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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 17 August 2017 and 9 November 2018 in relation to the CMP Loan Agreement and the Deed of Extension to the CMP Loan Agreement, pursuant to which the Company agreed to grant and extend the CMP Loan Facility of up to US\$150 million (equivalent to approximately HK\$1,170 million) to the Djibouti Asset Company. Pursuant to the Deed of Extension to the CMP Loan Agreement, the term of the CMP Loan Facility has been extended for a further 6-month period and will expire on 8 May 2019.

In light of the expiry of the CMP Loan Facility on 8 May 2019, in order to fund the repayment of CMP Loan Facility by the Djibouti Asset Company, the Asset Joint Venture agreed to provide the Shareholder Loan to the Djibouti Asset Company, of which the Shareholder Loan will be partially 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 29 April 2019, the Company, CMI, Cheer Signal and 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\$144,810,000 (equivalent to approximately HK\$1,129,518,000) by issuing and allotting 84,750,000 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\$33,900,000 (equivalent to approximately HK\$264,420,000), US\$33,900,000 (equivalent to approximately HK\$264,420,000) and US\$16,950,000 (equivalent to approximately HK\$132,210,000), respectively into the Asset Joint Venture. Upon the completion of the Capital Increase, the share capital of the Asset Joint Venture

shall comprise 144,810,000 shares of which, the Company, CMI and Cheer Signal shall hold 57,924,000, 57,924,000 and 28,962,000 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 constitutes 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 17 August 2017 and 9 November 2018 in relation to the CMP Loan Agreement and the Deed of Extension to the CMP Loan Agreement, pursuant to which the Company agreed to grant and extend the CMP Loan Facility of up to US\$150 million (equivalent to approximately HK\$1,170 million) to the Djibouti Asset Company. As disclosed in the same announcements, the Djibouti Asset Company had applied all the funds under the CMP Loan Facility to support further financing to PDSA under the DAC Loan Facility.

Pursuant to the Deed of Extension to the CMP Loan Agreement, the term of the CMP Loan Facility has been extended for a further 6-month period and will expire on 8 May 2019. The relevant parties have also entered into the Deed of Extension to the DAC Loan Agreement to extend the DAC Loan Facility for a further 6-month period.

In light of the expiry of the CMP Loan Facility on 8 May 2019, in order to fund the repayment by the Djibouti Asset Company, the Asset Joint Venture agreed to provide the Shareholder Loan to the Djibouti Asset Company, of which the Shareholder Loan will be partially 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 29 April 2019, the Company, CMI, Cheer Signal and 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.

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.

2. SUPPLEMENTAL SHAREHOLDERS AGREEMENT

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

Date: 29 April 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\$144,810,000 (equivalent to approximately HK\$1,129,518,000) by issuing and allotting 84,750,000 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\$33,900,000 (equivalent to approximately HK\$264,420,000), US\$33,900,000 (equivalent to approximately HK\$264,420,000) and US\$16,950,000 (equivalent to approximately HK\$132,210,000), respectively into the Asset Joint Venture. Upon the completion of the Capital Increase, the share capital of the Asset Joint Venture shall comprise 144,810,000 shares of which, the Company, CMI and Cheer Signal shall hold 57,924,000, 57,924,000 and 28,962,000 shares, respectively.

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 9 November 2018, in September 2018, the Djibouti government nationalised a majority shareholding of DCT, a key and material asset of PDSA. As a result, the interest chargeable under the CMP Loan Agreement, being a reference to the dividend receivable by PDSA, is rendered indeterminable and the value of the shares in PDSA pledged in favour of the Company under the share pledge is reduced. As a result, the

Company and the Djibouti Asset Company agreed on a settlement plan to resolve issues arising out of the nationalisation including the repayment of the CMP Loan Agreement by the Djibouti Asset Company and the granting of the Shareholder Loan by the Asset Joint Venture on a fixed interest rate with the supplementation of a new security package.

The Capital Increase will fund the Shareholder Loan which in turn facilitates the repayment of the CMP Loan Facility, resulting an increase of working capital for the Company. In addition, according to the terms of the Shareholder Loan to be granted by the Asset Joint Venture to the Djibouti Asset Company, Great Horn will enter into a share pledge to grant a first ranking charge over 60% of the total issued shares in the Djibouti Asset Company in favour of the Asset Joint Venture and DPFZA will enter into a guarantee agreement in favour of the Asset Joint Venture to guarantee Djibouti Asset Company's obligations in relation to the Shareholder Loan.

The key terms of the Shareholder Loan are set out below:

Parties:	(1) Asset Joint Venture, as the lender (2) Djibouti Asset Company, as the borrower
Principal amount:	US\$114,750,000 (equivalent to approximately HK\$895,050,000)
Purpose:	Djibouti Asset Company shall apply all amounts borrowed under the Shareholder Loan towards the development, construction and operation of the Djibouti International Free Trade Zone (including the repayment of the CMP Loan Facility).
Term:	(i) the term of the Shareholder Loan shall be 3 years; and (ii) extendable of one year each if agreed by the Asset Joint Venture and the Djibouti Asset Company provided that the aggregate term shall not exceed 10 years.
Interest rate:	5% per annum

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 amount Djibouti Asset Company is required to repay the CMP Loan Facility. 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.

Taking into account of the above, the Directors, including the independent non-executive Directors, are of the view that the Supplemental Shareholders Agreement has been entered into on normal commercial terms and that the terms of the Supplemental Shareholders 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, China Merchants Investment Development Company Limited and Cheer Signal for the purpose of investment into the Djibouti Asset Company. The interest in the Asset Joint Venture held by China Merchants Investment Development Company Limited 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.

Profit attributable to the Asset Joint Venture

The net profits (before and after tax) attributable to the Asset Joint Venture were HK\$2,220,642 and HK\$15,792,554 for the year ended 31 December 2017 and 2018, respectively.

Net asset value of the Asset Joint Venture

The net asset value of the Asset Joint Venture as at 31 December 2018 was approximately HK\$253,473,944.

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 constitutes 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.

For the avoidance of doubt, the transaction contemplated under the Shareholder Loan does not constitute a connected or notifiable transaction of the Company under 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 resolution.

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
“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
“CMP Loan Agreement”	the loan agreement entered into between the Company and the Djibouti Asset Company, under which the Company agreed to grant the CMP Loan Facility to the Djibouti Asset Company dated 17 August 2017
“CMP Loan Facility”	the loan facility of up to US\$150 million (equivalent to approximately HK\$1,170 million) provided by the Company to the Djibouti Asset Company under the CMP Loan Agreement

“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
“DAC Loan Agreement”	the loan agreement entered into between the Djibouti Asset Company, PDSA and DPFZA, under which the Djibouti Asset Company agreed to grant the DAC Loan Facility to PDSA dated 17 August 2017
“DAC Loan Facility”	the loan facility of up to US\$150 million (equivalent to approximately HK\$1,170 million) provided by the Djibouti Asset Company to PDSA under the DAC Loan Agreement
“DCT”	Doraleh Container Terminal S.A., a company incorporated in Djibouti and a subsidiary of PDSA
“Deed of Extension to the CMP Loan Agreement”	the deed of extension dated 9 November 2018 entered into between the Company and the Djibouti Asset Company, pursuant to which the Company and the Djibouti Asset Company agreed to amend the terms of the CMP Loan Agreement and to extend the term of the CMP Loan Facility for a 6-month period
“Deed of Extension to the DAC Loan Agreement”	the deed of extension dated 9 November 2018 entered into between the Djibouti Asset Company, PDSA and DPFZA, pursuant to which the Djibouti Asset Company, PDSA and DPFZA agreed to amend the terms of the DAC Loan Agreement and to extend the term of the DAC Loan Facility for a 6-month period
“Directors”	the directors of the Company

“Djibouti”	the Republic of Djibouti
“Djibouti Asset Company”	Khor Ambado 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
“PDSA”	Port De Djibouti S.A, a company incorporated in Djibouti and following the conversion and transformation of Port Autonome International De Djibouti from a public entity to a private company limited by shares
“PRC”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region and Taiwan

“Shareholder Loan”	the shareholder loan to be provided by the Asset Joint Venture to the Djibouti Asset Company for the repayment of the CMP Loan Facility
“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 29 April 2019 in relation to the Asset Joint Venture
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For reference only, an exchange rate of US\$1.00 to HK\$7.8 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
Fu Gangfeng
Chairman

Hong Kong, 29 April 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.