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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 -
(1) THE CMBL LOGISTICS SERVICES FRAMEWORK
AGREEMENT; AND
(2) THE CMQHW TRANSPORTATION FRAMEWORK
AGREEMENT**

CMBL LOGISTICS SERVICES FRAMEWORK AGREEMENT

On 12 April 2024, CMBL and CIAO International entered into the CMBL Logistics Services Framework Agreement in relation to the provisions of customs clearance, warehousing and related logistics services by CMBL to CIAO International for its goods for a term commencing on 12 April 2024 and ending on 31 December 2026.

CMQHW TRANSPORTATION FRAMEWORK AGREEMENT

On 12 April 2024, CMQHW and CIAO International entered into the CMQHW Transportation Framework Agreement in relation to the provision of Shenzhen-Hong Kong land transportation services and other related ancillary services by CMQHW to CIAO International for a term commencing on 12 April 2024 and ending on 31 December 2026.

LISTING RULES IMPLICATIONS

CIAO International is an indirect wholly-owned subsidiary of Best Mart 360, which is indirectly owned as to 49% by CMG, the ultimate holding company of the Company. Accordingly, both CIAO International and Best Mart 360 are connected persons of the Company and the transactions contemplated under the CMBL Logistics Services Framework Agreement and the CMQHW Transportation Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the CMBL Transactions and the CMQHW Transactions are of similar nature or otherwise connected, these transactions will need to be aggregated as if they were one transaction. Therefore the annual caps for the CMBL Logistics Services Framework Agreement and the CMQHW Transportation Framework Agreement have been aggregated for the purpose of calculating the relevant percentage ratios under the Listing Rules. As the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the aggregate annual cap for the service fees receivable under the CMBL Logistics Services Framework Agreement and the CMQHW Transportation Framework Agreement exceeds 0.1% but is below 5%, these transactions are subject to the reporting, announcement and annual review requirements, but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. BACKGROUND

The Board announces that, on 12 April 2024: (i) CMBL and CIAO International entered into the CMBL Logistics Services Framework Agreement in relation to the provisions of customs clearance, warehousing and related logistics services by CMBL to CIAO International for its goods for a term commencing on 12 April 2024 and ending on 31 December 2026; and (ii) CMQHW and CIAO International entered into the CMQHW Transportation Framework Agreement in relation to the provision of Shenzhen-Hong Kong land transportation services and other related ancillary services by CMQHW to CIAO International for a term commencing on 12 April 2024 and ending on 31 December 2026.

2. CMBL LOGISTICS SERVICES FRAMEWORK AGREEMENT

The key terms of the CMBL Logistics Services Framework Agreement are set out below:

Date:	12 April 2024
Parties:	(1) CIAO International; and (2) CMBL
Term:	12 April 2024 to 31 December 2026

Scope of service:	Pursuant to the CMBL Logistics Services Framework Agreement, (i) CMBL shall provide customs clearance, warehousing and related logistics services to CIAO International for its goods; and (ii) CIAO International shall appoint CMBL as its sole customs clearance service provider in Shenzhen Qianhai Comprehensive Bonded Zone (深圳前海綜合保稅區).
Service fees and pricing principle:	<p>CIAO International shall pay service fees to CMBL. The service fees under the CMBL Logistics Services Framework Agreement shall be determined based on the types and volume of services provided by CMBL, including but not limited to loading and unloading, storage and delivery, value-added warehouse services, customs clearance and transportation of cargo. The actual service fees will be contingent upon the complexity of the logistics and supply chain solutions, such as the weight or volume of the goods, the time taken to load and unload, the transportation cost, duration of storage, packaging costs, fees for customs clearance and other service specifications.</p> <p>The service fees are stated in the fee scale set out in the CMBL Logistics Services Framework Agreement, which is calculated by multiplying the number of goods involved, tonnage of goods to be stored and volume of services rendered by a fixed unit rate determined with reference to the prevailing market rate and as agreed after arm's length negotiations between the parties to the CMBL Logistics Services Framework Agreement.</p>

The prevailing market price is determined after taking into account the price charged by independent third party service providers for similar services in the area or nearby area, or if such services are not available locally, the price charged by independent third party service providers for similar services within the territory of the PRC.

Payment terms:

CIAO International shall pay CMBL an interest-free operational security deposit of RMB3 million (which may be adjusted depending on the operation volume) within 10 days after the date of the CMBL Logistics Services Framework Agreement, which shall be returned to CIAO International on an interest-free basis upon termination of the CMBL Logistics Services Framework Agreement.

CMBL will, by the 5th day of each month, issue an invoice for the service fees incurred during the previous calendar month, to CIAO International. CIAO International shall pay such service fees to CMBL within 30 days after receipt of the invoice.

3. CMQHW TRANSPORTATION FRAMEWORK AGREEMENT

The key terms of the CMQHW Transportation Framework Agreement are set out below:

Date: 12 April 2024

Parties: (1) CIAO International; and
(2) CMQHW

Term: 12 April 2024 to 31 December 2026

Scope of service: Pursuant to the CMQHW Transportation Framework Agreement, CMQHW shall provide Shenzhen-Hong Kong land transportation services and other related ancillary services to CIAO International.

Service fees and pricing principle: CIAO International shall pay service fees to CMQHW. The service fees under the the CMQHW Transportation Framework Agreement shall be determined based on the volume of transportation services provided by CMQHW, with reference to, among others, the number of vehicles required, the weight and volume of the cargo to be transported, the transportation cost and cost for ancillary services.

The service fees are stated in the fee scale set out in the CMQHW Transportation Framework Agreement, which is calculated by multiplying the number of cargo scheduled for transport by a fixed unit rate determined with reference to the prevailing market rate and as agreed after arm's length negotiations between the parties to the CMQHW Transportation Framework Agreement. The prevailing market price is determined after taking into account the price charged by independent third party service providers for similar services in the area or nearby area, or if such services are not available locally, the price charged by independent third party service providers for similar services within the territory of the PRC.

Payment terms: CMQHW will, by the 10th day of each month, issue an invoice for the service fees incurred during the previous calendar month, to CIAO International. CIAO International shall pay such service fees to CMQHW within 30 days after receipt of the invoice.

4. ANNUAL CAPS AND BASIS OF DETERMINATION

There are no historical transaction amounts with respect to the CMBL Transactions and CMQHW Transactions.

The table below sets out the proposed annual caps of the CMBL Transactions and CMQHW Transactions for the nine months ending 31 December 2024 and the two years ending 31 December 2026:

	For the nine months ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
CMBL Transactions	RMB11.79 million (equivalent to approximately HK\$12.96 million)	RMB20.50 million (equivalent to approximately HK\$22.53 million)	RMB20.50 million (equivalent to approximately HK\$22.53 million)
CMQHW Transactions	RMB5.18 million (equivalent to approximately HK\$5.69 million)	RMB6.90 million (equivalent to approximately HK\$7.58 million)	RMB6.90 million (equivalent to approximately HK\$7.58 million)

The proposed annual caps for the CMBL Transactions were determined with reference to (i) the demand for the logistics, warehousing and customs clearance services by CIAO International; (ii) the cost of provision of services under the CMBL Logistics Services Framework Agreement; and (iii) projected inflation in the PRC.

The proposed annual caps for the CMQHW Transactions were determined with reference to (i) the demand for the transportation and ancillary services by CIAO International; (ii) the cost of provision of services under the CMQHW Transportation Framework Agreement; and (iii) projected inflation in the PRC.

5. LISTING RULES IMPLICATIONS

CIAO International is an indirect wholly-owned subsidiary of Best Mart 360, which is indirectly owned as to 49% by CMG, the ultimate holding company of the Company. Accordingly, both CIAO International and Best Mart 360 are connected persons of the Company and the transactions contemplated under the CMBL Logistics Services Framework Agreement and the CMQHW Transportation Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the CMBL Transactions and the CMQHW Transactions are of similar nature or otherwise connected, these transactions will need to be aggregated as if they were one transaction. Therefore the annual caps for the CMBL Logistics Services Framework Agreement and the CMQHW Transportation Framework Agreement have been aggregated for the purpose of calculating the relevant percentage ratios under the Listing Rules. As the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the aggregate annual cap for the service fees receivable by the Group under the CMBL Logistics Services Framework Agreement and the CMQHW Transportation Framework Agreement exceeds 0.1% but is below 5%, these transactions are subject to the reporting, announcement and annual review requirements, but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. Chan Yuen Sau Kelly, an independent non-executive Director of the Company, has abstained from voting on the relevant Board resolutions to approve the entering into of the CMBL Logistics Services Framework Agreement and the CMQHW Transportation Framework Agreement due to her role as an independent non-executive director of Best Mart 360. Save as disclosed above, none of the Directors have a material interest in the CMBL Logistics Services Framework Agreement and the CMQHW Transportation Framework Agreement, nor are they required to abstain from voting in the relevant Board resolutions.

6. INTERNAL CONTROL MEASURES

The Company has established the following internal control measures to monitor the CMBL Transactions and the CMQHW Transactions to ensure that the terms of the relevant agreements and their respective pricing bases are complied with:

- (i) the finance department of the Company will perform half-yearly reporting of the actual transaction amounts;
- (ii) the Company will have specifically designated personnel from the relevant departments to monitor the actual transaction amounts in relation to the transactions and report to the management team on a quarterly basis to ensure that the respective annual caps are not exceeded;
- (iii) the Company will conduct internal control review, including review of financial, operational and compliance controls, on a continuous basis; and
- (iv) the auditors of the Company and the independent non-executive Directors will conduct annual review on the transactions in accordance with the Listing Rules.

7. GENERAL INFORMATION

Best Mart 360 is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the HKSE (stock code: 2360). It is an investment holding company and its subsidiaries are leisure food retailers operating chain retail stores under the brands “Best Mart 360^o” and “FoodVille” in Hong Kong and Macau. Best Mart 360 and its subsidiaries offer wide selection of imported pre-packaged leisure foods and other grocery products principally from overseas, which can be broadly categorised into (i) chocolates and confectioneries; (ii) nuts and dried fruits; (iii) packaged bakery products and snacks; (iv) biscuits and pastries; (v) cereals and milk; (vi) beverages and wine; (vii) rice, noodles and groceries; (viii) frozen and chilled food; and (ix) other products, such as personal care products, daily items and anti-epidemic products.

CIAO International is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Best Mart 360, and is principally engaged in the retailing of food and beverage, household and personal care products under the “Best Mart 360^o” and “FoodVille” brand stores in Hong Kong and wholesaling in Hong Kong.

CMBL is a company incorporated in the PRC and is an indirect 60%-owned subsidiary of the Company. It is also owned as to 40% by CMPG, a substantial shareholder of the Company. Its principal activity is providing bonded logistics services.

CMQHW is a company incorporated in the PRC and an indirect 60%-owned subsidiary of the Company. It is also owned as to 40% by CMPG, a substantial shareholder of the Company. Its principal activities are the provision of transportation, warehousing and integrated logistics services.

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.

CMPG is a company incorporated in the PRC whose A shares and B shares are listed on the Shenzhen Stock Exchange (Stock Code: 001872/201872) and a substantial shareholder of the Company. Its principal activities are the provision of logistics service, container terminal and port management.

8. REASONS AND BENEFITS FOR THE TRANSACTIONS

The core business of the Group includes port and port-related business. The Group aims to strengthen and develop its port business and port-related business through providing cargo management services and expanding in container related logistics services.

The Company believes that the provision of transportation and logistics services to CIAO International can bring steady and reliable revenue to the Group as a whole.

The Directors, including the independent non-executive Directors (but excluding Ms. Chan Yuen Sau Kelly as she is also an independent non-executive director of Best Mart 360), are of the view that (i) the CMBL Logistics Services Framework Agreement and the CMQHW Transportation Framework Agreement were entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole; and (ii) the proposed annual caps in relation to the service fees receivable by the Group under the CMBL Logistics Services Framework Agreement and the CMQHW Transportation Framework Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

9. DEFINITIONS

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

“Best Mart 360”	Best Mart 360 Holdings Limited (優品360控股有限公司), a company incorporated in the Cayman Islands with limited liability and whose securities are listed on the Main Board of the Stock Exchange (stock code: 2360)
“Board”	the board of Directors of the Company
“CIAO International”	CIAO International Limited (彩鷗國際有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Best Mart 360
“CMBL”	China Merchants Bonded Logistics Co., Limited* (招商局保稅物流有限公司), a company incorporated in the PRC and a 60%-owned subsidiary of the Company and the rest of 40% shareholding owned by CMPG
“CMBL Logistics Services Framework Agreement”	the logistics services framework agreement dated 12 April 2024 entered into between CMBL and CIAO International
“CMBL Transactions”	the scope of services as set out under the section headed “CMBL Logistics Services Framework Agreement — Scope of service”

“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) and a substantial shareholder of the Company
“CMQHW”	China Merchants Qian Hai Wan (Shenzhen) Supply Chain Management Co., Ltd.* (招商前海灣(深圳)供應鏈管理有限公司), a company incorporated in the PRC and an indirect 60%-owned subsidiary of the Company and the rest of 40% shareholding owned by CMPG
“CMQHW Transportation Framework Agreement”	the transportation framework agreement dated 12 April 2024 entered into between CMQHW and CIAO International
“CMQHW Transactions”	the scope of services as set out under the section headed “CMQHW Transportation Framework Agreement — Scope of service”
“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(s)”	has the meaning ascribed to this term under Rule 14A.06 of the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“HKSE”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the HKSE
“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
“%”	per cent.

* *For identification purpose only*

For reference only, an exchange rate of HK\$1.00 to RMB0.91 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
Feng Boming
Chairman

Hong Kong, 12 April 2024

As at the date of this announcement, the Board comprises Mr. Feng Boming (Chairman), Mr. Yim Kong and Mr. Yang Guolin as Non-Executive Directors; Mr. Xu Song, Mr. Lu Yongxin and Mr. Tu Xiaoping as Executive Directors; and Mr. Chan Hiu Fung Nicholas, Ms. Chan Yuen Sau Kelly, Mr. Li Ka Fai David, Mr. Wong Chi Wing and Ms. Wong Pui Wah as Independent Non-Executive Directors.