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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

SUPPLEMENTAL SHAREHOLDERS AGREEMENT IN RELATION TO THE ASSET JOINT VENTURE FOR INVESTMENTS IN DJIBOUTI

SUMMARY

Reference is made to the announcement of the Company dated 16 January 2017 in relation to the formation and the entering of a shareholders agreement in relation to the Asset Joint Venture with CMID and Cheer Signal (each are subsidiaries of CMG, the ultimate holding company of the Company) for the purpose of co-investing into the Djibouti Asset Company. In order to fund the Djibouti Asset Company for its development of commercial and infrastructure projects, the Asset Joint Venture, Great Horn and PDA agreed to provide shareholder loans to the Djibouti Asset Company in accordance with their respective shareholdings in the Djibouti Asset Company, of which the shareholder loan to be provided by the Asset Joint Venture will be funded by the Capital Increase to be contributed by the Company, CMI and Cheer Signal in accordance with their respective shareholdings in the Asset Joint Venture. Accordingly, on 22 January 2019, the Company, CMI, Cheer Signal and the Asset Joint Venture entered into the Supplemental Shareholders Agreement in relation to the Asset Joint Venture to set out the terms of the Capital Increase.

The parties agreed that the share capital of the Asset Joint Venture shall be increased to US\$60,060,000 (equivalent to approximately HK\$468,468,000) by issuing and allotting 30,000,000 shares of the Asset Joint Venture to the parties in accordance with their respective shareholdings in the Asset Joint Venture. Accordingly, the Company, CMI and Cheer Signal agreed to contribute US\$12,000,000 (equivalent to approximately HK\$93,600,000), US\$12,000,000 (equivalent to approximately HK\$93,600,000) and US\$6,000,000 (equivalent to approximately HK\$46,800,000), respectively into the Asset Joint Venture. Upon

the completion of the Capital Increase, the share capital of the Asset Joint Venture shall comprise 60,060,000 shares of which, the Company, CMI and Cheer Signal shall hold 24,024,000, 24,024,000 and 12,012,000 shares, respectively.

Each of CMI, Cheer Signal and the Asset Joint Venture is an associate of CMG, the ultimate holding company of the Company, and therefore connected persons of the Company. Accordingly, the Supplemental Shareholders Agreement constitute a connected transaction of the Company under the Listing Rules.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the commitment by the Company under the Supplemental Shareholders Agreement exceed 0.1% but are below 5%, the transaction is therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. BACKGROUND

Reference is made to the announcement of the Company dated 16 January 2017 in relation to the formation and the entering of a shareholders agreement in relation to the Asset Joint Venture with CMID and Cheer Signal (each are subsidiaries of CMG, the ultimate holding company of the Company) for the purpose of co-investing into the Djibouti Asset Company. The Djibouti Asset Company has been 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. As of the date of this announcement, the Company, CMI and Cheer Signal have a 40%, 40% and 20% interest in the Asset Joint Venture, respectively and the Asset Joint Venture has a 30% interest in the Djibouti Asset Company with the remaining interest held by Great Horn and PDA as to 60% and 10%, respectively.

In order to fund the Djibouti Asset Company for its development of commercial and infrastructure projects, the Asset Joint Venture, Great Horn and PDA agreed to provide shareholder loans to the Djibouti Asset Company in accordance with their respective shareholdings in the Djibouti Asset Company, of which the shareholder loan to be provided by the Asset Joint Venture will be funded by the Capital Increase to be contributed by the Company, CMI and Cheer Signal in accordance with their respective shareholdings in the Asset Joint Venture. Accordingly, on 22 January 2019, the Company, CMI, Cheer Signal and the Asset Joint Venture entered into the Supplemental Shareholders Agreement in relation to the Asset Joint Venture to set out the terms of the Capital Increase.

2. SUPPLEMENTAL SHAREHOLDERS AGREEMENT

The key terms of the Supplemental Shareholders Agreement are set out below:

Date: 22 January 2019

Parties: (1) the Company
(2) CMI
(3) Cheer Signal
(4) Asset Joint Venture

Capital Increase: The parties agreed that the share capital of the Asset Joint Venture shall be increased to US\$60,060,000 (equivalent to approximately HK\$468,468,000) by issuing and allotting 30,000,000 shares of the Asset Joint Venture to the parties in accordance with their respective shareholdings in the Asset Joint Venture. Accordingly, the Company, CMI and Cheer Signal agreed to contribute US\$12,000,000 (equivalent to approximately HK\$93,600,000), US\$12,000,000 (equivalent to approximately HK\$93,600,000) and US\$6,000,000 (equivalent to approximately HK\$46,800,000), respectively into the Asset Joint Venture. Upon the completion of the Capital Increase, the share capital of the Asset Joint Venture shall comprise 60,060,000 shares of which, the Company, CMI and Cheer Signal shall hold 24,024,000, 24,024,000 and 12,012,000 shares, respectively.

The terms of the Supplemental Shareholders Agreement were determined after arm's length negotiation between the parties. The total contribution to be made under the Capital Increase was determined with reference to the shareholder loan to be provided by the Asset Joint Venture to the Djibouti Asset Company which was determined by the working capital Djibouti Asset Company is required for its development of commercial and infrastructure projects. The Capital Increase in the Asset Joint Venture will be made in cash and the contribution to be made by the Company will be funded by internal resources of the Group.

3. REASONS FOR THE TRANSACTION

The core business of the Group includes port and port-related business. As disclosed in the announcement of the Company dated 16 January 2017, the Group has over the years invested in the Port of Djibouti, which lies strategically at the mouth of the Red Sea thus making it an ideal transshipment hub for maritime cargoes passing in and out of East Africa and offers long-term growth potential as the economic momentum in the proximity intensifies over time.

The establishment of the various joint venture companies, including the Asset Joint Venture and the Djibouti Asset Company, compliments the Group's investment and development of the Djibouti International Free Trade Zone. In order to provide working capital to fund the Djibouti Asset Company for its development of commercial and infrastructure projects, the Asset Joint Venture, Great Horn and PDA agreed to provide shareholder loans to the Djibouti Asset Company and in turn, the Company, CMI and Cheer Signal agreed to increase capital into the Asset Joint Venture to fund its provision of the shareholder loan. It is intended that the shareholder loans to the Djibouti Asset Company act as a bridging facility and eventually be replaced by external bank borrowings. Once the bank borrowings have been granted to the Djibouti Asset Company, the Djibouti Asset Company will repay the shareholder loan provided to it from the Asset Joint Venture and the shareholders of the Asset Joint Venture will further decide whether the repayment of shareholder loan will be applied towards other commercial or infrastructure projects in the Djibouti International Free Trade Zone or be distributed back to the Company, CMI and Cheer Signal.

Taking into account of the above, the Directors, including the independent non-executive Directors, are of the view that the Supplemental Shareholder Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group and that the terms of the Supplemental Shareholder Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

4. GENERAL INFORMATION

Cheer Signal is a company incorporated in Hong Kong and its principal activities are construction, development and operation of communities, industrial zone and cruise industries. Cheer Signal is a wholly-owned subsidiary of China Merchants Shekou Industrial Zone Company Limited (招商局蛇口工業區有限公司), an indirect subsidiary of CMG, the ultimate holding company of the Company.

CMI is a company incorporated in Hong Kong and a subsidiary of CMG, the ultimate holding company of the Company. CMI's principal activities are management of CMG's certain assets and international investment.

The Asset Joint Venture is a company incorporated in Hong Kong and formed by the Company, CMID and Cheer Signal for the purpose of investment into the Djibouti Asset Company. The interest in the Asset Joint Venture held by CMID was later transferred to CMI. As of the date of this announcement, the Asset Joint Venture is owned as to 40% by the Company, 40% of CMI and 20% by Cheer Signal.

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. The Djibouti Asset Company is owned as to 30% by the Asset Joint Venture, 60% by Great Horn and 10% by PDA.

5. LISTING RULES IMPLICATIONS

Each of CMI, Cheer Signal and the Asset Joint Venture is an associate of CMG, the ultimate holding company of the Company, and therefore connected persons of the Company. Accordingly, the Supplemental Shareholders Agreement constitute a connected transaction of the Company under the Listing Rules.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the commitment by the Company under the Supplemental Shareholders Agreement exceed 0.1% but are below 5%, the transaction is therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

6. 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
“Capital Increase”	the capital increase into the Asset Joint Venture to be made by the Company, CMI and Cheer Signal pursuant to the Supplemental Shareholders Agreement
“Cheer Signal”	Cheer Signal Investment Limited (喜銓投資有限公司), a company incorporated in Hong Kong and a subsidiary of CMG
“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
“CMID”	China Merchants Investment Development Company Limited (招商局投資發展有限公司), a company incorporated in the British Virgin Islands and a subsidiary of CMG
“CMI”	China Merchants Investments Limited (招商局投資有限公司), a company incorporated in Hong Kong and a subsidiary of CMG
“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
“Directors”	the directors of the Company

“Djibouti”	the Republic of Djibouti
“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
“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 (PDA) Company Limited
“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

“Supplemental Shareholders Agreement”	the supplemental shareholders agreement entered into among, inter alia, the Company, CMI and Cheer Signal on 22 January 2019 in relation to the Asset Joint Venture
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purposes of this announcement, the exchange rate of HK\$1.00 to US\$7.8 has been used, where appropriate, for the purposes of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at the above rate or at any other rates or at all.

By Order of the Board
China Merchants Port Holdings Company Limited
Fu Gangfeng
Chairman

Hong Kong, 22 January 2019

As at the date of this announcement, the Board comprises Mr. Fu Gangfeng, 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.