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COSCO SHIPPING Ports Limited **中遠海運港口有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

CONTINUING CONNECTED TRANSACTIONS

On 8 May 2018, the Company entered into the Master Agreement with China Shipping Sinopec in relation to the purchase of Oil Products by members of the Group from members of China Shipping Sinopec Group for the period from 1 January 2018 to 31 December 2018.

China Shipping Sinopec is a subsidiary of COSCO SHIPPING, the ultimate controlling shareholder of the Company. Accordingly, members of China Shipping Sinopec Group are associates of COSCO SHIPPING and connected persons of the Company. Therefore, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the annual cap for the transactions under the Master Agreement is more than 0.1% but less than 5%, the transactions are subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 8 May 2018, the Company entered into the Master Agreement with China Shipping Sinopec, the particulars of which are as follows:

Particulars of the Master Agreement

Date	: 8 May 2018
Parties	: (1) the Company (2) China Shipping Sinopec
Nature of the transactions	: During the term of the Master Agreement, members of the Group will purchase from members of China Shipping Sinopec Group and members of China Shipping Sinopec Group will supply Oil Products to members of the Group pursuant to individual separate contracts for each purchase which are subject to the terms of the Master Agreement.
Term	: 1 January 2018 to 31 December 2018

Pricing and basis of consideration : Pursuant to the Master Agreement, the purchase transactions will be conducted on normal commercial terms and the terms, including the purchase prices, for the purchase of Oil Products will be at rates no less favourable to members of the Group than those available from independent third parties for the relevant transactions and the General Pricing Principles apply to the determination of the purchase prices.

Historical transactions and amount

The aggregate amounts paid by members of the Group to members of China Shipping Sinopec Group for transactions of a nature similar to the transactions under the Master Agreement for the two years ended 31 December 2016 and 31 December 2017 were approximately RMB1,443,884 (approximately HKD1,802,039) and RMB4,173,570 (approximately HKD5,208,824) respectively.

Annual cap amount and basis of determination

The annual cap amount for the transactions under the Master Agreement and the basis of determination thereof are as follows:

	Annual cap amount for the year ending 31 December 2018	Basis of determination
Estimated aggregate amount payable to members of China Shipping Sinopec Group	RMB43,900,000 (approximately HKD54,800,000)	Based on the historical and recent business volume of the Group, the expected increase in prices of Oil Products and throughput, the expected business volume of the Group for 2018 and assuming adoption of a centralized procurement arrangement of Oil Products by the Group resulting in more purchases from China Shipping Sinopec Group.

The amount payable by members of the Group in respect of the purchase transactions will generally be settled in cash on a monthly basis.

Reasons for and benefits of the transactions

The Oil Products are used by the Group in its day-to-day businesses. The Master Agreement provides a formal and unified framework of operations for the supply and procurement of Oil Products between China Shipping Sinopec Group and the Group. It will facilitate the adoption of a centralized procurement arrangement of Oil Products by the Group from China Shipping Sinopec Group, which the Company believes is likely to enable the Group to obtain more favourable pricing compared with that generally offered by other existing suppliers.

None of the Directors has a material interest in the transactions disclosed in this announcement. Nonetheless, Mr. HUANG Xiaowen, the Chairman of the Board, has voluntarily abstained from voting on the relevant Board resolutions of the Company approving the Master Agreement and the transactions contemplated thereunder for the reason that he is also the vice chairman of China Shipping Sinopec.

The Directors (including the independent non-executive Directors but other than the Director who has abstained from voting on the relevant Board resolutions referred to above) considered that the Master Agreement and the transactions contemplated thereunder were and will be entered into in the ordinary and usual course of business of the Group on normal commercial terms and on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Implications under the Listing Rules

China Shipping Sinopec is a subsidiary of COSCO SHIPPING, the ultimate controlling shareholder of the Company. Accordingly, members of China Shipping Sinopec Group are associates of COSCO SHIPPING and connected persons of the Company. Therefore, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the annual cap for the transactions under the Master Agreement is more than 0.1% but less than 5%, the transactions are subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Information about the Group and China Shipping Sinopec Group

The Group is principally engaged in the businesses of managing and operating terminals, and related businesses.

The principal business activities of China Shipping Sinopec Group are the supply of fuel oil, lubricating oil, refined oil, materials and spare parts for use by shipping vessels.

Definitions

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

“associate”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“China Shipping Sinopec”	China Shipping & Sinopec Suppliers Co., Ltd.* 中石化中海船舶燃料供應有限公司, a company established in the PRC and a subsidiary of COSCO SHIPPING;
“China Shipping Sinopec Group”	China Shipping Sinopec and its subsidiaries;
“Company”	COSCO SHIPPING Ports Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1199);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“COSCO SHIPPING”	China COSCO Shipping Corporation Limited* 中國遠洋海運集團有限公司, the ultimate controlling shareholder of the Company;

“Director(s)”	the director(s) of the Company;
“General Pricing Principles”	the agreed principles for pricing determination under the Master Agreement: (i) State-prescribed prices; (ii) where there is no State-prescribed price or if it is higher than the relevant market price (being the price at which the same type of products is provided by independent third parties in the same area in the ordinary course of business on normal commercial terms), according to the relevant market price; and (iii) where there is no relevant market price, according to the price agreed between the relevant member of China Shipping Sinopec Group and the relevant member of the Group based on the costs of the products plus an appropriate margin (which will be determined with reference to, among others, the inflation rate and valuation conducted by independent valuer (where appropriate));
“Group”	the Company and its subsidiaries;
“HKD”	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;
“Master Agreement”	the master agreement dated 8 May 2018 between the Company and China Shipping Sinopec in relation to the supply of Oil Products;
“Oil Products”	oil products including but not limited to fuel oil, lubricating oil, hydraulic oil and transmission oil;
“PRC”	The People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

** For identification purposes only*

By Order of the Board
COSCO SHIPPING Ports Limited
ZHANG Wei (張為)
Vice Chairman & Managing Director

Hong Kong, 8 May 2018

As at the date of this announcement, the Board comprises Mr. HUANG Xiaowen² (Chairman), Mr. ZHANG Wei (張為)¹ (Vice Chairman & Managing Director), Mr. FANG Meng¹, Mr. DENG Huangjun¹, Mr. FENG Boming², Mr. ZHANG Wei (張煒)², Mr. CHEN Dong², Mr. XU Zunwu², Mr. WANG Haimin², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. FAN Ergang³, Mr. LAM Yiu Kin³ and Prof. CHAN Ka Lok³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director