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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 2021. It is expected that the Group will continue to enter into transactions of a similar nature to the transactions under the Existing Master Agreements from time to time and has accordingly entered into or proposed to enter into (as the case may be) each of the New Master Agreements for a term of 3 years from 1 January 2022 to 31 December 2024 as disclosed below.

On 29 October 2021, the Company entered into the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement with COSCO SHIPPING and the transactions thereunder constitute continuing connected transactions of the Company which are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. A circular containing further information on the transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, including a letter from the Independent Board Committee to the Independent Shareholders, a letter from the Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders, and a notice of the SGM, will be despatched to the Shareholders on or before 19 November 2021.

Moreover, on 29 October 2021, the relevant members of the Group entered into the following master agreements (except for the GZ Port Company Container Terminal Services Master Agreement and the GZ Port Holding Container Terminal Services Master Agreement, which are proposed to be entered into on a later date):

- (1) the Maersk Shipping Services Master Agreement between the Company and Maersk A/S (for and on behalf of Maersk);
- (2) GZ Port Company Container Terminal Services Master Agreement between GZ South China and GZ Port Company;
- (3) GZ Port Holding Container Terminal Services Master Agreement between GZ South China and GZ Port Holding; and
- (4) Lianyungang Terminal Services Master Agreement between Lianyungang New Oriental and Lianyungang Port.

The New Master Agreements numbered (1), (2) and (3) above also constitute continuing connected transactions of the Company and are 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 2020, as Lianyungang New Oriental is an insignificant subsidiary of the Company, members of the Lianyungang Port Group are not connected persons of the Company as at the date of this announcement. Accordingly, the transactions under the New Master Agreement numbered (4) 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 2021. It is expected that the Group will continue to enter into transactions of a similar nature to the transactions under the Existing Master Agreements from time to time, 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 and the GZ Port Holding Container Terminal Services Master Agreement, which are proposed to be entered into on a later date).

CONTINUING CONNECTED TRANSACTIONS

1. Transactions requiring Independent Shareholders' approval

COSCO SHIPPING Shipping Services and Terminal Services Master Agreement

Date: 29 October 2021

Parties: The Company
COSCO SHIPPING

Term: 1 January 2022 to 31 December 2024

Condition precedent: Conditional upon the approval of the Independent Shareholders being obtained on or before 31 December 2021.

Nature of transaction:

- (a) Provision of terminal services by the relevant members of the Group to members of the COSCO SHIPPING Group, including but not limited to the handling, storage, stevedoring, transshipment, maintenance of cargoes and provision of container storage space and terminal facilities, and other ancillary services.
- (b) Provision of shipping services by the relevant members of the COSCO SHIPPING Group to members of the Group, including but not limited to the provision of manpower services, cargo handling services, logistics services, purchase of materials, supply of fuel and oil products (including but not limited to diesel oil, fuel oil, lubricating oil, hydraulic oil and transmission oil) and subsidy on port construction fee, and other ancillary services.

Pricing: The terms upon which the services to be provided by members of the COSCO SHIPPING Group to members of the Group shall be no less favourable than the terms obtained by the relevant members of the Group

from independent third parties for similar types of services; and the terms upon which the services to be provided by members of the Group to members of the COSCO SHIPPING Group shall be no less favourable than the terms offered by members of the Group to independent third parties for similar types of services.

The fees charged shall be determined with reference to the prevailing market price, being the price offered to or charged by independent third parties in respect of similar types of services in the ordinary course of business in the same or nearby service area and subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness.

Historical transaction amounts:

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

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
(a) Aggregate amount received by the Group from the COSCO SHIPPING Group	RMB1,626,978,000 (approximately HK\$1,951,655,000)	RMB1,857,732,000 (approximately HK\$2,228,458,000)	RMB1,528,594,000 (approximately HK\$1,833,638,000)
(b) Aggregate amount paid by the Group to the COSCO SHIPPING Group	RMB75,925,000 (approximately HK\$91,076,000)	RMB87,958,000 (approximately HK\$105,511,000)	RMB54,959,000 (approximately HK\$65,927,000)

Proposed annual caps and basis of determination:

The proposed annual caps for the transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and the basis of determination thereof are as follows:

	For the year ending 31 December		
	2022	2023	2024
(a) Aggregate amount receivable by the Group from the COSCO SHIPPING Group	RMB3,750,000,000 (approximately HK\$4,500,000,000)	RMB4,220,000,000 (approximately HK\$5,060,000,000)	RMB4,870,000,000 (approximately HK\$5,840,000,000)
(b) Aggregate amount payable by the Group to the COSCO SHIPPING Group	RMB350,000,000 (approximately HK\$420,000,000)	RMB390,000,000 (approximately HK\$470,000,000)	RMB420,000,000 (approximately HK\$500,000,000)

The operating capacity of the Group is expected to expand further as the Group plans to continue to extend its international footprint with an aim to further enhance the global terminal network. The Group plans to focus on making investments in Southeast Asia, Middle East, Africa and South America so as to continue to extend its network of terminals and, at the same time, continue to explore investment opportunities provided by port consolidation in Mainland China by capitalising on the unique advantages of the COSCO

SHIPPING Group. As the COSCO SHIPPING Group has the world's largest shipping fleet and third largest container fleet, the Group can enjoy a steady source of business and has a strong competitive edge in uncovering and bidding for investment opportunities. In particular, the Group is exploring the opportunity to acquire additional interest in existing joint-venture companies which, upon completion, will also become subsidiaries of the Group, to strengthen the control and management of its ports and terminals business. It is anticipated that there would be an increase in the calling by the shipping fleets of COSCO SHIPPING Group at those terminals that are going to be added to the terminal network of the Group, which would result in an increasing demand for the services contemplated under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement.

The estimated annual caps for the aggregate amount receivable by the Group from the COSCO SHIPPING Group were determined with reference to the historical transaction amounts and their growth rates, the anticipated inflation rate, 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, including (i) the expanded scale and operations of the business of the Group taking into account the various acquisitions of new terminals completed in the past years; (ii) the possibility of acquisition of new terminals and the new berths and newly developed terminals of the Group expected to come into operation over the next three years; (iii) the completion of potential acquisition of terminals by the Group over the next three years; (iv) the expected increase in the COSCO SHIPPING Group's fleet calling at the terminals of the Group as a result of the synergies continuing to be achieved with the COSCO SHIPPING Group and the OCEAN Alliance; and (v) a buffer to cater for the development plans of the Group as mentioned above and the inherent volatility of the business in the shipping and container-related industry, the magnitude of which cannot be ascertained at the moment.

The estimated annual caps for the aggregate amount payable by the Group to the COSCO SHIPPING Group were determined with reference to (i) the current fuel and oil prices and their historical growth rates; (ii) the current upward trends of such prices with uncertainties in the magnitudes of their future increases; (iii) the anticipated increase in the volume of containers handled by existing terminals; and (iv) the existing demand for such services and the anticipated increase in the demand for such services, taking into account the above mentioned factors including the anticipated growth and development of the scale and operations of the businesses of the Group and a buffer to cater for the development plans of the Group as mentioned above and the inherent volatility of the business in the shipping and container-related industry, the magnitude of which cannot be ascertained at the moment.

Connected relationship:

COSCO SHIPPING is the ultimate controlling Shareholder. Accordingly, members of the COSCO SHIPPING Group are connected persons of the Company.

Listing Rules implications:

Since one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement exceed 5%, the transactions constitute continuing connected transactions of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Transactions exempt from Independent Shareholders' approval requirement

2.1. Maersk Shipping Services Master Agreement

Date:	29 October 2021
Parties:	The Company Maersk A/S, for and on behalf of Maersk
Term:	1 January 2022 to 31 December 2024
Nature of transaction:	Provision of shipping related services by members of the Group to Maersk, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes, provision of container storage space and terminal premises.
Pricing:	The transactions shall be conducted on normal commercial terms, in particular, the service fees payable by Maersk 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 Shipping Services Master Agreement were as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
Aggregate amount received by the Group from Maersk	RMB629,069,000 (approximately HK\$754,605,000)	RMB582,263,000 (approximately HK\$698,458,000)	RMB443,152,000 (approximately HK\$531,587,000)

Estimated annual caps and basis of determination:

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

	For the year ending 31 December		
	2022	2023	2024
Aggregate amount receivable by the Group from Maersk	RMB819,625,000 (approximately HK\$983,188,000)	RMB938,899,000 (approximately HK\$1,126,264,000)	RMB1,065,748,000 (approximately HK\$1,278,427,000)

The estimated annual caps for the aggregate amount receivable by the Group from Maersk under the Maersk Shipping Services Master Agreement were determined with reference to the existing scale and operations of the businesses of the Group and the anticipated growth and development of such businesses, including (i) the anticipated increase in demand for container terminal services brought by global economic recovery; (ii) the new berths and terminals of the Group coming into operation over the next few years; (iii) the completion of potential acquisition of terminals by the Group over the next few years; and (iv) the expected increase in service fee rates.

Connected relationship:

Maersk A/S is an associate of a substantial shareholder of a subsidiary of the Company, and accordingly members of Maersk 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 Shipping Services Master Agreement exceed 5%, since members of Maersk are connected persons of the Company at the subsidiary level and the terms of the transactions under the Maersk 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.

2.2. GZ Port Company Container Terminal Services Master Agreement

Date: Proposed to be entered into on a later date

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

Term: 1 January 2022 to 31 December 2024

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), repairing services to pontoon, leasing of assets 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, tugboat services, information 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), shuttle bus services, inspection centre 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, leasing of assets, marketing centres 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 were as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
(a) Aggregate amount received by GZ South China from the GZ Port Company Group	RMB24,605,000 (approximately HK\$29,515,000)	RMB32,824,000 (approximately HK\$39,374,000)	RMB18,831,000 (approximately HK\$22,589,000)
(b) Aggregate amount paid by GZ South China to the GZ Port Company Group	RMB94,557,000 (approximately HK\$113,427,000)	RMB99,531,000 (approximately HK\$119,393,000)	RMB64,704,000 (approximately HK\$77,616,000)

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:

	2022	For the year ending 31 December 2023	2024
(a) Aggregate amount receivable by GZ South China from the GZ Port Company Group	RMB47,955,000 (approximately HK\$57,525,000)	RMB55,149,000 (approximately HK\$66,154,000)	RMB63,420,000 (approximately HK\$76,076,000)
(b) Aggregate amount payable by GZ South China to the GZ Port Company Group	RMB159,235,000 (approximately HK\$191,012,000)	RMB178,800,000 (approximately HK\$214,481,000)	RMB200,017,000 (approximately HK\$239,932,000)

The estimated annual caps for the aggregate amount receivable by GZ South China from the GZ Port Company Group were 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, including (i) the anticipated increase in demand for container terminal services brought by global economic recovery; and (ii) anticipated increase in rental income expected to be received from the GZ Port Company Group as a result of the expected coming into operation of additional storage houses over the next few years.

The estimated annual caps for the aggregate amount payable by GZ South China to the GZ Port Company Group were determined with reference to the historical transaction amounts and the expected increase in the business volume of GZ South China, including (i) with regard to fuel procurement, based on the actual consumption in recent years, taking into account the increase in fuel prices and the expected improvement of economic situation, and the corresponding anticipated increase in fuel consumption as a result of increase in business volume; (ii) with regard to the rental of floating pontoons and machinery sites, the expected improvement of economic situation and the corresponding anticipated increase in rental and service fee rates; and (iii) with regard to engineering labour services, the anticipated fees for the repairs, maintenance and replacements expected to be carried out in the coming years based on the current actual costs.

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 at the subsidiary level.

Listing Rules implications:

Since the highest applicable percentage ratio in respect of the estimated annual caps for the transactions under the GZ Port Company Container Terminal Services Master Agreement exceeds 1% but is less than 5%, such transactions 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.

2.3. GZ Port Holding Container Terminal Services Master Agreement

Date:	Proposed to be entered into on a later date
Parties:	GZ South China (a subsidiary of the Company) GZ Port Holding
Term:	1 January 2022 to 31 December 2024
Nature of transaction:	Provision of terminal related services by members of the GZ Port Holding Group to GZ South China, including but not limited to property management, property cleaning, pest control and garbage clean up services, provision of vehicle for staff commuting, safety management, security services, training services, printing services, marketing centres services (which are mainly in the nature of market expansion, sales and promotion and external coordination) and tourism and recuperation 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 Holding Group shall be no less favourable to GZ South China than terms available to GZ South China 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 GZ Port Holding Container Terminal Services Master Agreement were as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
Aggregate amount paid by GZ South China to the GZ Port Holding Group	RMB16,559,000 (approximately HK\$19,863,000)	RMB18,617,000 (approximately HK\$22,332,000)	RMB14,050,000 (approximately HK\$16,854,000)

Estimated annual caps and basis of determination:

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

	For the year ending 31 December		
	2022	2023	2024
Aggregate amount payable by GZ South China to the GZ Port Holding Group	RMB24,452,000 (approximately HK\$29,332,000)	RMB27,934,000 (approximately HK\$33,508,000)	RMB31,918,000 (approximately HK\$38,288,000)

The estimated annual caps for the aggregate amount payable by GZ South China to the GZ Port Holding Group were determined with reference to the historical transaction amounts and the expected increase in the business volume of GZ South China, including (i) the expected increase in GZ South China's usage of transportation related service as a result of route adjustments and increase in frequencies and increase in the number of terminal staff; and (ii) the expected increase in fees payable for training, medical examinations and security as a result of the expected increase in the number of employees.

Connected relationship:

GZ Port Holding indirectly holds a 41% equity interest in GZ South China, a subsidiary of the Company. Accordingly, GZ Port Holding is a substantial shareholder of a subsidiary of the Company, and therefore members of the GZ Port Holding Group are connected persons of the Company at the subsidiary level.

Listing Rules implications:

Since the highest applicable percentage ratio in respect of the estimated annual caps for the transactions under the GZ Port Holding Container Terminal Services Master Agreement, when aggregated with the estimated annual caps for the transactions under the GZ Port Company Container Terminal Services Master Agreement, exceeds 1% but is less than 5%, such transactions 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.

2.4. Lianyungang Terminal Services Master Agreement

- Date:** 29 October 2021
- Parties:** Lianyungang New Oriental (a subsidiary of the Company)
Lianyungang Port
- Term:** 1 January 2022 to 31 December 2024
- 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; project construction and supervision; 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 and technology services (loading and unloading, transportation, labour arrangement and manager appointment); measuring instrument testing and weighing equipment installation verification; supply of materials, electrical machinery and equipment and other appliances and products; waste materials recycling; gas and oil 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; provision of shore electricity for vessels; 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 2019	For the year ended 31 December 2020	For the nine months ended 30 September 2021
(a) Aggregate amount paid by Lianyungang New Oriental to the Lianyungang Port Group	RMB67,973,000 (approximately HK\$81,538,000)	RMB47,513,000 (approximately HK\$56,995,000)	RMB34,417,000 (approximately HK\$41,285,000)
(b) Aggregate amount received by Lianyungang New Oriental from the Lianyungang Port Group	RMB2,464,000 (approximately HK\$2,956,000)	RMB658,000 (approximately HK\$789,000)	RMB121,000 (approximately HK\$145,000)

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:

	2022	For the year ending 31 December 2023	2024
(a) Aggregate amount payable by Lianyungang New Oriental to the Lianyungang Port Group	RMB93,092,000 (approximately HK\$111,669,000)	RMB87,996,000 (approximately HK\$105,556,000)	RMB89,446,000 (approximately HK\$107,296,000)
(b) Aggregate amount receivable by Lianyungang New Oriental from the Lianyungang Port Group	RMB633,000 (approximately HK\$759,000)	RMB660,000 (approximately HK\$792,000)	RMB688,000 (approximately HK\$825,000)

The estimated annual caps for the aggregate amount payable by Lianyungang New Oriental to the Lianyungang Port Group under the Lianyungang Terminal Services Master Agreement were determined based on the expected increase in procurement of materials, electricity and labour services from the Lianyungang Port Group from 2021 onwards as a result of the expected increase in the business volume of Lianyungang New Oriental.

The estimated annual caps for the aggregate amount receivable by Lianyungang New Oriental from the Lianyungang Port Group under the Lianyungang Terminal Services Master Agreement were determined based on the historical transaction amounts.

Connected relationship:

Lianyungang Port indirectly 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 2020, 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.

PRICING POLICIES

In relation to any agreements to be entered into pursuant to the respective continuing connected transaction master agreements, the Group will generally observe the following pricing policies:

- (i) Adopt the mandatory State-prescribed prices such as those prescribed under the Measures of Port Charges and Calculations (《港口收費計費辦法》) promulgated by the Ministry of Transport and the National Development and Reform Commission of the PRC.
- (ii) Where there is no mandatory State-prescribed price, based on the reference rates published by the Ministry of Transport of the PRC, which the market commonly relies on.
- (iii) Where there is no reference rates, based on the relevant market prices (being the prices at which comparable types of products and/or services are provided by or to independent third parties in the same area in the ordinary course of business by (where practicable) referring to at least two other contemporaneous transactions or quotations with independent third parties for similar products and/or services in similar quantities to 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).
- (iv) Where there is no relevant market price, based 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), and in any event would not be less favourable to the Group than that applied to similar transactions with independent third parties.

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. In respect of the Continuing Connected Transactions other than those under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, 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 the Shareholders as a whole. In respect of the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, the Directors (excluding members of the Independent Board Committee, who will express their views after considering the advice to be given by the Joint Independent Financial Advisers), were of the view that the transactions are on terms that are fair and reasonable and in the interests of the Company and the 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) The relevant business unit of each subsidiary of the Company will periodically observe the market conditions and monitor the prevailing market prices including the pricings of contemporaneous transactions with independent third parties in respect of comparable types of products and/or services in the same or nearby area in the ordinary course of business. In respect of the provision of services by the relevant members of the COSCO SHIPPING Group under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, the Group shall centralize purchases to obtain discounts.
- (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.

- (vi) Each relevant member of the Group shall monitor its own utilization of the portion of the annual transaction cap amount allocated to it by the Company (the “Designated Amount”). If the annual transaction amount of a relevant member of the Group reaches 80% of its Designated Amount, or is expected to exceed its Designated Amount within three months, such member shall inform the relevant personnel in the Finance Department and Legal Department of the Company immediately and the Company shall determine the appropriate actions to be taken, such as (a) require such member not to enter any further transactions which would cause the Designated Amount to be exceeded; (b) increase the Designated Amount allocated to such member by reducing the Designated Amount(s) allocated to other member(s); or (c) if the accumulative annual transaction amount of the Group will exceed the relevant annual cap, the relevant member(s) of the Group shall provide sufficient reasons and cooperate with the Company to revise the annual cap and comply with the relevant requirements of the Listing Rules.

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 the 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.

SPECIAL GENERAL MEETING

The Independent Board Committee, comprising Dr. FAN HSU Lai Tai, Rita, Mr. Adrian David LI Man Kiu, Mr. LAM Yiu Kin, Prof. CHAN Ka Lok and Mr. YANG Liang Yee Philip, has been formed to advise the Independent Shareholders as to whether the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms and are in the interests of the Group and the Shareholders as a whole and whether the terms thereof are fair and reasonable and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the Joint Independent Financial Advisers, in respect of such matters at the SGM.

A circular containing, amongst other things, further details on the transactions under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, a letter from the Independent Board Committee to the Independent Shareholders and a letter from the Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders, together with the notice for the SGM will be despatched to the Shareholders on or before 19 November 2021.

GENERAL INFORMATION

The principal business of the Company is investment holding. The Group is principally engaged in the businesses of managing and operating terminals, and related businesses.

GZ South China is principally engaged in the operation of container terminals.

Lianyungang New Oriental is principally engaged in the operation of terminals.

COSCO SHIPPING is a state-owned enterprise wholly-owned and controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. The scope of business of COSCO SHIPPING and its subsidiaries includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sales of vessels, containers and steel and maritime engineering.

Maersk A/S is a subsidiary of AP Møller - Mærsk A/S (a company incorporated in Denmark with limited liability). The shares of AP Møller - Mærsk A/S are listed on Nasdaq Copenhagen. The ultimate controlling shareholder of AP Møller - Mærsk A/S is AP Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal (a Danish foundation). Maersk A/S and its subsidiaries are principally engaged in the business of container shipping and related activities. Maersk operates under the trade names Maersk, Safmarine, MCC Transport, Sealand and Hamburg Süd and any other future entities where Maersk A/S holds a majority ownership.

GZ Port Company is a joint stock limited company established in the PRC and controlled by GZ Port Holding. The GZ Port Company Group is principally engaged in the businesses of loading and unloading of containers, petrochemical, coal, steel, foodstuff, automobile and other cargo (including in-harbour and at-anchor lightering operation), warehousing, local and foreign goods agency and shipping agency, tugboat services for local and foreign ships entering into and departing from ports, water transportation of goods and logistics services.

GZ Port Holding is a limited company established in the PRC and controlled by the State-owned Assets Supervision and Administration Commission of Guangzhou Municipal Government of the PRC. The GZ Port Holding Group is principally engaged in the businesses of loading and unloading, and storage of cargoes such as containers, petroleum, coal, foodstuff, chemical fertilizers, steels, ores and automobiles etc., bonded goods business, local and foreign goods agency and shipping agency, transshipment agency, passenger transport agency, tugboat services for local and foreign ships entering into and departing from ports, water transportation of goods and passengers, and logistics services.

Lianyungang Port is a state-owned enterprise and controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Lianyungang, Jiangsu Province, the PRC. 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

“Challenge Capital”	Challenge Capital Management Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being one of the joint independent financial advisers appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement which require Independent Shareholders’ approval
“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
“COSCO SHIPPING”	China COSCO SHIPPING Corporation Limited* 中國遠洋海運集團有限公司, the ultimate controlling Shareholder and a state-owned enterprise in the PRC
“COSCO SHIPPING Group”	COSCO SHIPPING, its subsidiaries and its associates, but which for purpose of this announcement, exclude the Group
“COSCO SHIPPING Shipping Services and Terminal Services Master Agreement”	the agreement dated 29 October 2021 between the Company and COSCO SHIPPING in relation to the provision of shipping and terminal related services
“Director(s)”	the director(s) of the Company
“Existing Master Agreements”	the master agreements entered into by members of the Group in relation to transactions of a similar nature to those under the New Master Agreements conducted between the years 2018 to 2021, details of which are set out in the announcements of the Company dated 30 October 2018, 22 November 2018 and 23 November 2018 and the circular of the Company dated 10 December 2018
“Group”	the Company and its subsidiaries
“GZ Port Company”	Guangzhou Port Holdings Company Limited* 廣州港股份有限公司, a joint stock limited company established in the PRC and the A-shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601228)
“GZ Port Company Container Terminal Services Master Agreement”	the agreement proposed to be entered into on a later date between GZ South China and GZ Port Company in relation to the provision of terminal related services

“GZ Port Company Group”	GZ Port Company and its subsidiaries and branches
“GZ Port Holding”	Guangzhou Port Group Company Limited* 廣州港集團有限公司, a company established in the PRC
“GZ Port Holding Container Terminal Services Master Agreement”	the agreement proposed to be entered into on a later date between GZ South China and GZ Port Holding in relation to the provision of terminal related services
“GZ Port Holding Group”	GZ Port Holding and its subsidiaries, branches and associates, but which for purpose of this announcement, exclude GZ Port Company, 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Dr. FAN HSU Lai Tai, Rita, Mr. Adrian David LI Man Kiu, Mr. LAM Yiu Kin, Prof. CHAN Ka Lok and Mr. YANG Liang Yee Philip, being independent non-executive Directors
“Independent Shareholders”	Shareholders who are not prohibited from voting under the Listing Rules to approve the relevant transaction(s) at a general meeting of the Company
“insignificant subsidiary”	has the meaning ascribed thereto in the Listing Rules
“Joint Independent Financial Advisers”	Challenge Capital and Titan Financial
“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
“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 29 October 2021 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”	Maersk A/S and entities trading under the names of Maersk, Safmarine, MCC Transport, Sealand and Hamburg Süd and any other future entities where Maersk A/S holds a majority ownership
“Maersk A/S”	Maersk A/S, a company incorporated in Denmark with limited liability
“Maersk Shipping Services Master Agreement”	the agreement dated 29 October 2021 between the Company and Maersk A/S (for and on behalf of Maersk) in relation to the provision of shipping related services
“New Master Agreements”	the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement, the Maersk Shipping Services Master Agreement, the GZ Port Company Container Terminal Services Master Agreement, the GZ Port Holding Container Terminal Services Master Agreement and the Lianyungang Terminal Services Master Agreement, and each a “New Master Agreement”
“OCEAN Alliance”	an alliance of shipping companies comprising COSCO SHIPPING Lines (a subsidiary of COSCO SHIPPING), CMA CGM S.A., Evergreen Line and Orient Overseas Container Line Limited (another subsidiary of COSCO SHIPPING)
“percentage ratios”	percentage ratios as defined under 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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held for considering and approving, if appropriate, the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement and the transactions contemplated thereunder
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules

“Titan Financial”	Titan Financial Services Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint independent financial advisers appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the COSCO SHIPPING Shipping Services and Terminal Services Master Agreement which require Independent Shareholders’ approval
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	percent

For the purposes of this announcement, the exchange rate of RMB1 = HK\$1.199558 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
FENG Boming
Chairman

Hong Kong, 29 October 2021

As at the date of this announcement, the Board comprises Mr. FENG Boming¹ (Chairman), Mr. ZHANG Dayu¹ (Managing Director), Mr. DENG Huangjun¹, Mr. ZHANG Wei², Mr. CHEN Dong², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. LAM Yiu Kin³, Prof. CHAN Ka Lok³ and Mr. YANG Liang Yee Philip³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director