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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

The Group has been carrying on transactions pursuant to the Existing Master Agreements which will expire on 31 December 2018. The Group has also been carrying on transactions of terminal related services with the Zhangjiagang Port Group and the Lianyungang Port Group. It is expected that the Group will from time to time continue to enter into transactions of a similar nature to the transactions under the Existing Master Agreements as well as transactions of a similar nature with the Zhangjiagang Port Group and the Lianyungang Port Group and has accordingly entered into the following New Master Agreements on 30 October 2018 (except for the GZ Port Company Container Terminal Services Master Agreement, which is proposed to be entered into after GZ Port Company has obtained approval of its shareholders) each for a term of 3 years from 1 January 2019 to 31 December 2021:

- (1) the Maersk Line Shipping Services Master Agreement between the Company and Maersk Line A/S (for and on behalf of the Maersk Line);
- (2) Xiamen Container Terminal Services Master Agreement between Xiamen Ocean Gate and Xiamen Haicang Holding;
- (3) GZ Port Company Container Terminal Services Master Agreement between GZ South China and GZ Port Company;
- (4) Yangzhou Terminal Services Master Agreement between Yangzhou Yuanyang and Yangzhou Port Holding;
- (5) Zhangjiagang Container Terminal Services Master Agreement between Zhangjiagang Win Hanverky and Zhangjiagang Port; and
- (6) Lianyungang Terminal Services Master Agreement between Lianyungang New Oriental and Lianyungang Port.

The New Master Agreements numbered (1), (2) and (3) above constitute continuing connected transactions of the Company and are (or, if and when entered into, will be) subject to the reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

With reference to the financial information for the year 2017, as the subsidiaries with which the counterparties under the New Master Agreements numbered (4), (5) and (6) above are respectively connected are insignificant subsidiaries of the Company, such counterparties and their respective subsidiaries, branches and associates are not connected persons of the Company as at the date of this announcement. Accordingly, the transactions under the New Master Agreements numbered (4), (5) and (6) above do not constitute continuing connected transactions of the Company and the disclosure of the transactions thereunder in this announcement is made by the Company on a voluntary basis.

BACKGROUND

The Group has been carrying on transactions pursuant to the Existing Master Agreements which will expire on 31 December 2018. The Group has also been carrying on transactions of terminal related services with the Zhangjiagang Port Group and the Lianyungang Port Group. It is expected that the Group will from time to time continue to enter into transactions of a similar nature to the transactions under the Existing Master Agreements as well as transactions of a similar nature with the Zhangjiagang Port Group and the Lianyungang Port Group, and the Group has accordingly entered into the New Master Agreements as disclosed below (except for the GZ Port Company Container Terminal Services Master Agreement, which is proposed to be entered into after GZ Port Company has obtained approval of its shareholders).

CONTINUING CONNECTED TRANSACTIONS

1. Maersk Line Shipping Services Master Agreement

Date: 30 October 2018

Parties: The Company
Maersk Line A/S, for and on behalf of the Maersk Line

Term: 1 January 2019 to 31 December 2021

Nature of transaction: Provision of shipping related services by members of the Group to the Maersk Line, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes, provision of container storage space and terminal facilities.

Pricing: The transactions shall be conducted on normal commercial terms, in particular, the service fees payable by the Maersk Line shall be at rates no less favourable to the relevant members of the Group than those at which the relevant members of the Group charge independent third party customers for the relevant services.

Historical transaction amounts:

The historical amounts for transactions of a similar nature to the transactions under the Maersk Line Shipping Services Master Agreement were as follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the nine months ended 30 September 2018
Aggregate amount received by the Group from the Maersk Line	RMB305,317,000 (approximately HK\$365,996,000)	RMB353,212,000 (approximately HK\$423,409,000)	RMB443,256,000 (approximately HK\$531,349,000)

Estimated annual caps and basis of determination:

The estimated annual caps for the transactions under the Maersk Line Shipping Services Master Agreement and the basis of determination thereof are as follows:

	For the year ending 31 December			Basis of determination
	2019	2020	2021	
Aggregate amount receivable by the Group from the Maersk Line	RMB1,079,447,000 (approximately HK\$1,293,976,000)	RMB1,385,889,000 (approximately HK\$1,661,320,000)	RMB1,722,381,000 (approximately HK\$2,064,686,000)	Determined with reference to the existing scale and operations of the businesses of the Group, the anticipated growth and development of such businesses and the anticipated demand for such services

Connected relationship:

Maersk Line A/S is an associate of a substantial shareholder of a subsidiary of the Company, and accordingly members of the Maersk Line are connected persons of the Company.

Listing Rules implications:

Notwithstanding that one or more of the applicable percentage ratios in respect of the estimated annual caps for the transactions under the Maersk Line Shipping Services Master Agreement exceed 5%, since members of the Maersk Line are connected persons of the Company at the subsidiary level and the terms of the transactions under the Maersk Line Shipping Services Master Agreement (1) have been approved by the Board; and (2) have been confirmed by the independent non-executive Directors to be fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, such transactions are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, and are exempt from the independent shareholders' approval requirement pursuant to rule 14A.101 of the Listing Rules.

2. *Xiamen Container Terminal Services Master Agreement*

Date: 30 October 2018

Parties: Xiamen Ocean Gate (a subsidiary of the Company)
Xiamen Haicang Holding

Term: 1 January 2019 to 31 December 2021

Nature of transaction: (a) Provision of terminal related services by members of the Xiamen Haicang Group to Xiamen Ocean Gate, including but

not limited to project management services, manpower services (including the appointment of seconded staff), inspection services, agency services, equipment leasing services, storage leasing services and all other ancillary and related services.

- (b) Provision of terminal related services by Xiamen Ocean Gate to members of the Xiamen Haicang Group, including but not limited to loading and unloading services, storage services, manpower services, management services and all other ancillary and related services.

Pricing:

The transactions shall be conducted on normal commercial terms, in particular, the terms (including without limitation, the service fees) for the provision of services by members of the Xiamen Haicang Group shall be no less favourable to Xiamen Ocean Gate (as service receiving party) than terms available to Xiamen Ocean Gate from independent third parties for the relevant services, and the terms (including without limitation, the service fees) for the provision of services by Xiamen Ocean Gate shall be no less favourable to Xiamen Ocean Gate (as service providing party) than terms offered by it to independent third parties for the relevant services.

Historical transaction amounts:

The historical amounts for transactions of a similar nature to the transactions under the Xiamen Container Terminal Services Master Agreement were as follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the nine months ended 30 September 2018
(a) Aggregate amount paid by Xiamen Ocean Gate to the Xiamen Haicang Group	RMB9,779,000 (approximately HK\$11,723,000)	RMB11,976,000 (approximately HK\$14,357,000)	RMB9,387,000 (approximately HK\$11,253,000)
(b) Aggregate amount received by Xiamen Ocean Gate from the Xiamen Haicang Group	RMB1,808,000 (approximately HK\$2,168,000)	RMB632,000 (approximately HK\$758,000)	RMB411,000 (approximately HK\$493,000)

Estimated annual caps and basis of determination:

The estimated annual caps for the transactions under the Xiamen Container Terminal Services Master Agreement and the basis of determination thereof are as follows:

	For the year ending 31 December			Basis of determination
	2019	2020	2021	
(a) Aggregate amount payable by Xiamen Ocean Gate to the Xiamen Haicang Group	RMB56,000,000 (approximately HK\$67,130,000)	RMB62,000,000 (approximately HK\$74,332,000)	RMB68,000,000 (approximately HK\$81,515,000)	Determined with reference to the historical transaction amounts, the market prices for similar services and the expected increase of usage
(b) Aggregate amount receivable by Xiamen Ocean Gate from the Xiamen Haicang Group	RMB6,400,000 (approximately HK\$7,672,000)	RMB7,000,000 (approximately HK\$8,392,000)	RMB7,600,000 (approximately HK\$9,111,000)	Determined with reference to the historical transaction amounts, the market prices for similar services and the expected increase of usage

Connected relationship:

Xiamen Haicang Holding holds a 30% equity interest in Xiamen Ocean Gate, a subsidiary of the Company. Accordingly, Xiamen Haicang Holding is a substantial shareholder of a subsidiary of the Company, and therefore members of the Xiamen Haicang Group are connected persons of the Company.

Listing Rules implications:

Since one or more of the applicable percentage ratios in respect of the estimated annual caps for the transactions under the Xiamen Container Terminal Services Master Agreement exceed 1% but are all less than 5%, the transactions constitute continuing connected transactions of the Company and are only subject to the reporting, annual review and announcement requirements, and are exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

3. GZ Port Company Container Terminal Services Master Agreement

Date: Proposed to be entered into after GZ Port Company has obtained approval of its shareholders

Parties: GZ South China (a subsidiary of the Company)
GZ Port Company

Term: 1 January 2019 to 31 December 2021

Nature of transaction: (a) Provision of terminal related services by GZ South China to members of the GZ Port Company Group, including but not limited to cargo inspection related services, leasing of frontloaders, port related services (including without limitation, provision of berths, loading and unloading, inspection, transportation, shifting, boxing and unboxing of containers, transshipment of passenger liners, operation and management of transshipment of cargoes and provision of container storage space), provision of vehicles for hire, repairing services to pontoon, leasing of terminal areas and provision of machinery, and all other ancillary and related services.

(b) Provision of terminal related services by members of the GZ Port Company Group to GZ South China, including but not limited to container handling services, provision of fuel and oil, port related services (including without limitation, provision of berths, cargoes loading and unloading, operation and management of transshipment of cargoes, transshipment and transportation of containers, and provision of container storage space), inspection center services, construction services, electricity supply services, supervision services, surveying services, pollution prevention, manpower services relating to the appointment of seconded staff, leasing and maintenance of frontloaders, floating cranes and pontoons, logistics services, customs declaration and inspection declaration services, procurement and purchase of tyres and materials, marketing centers services (which are mainly in the nature of market expansion, sales and promotion and external coordination) and all other ancillary and related services.

Pricing: The transactions shall be conducted on normal commercial terms, in particular, the terms (including without limitation, the service fees) for the provision of services by members of the GZ Port Company Group shall be no less favourable to GZ South China (as service receiving party) than terms available to GZ South China from independent third parties for the relevant services, and the terms (including without limitation, the service fees) for the provision of services by GZ South China shall be no less favourable to GZ South China (as service providing party) than terms offered by it to independent third parties for the relevant services.

Historical transaction amounts:

The historical amounts for transactions of a similar nature to the transactions under the GZ Port Company Container Terminal Services Master Agreement are were follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the nine months ended 30 September 2018
(a) Aggregate amount received by GZ South China from the GZ Port Company Group	RMB12,046,000 (approximately HK\$14,441,000)	RMB24,462,000 (approximately HK\$29,324,000)	RMB16,619,000 (approximately HK\$19,922,000)
(b) Aggregate amount paid by GZ South China to the GZ Port Company Group	RMB94,661,000 (approximately HK\$113,474,000)	RMB71,433,000 (approximately HK\$85,630,000)	RMB52,849,000 (approximately HK\$63,353,000)

Estimated annual caps and basis of determination:

The estimated annual caps for the transactions under the GZ Port Company Container Terminal Services Master Agreement and the basis of determination thereof are as follows:

	For the year ending 31 December			Basis of determination
	2019	2020	2021	
(a) Aggregate amount receivable by GZ South China from the GZ Port Company Group	RMB86,972,000 (approximately HK\$104,257,000)	RMB113,063,000 (approximately HK\$135,534,000)	RMB146,982,000 (approximately HK\$176,194,000)	Determined with reference to the scope of transactions covered by the GZ Port Company Container Terminal Services Master Agreement and the expected increase in the business volume of GZ South China
(b) Aggregate amount payable by GZ South China to the GZ Port Company Group	RMB490,435,000 (approximately HK\$587,904,000)	RMB629,866,000 (approximately HK\$755,045,000)	RMB810,355,000 (approximately HK\$971,404,000)	Determined with reference to the historical transaction amounts and the expected increase in the business volume of GZ South China

Connected relationship:

GZ Port Company directly holds a 41% equity interest in GZ South China, a subsidiary of the Company. Accordingly, GZ Port Company is a substantial shareholder of a

subsidiary of the Company, and therefore members of the GZ Port Company Group are connected persons of the Company.

Listing Rules implications:

Notwithstanding that one or more of the applicable percentage ratios in respect of the estimated annual caps for the transactions under the GZ Port Company Container Terminal Services Master Agreement exceed 5%, since members of the GZ Port Company Group are connected persons of the Company at the subsidiary level and the terms of the transactions under the GZ Port Company Container Terminal Services Master Agreement (1) have been approved by the Board; and (2) have been confirmed by the independent non-executive Directors to be fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, such transactions, if the GZ Port Company Container Terminal Services Master Agreement is entered into, will only be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, and will be exempt from the independent shareholders' approval requirement pursuant to rule 14A.101 of the Listing Rules. If and when the GZ Port Company Container Terminal Services Master Agreement is entered into, the Company will comply with the relevant requirements of the Listing Rules where applicable.

4. *Yangzhou Terminal Services Master Agreement*

Date: 30 October 2018

Parties: Yangzhou Yuanyang (a subsidiary of the Company)
Yangzhou Port Holding

Term: 1 January 2019 to 31 December 2021

Nature of transaction: (a) Provision of terminal related services by members of the Yangzhou Port Group to Yangzhou Yuanyang, including without limitation, port related services (including without limitation, provision of berths, operation and management of loading and unloading of cargoes, terminal transshipment and transportation, and provision of cargo storage space), manpower services by the appointment of management officials, and all other ancillary and related services.

(b) Provision of terminal related services by Yangzhou Yuanyang to members of the Yangzhou Port Group, including without limitation, port related services (including without limitation, provision of berths).

Pricing: The transactions shall be conducted on normal commercial terms, in particular, the terms (including without limitation, the service fees) for the provision of services by the Yangzhou Port Group shall be no less favourable to Yangzhou Yuanyang (as service receiving party) than terms available to Yangzhou Yuanyang from independent third parties for the relevant services, and the terms (including without limitation, the service fees) for the provision of services by Yangzhou Yuanyang shall be no less favourable to Yangzhou Yuanyang (as service providing party) than terms offered by it to independent third parties for the relevant services.

Historical transaction amounts:

The historical amounts for transactions of a similar nature to the transactions under the Yangzhou Terminal Services Master Agreement were as follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the nine months ended 30 September 2018
(a) Aggregate amount paid by Yangzhou Yuanyang to the Yangzhou Port Group	RMB41,088,000 (approximately HK\$49,254,000)	RMB44,388,000 (approximately HK\$53,210,000)	RMB9,188,000 (approximately HK\$11,015,000)
(b) Aggregate amount received by Yangzhou Yuanyang from the Yangzhou Port Group	RMB93,000 (approximately HK\$112,000)	RMB1,422,000 (approximately HK\$1,705,000)	RMB8,425,000 (approximately HK\$10,100,000)

Estimated annual caps and basis of determination:

The estimated annual caps for the transactions under the Yangzhou Terminal Services Master Agreement and the basis of determination thereof are as follows:

	For the year ending 31 December			Basis of determination
	2019	2020	2021	
(a) Aggregate amount payable by Yangzhou Yuanyang to the Yangzhou Port Group	RMB46,007,000 (approximately HK\$55,151,000)	RMB50,319,000 (approximately HK\$60,320,000)	RMB55,062,000 (approximately HK\$66,005,000)	Determined with reference to the expected volumes of businesses of Yangzhou Yuanyang, the expected trend of the structural change in the types of cargoes to be handled by Yangzhou Yuanyang, the expected rates of loading and unloading service fees and the scope of transactions covered by the Yangzhou Terminal Services Master Agreement
(b) Aggregate amount receivable by Yangzhou Yuanyang from the Yangzhou Port Group	RMB31,847,000 (approximately HK\$38,177,000)	RMB31,900,000 (approximately HK\$38,240,000)	RMB32,090,000 (approximately HK\$38,468,000)	Based on the historical transaction amounts and the expected increase in the rental income from the Yangzhou Port Group

Connected relationship:

Yangzhou Port Holding holds a 40% equity interest in Yangzhou Yuanyang, a subsidiary of the Company. Accordingly, Yangzhou Port Holding is a substantial shareholder of a subsidiary of the Company.

Listing Rules implications:

With reference to the financial information for the year 2017, Yangzhou Yuanyang is an insignificant subsidiary of the Company, and therefore currently members of the Yangzhou Port Group are not connected persons of the Company. Accordingly, the transactions under the Yangzhou Terminal Services Master Agreement do not constitute continuing connected transactions of the Company and the disclosure of the transactions thereunder in this announcement is made by the Company on a voluntary

basis. When Yangzhou Yuanyang ceases to qualify as an insignificant subsidiary of the Company, the Company will comply with the reporting and annual review requirements under Chapter 14A of the Listing Rules in respect of such transactions under the Yangzhou Terminal Services Master Agreement if and when required.

5. *Zhangjiagang Container Terminal Services Master Agreement*

Date: 30 October 2018

Parties: Zhangjiagang Win Hanverky (a subsidiary of the Company)
Zhangjiagang Port

Term: 1 January 2019 to 31 December 2021

Nature of transaction: Provision of terminal related services by members of the Zhangjiagang Port Group to Zhangjiagang Win Hanverky, including without limitation, port related services (including without limitation, provision of berths lifting and dropping, unpacking, tallying, packing services, etc.), electricity and fuel supply services, maintenance services, manpower services relating to the appointment of management officials, property cleaning and greening bonsai services, terminal and site repair and renovation services, processed steel wire ropes and power substation management services, and all other ancillary and related services.

Pricing: The transactions shall be conducted on normal commercial terms, in particular, the terms (including without limitation, the service fees) for the provision of services by members of the Zhangjiagang Port Group shall be no less favourable to Zhangjiagang Win Hanverky than terms available to Zhangjiagang Win Hanverky from independent third parties for the relevant services.

Historical transaction amounts:

The historical amounts for transactions of a similar nature to the transactions under the Zhangjiagang Container Terminal Services Master Agreement were as follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the nine months ended 30 September 2018
Aggregate amount paid by Zhangjiagang Win Hanverky to the Zhangjiagang Port Group	RMB30,876,000 (approximately HK\$37,013,000)	RMB30,289,000 (approximately HK\$36,309,000)	RMB23,004,000 (approximately HK\$27,576,000)

Estimated annual caps and basis of determination:

The estimated annual caps for the transactions under the Zhangjiagang Container Terminal Services Master Agreement and the basis of determination thereof are as follows:

	For the year ending 31 December			Basis of determination
	2019	2020	2021	
Aggregate amount payable by Zhangjiagang Win Hanverky to the Zhangjiagang Port Group	RMB59,465,000 (approximately HK\$71,284,000)	RMB77,898,000 (approximately HK\$93,380,000)	RMB107,058,000 (approximately HK\$128,335,000)	Based on the expected increase in the future business volume including reefer container of Zhangjiagang Win Hanverky and the expected increment on unit price of electricity, rental and fuel which increase the amount payable to the Zhangjiagang Port Group

Connected relationship:

Zhangjiagang Port holds a 49% equity interest in Zhangjiagang Win Hanverky, a subsidiary of the Company. Accordingly, Zhangjiagang Port is a substantial shareholder of a subsidiary of the Company.

Listing Rules implications:

With reference to the financial information for the year 2017, Zhangjiagang Win Hanverky is an insignificant subsidiary of the Company, and therefore currently members of the Zhangjiagang Port Group are not connected persons of the Company. Accordingly, the transactions under the Zhangjiagang Container Terminal Services Master Agreement do not constitute continuing connected transactions of the Company and the disclosure of the transactions thereunder in this announcement is made by the Company on a voluntary basis. When Zhangjiagang Win Hanverky ceases to qualify as an insignificant subsidiary of the Company, the Company will comply with the reporting and annual review requirements under Chapter 14A of the Listing Rules in respect of such transactions under the Zhangjiagang Container Terminal Services Master Agreement if and when required.

6. *Lianyungang Terminal Services Master Agreement*

Date: 30 October 2018

Parties: Lianyungang New Oriental (a subsidiary of the Company)
Lianyungang Port

Term: 1 January 2019 to 31 December 2021

Nature of transaction: (a) Provision of terminal related services by members of the Lianyungang Port Group to Lianyungang New Oriental, including but not limited to port facility leasing and maintenance services; port and waterway facilities projects, construction projects, water supply and drainage projects, mechanical and electrical equipment installation projects, road and bridge projects, intelligent building projects, communication conduit design and construction projects; port dredging operations; software development and systems integration; network technology services; environmental project supervision and environmental technology testing services; telecommunications construction projects; catering services; labour services

(excluding labour arrangement); measuring instrument testing and weighing equipment installation verification; supply of metal materials, plastic products, rubber products, chemical materials, electrical machinery and equipment, bearings, fasteners, instrumentation and weighing instruments, sales of workplace safety supplies; waste materials recycling; ethanol gasoline supply, diesel retail; gas sales; port railway transportation; electricity and water supply for port area.

- (b) Provision of terminal related services by Lianyungang New Oriental to members of the Lianyungang Port Group, including but not limited to container or bulk cargo handling (including barge), warehousing and storage, intra-port transfer, container consolidation and devanning; port facilities and equipment and port machinery leasing; dangerous goods port operations (under the scope of the “Dangerous Goods Port Operation Approval Certificate”).

Pricing:

The transactions shall be conducted on normal commercial terms, in particular, the terms (including without limitation, the service fees) for the provision of services by members of the Lianyungang Port Group shall be no less favourable to Lianyungang New Oriental (as service receiving party) than terms available to Lianyungang New Oriental from independent third parties for the relevant services, and the terms (including without limitation, the service fees) for the provision of services by Lianyungang New Oriental shall be no less favourable to Lianyungang New Oriental (as service providing party) than terms offered by it to independent third parties for the relevant services.

Historical transaction amounts:

The historical amounts for transactions of a similar nature to the transactions under the Lianyungang Terminal Services Master Agreement were as follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the nine months ended 30 September 2018
(a) Aggregate amount paid by Lianyungang New Oriental to the Lianyungang Port Group	RMB2,667,000 (approximately HK\$3,198,000)	RMB3,810,000 (approximately HK\$4,568,000)	RMB43,340,000 (approximately HK\$51,954,000)
(b) Aggregate amount received by Lianyungang New Oriental from the Lianyungang Port Group	RMB1,487,000 (approximately HK\$1,783,000)	RMB1,177,000 (approximately HK\$1,411,000)	RMB279,000 (approximately HK\$335,000)

Estimated annual caps and basis of determination:

The estimated annual caps for the transactions under the Lianyungang Terminal Services Master Agreement and the basis of determination thereof are as follows:

	For the year ending 31 December			Basis of determination
	2019	2020	2021	
(a) Aggregate amount payable by Lianyungang New Oriental to the Lianyungang Port Group	RMB76,160,000 (approximately HK\$91,296,000)	RMB89,600,000 (approximately HK\$107,408,000)	RMB101,950,000 (approximately HK\$122,212,000)	Based on the expected increase in procurement of materials, electricity and labour services from the Lianyungang Port Group
(b) Aggregate amount receivable by Lianyungang New Oriental from the Lianyungang Port Group	RMB1,500,000 (approximately HK\$1,799,000)	RMB1,500,000 (approximately HK\$1,799,000)	RMB1,500,000 (approximately HK\$1,799,000)	Based on the historical transaction amounts

Connected relationship:

Lianyungang Port holds a 45% equity interest in Lianyungang New Oriental, a subsidiary of the Company. Accordingly, Lianyungang Port is a substantial shareholder of a subsidiary of the Company.

Listing Rules implications:

With reference to the financial information for the year 2017, Lianyungang New Oriental is an insignificant subsidiary of the Company, and therefore currently members of the Lianyungang Port Group are not connected persons of the Company. Accordingly, the transactions under the Lianyungang Terminal Services Master Agreement do not constitute continuing connected transactions of the Company and the disclosure of the transactions thereunder in this announcement is made by the Company on a voluntary basis. When Lianyungang New Oriental ceases to qualify as an insignificant subsidiary of the Company, the Company will comply with the reporting and annual review requirements under Chapter 14A of the Listing Rules in respect of such transactions under the Lianyungang Terminal Services Master Agreement if and when required.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions are part of or related to the principal business activities of the Group and are expected to either increase the revenue of the Group, and/or provide the Group with overall business and operational convenience and synergy.

None of the Directors has any material interest in the Continuing Connected Transactions. The Directors, including all the independent non-executive Directors, were of the view that the transactions are in the ordinary and usual course of business of the Group, on normal commercial terms and that the terms thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INTERNAL CONTROL PROCEDURES

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, as part of the Group's internal control systems to ensure that the transactions between the Group and its connected persons are conducted in accordance with the terms of the relevant New Master Agreements, the Company will implement the following internal control arrangements:

- (i) Before entering into any agreements pursuant to the respective continuing connected transaction master agreements, the Group will observe the General Pricing Principles, and where available, the relevant personnel of the Group would compare at least two other transactions or quotations for similar transactions with independent third parties for similar products and/or services in similar quantities and ensure that the terms offered to or by the relevant connected persons are no less favourable to the Group than those available to or from independent third parties.
- (ii) The relevant departments in the head office of the Company and each subsidiary of the Company has a designated person to record the entering into of continuing connected transactions.
- (iii) The Finance Department of the Company will prepare a "Summary for Continuing Connected Transactions" each quarter and organize meetings regularly to review and assess whether the relevant continuing connected transactions are conducted in accordance with the terms of their respective continuing connected transaction master agreements. After the "Summary for Continuing Connected Transactions" is reviewed by the relevant departments of the Company and the management, it will be submitted to the Audit Committee of the Company and the Board for further review.
- (iv) The Audit and Supervision Department of the Company will monitor the risks related to continuing connected transactions by reviewing the minutes of important meetings as well as accounting records to identify if the Group has any undisclosed connected transactions.
- (v) The Audit and Supervision Department will also check the terms and implementation status of the Group's policies and requirements related to continuing connected transactions from time to time, including investigating the audited entities' processes for identification of connected persons and their procedures for dealing with continuing connected transactions. It is also responsible for monitoring the prices of the transactions with connected persons by reviewing samples of the relevant sales contracts and costs etc. to ensure such prices are in compliance with the pricing policies under the terms of their respective continuing connected transaction master agreements.

The Board is of the view that the above methods and procedures can ensure that the pricing and other contract terms for the Continuing Connected Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole and will be conducted on terms no less favourable to the Group than the terms available from independent third parties for the relevant transactions.

GENERAL INFORMATION

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

Maersk Line A/S and its subsidiaries are principally engaged in the business of container shipping and related activities. Maersk Line operates under the trade names Maersk Line, Safmarine, MCC Transport, Sealand and Hamburg Süd as well as through its wholly owned subsidiaries Seago Line A/S, MCC Transport Pty Ltd. and Mercosul Line Navegação e Logística Ltda.

The Xiamen Haicang Group is principally engaged in the business of investment, construction and operation of the bonded port area (including the terminal) in Haicang, Xiamen, trading, logistics, development of industrial zone and ancillary services, construction of government infrastructures and construction of projects, development and construction of real estate, development of tourism and management services, investment in the tertiary and other industries, and other investment holding.

The GZ Port Company Group is principally engaged in the businesses of loading and unloading, and storage of petroleum, coal, foodstuff, steels and automobiles etc. (including in-harbour and at-anchor lightering operation), warehousing, local and foreign goods agency and shipping agency, handling of transshipment on behalf of carriers, passenger transportation agency, pilotage of ships for entry into and departure from ports, water transportation of goods and logistics services.

The Yangzhou Port Group is principally engaged in the businesses of loading and unloading of cargoes, cargo transportation agency, cargo warehousing, joint transportation by water and road, information services for water transportation, provision of freighters, manufacturing and repairing of port machinery, wholesaling and retailing of vehicle parts and accessories, hardware and electronics, non-dangerous chemical products, general merchandise, metals, construction materials, timber, water heating equipment, decoration materials, repairing of class two vehicles, annual examination of vehicles and agency for licensing of vehicle deport operation.

The Zhangjiagang Port Group is principally engaged in the businesses of loading and unloading operations, storage, transfer, connection and handling of containers, vessel towing, manufacturing and maintenance of port machinery, installation and maintenance of electrical equipment, shipping agents, freight forwarding, harbour dredging, vessel supply, property management, local trading, port development and construction, concrete manufacturing, control of vehicle parking at ports, port services, port information services and leasing.

The Lianyungang Port Group is principally engaged in the businesses of providing ship docking facilities such as pier, connecting anchorage and buoys; provision of facilities and services to passengers in relation to waiting for and boarding ships; cargo handling (including transfer), warehousing, intra-port transfer, container stacking, container unpacking and carrying out simple processing on cargoes and packaging for clients; arrangement for ships entering to and leaving from the port, ships pushing and towing; leasing and maintenance of port facilities, equipment (including locomotives) and port machinery; (the above businesses are operated under port operation permit); bonded warehousing (excluding hazardous chemicals); port and channelling facilities project, construction project, water supply and drainage project, mechanical and electrical equipment installation project, road and bridge project, intelligent construction project, design and construction of telecommunication pipeline project; port dredging operations; coal sales; real estate development and operation, international shipping transportation, international shipping agency.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	COSCO SHIPPING Ports Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1199)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Continuing Connected Transactions”	the transactions to be conducted under the New Master Agreements
“Director(s)”	the director(s) of the Company
“Existing Master Agreements”	the four master agreements entered into by members of the Group with Maersk Line A/S, Xiamen Haicang Holding, GZ Port Company and Yangzhou Port Holding respectively in relation to transactions of a similar nature to those under the New Master Agreements with those counterparties conducted between the years 2016 to 2018 and details of which are set out in the Company’s announcement dated 28 October 2015
“General Pricing Principles”	the principles for pricing determination generally adopted by the Group: (i) State-prescribed prices; (ii) where there is no State-prescribed price, according to the relevant market prices (being the prices at which comparable types of products and/or services are provided by independent third parties in the same area in the ordinary course of business); and (iii) where there is no relevant market price, according to the costs of the products plus an appropriate margin which would be determined with reference to, among others, the inflation rate and valuation conducted by independent valuer (where appropriate)
“Group”	the Company and its subsidiaries
“GZ Port Company Container Terminal Services Master Agreement”	the agreement proposed to be entered into between GZ South China and GZ Port Company in relation to the provision of terminal related services
“GZ Port Company”	Guangzhou Port Holdings Company Limited* 廣州港股份有限公司, a company established in the PRC and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601228)
“GZ Port Company Group”	GZ Port Company and its subsidiaries and branches

“GZ South China”	Guangzhou South China Oceangate Container Terminal Company Limited 廣州南沙海港集裝箱碼頭有限公司, a company established in the PRC and a non wholly-owned subsidiary of the Company, and directly owned as to 41% by GZ Port Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“insignificant subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Lianyungang New Oriental”	Lianyungang New Oriental International Terminals Co., Ltd.* 連雲港新東方國際貨櫃碼頭有限公司, a company established in the PRC and a non wholly-owned subsidiary of the Company and owned as to 45% by Lianyungang Port
“Lianyungang Port”	Lianyungang Port Group Co., Ltd* 連雲港港口集團有限公司, a company established in the PRC
“Lianyungang Port Group”	Lianyungang Port and its subsidiaries, branches and associates, but which for purpose of this announcement, exclude Lianyungang New Oriental
“Lianyungang Terminal Services Master Agreement”	the agreement dated 30 October 2018 between Lianyungang New Oriental and Lianyungang Port in relation to the provision of terminal related services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maersk Line”	Maersk Line A/S and entities trading under the names of Maersk Line, Safmarine, MCC Transport, Sealand and Hamburg Süd and any other future entities where Maersk Line A/S holds a majority ownership
“Maersk Line A/S”	Maersk Line A/S, a company incorporated in Denmark with limited liability
“Maersk Line Shipping Services Master Agreement”	the agreement dated 30 October 2018 between the Company and the Maersk Line A/S (for and on behalf of the Maersk Line) in relation to the provision of shipping related services
“New Master Agreements”	the Maersk Line Shipping Services Master Agreement, the Xiamen Container Terminal Services Master Agreement, the GZ Port Company Container Terminal Services Master Agreement, the Yangzhou Terminal Services Master Agreement, the Zhangjiagang Container Terminal Services Master Agreement and the Lianyungang Terminal Services Master Agreement
“percentage ratios”	percentage ratios calculated by the Company pursuant to Rule 14.07 of the Listing Rules

“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless the context suggests otherwise, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Xiamen Container Terminal Services Master Agreement”	the agreement dated 30 October 2018 between Xiamen Ocean Gate and Xiamen Haicang Holding in relation to the provision of terminal related services
“Xiamen Haicang Group”	Xiamen Haicang Holding and its subsidiaries, branches and associates, but which for purpose of this announcement, exclude Xiamen Ocean Gate
“Xiamen Haicang Holding”	Xiamen Haicang Investment Group Co., Ltd.* 廈門海滄投資集團有限公司, a company established in the PRC
“Xiamen Ocean Gate”	Xiamen Ocean Gate Container Terminal Co., Ltd. 廈門遠海集裝箱碼頭有限公司, a company established in the PRC and a non wholly-owned subsidiary of the Company, and owned as to 30% by Xiamen Haicang Holding
“Yangzhou Port Group”	Yangzhou Port Holding and its subsidiaries, branches and associates, but which for purpose of this announcement, exclude Yangzhou Yuanyang
“Yangzhou Port Holding”	Yangzhou Port of Jiangsu Province Group Co., Ltd.* 江蘇省揚州港務集團有限公司, a company established in the PRC
“Yangzhou Terminal Services Master Agreement”	the agreement dated 30 October 2018 between Yangzhou Yuanyang and Yangzhou Port Holding in relation to the provision of terminal related services
“Yangzhou Yuanyang”	Yangzhou Yuanyang International Ports Co., Ltd. 揚州遠揚國際碼頭有限公司, a company established in the PRC and a non wholly-owned subsidiary of the Company, and owned as to 40% by Yangzhou Port Holding
“Zhangjiagang Container Terminal Services Master Agreement”	the agreement dated 30 October 2018 between Zhangjiagang Win Hanverky and Zhangjiagang Port in relation to the provision of terminal related services
“Zhangjiagang Port”	Zhangjiagang Port Group Co., Ltd.* 張家港港務集團有限公司, a company established in the PRC
“Zhangjiagang Port Group”	Zhangjiagang Port and its subsidiaries, branches and associates, but which for purpose of this announcement, exclude Zhangjiagang Win Hanverky

“Zhangjiagang Win Hanverky”	Zhangjiagang Win Hanverky Container Terminal Co., Ltd. 張家港永嘉集裝箱碼頭有限公司, a company established in the PRC and a non wholly-owned subsidiary of the Company, and owned as to 49% by Zhangjiagang Port
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	percentage

For the purposes of this announcement, the exchange rate of RMB1 = HK\$1.198739 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

For the purposes of this announcement, the English name with an asterisk () is an unofficial English transliteration or translation and is for identification purposes only.*

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

Hong Kong, 30 October 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. 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