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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 EQUITY TRANSFER AGREEMENT

EQUITY TRANSFER AGREEMENT

On 22 December 2022, PIDHK (a wholly-owned subsidiary of the Company) and CMPG entered into the Equity Transfer Agreement, pursuant to which PIDHK transferred 51% of equity interest in Guangdong Yide Port to CMPG for a total consideration of RMB131,866,700 (equivalent to approximately HK\$144,908,462).

As CMPG is a substantial shareholder of the Company and therefore a connected person of the Company, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Equity Transfer Agreement exceed 0.1% but are less than 5%, such connected transaction is subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

1 EQUITY TRANSFER AGREEMENT

Date

22 December 2022

Parties

(1) PIDHK (as seller)

(2) CMPG (as purchaser)

Target

Pursuant to the Equity Transfer Agreement, PIDHK agreed to sell and CMPG agreed to acquire 51% of equity interest in Guangdong Yide Port.

Consideration

The total consideration for the Equity Transfer is RMB131,866,700 (equivalent to approximately HK\$144,908,462). Based on the Valuation Report, as at 31 July 2022, the book value of Guangdong Yide Port's net assets was RMB212,729,500 (equivalent to approximately HK\$233,768,681) and the appraised value of Guangdong Yide Port was RMB258,562,200 (equivalent to approximately HK\$284,134,286). The consideration for the Equity Transfer was determined based on the appraised value of 51% of equity interest in Guangdong Yide Port of RMB131,866,700 (equivalent to approximately HK\$144,908,462).

The consideration for the Equity Transfer shall be payable within 30 working days upon completion of the procedures for change of registration in connection with the Equity Transfer at the relevant authorities of the PRC government in accordance with applicable rules, regulations and the Equity Transfer Agreement.

Conditions Precedent

Completion of the Equity Transfer under the Equity Transfer Agreement is subject to, inter alia, (i) the obtaining of approvals for the Equity Transfer (including board and/or shareholders' approval, as applicable) by each party and Guangdong Yide Port as required under their respective articles of association; (ii) completion of all procedures for change of registration at the relevant PRC authorities as required under applicable laws; and (iii) the obtaining of all necessary third-party consents, confirmations and approvals to give effect to the Equity Transfer. CMPG shall have the right to waive any condition in writing. Furthermore, if the above conditions are not satisfied within 30 working days from the date of the Equity Transfer Agreement, CMPG shall have the right to specify a completion date by written notice to PIDHK, upon which, if the above conditions are still not satisfied, the Equity Transfer Agreement shall automatically lapse.

Completion

Completion of the Equity Transfer shall take place within five working days from the date of satisfaction (or waiver from CMPG) of all conditions precedent, or on such other date as agreed in writing by the parties.

Upon completion of the Equity Transfer, Guangdong Yide Port will be directly owned as to 51% by CMPG and cease to be an indirect non-wholly owned subsidiary of the Company. Accordingly, it will no longer be consolidated in the Company's accounts.

Information about Guangdong Yide Port

Guangdong Yide Port is a limited liability company incorporated in the PRC with a registered capital of RMB216,000,000. It has the construction and operation management rights of the Shunde New Port Phase One project, which is located at Liaogeshan port general wharf, Foshan Port, Shunde, Foshan, Guangdong Province, China. It also serves as the construction unit for the project's port freight yard, logistics and other supporting facilities.

The financial information of Guangdong Yide Port based on its audited financial statements for the two financial years immediately preceding the Equity Transfer are as follows (rounded to the nearest hundreds):

	Financial year ended 31 December 2020	Financial year ended 31 December 2021
	<i>RMB</i>	<i>RMB</i>
Revenue from operations	99,310,200	116,990,500
Net profit before taxation	790,800	7,057,500
Net profit after taxation	566,000	5,253,900
Total assets	620,035,300	605,562,700
Net assets	201,667,300	207,005,900

Financial Impact of the Equity Transfer Agreement

As the book value of net assets of Guangdong Yide Port as at 31 July 2022 was RMB212,729,500 (equivalent to approximately HK\$233,768,681), it is expected that the Company will record a book profit of approximately RMB23,374,655 (equivalent to approximately HK\$25,686,434) (without deducting expenses and before taxation) from the disposal of 51% equity interest in Guangdong Yide Port, which is the difference between the consideration received from the Equity Transfer and its corresponding book value of net assets. The Company intends to use the proceeds from the Equity Transfer for its general working capital.

2 INFORMATION ABOUT THE PARTIES

CMPG is a company incorporated in the PRC and whose A shares and B shares are listed on the Shenzhen Stock Exchange (stock code: 001872/201872). Its principal activities are provision of logistics services and container terminal and port management. It is a substantial shareholder of the Company and therefore a connected person of the Company.

PIDHK is a limited liability company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company. Its principal activities are investment holding.

The Group is a global leading port developer, investor and operator, with a comprehensive ports network at hub locations along coastal China, as well as Asia, Africa, Americas, Oceania, Europe and Mediterranean Sea, amongst others.

3 REASONS FOR THE TRANSACTION

In recent years, it has been the main strategy of the Group to focus on its core ports and port-related businesses for overseas development. The disposal of equity interests of PIDHK in Guangdong Yide Port will enable the Group to optimise and realign its interests, equity and operations in or of its assets, with a view to harmoniously improve efficiency and is in the interest of the Company and its shareholders as a whole.

Taking into account of the above, the Directors, including the independent non-executive Directors, are of the view that the Equity Transfer 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 Equity Transfer Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

4 LISTING RULES IMPLICATIONS

As CMPG is a substantial shareholder of the Company and therefore a connected person of the Company, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Equity Transfer Agreement exceed 0.1% but are less than 5%, the transaction contemplated under the Equity Transfer Agreement 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 Equity Transfer Agreement, nor are they required to abstain from voting in the relevant Board resolutions.

5 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
“Board”	the board of Directors of the Company
“CMPG”	China Merchants Port Group Co., Ltd.* (招商局港口集團股份有限公司), a company incorporated in the PRC with limited liability, whose A shares and B shares are listed on the Shenzhen Stock Exchange (stock code: 001872/201872) and a substantial shareholder of the Company
“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 HKSE

“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“Equity Transfer”	the transfer of 51% of equity interest in Guangdong Yide Port from PIDHK to CMPG pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into between PIDHK (as seller) and CMPG (as purchaser) in relation to the Equity Transfer
“Group”	the Company and its subsidiaries
“Guangdong Yide Port”	Guangdong Yide Port Co., Ltd.* (廣東頤德港口有限公司), a limited liability company incorporated in the PRC and is owned as to 51% by PIDHK as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSE”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on HKSE
“PIDHK”	China Merchants International Port-Integrated Development (Hong Kong) Company Limited (招商局國際臨港發展(香港)有限公司), a limited liability company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Valuation Report”

the valuation report dated 23 November 2022 prepared by China Tong Cheng Assets Appraisal Co., Ltd.* (中通誠資產評估有限公司), an independent asset appraiser, with respect to Guangdong Yide Port

“%”

per cent.

* For identification purpose only

For reference only, an exchange rate of HK\$1.00 to RMB0.91 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 Renjie
Chairman

Hong Kong, 22 December 2022

As at the date of this announcement, the Board comprises Mr. Deng Renjie (Chairman), Mr. Yim Kong and Mr. Yang Guolin as Non-Executive Directors; Mr. Wang Xiufeng, Mr. Xu Song, Mr. Tu Xiaoping and Mr. Lu Yongxin as Executive Directors; and Mr. Bong Shu Ying Francis, Mr. Chan Hiu Fung Nicholas, Mr. Kut Ying Hay, Mr. Li Ka Fai David and Ms. Wong Pui Wah as Independent Non-Executive Directors.