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**招商局港口控股有限公司**

**CHINA MERCHANTS PORT HOLDINGS COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

**(Stock Code: 00144)**

## **DISCLOSEABLE TRANSACTION ACQUISITION OF TCP IN BRAZIL**

On 4 September 2017, the Company and CM SPV entered into the Share Purchase Agreement with the Selling Shareholders and TCP in relation to the sale and purchase of the Initial Sale Shares and Individual Sellers Shares, representing 90% of the issued share capital of TCP on the Closing Date on a fully diluted basis. The purchase price for the acquisition of the Initial Sale Shares and the Individual Sellers Shares is R\$2,891,250,227.92 (equivalent to approximately HK\$7,228,125,570).

Upon Closing, the Company will, through the CM SPV, hold 90% of the total issued share capital of TCP and the remaining 10% issued share capital of TCP will be held, as to approximately 6% by Soifer, as to approximately 2% by Pattac and as to approximately 2% by Tuc Par. TCP and its subsidiaries are principally engaged in operation of port facilities in Brazil.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **1. BACKGROUND**

On 4 September 2017, the Company and CM SPV entered into the Share Purchase Agreement with the Selling Shareholders and TCP in relation to the sale and purchase of the Initial Sale Shares and Individual Sellers Shares, representing 90% of the issued share capital of TCP on the Closing Date on a fully diluted basis.

## **2. SHARE PURCHASE AGREEMENT**

### **Date**

4 September 2017

### **Parties**

- (1) the Company (as guarantor)
- (2) CM SPV (as purchaser)
- (3) the Selling Shareholders (as sellers)
- (4) TCP (as intervening party)

### **Subject Matter**

Pursuant to the Share Purchase Agreement, the Selling Shareholders have agreed to sell the Initial Sale Shares to CM SPV.

Furthermore, pursuant to the terms of the TCP Stock Option Plan, the sale of the Initial Sale Shares to CM SPV will accelerate vesting of the stock options granted by TCP to the Individual Sellers under the TCP Stock Option Plan. The Selling Shareholders have agreed to cause the Individual Sellers to, prior to Closing, exercise their rights to subscribe for TCP Shares under the TCP Stock Option Plan and sell all TCP Shares so subscribed (i.e. the Individual Sellers Shares) to the CM SPV on Closing. CM SPV has also agreed to purchase from the Individual Sellers the Individual Sellers Shares.

The Initial Sale Shares and Individual Sellers Shares, in aggregate, will represent 90% of the issued share capital of TCP on the Closing Date on a fully diluted basis.

### **Purchase Price**

The purchase price for the acquisition of the Initial Sale Shares and the Individual Sellers Shares is R\$2,891,250,227.92 (equivalent to approximately HK\$7,228,125,570). The purchase price was determined on a locked box basis with reference to the financial condition of TCP as of 30 September 2016.

The total purchase price under the Share Purchase Agreement will be funded by a combination of internal resources of the Group and external debt financing.

## **Conditions Precedent**

Closing is conditional upon satisfaction or waiver of, among other things, the obtaining of the relevant approvals from governmental authorizations in respect of the Share Purchase Agreement and the transactions contemplated thereunder (including the approval by the Brazilian antitrust and regulatory authorities) and the Individual Sellers having exercised their rights to acquire the Individual Sellers Shares and agreeing to sell such Individual Sellers Shares to CM SPV at Closing in accordance with the Share Purchase Agreement.

## **Closing**

Closing shall take place on the fifth business day after receipt of the notice that the last conditions precedent has been satisfied or on such other date as the parties may agree in writing.

Upon Closing, the Company will, through the CM SPV, hold 90% of the total issued share capital of TCP and the remaining 10% issued share capital of TCP will be held, as to approximately 6% by Soifer, as to approximately 2% by Pattac, as to approximately 2% by Tuc Par.

## **Escrow**

On Closing, 10% of the purchase price for the acquisition of the Initial Sale Shares and the Individual Sellers Shares will be deposited into an escrow account in Brazil maintained by an escrow agent and will be held by the escrow agent for a period of five years from the Closing Date for settlement of certain warranty and indemnity claims that CM SPV might have under the Share Purchase Agreement.

## **New Shareholders' Agreement**

On Closing, CMP SPV, Soifer, Pattac and Tuc Par will enter into a new shareholders' agreement to regulate their relationship as shareholders of TCP and such new shareholders' agreement will replace the shareholders' agreements entered into among the Selling Shareholders.

## **Guarantee**

The Company has agreed to guarantee the payment obligations of the CM SPV under the Share Purchase Agreement.

### 3. INFORMATION ON TCP

TCP is a company incorporated in Brazil and having its head office in the City of Curitiba, State of Paraná, at Avenida do Batel, No. 1.750, 2nd floor, suite 219, part. TCP and its subsidiaries are principally engaged in operating the container terminal concession in the Port of Paranaguá. Located in a sheltered bay that allows excellent navigating conditions with 24 hours access, TCP has an unique infrastructure capable of receiving the largest vessels operating in the Latin America tradelanes and is the second largest container terminal in Brazil with currently a design capacity of 1.5 million TEUs each year which will be further increased to 2.4 million TEUs each year upon completion of the planned expansion which is currently expecting to commence work later this year and expected to complete by the second half of 2019. Also, TCP Log (a wholly-owned subsidiary of TCP) offers door-to-port integrated logistics, with the focus on offering tailor made logistic solutions for importers and exporters. TCP Log has units in Paranaguá, Ponta Grossa and Curitiba and partnerships in Cambé and Cascavel. In April 2016, TCP announced the renewal of the terminal concession contract for an additional 25-year period, ending in 2048. As at the date of this announcement, TCP is owned, as to approximately 42.77%, 24.00%, 7.79%, 7.79%, 5.39%, 5.03%, 4.24% and 2.99% by each of FIP 1, Soifer, Pattac, Tuc Par, Galigrain, TCB, FIP 3 and FIP 2, respectively.

Based on the audited financial statements of TCP as at 30 June 2017, the total assets and net assets of TCP amounted to approximately R\$3,216,821,000 and R\$162,770 (equivalent to approximately HK\$8,042,052,500 and HK\$406,925), respectively.

Based on the audited financial statements of TCP, the net profits/loss (both before and after taxation and extraordinary items) for the year ended 31 December 2015 and 31 December 2016 are as follows:

	<b>Year ended 31 December 2015</b>	<b>Year ended 31 December 2016</b>
	<i>(R\$ '000)</i>	<i>(HK\$'000)</i>
Profit/(loss) before taxation	R\$73,051 (equivalent to approximately HK\$182,628)	(R\$12,562) (equivalent to approximately HK\$(31,405))
Profit/(loss) after taxation	R\$50,784 (equivalent to approximately HK\$126,960)	(R\$7,954) (equivalent to approximately HK\$(19,885))

#### **4. REASONS FOR THE TRANSACTION**

The Company is the leading port investor and operator in China with international presence. At present, the Company's investments and operations span across China Coastal areas including Hong Kong, Shenzhen, Shanghai, Ningbo, Qingdao, Dalian, Tianjin, Zhanjiang, Xiamen Bay, and Taiwan, and internationally, in Sri Lanka, Nigeria, Djibouti, Togo, Turkey the United States and a number of countries in Asia, Europe and the Mediterranean region.

The Group has, in recent years, been actively exploring and, as and when deemed appropriate, capturing available opportunities as one of the means to effectively add new growth drivers to its existing and sustainably growing ports business. The acquisition of TCP will allow the Group to expand its business to the Latin America region and further consolidate its position globally.

Furthermore, the investment will provide the Group the opportunity to make use of the marine transportation hub of TCP to develop its logistics network, export/import and industrial zone and potential residential projects and related financial service platforms, allowing for greater commercial synergies within the Group.

The Directors are of the view that the Share Purchase Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Company. Taking into account of the above, the Directors are of the view that the terms of the Share Purchase Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of TCP, the Selling Shareholders, the Individual Sellers and their respective ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

#### **5. LISTING RULES IMPLICATONS**

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **6. GENERAL INFORMATION**

### **Information on CM SPV**

CM SPV is a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company. It is an investment holding company newly established for the purpose of the Company's investment in TCP

### **Information on the Selling Shareholders and the Individual Sellers**

#### **(a) Selling Shareholders**

Each of FIP 1, FIP 2 and FIP 3 is an investment fund duly organized and existing under the laws of Brazil, of which ultimate indirect shareholders are investment funds managed directly or indirectly by Advent International Corporation.

Soifer is a corporation (*sociedade por ações*) incorporated in Brazil and having its head office in the City of Curitiba, State of Paraná, at Avenida Batel, No. 1.750, room 106 (part). Its principal businesses are real estate, logistics, tourism and agribusiness. Main investments include Pátio Batel shopping in Curitiba/PR, Shopping São José in São José dos Pinhais/SP, Shopping Muller in Curitiba/SP and Joinville/SC and Shopping Rio Sul in Rio de Janeiro/RJ.

Pattac is a corporation (*sociedade por ações*) incorporated in Brazil and having its head office in the City of Curitiba, State of Paraná, at Alameda Dr. Carlos de Carvalho, No. 555, suites 53 and 54. Its principal business activity is investment holding, most of which are on infrastructure, highway concession, ports, port management, entertainment assets, renewable energy production and logistics. Main investments include Caminhos do Paraná highway concession, Atlantic renewable energy, Ternium Participações, Itajaí Biogás, Paracas Port in Peru.

Tuc Par is a corporation (*sociedade por ações*) incorporated in Brazil and having its head office in the City of Curitiba, State of Paraná, at Rua Frederico Escorsin, No. 46. Its principal business activity is investment holding in road, port & airport concessions and energy generation segments. Main investments include Paracas port terminal; Rota das Fronteiras and Caminhos do Paraná highway concessions; CER and Itajaí energy generation companies.

Galigrain is a corporation duly organized and existing under the laws of Spain and having its head office in the City of Marin (Pontevedra), Spain, at Avenida de Orense, 1-B. Its principal business activity is investment holding focused on port management and rail, road & maritime logistics. It has also investments in real estate and renewable energy. Main investments include six bulk terminals in Spain and one terminal in Paracas/Peru.

TCB is a corporation duly organized and existing under the laws of Spain and having its head office in the City of Barcelona, Spain, at Carretera de Circunvalación, tramo 4º, Muelle Sur, Edificio TCB, Puerto de Barcelona. Its principal business activity is investment holding focused on design and management of container terminals. Main terminals include Barcelona, Valencia, Grao de Castelló, Tenerife and Gijón in Spain; Yucatan in Mexico, Buenaventura in Colombia; Aliğa-Izmir in Turkey; Quetzal in Guatemala. In 2016, TCB was acquired by APM Terminals Group.

**(b) Individual Sellers**

The Individual Sellers comprise 13 individuals, all of which are the current or former management of TCP and who are beneficiaries of the TCP Stock Option Plan.

**7. DEFINITIONS**

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

“Board”	the board of Directors of the Company
“Brazil”	the Federative Republic of Brazil
“Closing”	the closing of the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement
“Closing Date”	the date on which Closing occurs
“CM SPV”	Kong Rise Development Limited (廣陞發展有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary 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 Stock Exchange

“connected person”	has the meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“FIP 1”	Fundo de Investimento em Participações – Brasil de Private Equity Multiestratégia, an investment fund duly organized and existing under the laws of Brazil
“FIP 2”	Fundo de Investimento em Participações – Brasil de Private Equity II Multiestratégia, an investment fund duly organized and existing under the laws of Brazil
“FIP 3”	Fundo de Investimento em Participações – Brasil de Private Equity III Multiestratégia, an investment fund duly organized and existing under the laws of Brazil
“Galigrain”	Galigrain, S.A., a corporation duly organized and existing under the laws of Spain, with head office in the City of Marin (Pontevedra), Spain, at Avenida de Orense, 1-B
“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 People’s Republic of China
“Individual Sellers”	beneficiaries of the TCP Stock Option Plan, who will exercise their rights to subscribe for TCP Shares under the TCP Stock Option Plan and agree to sell the Individual Sellers Shares to the CM SPV on Closing
“Individual Sellers Shares”	340,100 TCP Shares to be issued by TCP to the Individual Sellers pursuant to the TCP Stock Option Plan and be sold by the Individual Sellers to CM SPV in accordance with the Share Purchase Agreement
“Initial Sale Shares”	7,271,233 TCP Shares to be sold by the Initial Sellers to CM SPV, representing approximately 89.58% of the total capital stock of TCP on the date of the Sale and Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Pattac”	Pattac Empreendimentos E Participações S.A., a corporation ( <i>sociedade por ações</i> ) incorporated in Brazil with head office in the City of Curitiba, State of Paraná, at Alameda Dr. Carlos de Carvalho, No. 555, suites 53 and 54
“R\$”	Reais, the lawful currency of Brazil
“Sale Shares”	the Initial Sales Shares and the Individual Sellers Shares, amounting to 7,611,333 TCP Shares and representing 90% of the total capital stock of TCP on a fully diluted basis as of the Closing Date
“Selling Shareholders”	FIP 1, FIP 2, FIP 3, Soifer, Pattac, Tuc Pac, Galigrain and TCB
“Share Purchase Agreement”	the share purchase agreement entered into between CM SPV (as purchaser), the Selling Shareholders (as sellers), TCP (as intervening party) and the Company (as guarantor) in relation to the sale of the Sale Shares
“Soifer”	Soifer Participações Societárias S.A., a corporation ( <i>sociedade por ações</i> ) incorporated in Brazil with head office in the City of Curitiba, State of Paraná, at Avenida Batel, No. 1.750, room 106 (part)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCB”	Grup Maritim TCB, S.L., a corporation duly organized and existing under the laws of Spain, having head office in the City of Barcelona, Spain, at Carretera de Circunvalación, tramo 4º, Muelle Sur, Edifício TCB, Puerto de Barcelona
“TCP”	TCP Participações S.A., a corporation ( <i>sociedade por ações</i> ) incorporated in Brazil, having its head office in the City of Curitiba, State of Paraná, at Avenida do Batel, No. 1.750, 2nd floor, suite 219, part
“TCP Share(s)”	common share(s) of TCP
“TCP Stock Option Plan”	the stock option plan approved by TCP at a general shareholders’ meeting held on 16 April, 2012, as amended from time to time

“Tuc Pac”	Tuc Participações Portuárias S.A., a corporation ( <i>sociedade por ações</i> ) incorporated in Brazil, having head office in the City of Curitiba, State of Paraná, at Rua Frederico Escorsin, No. 46
“Transaction”	the sale of the Sale Shares contemplated by the Share Purchase Agreement, as described in this announcement
“%”	per cent.

*For reference only, an exchange rate of HK\$1.00 to R\$0.4 has been used for the conversion of Reais into Hong Kong dollars in this announcement.*

By Order of the Board of  
**China Merchants Port Holdings Company Limited**  
**Li Xiaopeng**  
*Chairman*

Hong Kong, 4 September 2017

*As at the date of this announcement, the Board comprises Mr. Li Xiaopeng, Mr. Hu Jianhua, Mr. Wang Hong, Mr. Hua Li, Mr. Bai Jingtao, Mr. Wang Zhixian, Mr. Zheng Shaoping and Ms. Shi Wei 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.*