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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)

CONTINUING CONNECTED TRANSACTIONS

DETERMINATION OF ANNUAL CAPS

(1) WAREHOUSE SERVICE AGREEMENT

AND

(2) 2023 FINANCIAL SERVICES AGREEMENT

AND

CONNECTED TRANSACTION

(3) NEW CMSIZ LEASE AGREEMENTS

WAREHOUSE SERVICE AGREEMENT

On 29 September 2022, CMBL, a subsidiary of the Company, entered into the Warehouse Service Agreement with Shenzhen Nanyou for a term of three years commencing on the Closing Date in relation to the warehouse services to be provided by Shenzhen Nanyou to CMBL in Qianhai, Shenzhen.

Shenzhen Nanyou is a subsidiary of CMG, the ultimate holding company of the Company. Accordingly, Shenzhen Nanyou is a connected person of the Company and the transactions contemplated under the Warehouse Service Agreement constitute a continuing connected transaction of the Company under the Listing Rules.

For the purpose of Rule 14A.53 of the Listing Rules, on 29 September 2022, the Directors resolved to set the annual caps in respect of the total fees payable to Shenzhen Nanyou under the Warehouse Service Agreement for each of the years ending 31 December 2022, 2023, 2024 and 2025 as RMB11.00 million (equivalent to approximately HK\$12.22 million), RMB45.00 million (equivalent to approximately HK\$50.00 million), RMB46.00 million (equivalent to approximately HK\$51.11 million) and RMB36.00 million (equivalent to approximately HK\$40.00 million), respectively.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps for the fees payable to Shenzhen Nanyou under the Warehouse Service Agreement for each of the years ending 31 December 2022, 2023, 2024 and 2025 exceed 0.1% but are below 5%, these transactions are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

2023 FINANCIAL SERVICES AGREEMENT

On 29 September 2022, the Company and China Merchants Finance entered into the 2023 Financial Services Agreement for a term of three years commencing on 23 December 2022 and ending on 22 December 2025 to set out the framework for the provision of various financial services by China Merchants Finance to the Group.

China Merchants Finance is a subsidiary of CMG, the ultimate holding company of the Company. Accordingly, China Merchants Finance is a connected person of the Company and the transactions contemplated under the 2023 Financial Services Agreement constitute continuing connected transactions of the Company.

With respect to (i) the depositing of money by the Group with China Merchants Finance at any point of time during the term of the 2023 Financial Services Agreement; (ii) the fees payable by the Group for the provision of clearing and settlement services by China Merchants Finance; (iii) the fees payable by the Group for the provision of foreign exchange clearance and settlement services; (iv) the fees payable by the Group for the provision of other financial services and (v) the interest income arising from the depositing of money by the Group with China Merchants Finance for the year ended 31 December 2023, 2024 and 2025 under the 2023 Financial Services Agreement, for the purpose of Rule 14A.53 of the Listing Rules, on 29 September 2022, the Directors resolved to set the respective annual caps as HK\$2,100 million, HK\$10.00 million, HK\$10.00 million, HK\$10.00 million and HK\$81.00 million, respectively.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps for the depositing of money by the Group with China Merchants Finance at any point of time during the term of the 2023 Financial Services Agreement and the interest income arising from the depositing of money by the Group with China Merchants Finance for the year ended 31 December 2023, 2024 and 2025 under the 2023 Financial Services Agreement 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.

NEW CMSIZ LEASE AGREEMENTS

On 29 September 2022, CMPS entered into the New CMSIZ Lease Agreements with CMSIZ to continue to lease certain parcels of land in the Shekou Industrial Park from CMSIZ for a term of two years which the parties agree to take retrospective effect as from 1 January 2022 and ending on 31 December 2023.

CMSIZ is a subsidiary of CMG, the ultimate holding company of the Company. Accordingly, CMSIZ is a connected person of the Company and the transactions contemplated under the New CMSIZ Lease Agreements constitute connected transactions of the Company.

As the rental fees under the New CMSIZ Lease Agreements would be accounted as land use rights in the Company's financial statements in accordance with HKFRS 16, the transactions under the New CMSIZ Lease Agreements would be regarded as an acquisition of the Lease Lands and constitute connected transactions of the Company.

The applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the New CMSIZ Lease Agreement 1 exceed 0.1% but are below 5%. Therefore, the transaction is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the other New CMSIZ Lease Agreements (other than the New CMSIZ Lease Agreement 1) are less than 0.1%. Therefore, these transactions constitute de minimis connected transactions pursuant to Rule 14A.76(1) of the Listing Rules and are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. However, as the New CMSIZ Lease Agreements (including the New CMSIZ Lease Agreement 1) are of a similar nature or otherwise connected, the New CMSIZ Lease Agreements will be aggregated and treated as if they were one transaction.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the New CMSIZ Lease Agreements (as aggregated) exceed 0.1% but are below 5%, these transactions are therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. BACKGROUND

On 29 September 2022, CMBL, a subsidiary of the Company, entered into the Warehouse Service Agreement with Shenzhen Nanyou for a term of three years commencing on the Closing Date in relation to the warehouse services to be provided by Shenzhen Nanyou to CMBL in Qianhai, Shenzhen.

On 29 September 2022, the Company and China Merchants Finance entered into the 2023 Financial Services Agreement for a term of three years commencing on 23 December 2022 and ending on 22 December 2025 to set out the framework for the provision of various financial services by China Merchants Finance to the Group.

On 29 September 2022, CMPS entered into the New CMSIZ Lease Agreements with CMSIZ to continue to lease certain parcels of land in the Shekou Industrial Park from CMSIZ for a term of two years which the parties agree to take retrospective effect as from 1 January 2022 and ending on 31 December 2023.

2. WAREHOUSE SERVICE AGREEMENT

The key terms of the Warehouse Service Agreement are set out below:

Date: 29 September 2022

Parties: (1) Shenzhen Nanyou
(2) CMBL

Warehouses: No. 2, No. 3, No. 4 and No. 5 warehouses at the Bonded Logistics Park, located in Qianhai, Shenzhen, the PRC.

The Warehouses are currently under construction and the estimated floor area of the Warehouses are as follow:

No. 2 warehouse: 30,181.70 s.q.m.;

No. 3 warehouse: 14,692.68 s.q.m.;

No. 4 warehouse: 14,665.68 s.q.m.; and

No. 5 warehouse: 18,148.70 s.q.m..

Purpose: CMBL will utilise the Warehouses for logistics operations such as warehousing, loading and unloading, unpacking, packing, consolidation and display of goods.

Term: The term of the Warehouse Service Agreement shall be three years from the Closing Date. Any party may renew the Warehouse Service Agreement for a further term of three years by giving a notice to the other party in writing at least six months before the term expires, subject to the relevant requirements under the Listing Rules.

Closing Date: The term of the Warehouse Service Agreement shall commence and CMBL shall be given possession of the Warehouses within 10 business days after Shenzhen Nanyou has obtained the project completion acceptance report and the written completion records from the fire protection department. The main facilities of the Warehouses and the ancillary facilities, electric power and lighting facilities, fire protection facilities, monitoring facilities and other public facilities and equipment shall be complete and in good condition on the Closing Date.

Fees: *Service fees:*

For the first two years of the term, the monthly service fees payable by CMBL is RMB36 (exclusive of VAT) (equivalent to approximately HK\$40) per square metre of the Warehouses. The estimated monthly service fees payable by CMBL based on the estimated floor area of the Warehouses is approximately RMB2.80 million (equivalent to approximately HK\$3.11 million) (exclusive of applicable VAT) or approximately RMB2.97 million (equivalent to approximately HK\$3.30 million) (inclusive of applicable VAT of 6%).

Starting from the third year of the term, the monthly service fees payable by CMBL is RMB38.16 (exclusive of VAT) (equivalent to approximately HK\$42.40) per square metre of the Warehouses. The estimated monthly service fees payable by China Merchants Bonded Logistics based on the estimated floor area of the Warehouses is approximately RMB2.97 million (equivalent to approximately HK\$3.30 million) (exclusive of applicable VAT) or approximately RMB3.15 million (equivalent to approximately HK\$3.50 million) (inclusive of applicable VAT of 6%).

Management fees:

In addition to the service fees, CMBL shall pay to Shenzhen Nanyou a monthly management fee of RMB2 (equivalent to approximately HK\$2.22) per square metre of the Warehouses. The estimated monthly management fees payable by CMBL based on the estimated floor area of the Warehouses is approximately RMB0.16 million (equivalent to approximately HK\$0.18 million) (exclusive of applicable VAT) or approximately RMB0.17 million (equivalent to approximately HK\$0.19 million) (inclusive of applicable VAT of 6%).

Shenzhen Nanyou shall issue an invoice to CMBL for the monthly service fee before the 10th of each month, and CMBL shall pay the monthly service fee before the 25th of each month according to the invoice.

CMBL will be subject to a late payment fee at 0.3% of the overdue amount multiplied by the number of days the payment is overdue.

In addition, CMBL shall settle all the outstanding payment with Shenzhen Nanyou for the current year before the 30th of December of that year or otherwise subject to an additional default penalty of 3% of the total amount of outstanding payment for the current year.

The fees were negotiated and agreed by the parties on an arm's length basis with reference to the market warehouse fees in nearby areas.

The monthly service fees do not include any fees for electricity and water. These utilities fees shall be calculated and charged according to the actual usage indicated by the electricity meter and water meter set up at the Warehouses calculated in accordance with the standard rates stipulated by the government. CMBL shall pay the utilities fee to Shenzhen Nanyou within 15 days after Shenzhen Nanyou issues the invoice for the utilities.

CMBL shall settle all the fees payable to Shenzhen Nanyou in cash funded by its internal resources.

Security deposits:

CMBL shall:

- (i) provide to Shenzhen Nanyou a bank guarantee in the amount of approximately RMB6.62 million (equivalent to approximately HK\$7.35 million) as security deposits within 10 business days from the date of the Warehouse Service Agreement; and
- (ii) pay to Shenzhen Nanyou approximately RMB6.62 million (equivalent to approximately HK\$7.35 million) in cash as security deposits within 10 business days from the Closing Date.

The security deposits shall be returned to CMBL on an interest-free basis within 20 business days after the return of the Warehouses to Shenzhen Nanyou at the end of the term, subject to any deduction applicable for non-payment of service fees or other charges in accordance with the terms of the Warehouse Service Agreement.

Termination:

Shenzhen Nanyou has the right to suspend CMBL from using the Warehouses and facilities in the Warehouses and stop providing logistics services if CMBL breaches the Warehouse Service Agreement, including failing to pay the security deposits in accordance with the terms of the Warehouse Service Agreement or defaulting the payment on the service fees, electricity fees or other applicable fees for two months or more.

If either party terminates the Warehouse Service Agreement before the expiry of term, such party must notify the other party in writing at least three months in advance. In the event that Shenzhen Nanyou terminates the Warehouse Service Agreement early, it shall refund the security deposits to CMBL in full, and also pay CMBL liquidated damages equivalent to two months of service fees. In the event that CMBL terminates the Warehouse Service Agreement early, it shall pay all the outstanding fees up to the date of termination and return the Warehouses to Shenzhen Nanyou after cleaning and restoring the Warehouses to a good state. Shenzhen Nanyou will not refund the security deposits to CMBL.

If Shenzhen Nanyou fails to notify CMBL in writing three months in advance of the early termination, in addition to refunding the security deposits in full to CMBL, Shenzhen Nanyou shall also pay CMBL liquidated damages equivalent to three months of service fees. If CMBL fails to notify Shenzhen Nanyou in writing three months in advance of the early termination, Shenzhen Nanyou will not refund the security deposits to CMBL, and CMBL shall also pay Shenzhen Nanyou liquidated damages equivalent to one month of service fees.

Listing Rules Implications and Determination of Annual Caps

Shenzhen Nanyou is a subsidiary of CMG, the ultimate holding company of the Company. Accordingly, Shenzhen Nanyou is a connected person of the Company and the transactions contemplated under the Warehouse Service Agreement constitute a continuing connected transaction of the Company under the Listing Rules.

For the purpose of Rule 14A.53 of the Listing Rules, on 29 September 2022, the Directors resolved to set the annual caps in respect of the total fees payable to Shenzhen Nanyou under the Warehouse Service Agreement for each of the years ending 31 December 2022, 2023, 2024 and 2025 as follow:

For the year

ending	Annual caps in respect of the total fees payable to Shenzhen Nanyou
31 December	

2022	RMB11.00 million (equivalent to approximately HK\$12.22 million)
2023	RMB45.00 million (equivalent to approximately HK\$50.00 million)
2024	RMB46.00 million (equivalent to approximately HK\$51.11 million)
2025	RMB36.00 million (equivalent to approximately HK\$40.00 million)

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps for the fees payable to Shenzhen Nanyou under the Warehouse Service Agreement for each of the years ending 31 December 2022, 2023, 2024 and 2025 exceed 0.1% but are below 5%, these transactions are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. 2023 FINANCIAL SERVICES AGREEMENT

Reference is made to the announcement of the Company dated 19 December 2019 in relation to, inter alia, the 2020 Financial Services Agreement entered into between the Company and China Merchants Finance for a term of three years commencing on 23 December 2019 and ending on 22 December 2022 which sets out the framework for the provision of various financial services by China Merchants Finance to the Group and the relevant annual caps for the year ended 31 December 2020, 2021 and 2022. As at the date of this announcement, such annual caps have not been exceeded.

On 29 September 2022, in view of the expiry of the 2020 Financial Services Agreement on 22 December 2022, the Company and China Merchants Finance entered into the 2023 Financial Services Agreement for a term of three years commencing on 23 December 2022 and ending on 22 December 2025 to set out the framework for future transactions in relation to (i) the depositing of money by the Group with China Merchants Finance; (ii) the provision of clearing and settlement services by China Merchants Finance; (iii) the provision of loans and other credit services by China Merchants Finance; (iv) the provision of foreign exchange clearance and settlement services and (v) the provision of other financial services (including wealth management, securities underwriting and financial consultancy services).

With respect to:

- (i) the depositing of money - the rates provided by China Merchants Finance shall be no less than those offered by major domestic commercial banks;
- (ii) the provision of clearing and settlement services - in relation to domestic clearing and settlement China Merchants Finance shall not charge any service fees and in relation to cross-border clearing and settlement, the services fees to be charged by China Merchants Finance shall not be higher than those charged by other domestic and relevant local financial institutions;
- (iii) the provision of loans and other credit services - the interest rate to be charged by China Merchants Finance shall not be higher than those offered by major domestic financial institutions to the Group;
- (iv) the provision of foreign exchange clearance and settlement services - the exchange rate offered by China Merchants Finance shall be no less favourable than those offered by other domestic financial institutions; and
- (v) the provision of other financial services - the fees to be charged by China Merchants Finance shall not be higher than those charged by other major domestic financial institutions for similar services.

Listing Rules Implications and Determination of Annual Caps

China Merchants Finance is a subsidiary of CMG, the ultimate holding company of the Company. Accordingly, China Merchants Finance is a connected person of the Company and the transactions contemplated under the 2023 Financial Services Agreement constitute continuing connected transactions of the Company.

With respect to the provision of loans and other credit services, the Group will only conduct such transactions on normal commercial terms or better and it does not intend to provide any security to China Merchants Finance if and when it utilizes such services. Accordingly, pursuant to Rule 14A.90 of the Listing Rules, these transactions will be fully exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. With respect to (i) the depositing of money by the Group with China Merchants Finance at any point of time during the term of the 2023 Financial Services Agreement; (ii) the fees payable by the Group for the provision of clearing and settlement services by China Merchants Finance; (iii) the fees payable by the Group for the provision of foreign exchange clearance and settlement services and (iv) the fees payable by the Group for the provision of other financial services for the year ended 31 December 2023, 2024 and 2025 under the 2023 Financial Services Agreement, for the purpose of Rule 14A.53 of the Listing Rules, on 29 September 2022, the Directors resolved to set the annual caps as follow:

**At any point of time
during the term of
the 2023 Financial
Services Agreement
(HK\$)**

The depositing of money by the Group with China Merchants Finance	2,100 million
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**Annual caps for
each of the year
ended 31 December
2023, 2024 and 2025
(HK\$)**

Fees payable by the Group for the provision of clearing and settlement services by China Merchants Finance	10.00 million
Fees payable by the Group for the provision of foreign exchange clearance and settlement services by China Merchants Finance	10.00 million
Fees payable by the Group for the provision of other financial services by China Merchants Finance	10.00 million
Interest income arising from the depositing of money by the Group with China Merchants Finance	81.00 million

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps for the depositing of money by the Group with China Merchants Finance at any point of time during the term of the 2023 Financial Services Agreement and the interest income arising from the depositing of money by the Group with China Merchants Finance for the year ended 31 December 2023, 2024 and 2025 under the 2023 Financial Services Agreement 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.

The applicable percentage ratios set out in respect of the proposed annual caps in relation to the fees payable for the (i) provision of clearing and settlement services, (ii) provision of foreign exchange clearance and settlement services and (iii) provision of other financial services for the year ended 31 December 2022, 2023, 2024 and 2025 under the 2023 Financial Services Agreement are less than 0.1% and therefore these transactions constitute de minimis continuing connected transactions pursuant to Rule 14A.76(1) of the Listing Rules and are fully exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

4. NEW CMSIZ LEASE AGREEMENTS

Reference is made to the announcement made by the Company on 7 July 2020 in relation to CMPS entering into the Existing CMSIZ Lease Agreements pursuant to which CMPS agreed to rent certain parcels of land in the Shekou Industrial Zone from CMSIZ for a term of two years commenced on 1 January 2020 and ended on 31 December 2021.

Since the expiration of the Existing CMSIZ Lease Agreements on 31 December 2021, the parties have been negotiating the relevant terms to continue the leasing of the relevant parcels of the land and CMPS have been continuing to occupy the lands pending the agreement for the relevant terms on the leasing of the lands. As at the date of this announcement, CMPS has not paid any rental fees to CMSIZ for its occupancies of the Leased Lands. On 29 September 2022, CMPS entered into the New CMSIZ Lease Agreements with CMSIZ to continue to lease certain parcels of land in the Shekou Industrial Park from CMSIZ under six separate New CMSIZ Lease Agreements for a term of two years commenced on 1 January 2022 and ending on 31 December 2023. The parties agreed the New CMSIZ Lease Agreements to take retrospective effect to apply from 1 January 2022.

Key terms of the New CMSIZ Lease Agreements

The table below sets out details of the rental fees per square meter per month and total rental fees payable per annum under the respective New CMSIZ Lease Agreements:

	Rental fees per square meter per month under the relevant New CMSIZ Lease Agreement	Total rental fees per annum payable under the relevant New CMSIZ Lease Agreement
New CMSIZ Lease Agreement 1	RMB3.83 (equivalent to approximately HK\$4.26)	approximately RMB21.64 million (equivalent to approximately HK\$24.04 million)
New CMSIZ Lease Agreement 2	RMB4.42 (equivalent to approximately HK\$4.91)	approximately RMB0.22 million (equivalent to approximately HK\$0.24 million)
New CMSIZ Lease Agreement 3	RMB4.42 (equivalent to approximately HK\$4.91)	approximately RMB3.98 million (equivalent to approximately HK\$4.42 million)
New CMSIZ Lease Agreement 4	RMB7.24 (equivalent to approximately HK\$8.04)	approximately RMB0.88 million (equivalent to approximately HK\$0.98 million)
New CMSIZ Lease Agreement 5	RMB7.24 (equivalent to approximately HK\$8.04)	approximately RMB0.45 million (equivalent to approximately HK\$0.50 million)
New CMSIZ Lease Agreement 6	RMB7.24 (equivalent to approximately HK\$8.04)	approximately RMB0.81 million (equivalent to approximately HK\$0.90 million)

The annual rental fees payable by CMPS to CMSIZ under the New CMSIZ Lease Agreements (as aggregated) is approximately RMB27.98 million (equivalent to approximately HK\$31.09 million) for each of the two years ending 31 December 2022 and 2023. The total rental fees payable by CMPS to CMSIZ over the two-year term under the New CMSIZ Lease Agreements (as aggregated) is approximately RMB55.96 million (equivalent to approximately HK\$62.18 million).

The first instalment under each of the New CMSIZ Lease Agreements shall equal to the respective rental fees per annum for the year commenced on 1 January 2022 and ending on 31 December 2022 and is payable by CMPS within 20 business days from the date of the New CMSIZ Lease Agreements. Thereafter, the rental fees under each of the New CMSIZ Lease Agreements shall be payable by CMPS on a semi-annual basis in equal instalments. CMPS shall pay on 31 May and 30 November every year for the aggregate rental fees for each of the six months ending on 30 June and 31 December, respectively.

The rental fees under each of the New CMSIZ Lease Agreements are negotiated and agreed by the parties on an arm's length basis with reference to the location, the purpose of use of the land and property assets and the market rental of similar land parcels and properties in nearby areas. No third party valuation has been performed on the Leased Lands. The rental fees shall be payable in cash funded by internal resources.

Information on the Leased Lands

The table below sets out details of the Leased Lands:

	Leased Lands	Value of the right-of-use asset recognised by the Group according to HKFRS 16	Original acquisition costs by CMSIZ
New CMSIZ Lease Agreement 1	Parcels of land in the Shekou Industrial Park for use as port storage yards with a total area of 470,706.89 square meters	approximately RMB39.22 million (equivalent to approximately HK\$43.58 million)	approximately RMB321.10 million (equivalent to approximately HK\$356.78 million)
New CMSIZ Lease Agreement 2	A piece of land located at the south side of Port Road in Shekou Industrial Park for industrial use with a total area of 4,040.04 square meters	approximately RMB0.39 million (equivalent to approximately HK\$0.43 million)	approximately RMB2.76 million (equivalent to approximately HK\$3.07 million)

	Leased Lands	Value of the right-of-use asset recognised by the Group according to HKFRS 16	Original acquisition costs by CMSIZ
New CMSIZ Lease Agreement 3	A piece of land located at North Port Road in Shekou Industrial Park for use as storage yards with a total area of 74,962.46 square meters	approximately RMB7.20 million (equivalent to approximately HK\$8.00 million)	approximately RMB51.14 million (equivalent to approximately HK\$56.82 million)
New CMSIZ Lease Agreement 4	A piece of land located at the southeast side of Port Road in Shekou Industrial Park for use as office premises with a total area of 10,156.58 square meters	approximately RMB1.60 million (equivalent to approximately HK\$1.78 million)	approximately RMB6.93 million (equivalent to approximately HK\$7.70 million)
New CMSIZ Lease Agreement 5	A piece of land located at Port Road in Shekou Industrial Park for use as port storage yards with a total area of 5,188.62 square meters	approximately RMB0.82 million (equivalent to approximately HK\$0.91 million)	approximately RMB3.54 million (equivalent to approximately HK\$3.93 million)
New CMSIZ Lease Agreement 6	A piece of land located at No. 2 South Port Road in Shekou Industrial Park for use as port storage yards with a total area of 9,307.91 square meters	approximately RMB1.46 million (equivalent to approximately HK\$1.62 million)	approximately RMB6.35 million (equivalent to approximately HK\$7.06 million)

Pursuant to HKFRS 16, the Leased Lands which are the subjects of the New CMSIZ Lease Agreements will be recognised by the Group as a right-of-use asset, in which the aggregate value is approximately RMB50.69 million (equivalent to approximately HK\$56.32 million), amortised over the lease term on a straight line basis.

Listing Rules Implications

CMSIZ is a subsidiary of CMG, the ultimate holding company of the Company. Accordingly, CMSIZ is a connected person of the Company and the transactions contemplated under the New CMSIZ Lease Agreements constitute connected transactions of the Company.

As the rental fees under the New CMSIZ Lease Agreements would be accounted as land use rights in the Company's financial statements in accordance with HKFRS 16, the transactions under the New CMSIZ Lease Agreements would be regarded as an acquisition of the Lease Lands and constitute connected transactions of the Company.

The applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the New CMSIZ Lease Agreement 1 exceed 0.1% but are below 5%. Therefore, the transaction is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the other New CMSIZ Lease Agreements (other than the New CMSIZ Lease Agreement 1) are less than 0.1%. Therefore, these transactions constitute de minimis connected transactions pursuant to Rule 14A.76(1) of the Listing Rules and are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. However, as the New CMSIZ Lease Agreements (including the New CMSIZ Lease Agreement 1) are of a similar nature or otherwise connected, the New CMSIZ Lease Agreements will be aggregated and treated as if they were one transaction.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the New CMSIZ Lease Agreements (as aggregated) exceed 0.1% but are below 5%, these transactions are therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. GENERAL INFORMATION

CMBL is a company incorporated in the PRC and its principal activity is providing bonded logistics services. CMBL is a 60%-owned subsidiary of the Company and 40%-owned by CMPG, a substantial shareholder of the Company.

Shenzhen Nanyou is a limited liability company incorporated under the laws of the PRC and its principal activity is investment, development, construction and management at Shenzhen Qianhai. Shenzhen Nanyou is a subsidiary of CMG and therefore a connected person of the Company.

China Merchants Finance is a company incorporated in the PRC and a non-bank financial institution approved and regulated by the People's Bank of China and the China Banking Regulatory Commission. China Merchants Finance is a subsidiary of CMG, the ultimate holding company of the Company. Accordingly, China Merchants Finance is a connected person of the Company.

CMPS is a company incorporated in the PRC and its principal activity is providing port services. CMPS is a wholly-owned subsidiary of the Company.

CMSIZ is a company incorporated in the PRC and its principal activities are the development and operation in the Shekou Industrial Zone and property development and investment in Shekou, Shenzhen, the PRC. It is an indirect subsidiary of CMG and therefore a connected person of the Company.

CMG, the ultimate holding company of the Company, is an enterprise wholly-owned by the PRC Government (the State Council of the PRC) and supervised by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. It mainly provides services in three sectors, including transportation and related infrastructure, financial investment and asset management, and industry park and property development and management.

6. REASONS FOR THE TRANSACTIONS

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

Warehouse Service Agreement

The capacity of warehouse spaces for the CMBL is already saturated, but there is still a high demand of spaces from its customers. In order to meet the market demand, CMBL proposed to cooperate with Shenzhen Nanyou via the Warehouse Service Agreement.

Taken into account the above, the Directors, including the independent non-executive Directors, are of the view that the Warehouse Service Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Company. Having considered the market warehouse fees in nearby areas and the estimated floor area of the Warehouses, the Directors, including the independent non-executive Directors, are of the view that the terms of the Warehouse Service Agreement and the annual caps for each of the years ending 31 December 2022, 2023, 2024 and 2025 in respect of the total fees payable by the CMBL to Shenzhen Nanyou, are fair and reasonable and in the interest of the Company and its shareholders as a whole.

2023 Financial Services Agreement

Since the terms of the 2023 Financial Services Agreement provide that the various fees and charges to be paid to China Merchants Finance will be no higher than those offered by similar financial institutions and the other terms and rates offered shall also be no less favourable than those offered by other similar financial institutions, the Directors, including the independent non-executive Directors, are of the view that the 2023 Financial Services Agreement will offer alternatives for financial services and will improve the overall efficiency of the Group's use of funds and lower the Group's financing costs.

Taken into account the above, the Directors, including the independent non-executive Directors, are of the view that the 2023 Financial Services Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Company. The maximum amount of deposit placed by the Group and the interest income received by the Group during the year ended 31 December 2021 was HK\$1,843 million and HK\$19 million, respectively. No fee was paid by the Group for the provision of clearing and settlement services, foreign exchange clearance and settlement services and other financial services for the year ended 31 December 2021. Taking into account the historical amounts for the depository made by the Group and fees payable under the 2020 Financial Services Agreement as well as the projected amounts for the depository to be made by the Group, the Directors, including the independent non-executive Directors, are of the view that the terms of the 2023 Financial Services Agreement and the proposed annual caps for (i) the depositing of money by the Group with China Merchants Finance at any point of time during the term of the 2023 Financial Services Agreement; (ii) the fees payable by the Group for the provision of clearing and settlement services by China Merchants Finance; (iii) the fees payable by the Group for the provision of foreign exchange clearance and settlement services; (iv) the fees payable by the Group for the provision of other financial services and (v) the interest income arising from the depositing of money by the Group with China Merchants Finance for the year ended 31 December 2023, 2024 and 2025 under the 2023 Financial Services Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

New CMSIZ Lease Agreements

It has been the strategy of the Group to strengthen and develop its port business and port-related business through investment in new projects, acquisition of high quality port-related business and properties, leasing properties and warehouse, providing cargo management services and expanding in container related logistics services. The Directors are of the view that the continuous leasing of the Leased Lands under the New CMSIZ Lease Agreements will facilitate a smooth business operation of the Group's port and port-related business and the Directors believe that the continuous leasing of the Leased Lands as stipulated in the New CMSIZ Lease Agreements is beneficial to the Group and assists in maintaining the Group's sustainable growth.

The Directors, including the independent non-executive Directors, are of the view that the New CMSIZ Lease Agreements were entered into on normal commercial terms and in the ordinary and usual course of business of the Company. Taking into account the market rental of similar land parcels or properties in nearby area in respect of the New CMSIZ Lease Agreements, the Directors, including the independent non-executive Directors, are of the view that the terms of the New CMSIZ Lease Agreements 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 Warehouse Service Agreement, the 2023 Financial Services Agreement or the New CMSIZ Lease Agreements, 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:

“2020 Financial Services Agreement”	the financial services agreement entered into between the Company and China Merchants Finance on 19 December 2019 in relation to the provision of various financial services by China Merchants Finance to the Group for a term of three years commencing on 23 December 2019 and ending on 22 December 2022
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“2023 Financial Services Agreement”	the financial services agreement entered into between the Company and China Merchants Finance on 29 September 2022 in relation to the provision of various financial services by China Merchants Finance to the Group for a term of three years commencing on 23 December 2023 and ending on 22 December 2025
“associates”	has the meaning ascribed to this term under Rule 14A.06 of the Listing Rules
“Board”	the board of Directors of the Company
“CMBL”	China Merchants Bonded Logistics Co., Ltd.* (招商局保税物流有限公司), a limited liability company incorporated under the laws of the PRC and a 60%-owned subsidiary of the Company
“China Merchants Finance”	China Merchants Group Finance Company Limited (招商局集團財務有限公司), a company incorporated in the PRC and a subsidiary of CMG
“Closing Date”	the date on which CMBL is given possession of the Warehouses and the date on which the term of the Warehouse Service Agreement commences
“CMG”	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
“CMPG”	China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司), a company incorporated in the PRC whose A shares and B shares are listed on the Shenzhen Stock Exchange (Stock Code: 001872/201872)
“CMPS”	China Merchants Port Services (Shenzhen) Company Limited (招商港務(深圳)有限公司), a limited liability company incorporated in the PRC and an indirect subsidiary of the Company
“CMSIZ”	China Merchants Shekou Industrial Zone Holdings Co., Ltd.* (招商局蛇口工業區控股股份有限公司), a limited liability company incorporated in the PRC and an indirect subsidiary of CMG

“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 Rule 14A.06 of the Listing Rules
“Directors”	the directors of the Company
“Existing CMSIZ Lease Agreements”	collectively, eight separate lease agreements entered into between CMPS as lessee and CMSIZ as lessor on 7 July 2020 in relation to the leasing of parcels of land in Shekou Industrial Zone from CMSIZ, and an “Existing CMSIZ Lease Agreement” shall mean each or any one of the them
“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
“Leased Lands”	the parcels of land which are the subject of the New CMSIZ Lease Agreements located in the Shekou Industrial Zone
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New CMSIZ Lease Agreements”	collectively, six new separate lease agreements entered into between CMPS as lessee and CMSIZ as lessor on 29 September 2022 in relation to the leasing of parcels of land in Shekou Industrial Zone from CMSIZ, and a “New CMSIZ Lease Agreement” shall mean each or any one of them
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Shenzhen Nanyou”	Shenzhen Nanyou (Holdings) Ltd.* (深圳市南油(集團)有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of the CMG
“subsidiary (ies)”	has the meaning ascribed to it under the Listing Rules
“Warehouses”	No. 2, No. 3, No. 4 and No. 5 warehouses to be constructed at the Bonded Logistics Area* (深圳前海綜合保稅區), located in Qianhai, Shenzhen
“Warehouse Service Agreement”	the warehouse service agreement dated 29 September 2022 entered into between Shenzhen Nanyou and CMBL in relation to the warehouse service provided by Shenzhen Nanyou
“%”	per cent.

* For identification purpose only

For reference only, an exchange rate of HK\$1.00 to RMB0.90 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, 29 September 2022

As at the date of this announcement, the Board comprises Mr. Wang Xiufeng, Mr. Yim Kong, Mr. Yang Guolin and Mr. Xu Song as Executive Directors; Mr. Deng Renjie, Mr. Liu Weiwu and Mr. Deng Weidong as Non-Executive Directors; and Mr. Kut Ying Hay, Mr. Lee Yip Wah Peter, Mr. Li Ka Fai David, Mr. Bong Shu Ying Francis and Ms. Wong Pui Wah as Independent Non-Executive Directors.