

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 AND CONNECTED TRANSACTIONS

(1) DEBT CONFIRMATION AGREEMENT

(2) DEBT ASSIGNMENT AGREEMENT

(3) CAPITAL INCREASE AGREEMENT IN A1 COMPANY

DEBT CONFIRMATION AGREEMENT, DEBT ASSIGNMENT AGREEMENT AND CAPITAL INCREASE AGREEMENT

Reference is made to the announcement made by the Company on 24 December 2018 in relation to the Land Restructuring Agreement with SZPL, QHSH, CMG, QHPF, CMSK, CMSA, the CMSK Subsidiaries and A2 Company and the Debt Confirmation Letter entered into between the Land Holding Companies and A2 Company to coordinate and manage the various interest in land in Qianhai, Shenzhen, the PRC currently held by the CMG Group for the purpose of developing the Qianhai-Shekou Free Trade Zone with affiliates of QHSH through the establishment of another joint venture company.

Pursuant to the Land Restructuring Agreement and the Debt Confirmation Letter, the Aggregate CM Land held by the Land Holding Companies will be resumed by QHSH in exchange for, among others, the New Land to be granted to A2 Company. The Group understands from the CMG Group that QHSH has established B1 Company in the PRC which will in turn establish B2 Company to hold the QH Land, being a portion of the Aggregate CM Land after the Reclassification which does not form the New Land. It is proposed that A1 Company and B1 Company will jointly form C1 Joint Venture Company in the PRC for the purpose of developing the Qianhai-Shekou Free Trade Zone. The registered capital of C1 Joint Venture Company will be contributed by A1 Company and B1 Company on a 50:50 basis, of which the capital contribution by A1 Company will comprise 100% of the equity interest of A2 Company and up to RMB15 billion (equivalent to approximately HK\$17.1 billion) in cash and the capital contribution by B1 Company will be 100% of the equity interest of B2 Company. Although C1 Joint Venture Company will be held by A1 Company and B1 Company on a 50:50 basis, it will be consolidated into A1 Company.

In order to facilitate the transactions, as well as to align the shareholdings with the debt structure in A1 Company, the holding company of A2 Company, to be held by the Land Holding Companies which will correspond to the proportion of land interest each Land Holding Company holds under the Aggregate CM Land, on 11 January 2019, Ansuje and Antongjie (both being indirect wholly-owned subsidiaries of the Company) entered into (i) the Debt Confirmation Agreement with CMSA, CMSK and the CMSK Subsidiaries as creditors and A2 Company as debtor; (ii) the Debt Assignment Agreement with CMSA as the assignor and A2 Company as debtor; and (iii) the Capital Increase Agreement with the other Land Holding Companies and A1 Company in relation to the First Capital Increase and the Second Capital Increase in A1 Company.

LISTING RULE IMPLICATIONS

As CMSA, CMSK, CMSK Subsidiaries, A1 Company and A2 Company are subsidiaries of CMG, the ultimate holding company of the Company, they are therefore connected persons of the Company and the Debt Confirmation Agreement, the Debt Assignment Agreement and the Capital Increase Agreement constitute connected transactions of the Company under the Listing Rules.

The transactions contemplated under the Debt Confirmation Agreement are related to the Disposal arising from the Land Restructuring Agreement and the Debt Confirmation Letter disclosed in the announcement made by the Company on 24 December 2018 and therefore are treated as one transaction with the Disposal. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable and connected transaction of the Company, and is subject to (1) the notification and announcement requirements under Chapter 14 of the Listing Rules and (2) the announcement, shareholders' approval, circular and annual reporting requirements under Chapter 14A of the Listing Rules.

The transactions contemplated under the Debt Assignment Agreement and the Capital Increase Agreement are related, as a result they will be aggregated as if they were one transaction. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the said transactions as aggregated are more than 5% but less than 25%, the said transactions constitute a discloseable and connected transaction of the Company, and are subject to (1) the notification and announcement requirements under Chapter 14 of the Listing Rules and (2) the announcement, shareholders' approval, circular and annual reporting requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise the Independent Shareholders and the Independent Financial Adviser has been engaged to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Debt Confirmation Agreement, the Debt Assignment Agreement and the Capital Increase Agreement.

EGM

The EGM will be convened to consider, and if thought fit, to approve, in addition to the Disposal as disclosed in the announcement made by the Company on 24 December 2018, the transactions under the Debt Confirmation Agreement, the Debt Assignment Agreement and the Capital Increase Agreement.

In accordance with the Listing Rules, CMG which is interested in approximately 62% shares in the Company as at the date of this announcement, and its associates are required to abstain from voting on the ordinary resolutions approving the Debt Confirmation Agreement, Debt Assignment Agreement and the Capital Increase Agreement at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (1) further information regarding the details of the Debt Confirmation Agreement; (2) further information regarding the details of the Debt Assignment Agreement; (3) further information regarding the details of the Capital Increase Agreement; (4) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (5) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (6) a valuation report from the Independent Property Valuer; and (7) a notice of the EGM and other information as required under the Listing Rules will be sent to the Shareholders. The circular is expected to be dispatched to the Shareholders on or before 1 February 2019.

1. BACKGROUND

Reference is made to the announcement made by the Company on 24 December 2018 in relation to the Land Restructuring Agreement with SZPL, QHSH, CMG, QHPF, CMSK, CMSA, the CMSK Subsidiaries and A2 Company and the Debt Confirmation Letter entered into between the Land Holding Companies and A2 Company to coordinate and manage the various interest in land in Qianhai, Shenzhen, the PRC currently held by the CMG Group for the purpose of developing the Qianhai-Shekou Free Trade Zone with affiliates of QHSH through the establishment of another joint venture company.

Pursuant to the Land Restructuring Agreement and the Debt Confirmation Letter, the Aggregate CM Land held by the Land Holding Companies will be resumed by QHSH in exchange for, among others, the New Land to be granted to A2 Company. The Group understands from the CMG Group that QHSH has established B1 Company in the PRC which will in turn establish B2 Company to hold the QH Land, being a portion of the Aggregate CM Land after the Reclassification which does not form the New Land. It is proposed that A1 Company and B1 Company will jointly form C1 Joint Venture Company in the PRC for the purpose of developing the Qianhai-Shekou Free Trade Zone. The registered capital of C1 Joint Venture Company will be contributed by A1 Company and B1 Company on a 50:50 basis, of which the capital contribution by A1 Company will comprise 100% of the equity interest of A2 Company and up to RMB15 billion (equivalent to approximately HK\$17.1 billion) in cash and the capital contribution by B1 Company will be 100% of the equity interest of B2 Company. Although C1 Joint Venture Company will be held by A1 Company and B1 Company on a 50:50 basis, it will be consolidated into A1 Company.

In order to facilitate the transactions, as well as to align the shareholdings with the debt structure in A1 Company, the holding company of A2 Company, to be held by the Land Holding Companies which will correspond to the proportion of land interest each Land Holding Company holds under the Aggregate CM Land, on 11 January 2019, Anshujie and Antongjie (both being indirect wholly-owned subsidiaries of the Company) entered into (i) the Debt Confirmation Agreement with CMSA, CMSK and the CMSK Subsidiaries as creditors and A2 Company as debtor; (ii) the Debt Assignment Agreement with CMSA as the assignor and A2 Company as debtor; and (iii) the Capital Increase Agreement with the other Land Holding Companies and A1 Company in relation to the First Capital Increase and the Second Capital Increase in A1 Company.

2. THE DEBT CONFIRMATION AGREEMENT

Background

Reference is made to the Land Restructuring Agreement and the Debt Confirmation Letter dated 24 December 2018. Pursuant to the Land Restructuring Agreement, the Aggregate CM Land held by the Land Holding Companies will be resumed by QHSH in exchange for, among others, the New Land to be granted to A2 Company. Furthermore, pursuant to the Debt Confirmation Letter, A2 Company agrees that it will pay to each of the Land Holding Companies an amount equivalent to the value of the New Land multiplied by the corresponding proportion of land interest each Land Holding Company holds under the Aggregate CM Land.

The amounts payable to each Land Holding Company will be subject to the valuation of the corresponding proportion of land interest each Land Holding Company holds as determined by the Valuation Consultation Report. Accordingly, on 11 January 2019, the Land Holding Companies (including Antongjie, Ansuje, CMSK, CMSA and CMSK Subsidiaries) as creditors entered into the Debt Confirmation Agreement with A2 Company as debtor to confirm the debt payable to each Land Holding Company.

Subject matter

Pursuant to the Debt Confirmation Agreement, the parties agree that A2 Company owes the Land Holding Companies a total amount of approximately RMB43.21 billion (equivalent to approximately HK\$49.3 billion). With reference to the Valuation Consultation Report, the parties agree that the value of the corresponding proportion of land interest Antongjie and Ansuje holds (including an interest in land with an area of 36,202.90 square meters which Antongjie has previously acquired from CMSK but has yet to obtain the relevant land use right certificate) under the Aggregate CM Land is 10.4894% and 2.6864% of the value of the New Land, respectively.

Accordingly, the parties agree that A2 Company owes Antongjie and Ansuje debt amounts of RMB4,532,489,509 (equivalent to approximately HK\$5,174,074,782) and RMB1,160,811,062 (equivalent to approximately HK\$1,325,126,783), respectively.

A2 Company agrees to repay each of the Land Holding Companies the respective debt amount within 120 business days after all the conditions precedent are satisfied.

Conditions Precedent

The completion of the Debt Confirmation Agreement is conditional on the satisfaction of, among others, the following:

- (1) the obtaining of necessary authorisations and approvals; and
- (2) the signing and entering into force of the land transfer agreement between A2 Company and QHSH pursuant to which QHSH agrees to grant the New Land to A2 Company after the Reclassification.

3. THE DEBT ASSIGNMENT AGREEMENT

Background

Pursuant to the Debt Confirmation Agreement, A2 Company owes the Land Holding Companies a total amount of approximately RMB43.21 billion (equivalent to approximately HK\$49.3 billion). As determined by the Valuation Consultation Report, A2 Company owes Antongjie and Ansuje an aggregate of 13.1758% of the said debt.

Furthermore, as at the date of this announcement, A1 Company is held by Antongjie, CMSA and CMSK as to 14%, 3.5% and 82.5%, respectively. However, on 11 January 2019, Antongjie entered into an Equity Transfer Agreement with Ansuje pursuant to which Antongjie agrees to transfer 2.6864% of the total registered capital of A1 Company to Ansuje. Concurrently, CMSA and the CMSK Group entered into the other Equity Transfer Agreements pursuant to which CMSA transferred 0.6134% of the total registered capital of A1 Company to CMSK and CMSK transferred various interests in A1 Company to the CMSK Subsidiaries. Accordingly, upon the completion of the Equity Transfer Agreements, A1 Company, the direct holding company of A2 Company, will be held by the Land Holding Companies as to 14% by Antongjie and Ansuje in aggregate, 2.8866% by CMSA and 83.1134% by CMSK and the CMSK Subsidiaries.

A2 Company intends to repay the debt owed to the Land Holding Companies with a proposed capital injection from A1 Company which will be funded by the First Capital Increase from the Land Holding Companies pro rata to the corresponding interests each Land Holding Company holds in A1 Company pursuant to the Capital Increase Agreement, details of which are set out in paragraph headed “4. *The Capital Increase Agreement*” below. As a result, the “round-trip” funding to be made by the Land Holding Companies to repay A2 Company’s debt will achieve a net effect that is equivalent to a debt-to-equity conversion.

In order to align the proportion of debt A2 Company owes to Antongjie and Ansuje in aggregate out of the total amount of debt A2 Company owes to the Land Holding Companies with the proportion of equity interests Antongjie and Ansuje hold in aggregate in A1 Company so that the First Capital Increase to be contributed by Antongjie and Ansuje will be equivalent to the debt A2 Company owes to Antongjie and Ansuje, on 11 January 2019, Antongjie entered into the Debt Assignment Agreement with CMSA and A2 Company pursuant to which CMSA agreed to assign and Antongjie agreed to receive the right to recover a debt of RMB356,137,574 (equivalent to approximately HK\$406,549,742) owed to CMSA by A2 Company for a consideration of RMB356,137,574 (equivalent to approximately HK\$406,549,742).

The key terms of the Debt Assignment Agreement are set out below:

The Debt Assignment Agreement

Date

11 January 2019

Parties

- (1) Antongjie (as assignee)
- (2) CMSA (as assignor)
- (3) A2 Company (as debtor)

Subject Matter

CMSA agreed to assign to Antongjie and Antongjie agreed to receive the right to recover the Assigned Debt from A2 Company.

Consideration

Antongjie agreed to pay a consideration of RMB356,137,574 (equivalent to approximately HK\$406,549,742) for the assignment of the Assigned Debt. The consideration was negotiated on an arm's length basis with reference to the principal amount of debt to be assigned by CMSA to Antongjie. The consideration to be paid by Antongjie will be in cash and will be funded by internal resources of the Group.

Conditions Precedent

The completion of the Debt Assignment Agreement from CMSA to Antongjie is conditional upon the satisfaction of, among others, the following:

- (1) the obtaining of the necessary authority approvals and Shareholders' approvals as required by the relevant laws and listing rules; and
- (2) the Debt Confirmation Agreement being effective.

Completion

All parties agree that completion will take place when all the conditions precedent are satisfied and CMSA has paid all taxes payable in accordance with the laws and regulations of the PRC. Upon completion of the Debt Assignment Agreement, A2 Company will owe Antongjie the Assigned Debt and Antongjie will hold all the rights associated with the Assigned Debt.

4. THE CAPITAL INCREASE AGREEMENT

As disclosed in the paragraph headed "3. *The Debt Assignment Agreement*" above, A2 Company intends to repay the debt owed to the Land Holding

Companies with the proposed capital injection from A1 Company which will be funded by the First Capital Increase from the Land Holding Companies pro rata to the corresponding interests each Land Holding Company holds in A1 Company.

Furthermore, as disclosed in the announcement made by the Company dated 24 December 2018, pursuant to the Land Restructuring Agreement, the New Land will be granted to A2 Company for the purpose of developing the Qianhai-Shekou Free Trade Zone with affiliates of QHSH through the establishment of another joint venture company. It is proposed that A1 Company and B1 Company will jointly form C1 Joint Venture Company in the PRC for the purpose of jointly developing the Qianhai-Shekou Free Trade Zone. The registered capital of C1 Joint Venture Company will be contributed by A1 Company and B1 Company on a 50:50 basis, of which the capital contribution by A1 Company will comprise 100% of the equity interest of A2 Company and up to RMB15 billion (equivalent to approximately HK\$17.1 billion) in cash and the capital contribution by B1 Company will be 100% of the equity interest of B2 Company. A1 Company intends to fund the cash portion of the capital contribution in C1 Joint Venture Company with the Second Capital Increase from the Land Holding Companies pro rata to the corresponding interests each Land Holding Company holds in A1 Company.

On 11 January 2019, the Land Holding Companies entered into the Capital Increase Agreement with A1 Company to increase the registered capital of the A1 Company.

The key terms of the Capital Increase Agreement are set out below:

The Capital Increase Agreement

Date

11 January 2019

Parties

- (1) The Land Holding Companies, including Antongjie, Ansuje, CMSA, CMSK and the CMSK Subsidiaries (as shareholders)
- (2) A1 Company (as company)

The First Capital Increase

Pursuant to the Capital Increase Agreement, the Land Holding Companies agreed to inject a total of approximately RMB43.21 billion (equivalent to

approximately HK\$49.3 billion) in cash for the First Capital Increase in A1 Company, of which Antongjie will contribute 11.3136% (i.e. RMB4,888,616,906, equivalent to approximately HK\$5,580,612,906), Ansuje will contribute 2.6864% (i.e. RMB1,160,795,897, equivalent to approximately HK\$1,325,109,471), CMSA will contribute 2.8866% (i.e. RMB1,247,302,500, equivalent to approximately HK\$1,423,861,301) and CMSK and the CMSK Subsidiaries will contribute a total of 83.1134% (i.e. RMB35,913,376,146, equivalent to approximately HK\$40,997,004,733). All capital injection in A1 Company will be made in cash.

The Second Capital Increase

Pursuant to the Capital Increase Agreement, the Land Holding Companies further agreed to, within 6 months from the satisfaction of the conditions precedent, inject a total of up to RMB15 billion (equivalent to approximately HK\$17.1 billion) in cash for the Second Capital Increase in A1 Company to fund the contribution in C1 Joint Venture Company, of which Antongjie and Ansuje will inject a total of up to RMB2.1 billion (equivalent to approximately HK\$2.4 billion). The capital contribution made up of the equity interest of A2 Company and cash will not exceed the capital contribution by B1 Company which will be 100% of the equity interest in B2 Company. The Land Holding Companies and A1 Company agree to enter into a subsequent capital increase agreement to confirm the final amount of capital injection to be made by each Land Holding Company in A1 Company. All capital injection in A1 Company will be made in cash.

The terms of the Capital Increase Agreement were determined after arm's length negotiations between the parties.

The capital injection to be made by each Land Holding Company under the First Capital Increase was determined with reference to the debt owed by A2 Company to each Land Holding Company pursuant to the Debt Confirmation Agreement and the Debt Assignment Agreement.

The maximum capital injection to be made by the Land Holding Companies was determined with reference of estimated values of the New Land compared and the QH Land. The final capital injection to be made by each Land Holding Company is subject to the appraised values of the equity interest in A2 Company and the equity interest in B2 Company to be determined by the a valuer.

Both First Capital Increase and Second Capital Increase to be made by Antongjie and Ansuje will be funded by internal resources of the Group.

Conditions Precedent

The Capital Increase Agreement is conditional upon the satisfaction of, among others, the obtaining of the necessary Shareholders' approval.

Completion

The Land Holding Companies agreed to contribute their respective capital under the First Capital Increase within 30 business days of the satisfaction of the conditions precedent.

Upon completion of the First Capital Increase and the Second Capital Increase, the equity interest of A1 Company is owed by the Land Holding Companies as to 11.3136% by Antongjie, 2.6864% by Ansuje, 2.8866% by CMSA, 83.1134% by CMSK and the CMSK Subsidiaries. As such, the proportion in A1 Company owned by each Land Holding Company will be the same before and after the First Capital Increase and Second Capital Increase. For the avoidance of doubt, A1 Company will remain as a non-wholly-owned subsidiary of CMSK.

5. FINANCIAL INFORMATION AND BACKGROUND OF A1 COMPANY

A1 Company is established in the PRC with a registered capital of RMB520,000,000 (equivalent to approximately HK\$593,607,306) and the equity interest of A1 Company is owned by the Land Holding Companies as to 11.3136% by Antongjie, 2.6864% by Ansuje, 2.8866% by CMSA, 83.1134% by CMSK and the CMSK Subsidiaries upon completion of the Equity Transfer Agreements.

Upon the completion of the First Capital Increase, A1 Company will have a registered capital of RMB20,000,000,000 (equivalent to approximately HK\$22,831,050,228).

A1 Company is principally engaged in investment holding and is the holding company of A2 Company.

Based on the unaudited consolidated financial statements of A1 Company prepared in accordance with the China Accounting Standards for Business Enterprises, the total assets of A1 Company and net assets value attributable to the shareholders of A1 Company as at 30 September 2018 amounted to approximately RMB520.0 million (equivalent to approximately HK\$593.6 million) and RMB520.0 million (equivalent to approximately HK\$593.6 million), respectively.

The net profits (both before and after taxation) for the two financial years ended 31 December 2016, 2017 based on the audited consolidated financial statements of A1 Company and the nine months ended 30 September 2018 based on the unaudited consolidated financial statements of A1 Company, both prepared in accordance with the China Accounting Standards for Business Enterprises are as follows:

	Year ended 31 December 2016 (Audited) (RMB)	Year ended 31 December 2017 (Audited) (RMB)	Nine months ended 30 September 2018 (Unaudited) (RMB)
Profit/(loss) before taxation	(20,287) (equivalent to approximately (HK\$23,159))	27,221 (equivalent to approximately HK\$31,074)	(6,896) (equivalent to approximately (HK\$7,872))
Profit/(loss) after taxation	(20,287) (equivalent to approximately (HK\$23,159))	25,488 (equivalent to approximately HK\$29,095)	(8,613) (equivalent to approximately (HK\$9,832))

6. INFORMATION ON THE PARTIES

Information on Antongjie and Ansujie

Antongjie is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. Its principal business is holding certain pieces of land in Shekou, the PRC.

Ansujie is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. Its principal business is holding certain pieces of land in Shekou, the PRC.

Information on the CMSA, CMSK and the CMSK Subsidiaries

CMSA is a company incorporated in the PRC and a wholly-owned subsidiary of CMG, the ultimate holding company of the Company. According to the business licence of CMSA, its business scope includes investment in industrial development, investment management, commercial information consulting, own property leasing, computer software and system technology development, integration, technical consulting services, computer hardware sales, data processing and database technology service, real estate development and management on land legally acquired.

CMSK is a company incorporated in the PRC and a subsidiary of CMG, the ultimate holding company of the Company. According to the business license of CMSK, its business scope includes investment, development and operation of city and community, transportation and industrial manufacturing.

The CMSK Subsidiaries are subsidiaries of CMSK and in turn subsidiaries of CMG, the ultimate holding company of the Company. The CMSK Subsidiaries hold certain pieces of land in Shekou, the PRC and are principally engaged in development and management of industrial parks and automobile-related trading and leasing activities.

Information on A2 Company

A2 Company is a company incorporated in the PRC and is principally engaged in investment holding. It is wholly-owned by A1 Company.

Information on CMG

CMG is a company incorporated in the PRC and the ultimate holding company of the Company. CMG is a leading state-owned enterprise with three business platforms of non-financial industries, financial services, investment and capital operation. CMG's non-financial industries cover ports, toll roads, shipping, logistics, real estate, zone development, offshore engineering and trade.

7. LISTING RULES IMPLICATONS

As CMSA, CMSK, CMSK Subsidiaries, A1 Company and A2 Company are subsidiaries of CMG, the ultimate holding company of the Company, they are therefore connected persons of the Company and the Debt Confirmation Agreement, the Debt Assignment Agreement and the Capital Increase Agreement constitute connected transactions of the Company under the Listing Rules.

The transactions contemplated under the Debt Confirmation Agreement are related to the Disposal arising from the Land Restructuring Agreement and the Debt Confirmation Letter disclosed in the announcement made by the Company on 24 December 2018 and therefore are treated as one transaction with the Disposal. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable and connected transaction of the Company, and is subject to (1) the notification and announcement requirements under Chapter 14 of the Listing Rules and (2) the announcement, shareholders' approval, circular and annual reporting requirements under Chapter 14A of the Listing Rules.

The transactions contemplated under the Debt Assignment Agreement and the Capital Increase Agreement are related, as a result they will be aggregated as if they were one transaction. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the said transactions as aggregated are more than 5% but less than 25%, the said transactions constitute a discloseable and connected transaction of the Company, and are subject to (1) the notification and announcement requirements under Chapter 14 of the Listing Rules and (2) the announcement, shareholders' approval, circular and annual reporting requirements under Chapter 14A of the Listing Rules.

8. REASONS FOR THE TRANSACTIONS

The principal business of the Group is port and port-related business. As the Group has certain interest in land in the Qianhai-Shekou Free Trade Zone, the participation of the Group in the overall development in such area will benefit the long-term development of the Group.

As previously disclosed in the announcement made by the Company dated 24 December 2018, pursuant to the Debt Confirmation Letter, A2 Company agrees that it owes the Land Holding Companies a debt as a result of the New Land to be granted to it pursuant to the Land Restructuring Agreement. The amounts payable to each Land Holding Company will be subject to the valuation of the corresponding proportion of land interest each Land Holding Company holds as determined by the Valuation Consultation Report. As the Valuation Consultation Report has been issued, the Land Holding Companies as creditors entered into the Debt Confirmation Agreement with A2 Company as debtor to confirm the debt payable to each Land Holding Company.

A2 Company intends to repay the debt owed to the Land Holding Companies with a proposed capital injection from its holding company A1 Company which will be funded by the First Capital Increase from the Land Holding Companies pro rata to the corresponding interests each Land Holding Company holds in A1 Company. As A2 Company owes Antongjie and Ansuje an aggregate of 13.1758% of the total debt owed to the Land Holding Companies according to the Debt Confirmation Agreement but Antongjie and Ansuje together holds 14% of A1 Company, Antongjie entered into the Debt Assignment Agreement with CMSA and A2 Company to receive the right to recover a debt equivalent to the shortfall between the proportion of debt A2 Company owes to Antongjie and Ansuje in aggregate out of the total amount of debt A2 Company owes to the Land Holding Companies and the proportion of interests Antongjie and Ansuje hold in aggregate in A1 Company.

The Group understands from CMG that going forward A1 Company will cooperate with B1 Company through the establishment of C1 Joint Venture

Company to further develop the land in the Qianhai-Shekou Free Trade Zone and in turn will generate future investment returns for the Group as the Group has an indirect minority interest in A1 Company. The registered capital of C1 Joint Venture Company will be contributed by A1 Company and B1 Company on a 50:50 basis, of which the capital contribution by A1 Company will comprise 100% of the equity interest of A2 Company and up to RMB15 billion (equivalent to approximately HK\$17.1 billion) in cash and the capital contribution by B1 Company will be 100% of the equity interest of B2 Company. As A1 Company intends to fund the cash portion of the capital contribution in C1 Joint Venture Company with a proposed capital injection from the Land Holding Companies, the Land Holding Companies will make the Second Capital Increase in A1 Company to increase the registered capital of A1 Company.

The Directors, save for the independent non-executive Directors, are also of the view that the terms of the Debt Confirmation Agreement, the Debt Assignment Agreement and the Capital Increase Agreement have been determined through arm's length negotiation between the parties and are on normal commercial terms and are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole. The views of the independent non-executive Directors, after considering the advice from the Independent Financial Adviser, will be set out in the circular.

None of the Directors have a material interest in the Debt Confirmation Agreement, the Debt Assignment Agreement and the Capital Increase Agreement nor are they required to abstain from voting on the relevant board resolutions.

9. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise the Independent Shareholders and the Independent Financial Adviser has been engaged to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Debt Confirmation Agreement the Debt Assignment Agreement and the Capital Increase Agreement.

10. EGM

The EGM will be convened to consider, and if thought fit, to approve, in addition to the Disposal as disclosed in the announcement made by the Company on 24 December 2018, the transactions under the Debt Confirmation Agreement, the Debt Assignment Agreement and the Capital Increase Agreement.

In accordance with the Listing Rules, CMG which is interested in approximately 62% shares in the Company as at the date of this announcement, and its associates are required to abstain from voting on the ordinary resolutions approving the Debt Confirmation Agreement, Debt Assignment Agreement and the Capital Increase Agreement at the EGM.

11. DESPATCH OF CIRCULAR

A circular containing, among other things, (1) further information regarding the details of the Debt Confirmation Agreement; (2) further information regarding the details of the Debt Assignment Agreement; (3) further information regarding the details of the Capital Increase Agreement; (4) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (5) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (6) a valuation report from the Independent Property Valuer; and (7) a notice of the EGM and other information as required under the Listing Rules will be sent to the Shareholders. The circular is expected to be dispatched to the Shareholders on or before 1 February 2019.

12. DEFINITIONS

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

“Aggregate CM Land”	Various land in Qianhai, Shenzhen with an aggregate land area of approximately 2,911,000 square metres, as at the date of this announcement, held by the Land Holding Companies
“Ansuji”	Ansuji Port and Warehouse Services (Shenzhen) Company Limited (安速捷碼頭倉儲服務(深圳)有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Antongjie”	Antongjie Port and Warehouse Services (Shenzhen) Company Limited* (安通捷碼頭倉儲服務(深圳)有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Assigned Debt”	a debt amount of RMB356,137,574 (equivalent to approximately HK\$406,549,742) to be assigned by CMSA to Antongjie pursuant to the Debt Assignment Agreement

“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“A1 Company”	Shenzhen China Merchants Qianhai Assets Development Co. Ltd.* (深圳市招商前海實業發展有限公司), a company incorporated in the PRC and a subsidiary of CMG; as disclosed in the announcement made by the Company on 28 July 2016, A1 Company was previously intended to be named as Shenzhen China Merchants Qianhai Investment Holdings Co. Ltd. (深圳市招商前海投資控股有限公司)
“A2 Company”	Shenzhen China Merchants Qianhai Chidi Asset Company Limited* (深圳市招商前海馳迪實業有限公司), a company incorporated in the PRC and a subsidiary of CMG
“Board”	the board of Directors
“B1 Company”	Shenzhen Qianhai Development Investment Holdings Company Limited* (深圳市前海開發投資控股有限公司), a company incorporated in the PRC and a subsidiary of QHSH
“B2 Company”	Shenzhen Qianhai Hongyi Industrial Investment Co., Ltd.* (深圳市前海鴻昱實業投資有限公司), a company incorporated in the PRC and a subsidiary of QHSH
“Capital Increase Agreement”	the capital increase agreement dated 11 January 2019 entered into by the Land Holding Companies and A1 Company in relation to the First Capital Increase and the Second Capital Increase
“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
“CMG Group”	CMG and its subsidiaries

“CMP Land”	two pieces of land held by Antongjie and An Sujie with an aggregate land area of 965,958.41 square metres plus interest in land with an aggregate area of 36,202.90 square metres which Antongjie has previously acquired from CMSK but has yet to obtain the relevant land right certificate
“CMSA”	Shenzhen China Merchants Shekou Asset Management Company Limited* (深圳市招商局蛇口資產管理有限公司), a company incorporated in the PRC and a subsidiary of CMG
“CMSK”	China Merchants Shekou Industrial Zone Holdings Company Limited* (招商局蛇口工業區控股股份有限公司), a company incorporated in the PRC and a subsidiary of CMG
“CMSK Subsidiaries”	a number of subsidiaries of CMSK, companies incorporated in the PRC and subsidiaries 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
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“C1 Joint Venture Company”	Shenzhen Qianhai Shekou Free Trade Investment Development Company Limited* (深圳市前海蛇口自貿投資發展有限公司), a company incorporated in the PRC
“Debt Assignment Agreement”	the debt assignment agreement dated 11 January 2019 entered into between Antongjie as assignee, CMSA as the assignor and A2 Company as debtor in relation to a debt owed by A2 Company to CMSA in accordance with the Debt Confirmation Agreement
“Debt Confirmation Agreement”	a debt confirmation agreement dated 11 January 2019 entered into between, among others, A2 Company and the Land Holding Companies in relation to the debt amount A2 Company owes to each Land Holding Company in connection with the Land Restructuring Agreement

“Debt Confirmation Letter”	a confirmation letter issued by A2 Company to the Land Holding Companies dated 24 December 2018 in relation to the debt owed by A2 Company to the Land Holding Companies arising from the Land Restructuring Agreement
“Directors”	the directors of the Company
“Disposal”	the resumption of the CMP Land held by Antongjie and Ansuje contemplated under the Land Restructuring Agreement
“EGM”	the extraordinary general meeting to be convened and held by the Company to approve the Land Restructuring Agreement, the Debt Confirmation Agreement, the Debt Assignment Agreement and the First Capital Increase Agreement
“Equity Transfer Agreements”	A series of equity transfer agreements dated 11 January 2019 entered into by Antongjie, Ansuje, CMSA, CMSK and the CMSK Subsidiaries in relation to the transfer of equity interest in A1 Company
“First Capital Increase”	the capital injections in the total amount of RMB43.21 billion (equivalent to approximately HK\$49.3 billion) to be made by the Land Holding Company in A1 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
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely 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 established to advise the Independent Shareholders in respect of the Disposal

“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Independent Property Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“Independent Shareholders”	the Shareholders other than CMG and its associates
“Land Holding Companies”	Antongjie, Ansujie, CMSA, CMSK and CMSK Subsidiaries
“Land Restructuring Agreement”	the land restructuring agreement dated 24 December 2018 entered into between Antongjie, Ansujie, SZPL, QHSH, CMG, QHPF, CMSA, CMSK, the CMSK Subsidiaries and A2 Company in relation to managing various interest in land in Qianhai, Shenzhen, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Land”	new land after the Reclassification with an area of approximately 425,300 square meters and a value of approximately RMB43.21 billion (equivalent to approximately HK\$49.3 billion) to be granted by QHSH to the A2 Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administration Region of the People’s Republic of China and Taiwan
“PRC Property Valuer”	Touchstone Valuation Consulting Company Limited* (深圳市同致誠土地房地產估價顧問有限公司)

“QHPPF”	Shenzhen Qianhai Pingfangyuanqu Development Company Limited (深圳市前海平方園區開發有限公司), a subsidiary of CMG
“QHSH”	Shenzhen Qianhai Shenzhen-Hong Kong Modern Services Commission* (深圳市前海深港現代服務業合作區管理局), an authority established by the government of the PRC
“QH Land”	a piece of land to be held by B2 Company, being a portion of the Aggregate CM Land after the Reclassification which does not form the New Land
“Reclassification”	the reclassification of land usage of the Aggregate CM Land for the purpose of future development by the A2 Company and affiliates of QHSH
“RMB”	Renminbi, the lawful currency of the PRC
“Second Capital Increase”	the capital injections in the total amount of up to RMB15 billion (equivalent to approximately HK\$17.1 billion) to be made by the Land Holding Company in A1 Company
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“SZPL”	Shenzhen Urban Planning, Land and Resources Commission* (深圳市規劃和國土資源委員會), a commission established by the government of the PRC
“Valuation Consultation Report”	the valuation consultation report dated 4 January 2019 issued by the PRC Property Valuer in relation to the amount owed by A2 Company to the Land Holding Companies arising from the Land Restructuring Agreement
“%”	per cent.

* For identification purpose only

For the purposes of this announcement, the exchange rate of HK\$1.00 to RMB0.876 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, 11 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.