

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
CONNECTED TRANSACTION
STRUCTURED LEASE AGREEMENT**

STRUCTURED LEASE AGREEMENT

On 11 April 2025, HIPG entered into the Structured Lease Agreement with Ocean Offshore.

Pursuant to the Structured Lease Agreement, HIPG agreed to transfer all legal and beneficial right, title and interest in and to the Equipment to Ocean Offshore, and Ocean Offshore agreed to accept and be granted all legal and beneficial right, title and interest in and to the Equipment, with the intention that Ocean Offshore shall then immediately lease the Equipment back to HIPG for the Lease Period.

LISTING RULES IMPLICATIONS

The transaction contemplated under the Structured Lease Agreement constitutes a connected transaction of the Company. Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction under the Structured Lease Agreement exceed 0.1% but all of them are below 5%, the transaction contemplated under the Structured Lease Agreement is therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. BACKGROUND

On 11 April 2025, HIPG entered into the Structured Lease Agreement with Ocean Offshore.

Pursuant to the Structured Lease Agreement, HIPG agreed to transfer all legal and beneficial right, title and interest in and to the Equipment to Ocean Offshore, and Ocean Offshore agreed to accept and be granted all legal and beneficial right, title and interest in and to the Equipment, with the intention that Ocean Offshore shall then immediately lease the Equipment back to HIPG for the Lease Period.

As security for the performance of HIPG's obligations, the Company will provide a letter of comfort in favour of Ocean Offshore.

2. STRUCTURED LEASE AGREEMENT

The key terms of the Structured Lease Agreement are set out below:

Date: 11 April 2025

Parties: (1) HIPG (as lessee)
(2) Ocean Offshore (as lessor)

Leased Assets: the Equipment

The aggregate book value of the Equipment is USD25.67 million (equivalent to approximately HK\$200 million).

The original cost of the Equipment paid by HIPG was USD34.13 million (equivalent to approximately HK\$266 million).

Transfer of Title and Agreement to Lease: HIPG will transfer all the legal and beneficial right, title and interest in and to the Equipment to Ocean Offshore at the Consideration. Simultaneously with the delivery to and acceptance by Ocean Offshore of the Equipment, Ocean Offshore shall lease and HIPG shall take on the lease of the Equipment for the Lease Period within which HIPG has the rights and benefits of use, possession or quiet enjoyment of the Equipment.

Consideration:	<p>85% of the net book value or the market value of the Equipment as determined by a valuation report to be issued by an Approved Broker, whichever is lower. In any event, the Consideration shall not exceed USD20 million (equivalent to approximately HK\$156 million) pursuant to the Structured Lease Agreement.</p> <p>Subject to Ocean Offshore's election, its obligation to pay the Consideration may be set off against HIPG's obligation to pay the Deposit under the Structured Lease Agreement, such that Ocean Offshore shall only be required to pay the Net Consideration.</p> <p>The obligation of Ocean Offshore to pay the Consideration is subject to satisfaction of the conditions precedent under the Structured Lease Agreement, including but not limited to, the delivery of a payment notice by HIPG to Ocean Offshore.</p> <p>All the payments payable by Ocean Offshore will be in cash.</p> <p>The Consideration is arrived at after arm's length negotiation between the Group and Ocean Offshore and it is in effect the principal amount of a loan to be advanced by Ocean Offshore to HIPG, with a letter of comfort to be provided by the Company in favour of Ocean Offshore as security for the performance of HIPG's obligations.</p>
Lease Period:	<p>The period commencing on the Remittance Date and ending on the date falling 5th anniversary of the Remittance Date, unless terminated earlier in accordance with the provisions of the Structured Lease Agreement.</p>
Interest:	<p>Interest shall accrue on the Rent principal balance at a rate equal to the aggregate of: (i) a 3-month Term SOFR rate applicable as at the date of calculation; and (ii) a margin of 2.8% per annum.</p>

Lease payment:	HIPG shall pay each instalment of the Rent to an account designated by Ocean Offshore at six-monthly intervals after the Remittance Date.
Deposit:	<p>HIPG shall pay to Ocean Offshore an amount equivalent to 5% of the Consideration:</p> <p>(i) no later than the Remittance Date; or</p> <p>(ii) subject to Ocean Offshore's election, by way of set-off against the Consideration payable.</p>
Repurchase of Equipment:	At the end of the Lease Period, subject to payment of all moneys owing and payable to Ocean Offshore under the Structured Lease Agreement, HIPG shall repurchase all of the Equipment from Ocean Offshore for an amount equal to USD1.00 (equivalent to approximately HK\$7.80).
Security:	As security for the performance of HIPG's obligations under the Structured Lease Agreement, the Company will provide a letter of comfort in favour of Ocean Offshore.

3. FINANCIAL EFFECTS AND USE OF PROCEEDS

The transactions contemplated under the Structured Lease Agreement will be accounted for as financing arrangements, and the transactions under such finance lease arrangements will not result in the Group recording any disposal gains or losses. The Equipment will be recognised as finance lease assets in the financial accounts of the Group on a consolidated basis as a result of the Structured Lease Agreement.

The Consideration is in effect the principal amount of a loan to be advanced by Ocean Offshore to HIPG. The Consideration will be used for daily operations of HIPG and broadening its financing channels and increasing its financial resources.

4. LISTING RULES IMPLICATIONS

Ocean Offshore is a subsidiary of CMG, the ultimate holding company of the Company, and therefore a connected person of the Company. Accordingly, the transaction contemplated under the Structured Lease Agreement constitutes a connected transaction of the Company.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction under the Structured Lease Agreement exceed 0.1% but all of them are below 5%, the transaction contemplated under the Structured Lease Agreement is therefore exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors have a material interest in the Structured Lease Agreement nor are they required to abstain from voting in the relevant board resolutions.

5. INFORMATION OF THE PARTIES

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.

HIPG is a company incorporated in Sri Lanka and an indirect subsidiary of the Company. Its principal activities are port development, management and operation.

Ocean Offshore is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CMG. Its principal activities are provision of leasing, investment, purchase and disposal of ships services.

6. REASONS AND BENEFITS FOR THE TRANSACTION

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.

HIPG engages in the business of container handling in Hambantota International Port. To ensure its production and operation, broaden financing channels and strengthen the financing guarantee, HIPG needs new financing arrangement. After comparing the terms offered by various financial leasing institutions (including but not limited to the interest rate proposed, the term of loan, administrative processes and security requirements), the Board is of the view that the terms and conditions under the Structured Lease Agreement are the most beneficial for the Group as a whole.

The Directors, including the independent non-executive Directors, are of the view that the Structured Lease Agreement has been entered into on normal commercial terms and is in the ordinary and usual course of business of the Group and that the terms of the Structured Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

7. DEFINITIONS

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

“Approved Broker”	Clarkson Platou and any other reputable and independent ship brokers approved by Ocean Offshore
“Board”	the board of Directors of the Company
“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
“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 HKSE (Stock Code: 00144)
“connected person(s)”	has the meaning ascribed to this term under Rule 14A.06 of the Listing Rules
“Consideration”	85% of the net book value or the market value of the Equipment as determined by a valuation report to be issued by an Approved Broker, whichever is lower. In any event, such consideration shall not exceed USD20 million (equivalent to approximately HK\$156 million) pursuant to the Structured Lease Agreement
“Deposit”	the deposit payable by HIPG under the Structured Lease Agreement for the purposes of securing its due observance and performance of its obligations
“Director(s)”	the directors of the Company

“Equipment”	3 quay cranes and 3 rubber gantry cranes
“Group”	the Company and its subsidiaries
“HIPG”	Hambantota International Port Group (Private) Limited, a company incorporated in Sri Lanka and an indirect subsidiary of the Company
“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
“Interest”	the interest payable by HIPG on the principal amount of Rent under the Structured Lease Agreement
“Lease Period”	the term of the lease pursuant to the Structured Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on HKSE
“Net Consideration”	an amount equivalent to the Consideration less the Deposit
“Ocean Offshore”	Ocean Offshore 2403 Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CMG
“PRC”	the People’s Republic of China
“Remittance Date”	the date on which the payment of the Consideration (or, if applicable, the Net Consideration) takes place under the Structured Lease Agreement
“Rent”	the rent payable by HIPG under the Structured Lease Agreement
“SOFR”	the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published (before any correction, recalculation or republication by the administrator) by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate)

“Structured Lease Agreement”	the structured lease agreement dated 11 April 2025 entered into between HIPG and Ocean Offshore in relation to the transfer of title to and the lease of the Equipment
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Term SOFR”	the term SOFR reference rate administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant period published (before any correction, recalculation or republication by the administrator) by CME Group Benchmark Administration Limited (or any other person which takes over the publication of that rate)
“USD”	United States dollar, the lawful currency of the United States of America
“%”	per cent

* *For identification purpose only*

For reference only, an exchange rate of USD1.00 to HK\$7.80 has been used for the conversion of United States dollar into Hong Kong dollar in this announcement.

By order of the Board
China Merchants Port Holdings Company Limited
Feng Boming
Chairman

Hong Kong, 11 April 2025

As at the date of this announcement, the Board comprises Mr. Feng Boming (Chairman) and Mr. Yim Kong 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.