form of the equity pledge agreement to be entered into between the Vendor and Chiwan Wharf
"Group"	the Company and its subsidiaries as a whole, and a member of the Group shall mean any one of them
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"New Articles"	the form of the articles of association of the Target to be signed by Chiwan Wharf, the Vendor and ZDCCI in relation to the Target
"PRC"	the People's Republic of China which, for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC

"Sale Shares"	51,000,000 shares of the Target, representing 51% of the total equity interest of the Target
"Share Purchase Agreement"	the form of the share purchase agreement to be entered into between Chiwan Wharf and the Vendor in relation to the acquisition of the Sale Shares
"Target"	Zhongshan Port & Shipping Enterprise Group (中山港航集團股份有限公司), a limited liability company incorporated in the PRC
"Vendor"	Zhongshan Zhonghang Investment Development Limited (中山市中航投資發展有限公司), a limited liability company incorporated in the PRC
"ZDCCI"	Zhongshan District City Construction Investment Group Co., Ltd (中山市城市建設投資集團有限公司), a limited liability incorporated in the PRC
"%"	per cent.

For reference only, an exchange rate of HK$1.00 to RMB0.8354 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 September 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.