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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)**

**ANNOUNCEMENT  
CONNECTED TRANSACTION  
SOUTH ASIA COMMERCIAL AND LOGISTICS HUB PROJECT**

The Board is pleased to announce that, on 21 April 2023, the Company received and accepted the Letter of Intent from SLPA and the Ministry of Ports, Shipping and Aviation of Sri Lanka, on behalf of GOSL, granting an exclusivity period of 90 days for the parties to enter into agreements in relation to the SACLH Project.

On 21 April 2023, FCGL, a wholly-owned subsidiary of the Company, entered into the Shareholders Agreement with Access Engineering and SLPA, in relation to the establishment and governance of the Project Company for the implementation of the SACLH Project. The issued share capital of the Project Company will be US\$84 million (equivalent to approximately HK\$659 million), among which, FCGL agrees to contribute in cash of US\$58.8 million (equivalent to approximately HK\$462 million), representing 70% of the total issued share capital of the Project Company; Access Engineering agrees to contribute in cash of US\$12.6 million (equivalent to approximately HK\$99 million), representing 15% of the total issued share capital of the Project Company; and SLPA agrees to contribute in cash of US\$12.6 million (equivalent to approximately HK\$99 million), representing 15% of the total issued share capital of the Project Company.

On the same day, the Project Company entered into the BOT Agreement with SLPA. Pursuant to the BOT Agreement, the parties agree to adopt the “Build-Operate-Transfer (BOT)” model for the implementation of the SACLH Project.

CICT, a subsidiary of the Company, is owned as to 85% and 15% by the Company and SLPA, respectively. Accordingly, SLPA is considered a connected person of the Company at the subsidiary level under the Listing Rules. The transactions contemplated under the Shareholders Agreement and the BOT Agreement in relation to the SACLH Project therefore respectively constitute connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios of such contemplated transactions are more than 1% but less than 5%, the transactions contemplated under such agreements are subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

The core business of the Group is port and port-related business. The Company's investment strategy focuses on hub ports in regions that attract foreign investments. In recent years, the Group has been actively exploring and, as and when deemed appropriate, capturing available opportunities overseas to grow its ports business.

The Board is pleased to announce that, on 21 April 2023, the Company received and accepted the Letter of Intent from SLPA and the Ministry of Ports, Shipping and Aviation of Sri Lanka, on behalf of GOSL, granting an exclusivity period of 90 days for the parties to enter into agreements in relation to the SACLH Project.

On 21 April 2023, FCGL, a wholly-owned subsidiary of the Company, entered into the Shareholders Agreement with Access Engineering and SLPA, in relation to the establishment and governance of the Project Company for the implementation of the SACLH Project. On the same day, the Project Company entered into the BOT Agreement with SLPA. Pursuant to the BOT Agreement, the parties agree to adopt the "Build-Operate-Transfer (BOT)" model for the implementation of the SACLH Project.

Set out below is a brief summary of the principal terms of the Shareholders Agreement and the BOT Agreement.

**SHAREHOLDERS AGREEMENT**

- Date : 21 April 2023
- Parties : (a) The Project Company;  
(b) FCGL (a wholly-owned subsidiary of the Company);  
(c) Access Engineering; and  
(d) SLPA.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save that SLPA owns 15% of CICT, each of Access Engineering, SLPA and their respective ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

- Purpose and scope of Business : The Project Company is a special purpose company incorporated in Sri Lanka, established for the implementation of the SACLH Project. The scope of business of the Project Company includes the financing, design, development, operation, management and maintenance of the SACLH Project and the engagement of port related logistics and warehousing services.

- Shareholding : The issued share capital of the Project Company will be US\$84 million (equivalent to approximately HK\$659 million), among which, FCGL agrees to contribute in cash of US\$58.8 million (equivalent to approximately HK\$462 million), representing 70% of the total issued share capital of the Project Company; Access Engineering agrees to contribute in cash of US\$12.6 million (equivalent to approximately HK\$99 million), representing 15% of the total issued share capital of the Project Company; and SLPA agrees to contribute in cash of US\$12.6 million (equivalent to approximately HK\$99 million), representing 15% of the total issued share capital of the Project Company.

Conditions Precedent : The Shareholders Agreement is subject to the satisfaction of certain conditions precedent, including (i) the execution of the Project Documents by the relevant parties; (ii) fulfilment of the conditions under the Project Documents by the respective parties; and (iii) each party having obtained the relevant corporate authorisations to execute, deliver and perform the Shareholders Agreement.

If the conditions precedent are not satisfied and have not been waived by the relevant party within 90 days from the date of the Shareholders Agreement or by such later date as may be agreed in writing by the parties, the Shareholders Agreement shall terminate immediately.

Organisational Structure : The board of directors of the Project Company shall comprise no less than three and no more than seven directors, of which FCGL shall be entitled to appoint up to five directors and Access Engineering and SLPA shall be entitled to appoint one director each. The chairman of the board of directors shall be nominated by FCGL. The quorum for any board meeting shall be a majority of the directors, including at least one director nominated by each of FCGL, Access Engineering and SLPA.

Appointment of senior management : FCGL shall have the right to nominate a director of the Project Company as managing director/chief executive officer, who shall appoint the chief financial officer, chief operating officer and other senior management positions in accordance with the terms of the Shareholders Agreement.

Shareholders voting and reserved matters : The following matters, amongst others, shall require the approval by a majority of shareholders representing at least 90% of the voting rights of the Project Company: (i) amendment to articles of association of the Project Company; (ii) change of name of the Project Company; (iii) dissolution of the Project Company; (iv) varying the rights attaching to the shares of the Project Company; and (v) overriding any policy or direction of the board of directors of the Project Company.

Transfer of shares : A shareholder wishing to transfer any shares in the Project Company shall follow the procedures set out in the Shareholders Agreement, comply with the provisions in the BOT Agreement relating to change of effective control and shall provide the remaining shareholders with a right of first refusal.

## **BOT AGREEMENT**

Date : 21 April 2023

Parties : (a) The Project Company; and  
(b) SLPA.

Project : The Project Company will be responsible for the financing, design, construction, development, operation, management and maintenance of the SACLH Project as a public private partnership on a “Build-Operate-Transfer (BOT)” basis.

The SACLH Project involves the development of the “South Asia Commercial and Logistics Hub”, a logistics centre in the Port of Colombo, which is located at 6°52 North and 79°43 East at the Western coast of Sri Lanka. The project is expected to comprise the construction of an a minimum of a 5-story warehouse logistics facility with a total gross floor area of approximately 466,000 square metres in two phases, covering (1) less than container loads (LCL) operations; (2) multi-country consolidation (MCC) operations; (3) bonded warehousing services; (4) container freight station (CFS) facilities; (5) freeport/hub operations and (6) office space, among other services and facilities.

The construction is expected to take place in two phases.

Project cost : The total project cost is estimated to be approximately US\$392 million (equivalent to approximately HK\$3,077 million).

The total project cost was determined with reference to, inter alia, the value of existing assets, the Lease Area and the construction and development of the SACLH Project and also the expected revenue and other income that the Group may derive from the SACLH Project in the Port of Colombo during the term of the BOT Agreement.

The project cost for phase one will be funded by a combination of external bank financing and the then existing share capital of the Project Company after the capital contribution by the relevant parties. The project cost for phase two will be made by the Project Company according to the construction progress of the SACLH Project as agreed with SLPA.

Deposit : The Group shall deposit an upfront amount of US\$126 million (equivalent to approximately HK\$989 million) to a bank account in Sri Lanka within 60 days of the date of the Letter of Intent.

Site Lease : Pursuant to the BOT Agreement, SLPA and the Project Company will execute the Site Lease Agreement, whereby SLPA will grant the Project Company a lease to build on and use the Lease Area during the term of the BOT Agreement.

Pursuant to the Letter of Intent, the Site Lease Agreement will be entered into within 90 days of the date of the Letter of Intent. For the avoidance of doubt, as at the date of this announcement, the Site Lease Agreement has not been entered into. The Company will make further announcements as and when appropriate in accordance with the requirements under the Listing Rules.

Term : The term of the BOT Agreement shall commence on the Effective Date for a term of 50 years, unless otherwise extended or terminated earlier in accordance with the terms of the agreement.

Upon expiry or termination of the BOT Agreement, the Project Company shall hand back the Lease Area and transfer all assets which form part of the SACLH Project to SLPA.

Conditions precedent : The BOT Agreement is subject to the satisfaction of certain conditions precedent, including (i) the parties having obtained the relevant governmental or corporate approvals for entering into the BOT Agreement; (ii) there being no breach by the parties of the representations and warranties as specified in the BOT Agreement; and (iii) the execution of the Project Documents by the relevant parties.

If the conditions precedent are not satisfied or waived within 90 days from the date of the BOT Agreement, SLPA or the Project Company may terminate the BOT Agreement upon written notice.

Royalty : The Project Company shall pay SLPA a lump sum of US\$14 million (equivalent to approximately HK\$110 million) not later than 90 days from the Effective Date.

The Project Company shall pay SLPA further royalty fees based on the minimum throughput of the SACLH Project during the term of the BOT Agreement.

Exclusivity : During the term of the BOT Agreement, the Project Company shall have the sole and exclusive right to operate, manage and maintain the “South Asia Commercial and Logistics Hub”. SLPA shall not grant any third party the right to carry out port-related logistics or warehousing services at the Port of Colombo at a rate lower than the royalty fees payable by the Project Company under the BOT Agreement.

Letters of Guarantee : To guarantee the development of the SACLH Project, the Project Company shall submit a demand letter of guarantee in the amount of US\$4.5 million (equivalent to approximately HK\$35 million) produced by a licensed bank in Sri Lanka to SLPA before the Effective Date. Such guarantee shall expire on completion of all development-related obligations and shall be replaced with a demand letter of guarantee in the amount of US\$7.5 million (equivalent to approximately HK\$59 million) which shall remain valid for the remaining term of the BOT Agreement.

For the avoidance of doubt, the deposit, royalty fees and guarantee payable under the BOT Agreement do not constitute additional payment obligations of the Group and are included as part of the total project cost.

## **INFORMATION ABOUT THE PARTIES**

FCGL, a wholly-owned subsidiary of the Company, is a private limited liability company incorporated in the British Virgin Islands. Its principal activity is investment holding.

Access Engineering is a public limited liability company incorporated in Sri Lanka, whose shares are listed on the Colombo Stock Exchange (stock code: AEL). Its principal activity is the operation and management of infrastructure and engineering projects in Sri Lanka. Its shareholding information is available in its annual financial statements and annual report published on the Colombo Stock Exchange's website at <http://www.cse.lk/>.

SLPA is a public corporation owned by GOSL and constituted under the provisions of the Sri Lanka Ports Authority Act, No. 51 of 1979, and having its principal office at No.19, Chaitya Road, Colombo 1, Sri Lanka. The principal activities of SLPA are developing and maintaining port services at the commercial ports of Sri Lanka.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save that SLPA owns 15% of CICT, each of Access Engineering, SLPA and their respective ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

## **REASONS FOR THE TRANSACTIONS**

The core business of the Group is port and port-related business. The Company's investment strategy focuses on hub ports in regions that attract foreign investments. The Group has, in recent years, been actively exploring and, as and when deemed appropriate, capturing available opportunities overseas to grow its ports business.

Having already established a story of success in the Port of Colombo through the development of the CICT, the SACLH Project, in which the Company participates in investing, constructing and operating the South Asia Commercial and Logistics Hub in the Port of Colombo, will be beneficial to the Company in expanding its share in the South Asian ports market, while increasing its revenue and profit. The SACLH Project will be of great significance to the Company in increasing its influence in the region and enhancing its market competitiveness, which is in line with the Company's investment strategy.

The terms of the Shareholders Agreement and the BOT Agreement were determined after arm's length negotiations among the parties thereto. The total project cost of approximately US\$392 million (equivalent to approximately HK\$3,077 million) was determined with reference to, inter alia, the value of existing assets, the Lease Area and the construction and development of the SACLH Project and also the expected revenue and other income that the Group may derive from the SACLH Project in the Port of Colombo during the term of the BOT Agreement, and will be funded by a combination of external bank financing and the then existing share capital of the Project Company.

Taking into account the above, the Directors, including the independent non-executive Directors, are of the view that the terms of the Shareholders Agreement and the BOT Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company. The Directors, including the independent non-executive Directors, are of the view that the terms of the the Shareholders Agreement and the BOT Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole.

#### **LISTING RULES IMPLICATIONS**

CICT, a subsidiary of the Company, is owned as to 85% and 15% by the Company and SLPA, respectively. Accordingly, SLPA is considered a connected person of the Company at the subsidiary level under the Listing Rules. The transactions contemplated under the Shareholders Agreement and the BOT Agreement in relation to the SACLH Project therefore respectively constitute connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios of such contemplated transactions are more than 1% but less than 5%, the transactions contemplated under such agreements are subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

## DEFINITIONS

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

“Access Engineering”	Access Engineering PLC, a public limited liability company incorporated in Sri Lanka, whose shares are listed on the Colombo Stock Exchange (stock code: AEL)
“Board”	the board of Directors of the Company
“BOT Agreement”	the build-operate-transfer agreement dated 21 April 2023 entered into between the Project Company and SLPA in relation to the implementation of the SACLH Project
“CICT”	Colombo International Container Terminals Limited, a 85%-owned subsidiary of the Company and a private limited liability company incorporated in Sri Lanka
“Company”	China Merchants Port Holdings Company Limited, 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(s)”	has the meaning ascribed to this term under Rule 14A.06 of the Listing Rules
“Directors”	the directors of the Company
“Effective Date”	the day the last outstanding condition precedent under the BOT Agreement has been satisfied or waived, as the case may be, in writing by the parties under the BOT Agreement
“FCGL”	Fortune Centre Group Limited, a wholly-owned subsidiary of the Company and a private limited liability company incorporated in the British Virgin Islands

“GOSL”	the Government of the Democratic Socialist Republic of Sri Lanka, where the context requires to mean the said Government of Sri Lanka represented by the Secretary Ministry of Ports and Shipping
“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
“Lease Area”	the land area required for the construction and development of the SACLH Project, as specified in the Site Lease Agreement
“Letter of Intent”	the letter of intent dated 21 April 2023 from SLPA and the Ministry of Ports, Shipping and Aviation of Sri Lanka to the Company in relation to the SACLH Project
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Project Company”	South Asia Commercial and Logistics Hub Limited, the project company of the SACLH Project and a private limited liability company incorporated in Sri Lanka
“Project Documents”	the Shareholders Agreement, the BOT Agreement, the Site Lease Agreement and any financing agreements entered into by the Project Company in respect of the SACLH Project
“SACLH Project”	the financing, design, construction, development, operation, management and maintenance of the “South Asia Commercial Logistics Hub”, a logistics centre in the Port of Colombo, by the Project Company and SLPA via a public-private partnership model

“Shareholders Agreement”	the shareholders agreement dated 21 April 2023 entered into between FCGL, Access Engineering and SLPA in relation to the establishment and governance of the Project Company
“Site Lease Agreement”	the lease agreement to be entered into by the Project Company and SLPA in relation to the lease of the Lease Area during the term of the BOT Agreement
“SLPA”	Sri Lanka Ports Authority, an authority constituted under the Sri Lanka Ports Authority Act, No. 51 of 1979
“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\$7.85 has been used for the conversion of United States dollars into Hong Kong dollars in this announcement.*

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

Hong Kong, 21 April 2023

*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, Ms. Chan Yuen Sau Kelly, Mr. Li Ka Fai David and Ms. Wong Pui Wah as Independent Non-Executive Directors.*