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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)

DISCLOSEABLE TRANSACTION

CONSOLIDATING

NINGBO DAXIE CHINA MERCHANTS INTERNATIONAL TERMINALS INTO THE FINANCIAL STATEMENTS OF THE GROUP

THE CONSOLIDATION OF THE TARGET COMPANY INTO THE FINANCIAL STATEMENTS

On 19 November 2020, Cyber Chic, a wholly-owned subsidiary of the Company and the other shareholders of the Target Company (including Ningbo Port and CITIC Port) resolved by way of shareholders' resolutions to establish the Budget Committee, and entered into the Cooperation Agreement with Ningbo Port.

As of the date of this announcement, Cyber Chic is interested in 45% of the entire equity interest in the Target Company and together with Ningbo Port are interested in over 50% of the entire equity interest in the Target Company. As a result of the establishment of the Budget Committee and the entry into of the Cooperation Agreement, the Company will be able to account for and consolidate the Target Company as a subsidiary into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As the establishment of the Budget Committee and the entry into of the Cooperation Agreement result in the Target Company becoming a subsidiary of the Company, the Company considers that it is equivalent to a transaction under Chapter 14 of the Listing Rules. As the applicable percentage ratios are more than 5% but are less than 25%, the consolidation of the financial statements constitutes a disclosable transaction under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

1. INTRODUCTION

On 19 November 2020, Cyber Chic, a wholly-owned subsidiary of the Company and the other shareholders of the Target Company (including Ningbo Port and CITIC Port) resolved by way of shareholders' resolutions to establish the Budget Committee, and entered into the Cooperation Agreement with Ningbo Port. Pursuant to which the Company will be able to account for and consolidate the Target Company as a subsidiary into the consolidated financial statements of the Group.

2. THE BUDGET COMMITTEE

The Target Company resolved by way of shareholders' resolutions on 19 November 2020 to establish the Budget Committee. The members of the Budget Committee shall comprise of three directors. Each of the shareholders of the Target Company shall nominate one director to be a member of the Budget Committee, and the director nominated by Cyber Chic shall be the chairman. The Budget Committee is primarily responsible for approving the Target Company's annual business plan, annual financial budget and final accounts, and after-tax profit distribution plan. Any matters to be considered by the Budget Committee shall be approved by a two-thirds majority. As a result of the Cooperation Agreement, Cyber Chic will have effective control over decisions made by the Budget Committee.

3. THE COOPERATION AGREEMENT

Cyber Chic and Ningbo Port entered into the Cooperation Agreement on 19 November 2020, effective from the date of execution. Both parties agreed to be unanimous in the decision-making of the Target Company in relation to the consolidation of the financial statements. In addition, this includes Cyber Chic and Ningbo Port (i) consulting and communicating among themselves to reach consensus before exercising their shareholders' rights, especially when making proposals to and exercising voting rights at general meetings; if necessary, a meeting shall be held to promote the reaching of a decision to take concerted action, and (ii) exercising their rights in their capacities as the directors of the Target Company in the relevant decision-making process at board meetings. If parties to the Cooperation Agreement cannot reach consensus in relation to matters concerning the Target Company's operation and management, such matters shall be decided in accordance with the opinion of Cyber Chic. No consideration is payable by either party under the Cooperation Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, immediately before the entry into of the Cooperation Agreement, Ningbo Port and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

4. REASONS FOR AND BENEFITS OF THE CONSOLIDATION

The Company is of the view that the consolidation will promote the long-term and stable development of the Target Company and indirectly benefit the Group as the Group has a 45% interest in the Company.

The Directors are of the view that the consolidation is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

5. INFORMATION ON THE PARTIES

Information on the Target Company

The Target Company was established on 6 June 2003 and is a Sino-foreign joint venture in Shanghai. It operates a container terminal, which is situated in the north of Ningbo. It is principally engaged in providing terminal facilities for ships, handling, stacking, storing and unpacking of containers at the terminal, providing ships with power and fresh water supply, and providing container maintenance services.

Set out below are certain audited financial information of the Target Company for the years ended 31 December 2018 and 2019 prepared in accordance with the China Accounting Standards for Business Enterprises and audited by PRC certified public accountant:

	For the year ended 31 December 2019 (audited) (RMB million)	For the year ended 31 December 2018 (audited) (RMB million)
Net profit before tax	311 (equivalent to approximately HK\$359 million)	269 (equivalent to approximately HK\$311 million)
Net profit after tax	265 (equivalent to approximately HK\$306 million)	229 (equivalent to approximately HK\$264 million)

	As of 31 December 2019 (audited) (RMB million)	As of 31 December 2018 (audited) (RMB million)
Net asset value	1,898 (equivalent to approximately HK\$2,192 million)	1,813 (equivalent to approximately HK\$2,094 million)

Information on Ningbo Port

Ningbo Port is a company incorporated in the PRC with limited liability and the issued shares of which are listed on the Shanghai Stock Exchange (stock code: 601018). It is principally engaged in providing port operation management service, as well as comprehensive services related to port production, such as tugboat assistance, terminal leasing, ship agency and logistics in the PRC.

Information on CITIC Port

CITIC Port is a company incorporated in the PRC with limited liability. CITIC Port was jointly invested and established by CITIC Industrial Investment Group Corp., Ltd. and Zhongxin Xingye Investment Ningbo Co., Ltd. This is a professional platform for CITIC Group Corporation Ltd. to engage in port logistics investment and operation.

Information on Cyber Chic

Cyber Chic, a wholly-owned subsidiary of the Company, is a limited liability company incorporated in Hong Kong. Its principal activity is investment holding.

Information on the Group and the Company

The core business of the Group includes investment in and/or operation of port and port-related business. The Company is the world's leading port developer, investor and operator, with a comprehensive ports network portfolio spanning six continents and 25 countries and regions. The Group has, in recent years, been actively exploring and, as and when deemed appropriate, captured available acquisition opportunities overseas as a pertinent means to effectively add new growth drivers to its existing and sustainably growing ports business. The principal activities of the Company are ports operation, bonded logistics operation etc.

6. FINANCIAL EFFECTS OF THE CONSOLIDATION OF THE FINANCIAL STATEMENTS

The Company is indirectly interested in 45% of the entire equity interest in the Target Company through its wholly-owned subsidiary Cyber Chic and currently account for the Target Company as a joint venture in the consolidated financial statements of the Group. As a result of the establishment of the Budget Committee and the Cooperation Agreement, the Company will be able to account for and consolidate the Target Company as a subsidiary into the consolidated financial statements of the Group. The Group expects to recognise an one-off gain on deemed disposal of a joint venture of approximately HK\$840 million as a result of the remeasurement of previously held interest in the Target Company, subject to changes in the net asset value and valuation of Target Company on completion date of the relevant transaction.

7. LISTING RULES IMPLICATIONS

As the establishment of the Budget Committee and the entry into of the Cooperation Agreement results in the Target Company becoming a subsidiary of the Company, the Company considers that it is equivalent to a transaction under Chapter 14 of the Listing Rules. As the applicable percentage ratios are more than 5% but are less than 25%, the consolidation of the financial statements constitutes a disclosable transaction under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

8. 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
“Budget Committee”	the budget committee of the Target Company
“CITIC Port”	CITIC Port Investment Co., Ltd. (中信港口投資有限公司), a company incorporated in the PRC with limited liability
“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

“Cooperation Agreement”	the cooperation agreement entered into on 19 November 2020 between Cyber Chic and Ningbo Port
“Cyber Chic”	Cyber Chic Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ningbo Port”	Ningbo Zhoushan Port Company Limited (寧波舟山港股份有限公司), a company incorporated in the PRC with limited liability and the issued shares of which are listed on the Shanghai Stock Exchange (stock code: 601018)
“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
“subsidiary (ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Ningbo Daxie China Merchants International Terminals Co., Ltd. (寧波大榭招商國際碼頭有限公司), a Sino-foreign joint venture incorporated in the PRC
“%”	per cent.

For reference only, an exchange rate of RMB0.866 to HK\$1.00 has been used for the conversion of Renminbi into Hong Kong dollars in this announcement.

By Order of the Board
China Merchants Port Holdings Company Limited
Deng Rengjie
Chairman

Hong Kong, 19 November 2020

As at the date of this announcement, the Board comprises Mr. Deng Renjie, Mr. Su Jian, Mr. Xiong Xianliang, Mr. Bai Jingtao, Mr. Ge Lefu, Mr. Wang Zhixian and Mr. Zheng Shaoping as executive directors; and Mr. Kut Ying Hay, Mr. Lee Yip Wah Peter, Mr. Li Ka Fai David and Mr. Bong Shu Ying Francis as independent non-executive directors.