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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

CONTINUING CONNECTED TRANSACTION

SURFACE TRANSPORTATION CONTRACTING AGREEMENT

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On 4 March 2022, Ningbo Daxie (a subsidiary of the Company) and Ningbo Port entered into the Surface Transportation Contracting Agreement pursuant to which Ningbo Port agreed to provide surface transportation services for Ningbo Daxie for a term of one year commencing from 1 January 2022 to 31 December 2022.

In connection with the Surface Transportation Contracting Agreement, on 4 March 2022, Ningbo Daxie and Ningbo Port entered into the Use of Space Agreement for the provision of office, waiting room and corresponding supporting facilities by Ningbo Daxie to Ningbo Port on a rent-free basis during the period of which Ningbo Port is providing surface transportation services to Ningbo Daxie.

LISTING RULES IMPLICATIONS AND DETERMINATION OF ANNUAL CAPS

Ningbo Daxie is a non-wholly owned subsidiary of the Company and Ningbo Port is a subsidiary of Ningbo Zhoushan Port Company Limited, a substantial shareholder of Ningbo Daxie. Accordingly, Ningbo Port is a connected person of the Company at a subsidiary level and the transactions contemplated under the Surface Transportation Contracting Agreement and the Use of Space Agreement constitute continuing connected transactions of the Company.

For the purpose of Rule 14A.53 of the Listing Rules, on 4 March 2022, the Directors resolved to set the annual cap in respect of the aggregate service fees payable under the Surface Transportation Contracting Agreement for the year ending 31 December 2022 at RMB95 million (equivalent to approximately HK\$120 million). Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap for aggregate service fees payable under the Surface Transportation Contracting Agreement for the year ending 31 December 2022 exceed 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.

1. BACKGROUND

On 4 March 2022, Ningbo Daxie (a subsidiary of the Company) and Ningbo Port entered into the Surface Transportation Contracting Agreement pursuant to which Ningbo Port agreed to provide surface transportation services for Ningbo Daxie for a term of one year commencing from 1 January 2022 to 31 December 2022.

2. SURFACE TRANSPORTATION CONTRACTING AGREEMENT

The key terms of the Surface Transportation Contracting Agreement are set out below:

Date : 4 March 2022

Parties : (a) Ningbo Daxie
(b) Ningbo Port

Period : The parties agreed the Surface Transportation Contracting Agreement to take retrospective effect to apply from 1 January 2022 and ending on 31 December 2022. As at the date of this announcement, Ningbo Daxie has not paid any services fees to Ningbo Port.

Purposes : Ningbo Port shall arrange cargo trucks and corresponding personnel to carry out surface transportation operations according to Ningbo Daxie's operational requirements.

In particular, Ningbo Port shall configure cargo trucks according to the operational conditions of Ningbo Daxie. The standard configuration of cargo trucks for the port area is five to seven cargo trucks for each operation bridge crane and the maximum number of cargo trucks on a single road shall not exceed seven trucks.

Each vehicle shall complete approximately 24,000 TEUs per year. If Ningbo Daxie's actual operating volume increases, the number of supporting vehicles to be provided by Ningbo Port shall increase proportionately. If Ningbo Daxie requires additional number of supporting vehicles above the standard configuration for the same transportation volume, Ningbo Port shall charge Ningbo Daxie for any relevant costs on the additional vehicles and related maintenance fees.

- Fees** : (i) Service fees payable by Ningbo Daxie to Ningbo Port are calculated based on actual service provided at pre-agreed unit rates (tax inclusive) set out in the below:
- (a) unit price for loading and unloading ships and container moving operations on site: RMB25.50 (equivalent to approximately HK\$31.10) per standard container;
 - (b) unit price for inspection of container: for 40-foot containers: RMB120 (equivalent to approximately HK\$146) per container; for 20-foot containers: RMB82 (equivalent to approximately HK\$100) per container; and
 - (c) unit price of other types of container: 1.5 times the standard unit price for gear boxes; two times the standard unit price for dangerous goods containers and 3 times the standard unit price for oversize containers. For the purpose of this paragraph, standard price is RMB25.5 (equivalent to approximately HK\$31.10) per container.

(ii) According to the standard configuration of truck drivers in the port area: each truck shall be staffed with at least one driver. If Ningbo Daxie required more truck drivers than the abovementioned standard configuration, Ningbo Port shall charge an additional RMB180 (equivalent to approximately HK\$220) per person per shift (based on 8 hours per shift). On the contrary, if the number of trucks and drivers required by Ningbo Daxie is below the standard configuration, Ningbo Port shall refund an amount calculated on the basis of RMB180 (equivalent to approximately HK\$220) per underused vehicle.

(iii) In addition, Ningbo Daxie will subsidise Ningbo Port for a portion of its costs of fuel calculated with reference to the average price of fuel for the whole year.

The fees were negotiated and agreed by the parties on an arm's length basis and are no less favourable to the market service fees in nearby areas provided by independent third party providers.

Payment : Ningbo Port shall prepare monthly invoices to Ningbo Daxie based on Ningbo Daxie's purchase orders. If Ningbo Daxie has any disagreement on the fee amount and the disagreement cannot be resolved by the end of the month, the disputed amount shall be handled on a case-by-case basis, and shall not affect the settlement of other non-disputed amounts. Ningbo Daxie shall settle payment of the service fees with Ningbo Port on a monthly basis after the receipt of the monthly invoice and prior to the 15th of the following month. Any overdue payment is subject to a late fee of 0.1% per day.

Ningbo Daxie will settle the payment in cash from internal resources.

3. USE OF SPACE AGREEMENT

In connection with the Surface Transportation Contracting Agreement, on 4 March 2022, Ningbo Daxie and Ningbo Port entered into the Use of Space Agreement pursuant to which during the period of which Ningbo Port is providing surface transportation services to Ningbo Daxie, Ningbo Daxie shall provide Ningbo Port with office, waiting room and corresponding supporting facilities including truck maintenance workshop and surrounding sites, car wash area, parking lot and auxiliary rooms on a rent-free basis, and Ningbo Port shall bear all the water and electricity charges (including administrative and maintenance costs) incurred during its usage.

4. LISTING RULES IMPLICATIONS AND DETERMINATION OF ANNUAL CAPS

Ningbo Daxie is a non-wholly owned subsidiary of the Company and Ningbo Port is a subsidiary of Ningbo Zhoushan Port Company Limited, a substantial shareholder of Ningbo Daxie. Accordingly, Ningbo Port is a connected person of the Company at a subsidiary level and the transactions contemplated under the Surface Transportation Contracting Agreement and the Use of Space Agreement constitute continuing connected transactions of the Company.

For the purpose of Rule 14A.53 of the Listing Rules, on 4 March 2022, the Directors resolved to set the annual cap in respect of the aggregate service fees payable under the Surface Transportation Contracting Agreement for the year ending 31 December 2022 at RMB95 million (equivalent to approximately HK\$120 million). Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap for aggregate service fees payable under the Surface Transportation Contracting Agreement for the year ending 31 December 2022 exceed 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.

5. INFORMATION ON THE PARTIES

Ningbo Daxie, a non-wholly owned subsidiary of the Company, is a Sino-foreign joint venture incorporated in the PRC. It operates a container terminal, which is situated in the north of Ningbo. It is principally engaged in providing terminal facilities for ships, handling, stacking, storing and unpacking of containers at the terminal, providing ships with power and fresh water supply, and providing container maintenance services. As at the date of the announcement, it is held as to 45%, 35% and 20% by the Company, Ningbo Zhoushan Port Company Limited and CITIC Port Investment Co., Ltd., respectively.

Ningbo Port is a company incorporated in the PRC with limited liability and a subsidiary of Ningbo Zhoushan Port Company Limited (寧波舟山港股份有限公司), a company incorporated in the PRC with limited liability and the issued shares of which are listed on the Shanghai Stock Exchange (stock code: 601018). It is principally engaged in providing port operation management service, as well as comprehensive services related to port production, such as tugboat assistance, terminal leasing, ship agency and logistics in the PRC.

6. REASONS FOR THE TRANSACTION

The core business of the Group includes port and port-related business.

The Directors, including the independent non-executive Directors, are of the view that the surface transportation services to be provided by Ningbo Port will facilitate a smooth business operation at Ningbo Daxie's port in an economical way and will be beneficial to the Group as a whole. The Use of Space Agreement was entered into in connection with the Surface Transportation Contracting Agreement to allow Ningbo Port to occupy the space which is necessary for undertaking the services under to the Surface Transportation Contracting Agreement.

The Directors, including the independent non-executive Directors, are of the view that the Surface Transportation Contracting Agreement and the Use of Space Agreement were entered into on normal commercial terms and in the ordinary and usual course of business of the Company. Taking into account the market prices, the expected volume of containers operated by Ningbo Daxie's port and the services to be required by Ningbo Port, for the year ended 31 December 2022, the Directors, including the independent non-executive Directors, are of the view that the terms of the Surface Transportation Contracting Agreement, the Use of Space Agreement and the proposed annual caps for the service fees payable by Ningbo Daxie to Ningbo Port for the their provision of surface transportation services for the year ending 31 December 2022 are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors have a material interest in the Surface Transportation Contracting Agreement or the Use of Space Agreement nor are they required to abstain from voting in the relevant board resolutions.

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
“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 of Hong Kong Limited
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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 Sino-foreign joint venture incorporated in the PRC
“Ningbo Port”	Ningbo Port Container Transportation Co., Ltd. Daxie Branch (寧波港集裝箱運輸有限公司大榭分公司), a company incorporated in the PRC with limited liability
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“Surface Transportation
Contracting Agreement”

the contracting agreement dated 4 March 2022 between Ningbo Daxie and Ningbo Port for a term of one year in relation to surface transportation services to be provided by Ningbo Port to Ningbo Daxie, as amended by a supplemental agreement dated 4 March 2022 between Ningbo Daxie and Ningbo Port

“Use of Space Agreement”

the agreement 4 March 2022 between Ningbo Daxie and Ningbo Port for the provision of space by Ningbo Daxie to Ningbo Port in connected with the Surface Transportation Contracting Agreement

“%”

per cent.

** For identification purpose only*

For reference only, exchange rates of RMB0.82 to HK\$1.00 have 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, 4 March 2022

As at the date of this announcement, the Board comprises Mr. Deng Renjie, Mr. Wang Xiufeng, Mr. Liu Weiwu, Mr. Deng Weidong, Mr. Yim Kong and Mr. Wang Zhixian as executive directors; and Mr. Kut Ying Hay, Mr. Lee Yip Wah Peter, Mr. Li Ka Fai David and Mr. Bong Shu Ying Francis as independent non-executive directors.