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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 AND CONNECTED TRANSACTION

DISPOSAL OF 45% EQUITY INTEREST IN NINGBO DAXIE

ASSETS AND EQUITY TRANSFER AGREEMENT

Reference is made to the voluntary announcement of the Company dated 21 March 2023 (the “**Voluntary Announcement**”) in relation to, among others, the proposed disposal of 45% equity interest in Ningbo Daxie by Cyber Chic through the China Beijing Equity Exchange.

On 25 May 2023 (after trading hours), Cyber Chic (as the transferor) entered into the Assets and Equity Transfer Agreement with Ningbo Port (as the transferee), pursuant to which Ningbo Port agreed to purchase and Cyber Chic agreed to dispose 45% equity interest in Ningbo Daxie at a consideration of RMB1,845 million. Upon completion of the Disposal, the Company will no longer hold any interest in Ningbo Daxie, thus Ningbo Daxie will no longer be accounted as a subsidiary in the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a disclosable transaction for the Company and is subject to the notification and announcement requirements but is exempted from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

As Ningbo Port is one of the substantial shareholders of Ningbo Daxie, Ningbo Port is a connected person of the Company at the subsidiary level, and thus the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) Ningbo Port is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) all the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Disposal is exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

On 25 May 2023 (after trading hours), Cyber Chic (as the transferor) entered into the Assets and Equity Transfer Agreement with Ningbo Port (as the transferee), pursuant to which Ningbo Port agreed to purchase and Cyber Chic agreed to dispose 45% equity interest in Ningbo Daxie at a consideration of RMB1,845 million.

ASSETS AND EQUITY TRANSFER AGREEMENT

The principal terms of the Assets and Equity Transfer Agreement are set out below:

Date

25 May 2023

Parties

- (i) Cyber Chic (as the transferor); and
- (ii) Ningbo Port (as the transferee).

Subject matter

As disclosed in the Voluntary Announcement, the Disposal was conducted by way of a public tender through the China Beijing Equity Exchange. Due to the successful bid by Ningbo Port, Cyber Chic entered into the Assets and Equity Transfer Agreement with Ningbo Port, pursuant to which Ningbo Port agreed to purchase and Cyber Chic agreed to dispose 45% equity interest in Ningbo Daxie.

Guarantee Payment

Prior to the signing of the Assets and Equity Transfer Agreement, Ningbo Port had made a guarantee payment of RMB500 million to a designated account of the China Beijing Equity Exchange as a guarantee of its intention to accept such transfer and/or participation in the bidding, which will be deducted as part of the consideration upon signing the Assets and Equity Transfer Agreement.

Consideration

As disclosed in the Voluntary Announcement, Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司), an independent valuation institution, adopted the cost method (asset-based method) in appraising the value of the entire equity interest of Ningbo Daxie's shareholders as of 31 July 2022. Taking into account the valuation results and matters such as profit/loss during the transition period, the tender base price shall not be lower than RMB1,845 million. Pursuant to the public tender procedure, the consideration for the Disposal is RMB1,845 million.

Ningbo Port shall pay the balance of the above consideration (after deducting the guarantee payment above) to the designated settlement account of the China Beijing Equity Exchange within 5 business days from the date of signing the Assets and Equity Transfer Agreement.

Closing

Cyber Chic shall procure Ningbo Daxie to handle the equity transfer registration procedures within 10 business days after the China Beijing Equity Exchange has issued the proof for the transfer of equity interest (產權交易憑證), and Ningbo Port shall provide necessary assistance and cooperation. Cyber Chic shall hand over the assets, control and management rights of Ningbo Daxie to Ningbo Port on the date of completion of the aforesaid equity transfer registration.

INFORMATION OF THE PARTIES

Information on Cyber Chic

Cyber Chic is a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding.

Information on the Group and the Company

The principal activities of the Group comprise ports operation, bonded logistics operation and property investment. The Company is a global leading port developer, investor and operator, with a comprehensive ports network at the hub locations along coastal China, as well as South Asia, Africa, Americas, Oceania, Europe and Mediterranean Sea, amongst others. The Group has, in recent years, been actively exploring and, as and when deemed appropriate, captured available acquisition opportunities overseas as a pertinent means to effectively add new growth drivers to its existing and sustainably growing ports business.

Information on Ningbo Port

Ningbo Port is a company established in the PRC with limited liability and the issued shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601018), and is owned by Ningbo Zhoushan Port Group Co., Ltd. (寧波舟山港集團有限公司) and China Merchants Port Group Co., Ltd. as to 61.15% and 20.98% of its equity interest, respectively. Ningbo Port is principally engaged in terminal operation, focuses on port logistics and capital operation and development, and its principal business mainly includes port loading and unloading of containers, iron ore, crude oil, coal, liquefied oil products, grains, mining materials and other types of cargo and related business, while it also engages in integrated logistics, trade sales and other businesses.

Zhejiang Provincial Seaport Investment & Operation Group Co. Ltd. is held by the State-owned Assets Supervision and Administration Commission of Ningbo Municipal Government and the State-owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province as to 60.84% and 27.59% of its equity interest, respectively. Ningbo Zhoushan Port Group Co., Ltd. is the wholly-owned subsidiary of Zhejiang Provincial Seaport Investment & Operation Group Co. Ltd.

China Merchants Port Group Co., Ltd. is a joint-stock company established in China, whose A shares and B shares are listed on the Shenzhen Stock Exchange (Stock Code: 001872 / 201872), and is owned by China Merchants Port Investment Development Company Limited, Zhejiang Provincial Seaport Investment & Operation Group Co. Ltd. and China Merchants Gangtong Development (Shenzhen) Co., Ltd. as to 45.96%, 23.08% and 14.84% of its equity interest, respectively.

As Ningbo Port is one of the substantial shareholders of Ningbo Daxie, Ningbo Port is a connected person of the Company at the subsidiary level pursuant to Rule 14A.06 of the Listing Rules. Save as aforesaid, to the best knowledge, information and belief of the Directors, after making all reasonable enquiries, Ningbo Port and its ultimate beneficial owners are not in any other way connected with the Company.

Information on Ningbo Daxie

As at the date of this announcement, Ningbo Daxie is an indirect subsidiary of the Company with its financial results being consolidated into the Group, and is held by the Company, Ningbo Port and CITIC Port Investment Co., Ltd. as to 45%, 35% and 20% of its equity interest, respectively. Ningbo Daxie is principally engaged in various businesses at the China Merchants International Container Terminal in Daxie Port Area of the Ningbo-Zhoushan Port, including the provision of terminal facilities for vessels; the provision of services of stevedoring, stacking, storage and unpacking of containers in the port area; the provision of shore power and water supply for vessels (operating within the validity period of the license); the provision of container maintenance services; the provision of the leasing of terminal machinery facilities and equipment; the leasing of self-owned property; the wholesale, retail, technical development, technical maintenance and consulting services of computer software and hardware; and services such as system integration.

The table below sets forth a summary of the key audited financial information of Ningbo Daxie for the two years ended 31 December 2022 (extracted from the audited financial statements of Ningbo Daxie for the two years ended 31 December 2022 prepared in accordance with the China Accounting Standards for Business Enterprises):

	As at 31 December 2022 (audited) <i>approximately RMB million</i>	As at 31 December 2021 (audited) <i>approximately RMB million</i>
Profit before tax	436	354
Profit after tax	404	303

The audited total assets and net assets of Ningbo Daxie as at 31 December 2022 were approximately RMB2,282 million and RMB1,895 million, respectively.

FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

Upon completion of the Disposal, the Company will no longer hold any interest in Ningbo Daxie, thus the financial results of Ningbo Daxie will no longer be consolidated into the Group.

Based on the difference between the consideration of RMB1,845 million and the carrying amount of the net assets of Ningbo Daxie attributable to the consolidated financial statements of the Group as at 31 December 2022, and after deduction of the estimated direct cost and other tax expenses in relation to the Disposal in the amount of approximately RMB132 million, the Group is expected to record a gain on the Disposal of approximately RMB150 million (equivalent to approximately HK\$168 million). The Company intends to use the proceeds from the Disposal for its general working capital.

The exact amount of the gain on the Disposal to be recorded in the consolidated financial statements of the Group for the year ended 31 December 2023 is subject to audit. It will be calculated based on the net asset value of the Ningbo Daxie as at the date of the completion of the Disposal, net of any related expenses, and therefore may differ from the estimated amount of the gain set out above.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal will not have material impacts on the operation of the Group and the proceeds from the Disposal can enhance the working capital position of the Group. The Group has, in recent years, been actively exploring and, as and when deemed appropriate, capturing available opportunities overseas to grow its ports business. As such, the Disposal will help the Group to more effectively utilize the Group's asset resources, realise the value in assets and optimize the regional layout, which is in line with the Group's development strategy.

The Directors (including all the independent non-executive Directors) are of the view that the terms of the Assets and Equity Transfer Agreement, including the consideration for the Disposal, which have been agreed after arm's length negotiations, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

APPROVAL OF THE BOARD

The Board has approved the Assets and Equity Transfer Agreement and the Disposal. None of the Directors has any material interest in the Assets and Equity Transfer Agreement and the Disposal. Therefore, none of the Directors is required to abstain from voting on the Board resolutions approving the Assets and Equity Transfer Agreement and the Disposal.

LISTING RULES IMPLICATIONS

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As Ningbo Port is one of the substantial shareholders of Ningbo Daxie, Ningbo Port is a connected person of the Company at the subsidiary level, and thus the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) Ningbo Port is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) all the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Disposal is exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“Assets and Equity Transfer Agreement”	the Assets and Equity Transfer Agreement entered into on 25 May 2023 between Ningbo Port and Cyber Chic, pursuant to which, Ningbo Port agreed to purchase and Cyber Chic agreed to dispose 45% equity interest in Ningbo Daxie, the details of which have been disclosed in this announcement
“Board”	the board of Director(s) 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”	has the meaning ascribed to it under the Listing Rules
“Cyber Chic”	Cyber Chic Company Limited, a company established in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 45% equity interest in Ningbo Daxie by Cyber Chic to Ningbo Port pursuant to the Assets and Equity Transfer Agreement
“Group”	the Company and its subsidiaries
“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
“Independent Third Party”	third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the HKSE
“Ningbo Daxie”	Ningbo Daxie China Merchants International Terminals Co., Ltd. (寧波大榭招商國際碼頭有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Ningbo Port”	Ningbo Zhoushan Port Company Limited, a company established in the PRC with limited liability and a connected person of the Company at the subsidiary level
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder of the share(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

For reference only, an exchange rate of HK\$1.00 to RMB0.89 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, 25 May 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.