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## **ANNOUNCEMENT**

### **(1) CONNECTED TRANSACTION IT DEVELOPMENT AGREEMENT**

### **(2) CONTINUING CONNECTED TRANSACTION REVISED ANNUAL CAP FOR FINANCIAL SERVICES AGREEMENT**

#### **1 IT DEVELOPMENT AGREEMENT**

##### **IT Development Agreement**

On 4 October 2017, CMHIT, a subsidiary of the Company entered into the IT Development Agreement with the Djibouti Asset Company pursuant to which, CMHIT has agreed to develop certain IT software and systems for the Djibouti Asset Company including network systems, CCTV systems, IT data centers and other business management software.

The total contract price under the IT Development Agreement is USD6,875,763.60 (equivalent to approximately HK\$53,716,215.55) and will be paid in stages in accordance with the following schedule: 15% upon completion of the detailed design, 25% upon delivery of the phase 1 equipment, 20% upon completion of installation and testing of the phase 1 equipment, 10% upon completion of testing of phase 1 software systems, 10% upon development of the phase 2 equipment, 5% upon completion of installation and testing of the phase 2 equipment, 5% upon completion of testing of phase 2 software systems and the remaining 10% shall be paid upon completion of the first year defects notification period and issuance of the performance certificate. The contract price was determined through a competitive tender process arranged by the Djibouti Asset Company.

## **Reasons for the Transaction**

The core business of the Group includes port and port-related business. The Group has, in recent years, been actively exploring and, as and when deemed appropriate, capturing available opportunities overseas as one of the means to effectively add new growth drivers to its existing and sustainably growing ports business. As disclosed in the announcement of the Company on 16 January 2017, the Djibouti Asset Company (in which the Company has an indirect interest) is 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. CMHIT is an information technology solution provider specialising in port, terminal and logistics industry as well as improvement of logistics customs clearance and the entering into of the IT Development Agreement is the ordinary and usual course of business of CMHIT and the provision of the services under the IT Development Agreement to the Djibouti Asset Company will enhance the business operation efficiency of the Djibouti Asset Company which will also benefit the Company.

The Directors, including the independent non-executive Directors, are of the view that the IT Development Agreement entered into on normal commercial terms and in the ordinary and usual course of business of CMHIT. Taking into account the current market price for similar services, the Directors, including the independent non-executive Directors, are of the view that the terms of the IT Development Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole. None of the Directors have a material interest in the IT Development Agreement, nor are they required to abstain from voting in the relevant board resolution.

## **Listing Rules Implications**

The Djibouti Asset Company is an associate of CMG, the ultimate holding company of the Company, and therefore a connected person of the Company. Accordingly, the transaction contemplated under the IT Development 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 IT Development Agreement exceed 0.1% but are below 5%, the transaction contemplated under the IT Development Agreement is therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **2 REVISED ANNUAL CAP FOR FINANCIAL SERVICES AGREEMENT**

### **Revision of Annual Cap**

Reference is made to (i) the announcement of the Company dated 23 December 2016 in relation to, inter alia, the Financial Services Agreement entered into between the Company and China Merchants Finance which sets out the framework for the provision of various financial services by China Merchants Finance to the Group and (ii) the announcement of the Company dated 31 March 2017 in relation to the revision of the annual cap in respect of the aggregate amount of deposit that may be made by the Group with China Merchants Finance at any point of time during the term of the Financial Services Agreement from HK\$50,000,000 to HK\$500,000,000.

In light of the growing business volume of the Group and that the actual rates being offered by China Merchants Finance to the Group are more preferential than those offered by other commercial banks, on 4 October 2017, the Board resolved and the Company agreed with China Merchants Finance to revise the annual cap in respect of the daily closing balance of the aggregate amount of deposit that may be made by the Group with China Merchants Finance at any point of time during the term of the Financial Services Agreement at HK\$3,500,000,000. Such revised annual cap was determined with reference to the expected cash flow from its business operations.

Taking into account the business development of the Group, the Directors, including the independent non-executive Directors, are of the view that the revised annual cap in respect of the daily closing balance of the aggregate amount of deposit that may be made by the Group with China Merchants Finance is fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole. None of the Directors have a material interest in the Financial Services Agreement nor are they required to abstain from voting in the relevant board resolution.

### **Listing Rules Implications**

China Merchants Finance is a subsidiary of CMG, and is therefore a connected person of the Company. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the revised annual cap in respect of the daily closing balance of the aggregate amount of deposit that may be made by the Group with China Merchants Finance exceed 0.1% but are below 5%, it is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“ <b>Board</b> ”	the board of Directors of the Company
“ <b>China Merchants Finance</b> ”	China Merchants Group Finance Company Limited (招商局集團財務有限公司), formerly known as Sinotrans & CSC Finance Company Limited (中國外運長航財務有限公司), a subsidiary of CMG
“ <b>CMG</b> ”	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
“ <b>CMHIT</b> ”	China Merchants Holdings (International) Information Technology Services Co., Ltd (招商局國際信息技術有限公司), a limited liability company incorporated under the laws of the PRC and a 76.84%-owned subsidiary of the Company
“ <b>Company</b> ”	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
“ <b>connected person</b> ”	has the meaning ascribed to this term under the Hong Kong Listing Rules
“ <b>Directors</b> ”	the directors of the Company
“ <b>Djibouti Asset Company</b> ”	Khor Ambado Free Zone Company 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
“ <b>Financial Services Agreement</b> ”	the financial services agreement dated 23 December 2016 entered into between the Company and China Merchants Finance, details of which are set out in the announcement of the Company dated 23 December 2016

“ <b>Group</b> ”	the Company and its subsidiaries as a whole, and a member of the Group shall mean any one of them
“ <b>HK\$</b> ”	Hong Kong dollars, the lawful currency of Hong Kong
“ <b>Hong Kong</b> ”	the Hong Kong Special Administrative Region of the PRC
“ <b>Hong Kong Listing Rules</b> ”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“ <b>IT Development Agreement</b> ”	the agreement dated 4 October 2017 entered into between the Djibouti Asset Company and CMHIT in relation to the development of certain IT software and systems
“ <b>PRC</b> ”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region and Taiwan
“ <b>subsidiary(ies)</b> ”	has the meaning ascribed to it under the Listing Rules
“ <b>USD</b> ”	United States dollars, the lawful currency of the United States of America
“ <b>%</b> ”	per cent.

*For reference only, an exchange rate of USD1.00 to HK\$7.8124 has been used for the conversion of USD 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 October 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.*