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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 TRANSACTION TENANCY AGREEMENT

Reference is made to the tenancy agreement relating to the Properties disclosed in the announcement of the Company dated 28 November 2014 which would expire on 28 November 2017. COSCO SHIPPING Ports Management Company Limited (the “**Tenant**”) and Wing Thye Holdings Limited (the “**Landlord**”) have agreed to enter into a new tenancy agreement with the Properties extended to include Unit No. 4902B on 49th Floor of COSCO Tower (the “**Extended Unit**”) and, pursuant to the tenancy agreement dated 28 November 2017 (the “**Tenancy Agreement**”), the Tenant has agreed to rent from the Landlord Unit Nos. 4901, 4902A, 4902B and 4903 situated at 49th Floor of High Block (COSCO Tower), Grand Millennium Plaza, No. 183 Queen’s Road Central, No. 33 Wing Lok Street, Hong Kong (collectively the “**Extended Properties**”) for a term of three years commencing from 29 November 2017 to 28 November 2020 (both dates inclusive). Pursuant to the Tenancy Agreement, (i) the monthly rental of the Extended Properties is HK\$1,223,600 (exclusive of government rent, rates, management fee and all other outgoings); and (ii) the monthly management fee is HK\$87,248 (subject to revision by the Manager).

The Landlord is a wholly-owned subsidiary of COSCO SHIPPING (Hong Kong). The Tenant is a wholly-owned subsidiary of the Company. COSCO SHIPPING is a controlling shareholder of both COSCO SHIPPING (Hong Kong) and the Company. Accordingly, the Landlord is a connected person of the Company and hence, the transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the aggregate rental (exclusive of government rent, rates and all other outgoings) and management fee payable by the Tenant under the Tenancy Agreement, calculated on an annual basis, is more than 0.1% but is less than 5%, the transaction contemplated under the Tenancy Agreement is subject to the announcement, reporting and annual review requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

MAJOR TERMS OF THE TENANCY AGREEMENT DATED 28 NOVEMBER 2017

A. PARTIES

Landlord: Wing Thye Holdings Limited, a wholly-owned subsidiary of COSCO SHIPPING (Hong Kong).

Tenant: COSCO SHIPPING Ports Management Company Limited, a wholly-owned subsidiary of the Company.

B. PROPERTIES

Unit Nos. 4901, 4902A, 4902B and 4903 of 49th Floor of High Block (COSCO Tower), Grand Millennium Plaza, No. 183 Queen's Road Central, No. 33 Wing Lok Street, Hong Kong, i.e. the Extended Properties.

C. TERM OF TENANCY

Three years commencing from 29 November 2017 to 28 November 2020 (both dates inclusive). The Tenancy Agreement does not provide for renewal clauses.

D. RENTAL, MANAGEMENT FEE AND ANNUAL CAPS

- (1) The monthly rental is HK\$1,223,600 (exclusive of government rent, rates, management fee and all other outgoings) which is payable in advance clear of all deductions on the first day of each and every calendar month; and
- (2) The monthly management fee is HK\$87,248 payable in advance clear of all deductions on the first day of each and every calendar month (subject to revision by the Manager).

During the subsistence of the Tenancy Agreement, the maximum aggregate of the rental and management fee on an annual basis will not exceed the following caps:

<u>For the period from 29 November 2017 to 31 December 2017</u>	<u>For the financial year ending 31 December 2018</u>	<u>For the financial year ending 31 December 2019</u>	<u>For the period from 1 January 2020 to 28 November 2020</u>
HK\$1,480,000	HK\$15,740,000	HK\$15,840,000	HK\$14,540,000

The caps above are determined with reference to the aggregate of the monthly rental and the monthly management fee (under the assumption that there will be a 10% increment in the management fee in each of the years starting from 1 January 2019 and 1 January 2020) payable to the Landlord under the Tenancy Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

The Company has been occupying the Properties for a long period of time as the head office of the Group and as its principal place of business in Hong Kong. The Properties were previously and are still occupied by the Tenant as offices. Therefore, it is considered to be beneficial and of administrative convenience to the Group to continue to rent the Properties by saving any unnecessary relocation and administration costs. The management of the Company also considered it necessary and appropriate to rent the Extended Unit to cater for the operation and growth of the Group.

The rental payable under the Tenancy Agreement and the terms of the Tenancy Agreement were arrived at after arm's length negotiations between the Landlord and the Tenant conducted through COSCO SHIPPING (Hong Kong) and the Company.

In negotiating the rental under the Tenancy Agreement, the management of the Company made reference to the professional opinion given by DTZ Cushman & Wakefield Limited (“DTZ”), an independent professional valuer engaged by the Tenant. In their report dated 1 November 2017, DTZ opined that the current market rental of the Extended Properties is HK\$1,450,000 per month (exclusive of government rent, rates and management fee). Therefore, the rental payable under the Tenancy Agreement is at market level and is fair and reasonable.

Mr. FENG Boming and Mr. CHEN Dong, non-executive Directors, are also directors of COSCO SHIPPING (Hong Kong) and have voluntarily abstained from voting on the relevant Board resolutions of the Company approving the Tenancy Agreement and the transaction contemplated thereunder. None of the Directors has a material interest in the transaction contemplated under the Tenancy Agreement and is required to abstain from voting on the relevant Board resolutions.

The Directors (including independent non-executive Directors and excluding Mr. FENG Boming and Mr. CHEN Dong who have voluntarily abstained from voting from the relevant Board resolutions approving the Tenancy Agreement and the transaction contemplated thereunder as referred to in the above) considered that the Tenancy Agreement has been entered into in the ordinary and usual course of business of the Group and on normal commercial terms and that the terms of the Tenancy Agreement are fair and reasonable (particularly based on the professional opinion of DTZ) and are in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Landlord is a wholly-owned subsidiary of COSCO SHIPPING (Hong Kong). The Tenant is a wholly-owned subsidiary of the Company. COSCO SHIPPING is the controlling shareholder of both COSCO SHIPPING (Hong Kong) and the Company. Accordingly, the Landlord is a connected person of the Company and hence, the transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the aggregate of the rental (exclusive of government rent, rates and all other outgoings) and the management fee payable by the Tenant under the Tenancy Agreement, calculated on an annual basis, is more than 0.1% but is less than 5%, the transaction contemplated under the Tenancy Agreement is subject to the announcement, reporting and annual review requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE GROUP AND THE LANDLORD

THE GROUP

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

THE LANDLORD

The principal activity of the Landlord is property investment.

DEFINITIONS

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

“Board”	the board of Directors
“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
“controlling shareholder”	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 and a State-owned enterprise in the PRC
“COSCO SHIPPING (Hong Kong)”	COSCO SHIPPING (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“Director(s)”	the director(s) 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	the management company of the building of which the Extended Properties form part from time to time
“PRC”	the People’s Republic of China
“Properties”	Unit Nos. 4901, 4902A and 4903 situated at 49th Floor of High Block (COSCO Tower), Grand Millennium Plaza, No. 183 Queen’s Road Central, No. 33 Wing Lok Street, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“%”	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, 28 November 2017

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