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

**(Stock Code: 00144)**

**CONTINUING CONNECTED TRANSACTIONS  
COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT  
DETERMINATION OF ANNUAL CAPS**

**COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT**

On 6 November 2018, Company and CMHIT entered into the Comprehensive Services Framework Agreement to set out the framework for future transactions in relation to the provision of technology consulting services, software development and information systems integration services by CMHIT to members of the Group.

The shareholding of Shenzhen Chiwan, a subsidiary of CMG, the ultimate holding company of the Company, in CMHIT is 23.16%. Accordingly, CMHIT is a connected subsidiary of the Company and the transactions contemplated under the Comprehensive Services Framework Agreement constitute continuing connected transactions of the Company.

For the purpose of Rule 14A.53 of the Listing Rules, on 6 November 2018, the Directors resolved to set the annual caps in respect of the service fees payable by the Group to CMHIT Group at RMB16 million and RMB18 million (equivalent to approximately HK\$17.98 million and HK\$20.22 million), respectively, for the two years ending 31 December 2018 and 2019. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps for the service fees payable by the Group exceed 0.1% but are below 5%, these transactions 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.

## **1. BACKGROUND**

Reference is made to the announcement of the Company dated 5 February 2018 and the circular to its shareholders dated 1 March 2018 in relation to the disposal of interest in Shenzhen Chiwan. Upon the completion of the Disposal, which took place on 8 June 2018, Shenzhen Chiwan became a fellow subsidiary of the Company and as a result, Shenzhen Chiwan and its associates became connected persons of the Company under the Listing Rules. Furthermore, as the shareholding of Shenzhen Chiwan in CMHIT is 23.16%, CMHIT became a connected subsidiary of the Company under the Listing Rules. As a result of the above, continuing and future transactions between the Group and CMHIT will become connected transactions of the Company.

## **2. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS BETWEEN CMHIT AND THE GROUP**

Prior to the Disposal, there were a number of transactions between members of the Group and CMHIT, including the provision of technology consulting services, software development and information systems integration services by CMHIT to members of the Group. For the year ended 31 December 2017, the aggregate service fees paid by the Group to CMHIT were approximately RMB14.48 million (equivalent to approximately HK\$16.27 million). For the period from the completion of Disposal on 8 June 2018 to 31 October 2018, the aggregate service fees paid by the Group to CMHIT were approximately RMB5.75 million (equivalent to approximately HK\$6.46 million). Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the service fees paid by the Group during the period from 8 June 2018 to 31 October 2018 are below 0.1%, these transactions are therefore exempted from the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

The transactions described above were conducted on a regular and continuing basis and in the ordinary and usual course of business of the Group. The Directors, including the independent non-executive Directors, are of the view that the entering into of these transactions had been conducted on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole. None of the Directors had a material interest in these transactions with CMHIT.

### **3. COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT**

On 6 November 2018, Company and CMHIT entered into the Comprehensive Services Framework Agreement to set out the framework for future transactions in relation to the provision of technology consulting services, software development and information systems integration services by CMHIT to members of the Group.

The Comprehensive Services Framework Agreement provides that the provision of technology consulting services, software development and information systems integration services by CMHIT to members of the Group shall be at prices that are fair and reasonable and shall be at terms not less favourable than those provided to independent third parties. It is contemplated that specific agreements will be entered into between the relevant members of the Group and relevant members of the CMHIT Group in respect of each transaction within the scope of the Comprehensive Services Framework Agreement and the Company and CMHIT shall procure their respective subsidiaries to ensure that the terms of the specific agreements, including the consideration and payment arrangements, for each transaction, are entered into in accordance with the principles set out in the Comprehensive Services Framework Agreement. The relevant member of the Group will, prior to the entering into of the specific agreement, solicit at least two other offers from independent third parties to ensure that the price quoted by the relevant member of the CMHIT Group complies with the relevant provisions under the Comprehensive Services Framework Agreement.

The Comprehensive Services Framework Agreement is valid until 31 December 2019 provided that either party shall have the option to extend the term of the Comprehensive Services Framework Agreement for subsequent terms of one year, each subject to arm's length negotiation between the parties and compliance with the applicable requirements under the Listing Rules.

### **4. LISTING RULES IMPLICATIONS AND DETERMINATION OF ANNUAL CAPS**

Upon completion of the Disposal, Shenzhen Chiwan became a subsidiary of CMG, the ultimate holding company of the Company and therefore it became a connected person of the Company. As a result, CMHIT became a connected subsidiary of the Company under the Listing Rules and the transactions contemplated under the Comprehensive Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the purpose of Rule 14A.53 of the Listing Rules, on 6 November 2018, the Directors resolved to set the annual caps in respect of the service fees payable by the Group to CMHIT Group for each of the two years ending 31 December 2018 and 2019 as follow:

	<b>Annual cap for the year ending 31 December</b>	
	<b>2018</b>	<b>2019</b>
<b>Service fees payable</b>	RMB16 million  (equivalent to approximately HK\$17.98 million)	RMB18 million  (equivalent to approximately HK\$20.22 million)

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps for the service fees payable by the Group exceed 0.1% but are below 5%, these transactions 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.

## **5. INFORMATION ON CMHIT**

CMHIT is a limited liability company incorporated under the laws of the PRC and is principally engaged in providing technology solutions. It is a 76.84%-owned subsidiary of the Company and 23.16%-owned by Shenzhen Chiwan.

## **6. REASONS FOR THE TRANSACTIONS**

The core business of the Group includes port and port-related business. CMHIT is an information technology solution provider specialising in port, terminal and logistics industry. The Directors are of the view that the provision of services by the CMHIT Group to members of the Group under the Comprehensive Services Framework Agreement will enhance the business operation efficiency and therefore is beneficial to the Group.

The Directors, including the independent non-executive Directors, are of the view that the Comprehensive Services Framework Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Company. Taking into account the historical amounts of service fees paid and the expected future increase of transactions between the Group and the CMHIT Group, the Directors, including the independent non-executive Directors, are of the view that the terms of the Comprehensive Services Framework Agreement

and the proposed annual caps for the each of the two years ending 31 December 2018 and 2019 in respect of the service fees payable by the Group to CMHIT Group, are fair and reasonable and in the interest of the Company and its shareholders as a whole.

None of the Directors have a material interest in the Comprehensive Services Framework Agreement, nor are they required to abstain from voting in the relevant board resolutions.

## 7. 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 Rule 14A.06 of the Listing Rules
“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
“CMHIT”	China Merchants Holdings (International) Information Technology Company Limited* (招商局國際信息技術有限公司), a limited liability company incorporated under the laws of the PRC and a 76.84%-owned subsidiary of the Company
“CMHIT Group”	CMHIT and its subsidiaries
“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
“Comprehensive Services Framework Agreement”	the comprehensive service framework agreement dated 6 November 2018 entered into between the Company and CMHIT in relation to the provision of information services by CMHIT to members of the Group
“connected person”	has the meaning ascribed to this term under Rule 14A.06 of the Listing Rules

“Directors”	the directors of the Company
“Disposal”	the disposal of interest in Shenzhen Chiwan by the Company whereby Shenzhen Chiwan became a connected person 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
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Chiwan”	Shenzhen Chiwan Wharf Holdings Limited* (深圳赤灣港航股份有限公司), a company incorporated in the PRC whose A shares and B shares are listed on the Shenzhen Stock Exchange (Stock Code: 000022/200022), following the completion of the Disposal, a fellow subsidiary of the Company
“subsidiary (ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

*For reference only, an exchange rate of HK\$1.00 to RMB0.89 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**  
**Fu Gangfeng**  
*Chairman*

Hong Kong, 6 November 2018

*As at the date of this announcement, the Board comprises Mr. Fu Gangfeng, Mr. Hu Jianhua, Mr. Su Jian, Mr. Xiong Xianliang, 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.*

*\* For identification purpose only*