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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**

On 29 September 2023, CMA Terminals Espagne acquired 49% equity interests in CSP Spain (a 51% owned subsidiary of the Company) from a third party, and therefore became a substantial shareholder of CSP Spain and a connected person of the Company at the subsidiary level. CMA CGM, which indirectly owns 100% of the equity interests in CMA Terminals Espagne, became a connected person of the Company at the subsidiary level accordingly by virtue of its being an associate of CMA Terminals Espagne.

Members of the Group had been providing terminal services to members of the CMA Group prior to the CSP Spain Equity Change. It is expected that the Group will continue to enter into transactions of a similar nature with the CMA Group from time to time. Accordingly, the Company and CMA CGM entered into the CMA Terminal Services Master Agreement on 29 September 2023 (after trading hours) for a term commencing on 29 September 2023 and expiring on 31 December 2024, pursuant to which members of the Group may provide terminal services to members of the CMA Group from time to time.

The Transactions conducted after the CSP Spain Equity Change constitute continuing connected transactions of the Company. Notwithstanding that one or more of the applicable percentage ratios in respect of the estimated annual caps for the Transactions exceed 5%, since members of the CMA Group are connected persons of the Company at the subsidiary level and the terms of the Transactions (1) have been approved by the Board; and (2) have been confirmed by the independent non-executive Directors to be fair and reasonable, and that the Transactions are on normal commercial terms and in the interests of the Company and its shareholders as a whole, the 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.

#### **BACKGROUND**

On 29 September 2023, CMA Terminals Espagne acquired 49% equity interests in CSP Spain (a 51% owned subsidiary of the Company), and therefore became a substantial shareholder of CSP Spain and a connected person of the Company at the subsidiary level. CMA CGM, which indirectly owns 100% of the equity interests in CMA Terminals Espagne, became a connected person of the Company at the subsidiary level accordingly by virtue of its being an associate of CMA Terminals Espagne.

Members of the Group had been providing terminal services to members of the CMA Group prior to the CSP Spain Equity Change. It is expected that the Group will continue to enter into transactions of a similar nature with the CMA Group from time to time. Accordingly, the Company and CMA CGM entered into the CMA Terminal Services Master Agreement on 29 September 2023 (after trading hours) for a term commencing on 29 September 2023 and expiring on 31 December 2024, pursuant to which members of the Group may provide terminal services to members of the CMA Group from time to time.

**THE CMA TERMINAL SERVICES MASTER AGREEMENT**

**Date:** 29 September 2023

**Parties:** The Company  
CMA CGM

**Term:** 29 September 2023 to 31 December 2024

**Nature of transaction:** Provision of terminal services by members of the Group to members of the CMA Group, 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 the relevant members of the CMA Group 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 prior to the CSP Spain Equity Change were as follows:

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>	<b>For the seven months ended 31 July 2023</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Aggregate amount received by the Group from the CMA Group	1,089,846,000 (approximately) HK\$1,217,745,000)	1,167,393,000 (approximately) HK\$1,304,392,000)	703,105,000 (approximately) HK\$785,618,000)

**Estimated annual caps and basis of determination:**

The estimated annual caps for the Transactions and the basis of determination thereof are as follows:

	<b>For the period from 29 September 2023 to 31 December 2023</b>	<b>For the year ending 31 December 2024</b>
	<i>RMB</i>	<i>RMB</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Aggregate amount receivable by the Group from the CMA Group	404,245,000 (approximately) HK\$451,685,000)	1,589,252,000 (approximately) HK\$1,775,759,000)

The estimated annual caps for the aggregate amount receivable by the Group from the CMA Group under the CMA Terminal Services Master Agreement were determined with reference to the historical amounts, 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 12 months or so; (iii) the completion of potential acquisition of terminals by the Group over the next 12 months or so; and (iv) the expected increase in service fee rates.

## **PRICING POLICIES**

In relation to any agreements to be entered into pursuant to the CMA Terminal Services Master Agreement, 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 services are provided 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 services in similar quantities to ensure that the terms offered by the relevant members of the Group to the relevant members of the CMA Group are no less favourable to the relevant members of the Group than those available from independent third parties).

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Transactions are part of or related to the principal business activities of the Group and are expected to increase the revenue of the Group.

None of the Directors has any material interest in the Transactions. The Directors (including all the independent non-executive Directors) consider that the CMA Terminal Services Master Agreement and the Transactions are in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms thereof and the estimated annual caps 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 are conducted in accordance with the terms of the CMA Terminal Services Master Agreement, 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 services in the same or nearby area in the ordinary course of business;
- (ii) The Finance Department of the Company and each subsidiary of the Company has a designated person to record the entering into of the 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 Transactions are conducted in accordance with the terms of the CMA Terminal Services Master Agreement. 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 the CMA Terminal Services Master Agreement; and
- (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 into 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 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 similar transactions.

## **LISTING RULES IMPLICATIONS**

The Transactions conducted after the CSP Spain Equity Change constitute continuing connected transactions of the Company. Notwithstanding that one or more of the applicable percentage ratios in respect of the estimated annual caps for the Transactions exceed 5%, since members of the CMA Group are connected persons of the Company at the subsidiary level and the terms of the Transactions (1) have been approved by the Board; and (2) have been confirmed by the independent non-executive Directors to be fair and reasonable, and that the Transactions are on normal commercial terms and in the interests of the Company and its shareholders as a whole, the 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.

## **INFORMATION ON THE PARTIES TO THE CMA TERMINAL SERVICES MASTER AGREEMENT**

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.

The principal business activities of CMA CGM and the CMA Group are international containerised transportation of goods and provision of freight management and contract logistics solutions. Other activities of the CMA Group mainly include port terminals and air cargo operations.

CMA CGM is ultimately controlled by Rodolphe Saadé and his family through their ultimate beneficial ownership of Merit France S.A.S (a simplified joint stock company incorporated in France with limited liability, which has an approximately 72.61% shareholding in CMA CGM) and their direct shareholding of approximately 0.39% in CMA CGM.

## **DEFINITIONS**

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“CMA CGM”	CMA CGM S.A., a company incorporated in France with limited liability
“CMA Group”	CMA CGM and its subsidiaries, branches and associates from time to time, but excluding subsidiaries of the Company
“CMA Terminals Espagne”	CMA Terminals Espagne S.A.S, a simplified joint stock company incorporated in France with limited liability
“CMA Terminal Services Master Agreement”	the agreement dated 29 September 2023 entered into between the Company and CMA CGM in relation to the provision of terminal services by members of the Group to members of the CMA Group

“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
“CSP Spain”	COSCO SHIPPING Ports (Spain) Holding, S.L., a company incorporated in Spain with limited liability and a 51% owned subsidiary of the Company
“CSP Spain Equity Change”	the acquisition of 49% equity interests in CSP Spain by CMA Terminals Espagne from a third party on 29 September 2023
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Transactions”	the transactions under the CMA Terminal Services Master Agreement
“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\$1.117355 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.*

By Order of the Board  
**COSCO SHIPPING Ports Limited**  
**YANG Zhijian**  
*Chairman*

Hong Kong, 29 September 2023

As at the date of this announcement, the Board comprises Mr. YANG Zhijian<sup>1</sup> (Chairman), Mr. ZHU Tao<sup>1</sup> (Managing Director), 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