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## **ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED**

**珠海控股投資集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00908)**

### **CONNECTED TRANSACTION**

### **COMPENSATION AGREEMENT**

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Since 1994, pursuant to a lease agreement dated 1 March 1994 (which subsequently expired on 28 February 2014) and a supplemental lease agreement dated 1 March 2000 (i.e. the Jiuzhou Port Building Leases) between ZJ Holdings (a controlling shareholder of the Company), as lessor, and Jiuzhou Port Company (a subsidiary of the Company), as lessee, Jiuzhou Port Company was granted by ZJ Holdings the rights to use the Jiuzhou Port Facilities in Zhuhai, the PRC for a period of 40 years until 27 March 2040, at a lump sum payment of approximately RMB33,000,000.

In addition, pursuant to a land use right agreement dated 28 March 2000 between ZJ Holdings, as lessor, and Jiuzhou Port Company, as lessee, Jiuzhou Port Company was granted by ZJ Holdings the rights to use a site having an area of approximately 9,335 sq.m. on which the Jiuzhou Port Facilities are erected for a period of 40 years until 27 March 2040, at an annual rent of approximately RMB0.52 million (i.e. the Jiuzhou Port Land Lease.)

Details of the Jiuzhou Port Leases (i.e. the Jiuzhou Port Building Leases and Jiuzhou Port Land Lease) are disclosed in the Company's announcement dated 10 April 2000.

Currently, ZJ Holdings is carrying out an urban renewal project on the redevelopment of the Jiuzhou Port area, in which the Jiuzhou Port Facilities are to be demolished and redeveloped. Pursuant to the Compensation Agreement, the Jiuzhou Port Leases shall be terminated and as compensation, ZJ Holdings shall, among other things, pay Jiuzhou Port Company a compensation fee of RMB19,000,000 and provide interim building facilities.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, ZJ Holdings is a controlling shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. It is interested in 878,155,109 Shares, representing approximately 61.5% of the Shares in issue. Jiuzhou Port Company is a subsidiary of the Company, indirectly owned as to 90% and 10% by the Company and ZJ Holdings, respectively. Accordingly, the Compensation Agreement constitutes a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the compensation fee payable under the Compensation Agreement is greater than 0.1% but less than 5%, the entering into of the Compensation Agreement and the transactions contemplated thereunder are only subject to reporting and announcement requirements but are exempt from the independent Shareholders approval requirements pursuant to Chapter 14A of the Listing Rules.

## INTRODUCTION

Since 1994, pursuant to a lease agreement dated 1 March 1994 (which subsequently expired on 28 February 2014) and a supplemental lease agreement dated 1 March 2000 (collectively, the “**Jiuzhou Port Building Leases**”) between ZJ Holdings (a controlling shareholder of the Company), as lessor, and Jiuzhou Port Company (a subsidiary of the Company), as lessee, Jiuzhou Port Company was granted by ZJ Holdings the rights to use the Jiuzhou Port Facilities (as part of the Jiuzhou Port Passenger Terminal) in Zhuhai, the PRC, for a period of 40 years until 27 March 2040, at a lump sum payment of approximately RMB33,000,000.

In addition, pursuant to a land use right agreement dated 28 March 2000 between ZJ Holdings, as lessor, and Jiuzhou Port Company, as lessee, Jiuzhou Port Company was granted by ZJ Holdings the rights to use a site having an area of approximately 9,335 sq.m. on which the Jiuzhou Port Facilities are erected for a period of 40 years until 27 March 2040, at an annual rent of approximately RMB0.52 million (the “**Jiuzhou Port Land Lease**”, together with Jiuzhou Port Building Leases, the “**Jiuzhou Port Leases**”).

Details of the Jiuzhou Port Leases are disclosed in the Company’s announcement dated 10 April 2000.

The Jiuzhou Port Passenger Terminal has been in operation for more than 30 years and has witnessed the changes of times brought by the development of Zhuhai Special Economic Zone. The two-storey passenger terminal is aged and is in need of redevelopment, particularly after the severe damage to the building structures caused by Typhoon Hato in 2018 and Super Typhoon Mangkhut in 2019.

ZJ Holdings is carrying out an urban renewal project on the redevelopment of the Jiuzhou Port area, in which the Jiuzhou Port Facilities are to be demolished and redeveloped. The redeveloped Jiuzhou Port Passenger Terminal will be more suited to satisfy the requirements and functions of a passenger terminal as a modern transportation hub.

Pursuant to the Compensation Agreement, the Jiuzhou Port Leases shall be terminated and as compensation, ZJ Holdings shall, among other things, pay Jiuzhou Port Company a compensation fee of RMB19,000,000 and provide interim building facilities. It is currently expected that, ZJ Holdings and Jiuzhou Port Company will enter into a new lease agreement for the redeveloped facilities.

## **THE COMPENSATION AGREEMENT**

Principal terms of the Compensation Agreement are as follows:

Date: 10 December 2020

Parties: 1. ZJ Holdings; and  
2. Jiuzhou Port Company.

Subject matter: The Jiuzhou Port Leases shall be terminated and ZJ Holdings shall provide compensation and interim building facilities to Jiuzhou Port Company.

Compensation fee and basis: RMB19,000,000, to be paid by ZJ Holdings to Jiuzhou Port Company in accordance with the payment terms.

In determining the compensation fee, the two parties considered (i) the lease payment under the Jiuzhou Port Leases, (ii) the remaining duration of the Jiuzhou Port Leases, and (iii) the carrying value of buildings and structures built by the Jiuzhou Port Company during the term of the Jiuzhou Port Leases as at 30 June 2020.

Payment terms: The compensation fee shall be paid in 4 instalments:

1. 1st instalment of RMB11,998,000, to be paid no later than 31 December 2020.
2. 2nd instalment of RMB2,334,000, to be paid before 31 December 2021.
3. 3rd instalment of RMB2,334,000, to be paid before 31 December 2022.
4. 4th instalment of RMB2,334,000, to be paid before 31 December 2023.

- Other terms:
1. The Jiuzhou Port Leases shall be terminated.
  2. ZJ Holdings shall provide Jiuzhou Port Company with interim building facilities during the redevelopment of Jiuzhou Port Facilities at no additional rent.
  3. Jiuzhou Port Company shall relocate to the interim building facilities within a certain time period specified in a written notice from ZJ Holdings.
  4. Jiuzhou Port Company shall pay all outstanding utility fees (including water, electricity, internet and telecommunication fees) prior to relocation and provide evidence of payment to ZJ Holdings.
  5. Jiuzhou Port Company shall, on behalf of ZJ Holdings, handle the termination of any leases and/or respective sub-leases of any portion of the Jiuzhou Port Facilities (to which ZJ Holdings is the lessor) and the relocation of the affected lessees and sub-leasees. Jiuzhou Port Company has the right to recover all reasonable expenses from ZJ Holdings arising from the termination of such leases and sub-leases, including but not limited to assessment fees, interests, legal and litigation fees, etc.
  6. Jiuzhou Port Company shall handle the termination of any leases and/or respective sub-leases of any portion of the Jiuzhou Port Facilities (to which Jiuzhou Port Company is the lessor) and the relocation of the affected lessees and sub-leasees. Jiuzhou Port Company shall bear all expenses arising from the termination of such leases and sub-leases and ZJ Holdings shall not provide additional compensation.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE COMPENSATION AGREEMENT**

The Jiuzhou Port Passenger Terminal has been in operation for more than 30 years and is in need of redevelopment. The Board considers the redevelopment of the passenger terminal to be vital to maintaining its status as a comprehensive transport hub and providing top quality experience to passengers travelling through the port. The redevelopment of the Jiuzhou Port Facilities will be carried out by ZJ Holdings. Under the Compensation Agreement, Jiuzhou Port Company will receive a compensation fee and relocate to interim building facilities at no additional rent. After the redevelopment is complete, Jiuzhou Port Passenger Terminal will be more suited to satisfy the requirements and functions of a passenger terminal as a modern transportation hub. It is currently expected that, ZJ Holdings and Jiuzhou Port Company will enter into a new lease agreement for the redeveloped facilities. The Company will comply with the applicable requirements under the Listing Rules in relation to such new lease agreement as and when appropriate.

Having reviewed the terms of the Compensation Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Compensation Agreement are in line with the redevelopment of the Jiuzhou Port area and are fair and reasonable, that the Compensation Agreement is on normal commercial terms or better to the Company and that entering into the Compensation Agreement is in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

Since Mr. Zeng Jianping, Mr. Jin Tao, Mr. Ye Yuhong (all being executive Directors) and Mr. Zou Chaoyong (being a non-executive Director) are also directors of ZJ Holdings, they abstained from voting on the relevant board resolutions approving the Compensation Agreement. Mr. Li Wenjun (being an executive Director) is also a deputy general manager of ZJ Holdings and also abstained from voting on the aforesaid board resolutions. Save as disclosed above, none of the Directors has a material interest in the Compensation Agreement or should abstain from voting in respect of the relevant board resolutions.

## **INFORMATION ON THE PARTIES**

The Company is an investment holding company. Jiuzhou Port Company is an indirect non wholly-owned subsidiary of the Company, which is principally engaged in the provision of port facilities and ticketing services in Zhuhai, the PRC.

The principal activities of the Group consist of investment holding, the provision of port facilities in Zhuhai, the provision of ferry services between Zhuhai on the one part and Hong Kong and Shekou on the other part, the management of a holiday resort, a theme park and an amusement park, property development and the operation of a golf club, the provision of factoring services, the construction of river-regulating facilities and provision of river maintenance services and the trading and distribution of fuel oil, to form three major business segments, namely (1) 九洲藍色幹線 (Jiuzhou Blue Sea Jet\*, maritime transportation) and 藍色海洋旅遊 (Blue Marine Tourism\*); (2) green leisure tourism and composite real estate; and (3) public utilities and financial investments.

ZJ Holdings is an investment holding company and is a controlling shareholder of the Company.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, ZJ Holdings is a controlling shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. It is interested in 878,155,109 Shares, representing approximately 61.5% of the Shares in issue. Jiuzhou Port Company is a subsidiary of the Company, indirectly owned as to 90% and 10% by the Company and ZJ Holdings, respectively. Accordingly, the Compensation Agreement constitutes a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the compensation fee payable under the Compensation Agreement is greater than 0.1% but less than 5%, entering into Compensation Agreement and the transactions contemplated thereunder are only subject to reporting and announcement requirements but are exempt from the independent Shareholders approval requirements pursuant to Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Zhuhai Holdings Investment Group Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange
“Compensation Agreement”	an agreement dated 10 December 2020 and entered between ZJ Holdings and Jiuzhou Port Company, pursuant to which the Jiuzhou Port Leases are terminated and as compensation, ZJ Holdings shall, among other things, pay Jiuzhou Port Company a compensation fee of RMB19,000,000 and provide interim building facilities
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiuzhou Port Company”	珠海九洲港客運服務有限公司 (Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd.*), established as a sino-foreign equity joint venture enterprise under the PRC law and a connected subsidiary of the Company
“Jiuzhou Port Facilities”	the port facilities as part of the Jiuzhou Port Passenger Terminal subject to the Jiuzhou Port Building Leases, which include certain buildings and structures erected at Jiuzhou Port
“Jiuzhou Port Passenger Terminal”	the passenger terminal at Jiuzhou Port, Zhuhai, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	for the purpose of this announcement, the People’s Republic of China (other than the regions of Hong Kong, Macau and Taiwan)
“RMB”	Renminbi, the lawful currency in the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ZJ Holdings”	珠海九洲控股集團有限公司 (Zhuhai Jiuzhou Holdings Group Co., Ltd.*), a state-owned enterprise established in the PRC and a controlling Shareholder of the Company
“%”	per cent

*In this announcement, the terms “connected person”, “connected subsidiary”, “controlling shareholder”, “percentage ratios” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

By Order of the Board  
**Zhuhai Holdings Investment Group Limited**  
**Zeng Jianping**  
*Chairman*

Hong Kong, 10 December 2020

*As at the date of this announcement, the Board comprises Mr. Zeng Jianping, Mr. Jin Tao, Mr. Ye Yuhong and Mr. Li Wenjun as executive Directors; Mr. Zou Chaoyong as non-executive Director; and Mr. Hui Chiu Chung, Mr. Chu Yu Lin, David, Mr. Albert Ho and Mr. Wang Yijiang as independent non-executive Directors.*

\* *The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*