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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**

### **AMENDED AGREEMENT DEPOSITS CONTRACT**

Reference is made to the announcement of the Company dated 10 January 2022 in relation to the Existing Agreement Deposits Contract, pursuant to which Tianjin Port Finance agreed to accept RMB agreement deposits from TCT (a non-wholly-owned subsidiary of the Company). The Existing Agreement Deposits Contract was due to expire on 23 January 2022 (unless automatically renewed for another year pursuant to the terms thereof).

The Board announces that, on 21 January 2022, the Existing Agreement Deposits Contract was amended by the Supplemental Agreement, pursuant to which the term of the agreement was extended, with no automatic renewal of the term, to expire on the earlier of 31 December 2022 or the date on which the parties entered into a new agreement deposits contract.

Tianjin Port Holdings, which owns 41.69% equity interests in TCT, is a substantial shareholder of TCT and therefore a connected person of the Company at the subsidiary level. Tianjin Port Finance, a company held directly and indirectly as to 43.652% by Tianjin Port Holdings and as to 56.348% by Tianjin Port Group (which is the ultimate holding company of Tianjin Port Holdings) and other subsidiaries of Tianjin Port Group, is therefore a connected person of the Company at the subsidiary level by virtue of its being an associate of Tianjin Port Holdings. Accordingly, the transactions contemplated under the Amended Agreement Deposits Contract constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transactions under the Amended Agreement Deposits Contract (including accrued interest) exceeds 1% but is less than 5%, such transactions are subject to the reporting, announcement and annual review requirements, but are exempt from the circular and independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 10 January 2022 in relation to the Existing Agreement Deposits Contract, pursuant to which Tianjin Port Finance agreed to accept RMB agreement deposits from TCT (a non-wholly-owned subsidiary of the Company). The Existing Agreement Deposits Contract was due to expire on 23 January 2022 (unless automatically renewed for another year pursuant to the terms thereof).

The Board announces that, on 21 January 2022, the Existing Agreement Deposits Contract was amended by the Supplemental Agreement, pursuant to which the term of the agreement was extended, with no automatic renewal of the term, to expire on the earlier of 31 December 2022 or the date on which the parties entered into a new agreement deposits contract. The principal terms of the Existing Agreement Deposits Contract as amended by the Supplemental Agreement are disclosed as follows.

**THE AMENDED AGREEMENT DEPOSITS CONTRACT**

**Date:** 21 January 2011, and amended by the Supplemental Agreement on 21 January 2022

**Parties:** (1) TCT; and  
(2) Tianjin Port Finance

**Term:** From 24 January 2021 to the earlier of 31 December 2022 or the date on which the parties entered into a new agreement deposits contract, with no automatic renewal of the term.

**Nature of transactions:** Tianjin Port Finance agreed to accept RMB agreement deposits from TCT, with the basic deposit requirement being RMB500,000.

**Pricing terms:** Interest on the deposits is payable quarterly on the 20th day of the last month of each calendar quarter and accrues at the following interest rates:

- (1) for the part of the deposits within the basic deposit requirement (i.e. the first RMB500,000): the interest rate for demand deposits as listed by PBOC as at the relevant interest settlement date; and
- (2) for the balance: the interest rate for agreement deposits as published by PBOC as at the relevant interest settlement date.

The amount of interest is calculated by adopting the accumulated interest method. If any of the interest rates is adjusted by PBOC during any interest period, interest will be calculated separately for the parts of the interest period before and after the adjustment respectively.

**Historical transaction amounts**

The historical highest daily balance of the deposits placed by TCT with Tianjin Port Finance under the Existing Agreement Deposits Contract (including accrued interest) are set out below:

	<i>For the period from 3 December 2021 (being the date on which TCT became a subsidiary of the Company) to 31 December 2021</i>	<i>For the period from 1 January 2022 to 20 January 2022</i>
	<i>RMB million</i>	<i>RMB million</i>
Highest daily balance of deposits (including accrued interest)	350	255

## **Proposed transaction cap and basis**

Taking into account (i) the historical levels of the balance of the deposits placed with Tianjin Port Finance, (ii) the historical amount of cash and cash equivalents of TCT and (iii) the anticipated cash flow requirements of TCT based on the current scale and operation of the business of TCT for 2022, the proposed highest daily balance of the deposits to be placed by TCT with Tianjin Port Finance under the Amended Agreement Deposits Contract (including accrued interest) for the period from 21 January 2022 to 31 December 2022 will not exceed RMB380 million.

## **Internal control measures**

In addition to annual review by the auditors of the Company and the 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 contemplated under the Amended Agreement Deposits Contract are conducted in accordance with its terms, the Group will implement the following internal control arrangements:

- (1) where required (and in any event no less frequently than on a monthly basis), (a) TCT will solicit other reference quotations, where available, from independent third party financial institutions in respect of similar transactions for comparison and consideration; and (b) the Finance Department of the Company will monitor the market interest rates with independent third parties in respect of comparable types of deposits services;
- (2) the Finance Department of the Company and TCT will each have a designated person to monitor and ensure that the daily balance of the deposits placed under the Amended Agreement Deposits Contract (including accrued interest) will not exceed the transaction cap;
- (3) TCT will prepare a report on the transactions under the Amended Agreement Deposits Contract for each quarter and organise meetings regularly with the Finance Department of the Company to review and assess whether the transactions are conducted in accordance with the terms of the Amended Agreement Deposits Contract. After the report is reviewed by the Finance Department of the Company, it will be submitted to the Audit Committee of the Company and the Board for further review;
- (4) the Audit and Supervision Department of the Company will check the accounting records and supporting documents from time to time to ensure that the rate of interest is in compliance with the terms of the Amended Agreement Deposits Contract; and
- (5) TCT will regularly request Tianjin Port Finance to produce sufficient information and documents to confirm the implementation of adequate capital risk control measures, including its financial statements, and other returns and regulatory reports submitted to the China Banking and Insurance Regulatory Commission.

The Board is of the view that the Group has implemented effective internal control procedures as set out above to ensure that the pricing and other contract terms of the transactions contemplated under the Amended Agreement Deposits Contract will be conducted on normal commercial terms and no less favourable to the Group than the terms available from independent third parties.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE AMENDED AGREEMENT DEPOSITS CONTRACT**

TCT uses agreement deposits services in its ordinary course of business for convenient access to cash when needed while earning interest on funds which await deployment. Since the agreement deposits services offered by Tianjin Port Finance contemplated under the Amended Agreement Deposits Contract are on terms no less favourable to TCT than those generally offered by banks in the PRC for comparable agreement deposits, TCT opted to continue to utilise its agreement deposits account with Tianjin Port Finance. Notwithstanding the entering into of the Amended Agreement Deposits Contract, TCT may use the services of other financial institutions as it thinks fit and appropriate for its benefit.

The Directors (including the independent non-executive Directors) consider that the Amended Agreement Deposits Contract and the transactions contemplated thereunder 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.

## **LISTING RULES IMPLICATIONS**

Tianjin Port Holdings, which owns 41.69% equity interests in TCT, is a substantial shareholder of TCT and therefore a connected person of the Company at the subsidiary level. Tianjin Port Finance, a company held directly and indirectly as to 43.652% by Tianjin Port Holdings and as to 56.348% by Tianjin Port Group (which is the ultimate holding company of Tianjin Port Holdings) and other subsidiaries of Tianjin Port Group, is therefore a connected person of the Company at the subsidiary level by virtue of its being an associate of Tianjin Port Holdings. Accordingly, the transactions contemplated under the Amended Agreement Deposits Contract constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transactions under the Amended Agreement Deposits Contract (including accrued interest) exceeds 1% but is less than 5%, such transactions are subject to the reporting, announcement and annual review requirements, but are exempt from the circular and independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Amended Agreement Deposits Contract and accordingly, no Director was required to abstain from voting on the relevant board resolution approving the Amended Agreement Deposits Contract.

## **INFORMATION ON THE PARTIES TO THE AGREEMENT DEPOSITS CONTRACT**

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. TCT is a company incorporated in the PRC with limited liability and is principally engaged in the operation of container terminal at the port of Tianjin in the PRC.

Tianjin Port Finance is a company incorporated in the PRC with limited liability and is a non-bank financial institution principally engaged in the provision of financial services to Tianjin Port Group and its affiliates (including TCT) but not to other parties. The business activities of Tianjin Port Finance are regulated and supervised by the PBOC and the China Banking and Insurance Regulatory Commission. Tianjin Port Finance is held directly and indirectly as to

43.652% by Tianjin Port Holdings and as to 56.348% by Tianjin Port Group and other subsidiaries of Tianjin Port Group. Tianjin Port Holdings is a company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600717). Tianjin Port Holdings is a non-wholly owned subsidiary of Tianjin Port Development, which is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3382). The ultimate holding company of Tianjin Port Development is Tianjin Port Group. Accordingly, Tianjin Port Finance is a subsidiary of Tianjin Port Group. The principal business of Tianjin Port Group includes port handling and stevedoring services, warehousing, logistics, and port area land development at the port of Tianjin in the PRC through its group companies.

## DEFINITIONS

“Amended Agreement Deposits Contract”	the Existing Agreement Deposits Contract as amended by the Supplemental Agreement
“associate”	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”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Agreement Deposits Contract”	the agreement dated 21 January 2011 entered into between TCT and Tianjin Port Finance, pursuant to which Tianjin Port Finance agreed to accept RMB agreement deposits from TCT
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	the People’s Bank of China
“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless the context suggests otherwise, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules

“Supplemental Agreement”	the notice dated 21 January 2022 in relation to amendment of the term of the Existing Agreement Deposits Contract issued by TCT and accepted by Tianjin Port Finance on 21 January 2022
“TCT”	Tianjin Port Container Terminal Co., Ltd.* 天津港集裝箱碼頭有限公司, a company incorporated in the PRC with limited liability and a non-wholly-owned subsidiary of the Company
“Tianjin Port Development”	Tianjin Port Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3382)
“Tianjin Port Finance”	Tianjin Port Finance Co., Ltd.* 天津港財務有限公司, a company incorporated in the PRC with limited liability
“Tianjin Port Group”	Tianjin Port (Group) Co., Ltd.* 天津港(集團)有限公司, an entity reorganised as a wholly state-owned company in the PRC on 29 July 2004 and holding the business owned and operated by the former government regulatory body of the port of Tianjin
“Tianjin Port Holdings”	Tianjin Port Holdings Co., Ltd.* 天津港股份有限公司, a company incorporated in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600717)
“%”	percent

*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, 21 January 2022

As at the date of this announcement, the Board comprises Mr. FENG Boming<sup>1</sup> (Chairman), Mr. ZHANG Dayu<sup>1</sup> (Managing Director), Mr. DENG Huangjun<sup>1</sup>, Mr. ZHANG Wei<sup>2</sup>, Mr. CHEN Dong<sup>2</sup>, Dr. WONG Tin Yau, Kelvin<sup>1</sup>, Dr. FAN HSU Lai Tai, Rita<sup>3</sup>, Mr. Adrian David LI Man Kiu<sup>3</sup>, Mr. LAM Yiu Kin<sup>3</sup>, Prof. CHAN Ka Lok<sup>3</sup> and Mr. YANG Liang Yee Philip<sup>3</sup>.

<sup>1</sup> Executive Director

<sup>2</sup> Non-executive Director

<sup>3</sup> Independent Non-executive Director