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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **COSCO SHIPPING Ports Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION IN RESPECT OF DEPOSIT TRANSACTIONS

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 10 of this circular and a letter from the Independent Board Committee is set out on page 11 of this circular. A letter from Altus Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 25 of this circular.

A notice convening the SGM to be held at 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong at 2:30 p.m. on Wednesday, 12 October 2016 is set out on pages 33 to 35 of this circular. Whether or not you are able to attend the SGM, please complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's principal place of business in Hong Kong at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Friday, 7 October 2016. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 7 October 2016.

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DEFINITIONS

In this circular (other than in the notice of SGM), unless the context otherwise requires, the following expressions shall have the following meanings:

“Altus Capital”	Altus Capital Limited, a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Transactions as contemplated under the New Financial Services Master Agreement and the Annual Caps
“Annual Caps”	the proposed transaction caps in respect of the Deposit Transactions under the New Financial Services Master Agreement for the three financial years ending 31 December 2019 as set out in section headed “3. ANNUAL CAPS AND HISTORICAL TRANSACTION AMOUNTS” in the letter from the Board as set out in this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission 中國銀行業監督管理委員會
“China COSCO”	China COSCO Holdings Company Limited* (中國遠洋控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1919) and the A shares of which are listed on the Shanghai Stock Exchange in the PRC (Stock Code: 601919), and an intermediate holding company of the Company
“Company”	COSCO SHIPPING Ports Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1199)
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules

DEFINITIONS

“continuing connected transaction(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“COSCO Finance”	COSCO Finance Co. Ltd.* (中遠財務有限責任公司), a limited liability company established in the PRC and a subsidiary of COSCO SHIPPING
“COSCO SHIPPING”	China COSCO Shipping Corporation Limited * (中國遠洋海運集團有限公司), a Chinese state-owned enterprise and the ultimate holding company of the Company
“COSCO SHIPPING Group”	COSCO SHIPPING and subsidiaries held by COSCO SHIPPING as to more than 51%, companies held by COSCO SHIPPING and/or its subsidiaries held by COSCO SHIPPING as to more than 51% (individually or jointly) as to more than 20%, companies held by COSCO SHIPPING and/or its subsidiaries held by COSCO SHIPPING as to more than 51% (individually or jointly) as to less than 20% with COSCO SHIPPING and/or its subsidiaries (individually or jointly) being the largest shareholder, and enterprise legal entities (事業單位法人) and social organisation legal entities (社會團體法人) under COSCO SHIPPING and/or its subsidiaries held by COSCO SHIPPING as to more than 51%
“Deposit Transactions”	the transactions to be conducted pursuant to the New Financial Services Master Agreement as disclosed in section headed “2. THE DEPOSIT TRANSACTIONS” in the letter from the Board as set out in this Circular
“Director(s)”	the director(s) of the Company
“discloseable transaction”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“Existing Financial Services Agreement”	the financial services agreement dated 28 August 2014 entered into between COSCO Finance and the Company for provision of certain financial services by COSCO Finance to the Group for the period between 1 November 2014 and 31 December 2016 (both dates inclusive)
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board appointed to advise the Independent Shareholders comprising Mr. Adrian David LI Man Kiu, Mr. IP Sing Chi, Mr. FAN Ergang and Mr. LAM Yiu Kin
“Independent Shareholder(s)”	Shareholder(s) other than COSCO Investments Limited and China COSCO (Hong Kong) Limited (both being indirect subsidiaries of COSCO SHIPPING) and any other Shareholders who are required by the Listing Rules to abstain from voting on the resolution to be proposed at the SGM to approve the Deposit Transactions and the Annual Caps
“Independent Shareholders’ Approval”	the approval from the Independent Shareholders for the entering into of the New Financial Services Master Agreement in respect of Deposit Transactions and the Annual Caps
“Latest Practicable Date”	8 September 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Transactions”	has the meaning ascribed to it in the announcement of the Company dated 25 August 2016
“New Financial Services Master Agreement”	the financial services master agreement entered into between the Company and COSCO Finance on 25 August 2016, details of which are disclosed in the announcement of the Company dated 25 August 2016
“PBOC”	People’s Bank of China 中國人民銀行, the central bank of the PRC
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this circular and unless the context suggests otherwise, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for considering and, if thought fit, approving the Deposit Transactions and the Annual Caps
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	U.S. dollars, the lawful currency of the United States of America
“%”	per cent.

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

LETTER FROM THE BOARD

COSCO SHIPPING Ports Limited
中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

Directors:

Mr. HUANG Xiaowen² (*Chairman*)
Mr. ZHANG Wei¹ (*Vice Chairman & Managing Director*)
Mr. FANG Meng¹
Mr. DENG Huangjun¹
Mr. FENG Bo¹
Mr. WANG Wei²
Mr. WANG Haimin²
Dr. WONG Tin Yau, Kelvin¹
Dr. FAN HSU Lai Tai, Rita³
Mr. Adrian David LI Man Kiu³
Mr. IP Sing Chi³
Mr. FAN Ergang³
Mr. LAM Yiu Kin³

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business:

49th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

General Counsel & Company Secretary:

Ms. HUNG Man, Michelle

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director

13 September 2016

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION AND
CONTINUING CONNECTED TRANSACTION
IN RESPECT OF DEPOSIT TRANSACTIONS**

1. INTRODUCTION

The Board refers to the announcement of the Company dated 25 August 2016 whereby it was announced that, the Company and COSCO Finance entered into the New Financial Services Master Agreement on 25 August 2016, pursuant to which COSCO Finance agreed to provide certain financial services to the Group for a term of 3 years from 1 January 2017 to 31 December 2019 (both dates inclusive). In particular, the Deposit Transactions under the New Financial

LETTER FROM THE BOARD

Services Master Agreement will in aggregate constitute a discloseable transaction as well as a continuing connected transaction of the Company which are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The purpose of this circular is to provide you with, among other information, (i) further details of the Deposit Transactions; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Deposit Transactions and the Annual Caps; (iii) the advice from Altus Capital to the Independent Board Committee and the Independent Shareholders in relation thereto; and (iv) the notice of the SGM.

2. THE DEPOSIT TRANSACTIONS

The principal terms of the Deposit Transactions as provided in the New Financial Services Master Agreement are summarised as follows:

- Parties:** The Company
COSCO Finance
- COSCO Finance is a subsidiary of COSCO SHIPPING, the ultimate holding company of the Company, and is therefore a connected person of the Company.
- Duration:** The New Financial Services Master Agreement will be for a term of 3 years, from 1 January 2017 to 31 December 2019 (both dates inclusive).
- Effectiveness:** The New Financial Services Master Agreement will take effect upon the Independent Shareholders' Approval having been obtained.
- Subject matter:** COSCO Finance will accept deposits from members of the Group on the following pricing terms.
- Pricing:** The transaction terms of the services to be provided by COSCO Finance under the New Financial Services Master Agreement shall be on normal commercial terms and fair and reasonable, and shall be on no less favourable terms to the Group than those offered by other independent financial institutions in the PRC to the Group for the same type of services, in particular, the rate of interest which will accrue on any deposit placed by the Group with COSCO Finance under the New Financial Services Master Agreement will be determined with reference to:

LETTER FROM THE BOARD

- (a) market interest rates, being the interest rates set by independent third party commercial banks operating in the same or nearby service area in the PRC in their ordinary course of business on normal commercial terms for the same type of deposit services, determined in accordance with the principle of fairness and reasonableness; and
- (b) the interest rates offered by COSCO Finance to other parties for the same type of deposit services.

3. ANNUAL CAPS AND HISTORICAL TRANSACTION AMOUNTS

The estimated daily maximum aggregate amount of deposits to be placed by the Group with COSCO Finance (including the amount of interest accrued thereon, if any) for each of the financial years during the term of the New Financial Services Master Agreement and the basis of determination thereof are as follows:

	For the financial year ending 31 December 2017 <i>RMB' million</i>	For the financial year ending 31 December 2018 <i>RMB' million</i>	For the financial year ending 31 December 2019 <i>RMB' million</i>	Basis of determination
Proposed daily maximum aggregate deposit amount (including any interest accrued)	4,000	4,000	4,000	With reference to (i) the Group's historical cash flow movements; (ii) the anticipated business volume of the Group and with a view to managing the Group's financial risks effectively and reasonably; and (iii) the anticipated amount of loans drawn by the Group under the Loan Transactions not immediately deployed and which will be deposited with COSCO Finance

The historical highest daily aggregate amount of deposits placed by the Group with COSCO Finance (including the amount of any interest accrued thereon) pursuant to the Existing Financial Services Agreement are set out below:

	For the period from 1 November 2014 to 31 December 2014 <i>RMB' million</i>	For the financial year ended 31 December 2015 <i>RMB' million</i>	For the period from 1 January 2016 to 30 June 2016 <i>RMB' million</i>
Highest daily aggregate deposit amount (including any interest accrued)	134	756	749

LETTER FROM THE BOARD

4. LISTING RULES IMPLICATIONS

As COSCO Finance is a subsidiary of COSCO SHIPPING, the ultimate holding company of the Company, and is therefore a connected person of the Company, the Deposit Transactions under the New Financial Services Master Agreement will constitute a continuing connected transaction of the Group. Since the highest of the percentage ratios in respect of the Deposit Transactions exceeds 5% (but is below 25%), the Deposit Transactions will in aggregate also constitute a discloseable transaction of the Company. Accordingly, the Deposit Transactions and the Annual Caps will be subject to the announcement requirements under Chapter 14 and Chapter 14A of the Listing Rules and the reporting, annual review and the Independent Shareholders' Approval requirements under Chapter 14A of the Listing Rules.

5. REASONS FOR AND BENEFITS OF THE DEPOSIT TRANSACTIONS

The Deposit Transactions will be entered into in the ordinary and usual course of business of the parties.

The deposit interest rates offered by COSCO Finance to the Group will be equal to or more favourable to the Group than those offered by independent third party commercial banks in the PRC for comparable deposits. Any interest amount payable in respect of the Deposit Transactions will be automatically paid into the relevant deposit accounts.

The Deposit Transactions under the New Financial Services Master Agreement are expected to provide the Group with additional avenues of deposit services and improve the efficiency of the use of its funds through favourable interest income. The New Financial Services Master Agreement will not preclude the Group from using the services of other financial institutions as it thinks fit and appropriate for the benefit of the Group.

To ensure pricing policies are properly complied, the Group will monitor (i) the benchmark interest rate published by PBOC for deposits with comparable type and term and the interest rates offered by independent commercial banks operating in the same or nearby service area in the PRC; and (ii) the reference schedule which COSCO Finance generally provides to its deposit placing customers, including the Group, indicating the prevailing interest rates COSCO Finance offers to other parties for deposits from time to time. Where required, the Group will solicit reference quotations, where available from independent third party financial institutions in respect of similar transactions for comparison and consideration.

LETTER FROM THE BOARD

6. DIRECTORS' INTERESTS

Mr. DENG Huangjun, an executive Director, is interested in, among others, the Deposit Transactions under the New Financial Services Master Agreement as the vice chairman and a director of COSCO Finance and has abstained from voting on the relevant Board resolutions of the Company approving the New Financial Services Master Agreement. None of the Directors other than Mr. DENG Huangjun has a material interest in the New Financial Services Master Agreement, but (i) Mr. HUANG Xiaowen, Chairman of the Board and a non-executive Director, and Dr. FAN HSU Lai Tai, Rita, an independent non-executive Director, have voluntarily abstained from voting on the relevant Board resolutions of the Company for the reason that they are respectively, vice chairman and an executive director, and an independent non-executive director of China COSCO, a subsidiary of COSCO SHIPPING; and (ii) Mr. WANG Haimin, a non-executive Director, has also voluntarily abstained from voting on the relevant Board resolutions of the Company for the reason that he is a director of COSCO SHIPPING.

7. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. Adrian David LI Man Kiu, Mr. IP Sing Chi, Mr. FAN Ergang and Mr. LAM Yiu Kin, has been established to advise the Independent Shareholders as to the terms of services for the Deposit Transactions and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the independent financial adviser, in respect of such matters at the SGM. Altus Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in such regard.

8. PRINCIPAL ACTIVITIES OF THE PARTIES

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

COSCO Finance is a non-bank financial institution approved and regulated by the PBOC and the CBRC and is principally engaged in providing financial services to COSCO SHIPPING Group.

9. SGM

In view of the interests of COSCO SHIPPING in the Deposit Transactions by virtue of it being the holding company of COSCO Finance, COSCO Investments Limited and China COSCO (Hong Kong) Limited (both being indirect subsidiaries of COSCO SHIPPING respectively holding 213,989,277 Shares and 1,159,504,192 Shares and interested in an aggregate of approximately 46.25% of the total number of issued Shares as at the Latest Practicable Date) will, and any other Shareholder with a material interest in the Deposit Transactions are required to, abstain from voting on the resolution to be proposed at the SGM to approve the entering into of the New Financial Services Master Agreement in respect of Deposit Transactions and the Annual Caps.

LETTER FROM THE BOARD

A notice convening the SGM to be held at 2:30 p.m. on Wednesday, 12 October 2016, at 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong is set out on pages 33 to 35 of this circular.

A proxy form for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM or any adjournment thereof, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's principal place of business in Hong Kong at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish.

10. RECOMMENDATION

The Directors (including members of the Independent Board Committee whose recommendations are contained in the section headed "Letter from the Independent Board Committee") consider that the Deposit Transactions are and will be 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.

11. ADDITIONAL INFORMATION

Your attention is drawn to:

- (a) the letter from the Independent Board Committee, the text of which is set out on page 11 of this circular;
- (b) the letter from Altus Capital, the text of which is set out on pages 12 to 25 of this circular; and
- (c) the additional information set out in the appendix of this circular.

Yours faithfully,
For and on behalf of
COSCO SHIPPING Ports Limited
ZHANG Wei
Vice Chairman & Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

COSCO SHIPPING Ports Limited

中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

13 September 2016

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
AND CONTINUING CONNECTED TRANSACTION
IN RESPECT OF DEPOSIT TRANSACTIONS**

The Independent Board Committee has been established to advise you in connection with the Deposit Transactions, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 13 September 2016 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

Having considered the terms of services for the Deposit Transactions under the New Financial Services Master Agreement and the advice of Altus Capital in relation thereto as set out on pages 12 to 25 of the Circular, we are of the opinion that the Deposit Transactions under the New Financial Services Master Agreement are and will be on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Deposit Transactions under the New Financial Services Master Agreement and the Annual Caps for the period from 1 January 2017 to 31 December 2019.

Yours faithfully,
Independent Board Committee of
COSCO SHIPPING Ports Limited

Adrian David LI Man Kiu

IP Sing Chi

FAN Ergang

LAM Yiu Kin

Independent non-executive Directors

LETTER FROM ALTUS CAPITAL

The following is the text of a letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Transactions as contemplated under the New Financial Services Master Agreement, which has been prepared for the purpose of inclusion in this circular.

ALTUS .

21 Wing Wo Street
Central
Hong Kong

13 September 2016

*To the Independent Board Committee and
the Independent Shareholders*

COSCO SHIPPING Ports Limited
49th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

Dear Sirs,

DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION IN RESPECT OF DEPOSIT TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Transactions under the New Financial Services Master Agreement and the Annual Caps. Details are set out in the circular dated 13 September 2016 (the “**Circular**”) to the Shareholders, of which this letter (the “**Letter**”) forms part. Terms used in the Letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

New Financial Services Master Agreement

Pursuant to the announcement of the Company dated 25 August 2016 (the “**Announcement**”), the Company has entered into the New Financial Services Master Agreement with COSCO Finance, pursuant to which COSCO Finance agreed to provide certain financial services to the Group for a term of three years from 1 January 2017 to 31 December 2019 (both dates inclusive).

LETTER FROM ALTUS CAPITAL

Implications under the Listing Rules

As COSCO Finance is a subsidiary of COSCO SHIPPING, the ultimate holding company of the Company, and is therefore a connected person of the Company, the Deposit Transactions under the New Financial Services Master Agreement will constitute a continuing connected transaction of the Group. Since the highest of the percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Deposit Transactions exceeds 5% (but is below 25%), the Deposit Transactions will in aggregate also constitute a discloseable transaction of the Company. Accordingly, the Deposit Transactions and the Annual Caps will be subject to the announcement requirements under Chapter 14 and Chapter 14A of the Listing Rules and the reporting, annual review and the Independent Shareholders' Approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Adrian David LI Man Kiu, Mr. IP Sing Chi, Mr. FAN Ergang and Mr. LAM Yiu Kin, has been established to consider and to give advice and recommendation to the Independent Shareholders as to whether the terms of the Deposit Transactions under the New Financial Services Master Agreement and the Annual Caps thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and as to how to vote on the resolution to be proposed at the SGM.

As the independent financial adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and Independent Shareholders as to (i) whether the Deposit Transactions under the New Financial Services Master Agreement are in the Group's ordinary and usual course of business and together with the Annual Caps thereto are in the interests of the Company and Shareholders as a whole; (ii) whether the terms of the Deposit Transactions are normal commercial term and are fair and reasonable so far as the Independent Shareholders are concerned; (iii) whether the Annual Caps have been fairly and reasonably arrived at; and (iv) how the Independent Shareholders should vote in respect of the resolution relating thereto be proposed at the SGM.

LETTER FROM ALTUS CAPITAL

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group and COSCO Finance

1.1 The Group

During the years ended 31 December 2014 and 2015, the Group was principally engaged in the businesses of managing and operating terminals, container leasing, management and sale, and their related businesses. As mentioned under the paragraph headed “Outlook” of the Letter, after the completion of a corporate reorganisation in March 2016, the Company has transformed itself into a pure terminal operator.

LETTER FROM ALTUS CAPITAL

Below is a summary of the operating result of the Group for the years ended 31 December 2014 and 2015 and the six months ended 30 June 2015 and 2016, as extracted from the Company's annual report for the year ended in 31 December 2015 (the "2015 Annual Report") and the Company's interim report for the six months ended 30 June 2016 (the "2016 Interim Report")

	For the year ended		For the	
	31 December		six months ended	
	2014	2015	2015	2016
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
	(audited)	(audited)	(unaudited) (restated) <i>(Note)</i>	(unaudited)
Revenue	870,091	798,151	276,538	274,983
Operating profit	227,425	226,700	76,641	69,887
Finance income	25,738	21,127	14,403	7,434
Finance costs	72,506	64,253	28,710	26,050
Profit attributable to the equity holders of the Company	292,759	381,644	187,202	171,948
		As at 31 December	As at 30 June	
		2014	2015	2016
		<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
		(audited)	(audited) (restated) <i>(Note)</i>	(unaudited)
Total assets	7,616,710	8,860,645	6,904,031	
Total liabilities	2,558,048	2,593,569	2,065,823	
Net assets	5,058,662	6,267,076	4,838,208	
Cash and cash equivalents (including restricted bank deposits)	1,116,479	924,191	894,630	

Source: *the 2015 Annual Report and the 2016 Interim Report*

Note: On 18 March 2016, the Company completed the acquisition of all the issued shares of China Shipping Ports Development Co., Limited, which became a wholly owned subsidiary of the Company. The adoption of merger accounting has resulted in changes in certain relevant comparative figures, which have been restated to conform with the current year's presentation.

LETTER FROM ALTUS CAPITAL

For the year ended 31 December 2015

For the year ended 31 December 2015, the Group has recorded revenue of approximately US\$798.2 million, representing a decrease of approximately 8.3% from approximately US\$870.1 million of the preceding year. The decrease was mainly attributable to (i) the depreciation of Euro as the revenue generated from Piraeus Container Terminal S.A. (the “**Piraeus Terminal**”) in Greece decreased by approximately 12.5% in terms of US dollars as compared to last year, notwithstanding an approximately 4.2% increase of its revenue in terms of Euro; and (ii) the adverse market environment in the container leasing, management and sale business, which caused an approximately 15.2% and 55.3% decrease in the average resale price of returned containers and the number of returned containers disposed of respectively.

Despite the deceleration of global economic growth, the operating profit margin of the Group in the year ended 31 December 2015 increased from approximately 26.1% in 2014 to approximately 28.4% in 2015, amounting to approximately US\$226.7 million. The increase was mainly due to strict cost control measures and the depreciation of Euro, which led to lower cost of sales translated from Euro for the Piraeus Terminal in Greece. The overall finance income of the Group decreased by approximately 17.9% to approximately US\$21.1 million in the year ended 31 December 2015. The decrease in finance income was mainly due to the decrease in interest income on bank balances and deposits, from approximately US\$20.8 million in 2014 to approximately US\$15.2 million in 2015, as the interest rates offered by commercial banks decreased during the year ended 31 December 2015. The finance costs of the Group decreased to approximately US\$64.3 million, representing a decrease of approximately 11.4% as compared to the previous year. The decrease in finance costs was mainly attributable to the reduced average balance of bank loans, which was approximately US\$1.8 billion in 2015 as compared with approximately US\$2.0 billion in 2014. Furthermore, the Group recorded a write back of provision of approximately US\$79.2 million for discontinued operations in 2013.

As a result of the above, the Group recorded a profit attributable to the equity holders of the Company of approximately US\$381.6 million for the year ended 31 December 2015, representing an approximately 30.4% increase as compared with 2014.

As at 31 December 2014 and 2015 (restated), the Group recorded total assets of approximately US\$7.6 billion and US\$8.9 billion respectively. The total liabilities of the Group amounted to approximately US\$2.6 billion and US\$2.6 billion as at 31 December 2014 and 2015 (restated) respectively. The net assets of the Group amounted to approximately US\$6.3 billion as at 31 December 2015 (restated), compared to approximately US\$5.0 billion as at 31 December 2014.

The balance placed with COSCO Finance increased from approximately US\$21.9 million as at 31 December 2014 to approximately US\$69.8 million as at 31 December 2015. The increase was attributable to higher utilisation of the deposit services under the Existing Financial Services Agreement, which the Company’s PRC subsidiaries gradually

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utilised. The unrestricted cash and cash equivalents decreased from approximately US\$1.1 billion as at 31 December 2014 to approximately US\$923.2 million as at 31 December 2015 (restated), representing a drop of approximately 17.3%. The decrease in cash position was mainly due to the expansion of berths and the purchase of plant, property and equipment, and cash investment in Kumport terminal in Turkey.

For the six months ended 30 June 2016

For the six months ended 30 June 2016, the Group has recorded revenue from continuing operations of approximately US\$275.0 million, as compared to the Group's restated revenue of approximately US\$276.5 million recorded for the same period of the preceding year. The operating profit of the Group amounted to approximately US\$69.9 million for the six months ended 30 June 2016, representing a decrease of approximately 8.8% from a restated amount of approximately US\$76.6 million during the corresponding period of the previous year. The administrative expenses increased by approximately 22.7% to approximately US\$41.4 million for the six months ended 30 June 2016. The increase was mainly due to an increase in professional services fee of projects and other provisions.

The overall finance income of the Group decreased by approximately 48.4% to approximately US\$7.4 million for the six months ended 30 June 2016. The decrease was mainly attributable to lower interest income on bank balances and deposits, which decreased from a restated amount of approximately US\$10.7 million for the six months ended 30 June 2015 to approximately US\$5.2 million for the same period in 2016, as the interest rates offered by commercial banks decreased during the six months ended 30 June 2016. The Group recorded finance costs of approximately US\$26.1 million for the six months ended 30 June 2016, representing a decrease of approximately 9.3% from the restated amount for the same period of the previous year. The decrease in finance costs was mainly attributable to lower average cost of bank borrowings and the reduced balance of loan from a non-controlling shareholder of a subsidiary.

As a result of the above, the Group recorded profit attributable to the equity holders of the Company of approximately US\$171.9 million for the six months ended 30 June 2016, representing a decrease of approximately 8.1% from the corresponding restated amount for the same period in 2015.

As at 30 June 2016, the Group recorded total assets of approximately US\$6.9 billion, as compared with the restated amount of approximately US\$8.9 billion as at 31 December 2015. The total liabilities of the Group decreased from a restated amount of approximately US\$2.6 billion as at 31 December 2015 to approximately US\$2.1 billion as at 30 June 2016. The net assets of the Group amounted to approximately US\$4.8 billion as at 30 June 2016, representing a decrease of approximately 22.8% from that restated as at 31 December 2015. The change in net assets was mainly due to the disposal of a subsidiary.

The cash and cash equivalents of the Group decreased from a restated amount of approximately US\$924.2 million to approximately US\$894.6 million as at 30 June 2016. The decrease in cash balance was mainly attributable to the acquisition of China Shipping Ports Development Co., Limited and the expansion of berths and the purchase of plant, property and equipment.

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Outlook

After the completion of a corporate reorganisation in March 2016, the Company has transformed itself into a pure terminal operator, further increasing its global network and market share and reinforcing its leading position in the Greater China region and its leading position in the global container terminal industry. With its internationalisation focus, the Company would accelerate the development of a global portfolio for its terminal business through actively seeking investment opportunities at overseas hub ports and reinforcing development along the “Maritime Silk Road” arising from PRC’s “One Belt, One Road” policy. The Company will also acquire terminals with controlling stakes to expand its presence and enhance the efficiency of its terminal portfolio. In addition, leveraging on COSCO SHIPPING Group’s and the world’s second largest shipping alliance’s massive fleet and the hub strategy, the Company will expand globally by expanding and optimising its terminals network and enjoy the synergies with COSCO SHIPPING Group.

1.2 COSCO Finance

COSCO Finance is a subsidiary of COSCO SHIPPING, the ultimate holding company of the Company. It is a non-bank financial institution established in the PRC on 23 February 1994. It is approved and regulated by the PBOC and the CBRC and is principally engaged in providing financial services to the COSCO SHIPPING Group. Based on its business license, COSCO Finance is authorised to provide members of the Group services set out under the New Financial Services Master Agreement.

2. The New Financial Services Master Agreement

2.1 *The principal terms relating to the deposit services of Deposit Transactions under the New Financial Services Master Agreement*

Below are the key terms of the provision of the services by COSCO Finance to the Group in relation to the Deposit Transactions to be conducted pursuant to the New Financial Services Master Agreement which we have considered. Details are set out in the “Letter from the Board” of the Circular.

2.1.1 Pricing term

The services to be provided by COSCO Finance under the New Financial Services Master Agreement shall be on normal commercial terms and fair and reasonable, and shall be on no less favourable terms to the Group than those offered by other independent financial institutions in the PRC to the Group for the same type of services.

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The rate of interest which will accrue on any deposit placed by the Group with COSCO Finance under the New Financial Services Master Agreement will be determined with reference to:

- (i) market interest rates, being the interest rates set by independent third party commercial banks operating in the same or nearby service area in the PRC; and
- (ii) the interest rates offered by COSCO Finance to other parties for the same type of deposit services.

We noted that, the Group will monitor (i) the benchmark interest rate published by PBOC for deposits with comparable type and term and the interest rates offered by independent commercial banks operating in the same or nearby service area in the PRC; and (ii) the reference schedule which COSCO Finance generally provides to its deposit placing customers, including the Group, indicating the prevailing interest rates COSCO Finance offers to other parties for deposits from time to time. In addition, where required, the Group will solicit reference quotations, where available from independent third party financial institutions in respect of similar transactions for comparison and consideration. We believe that these measures/mechanisms in place will allow the Group to ensure it obtains fair and reasonable deposit rates from COSCO Finance, and such pricing policies are properly complied with.

We noted that, following the interest rate liberalisation in the PRC, the interest rates offered by PRC banks would generally vary based on deposit amounts and duration while referencing to the PBOC deposit interest rate. As such, the rate offered by COSCO Finance would at times be higher or lower than that of the other financial institutions. As the Company and its PRC subsidiaries have the right to use services, including deposit services, of other financial institutions, should the interest rates offered by them are more favourable than that offered by COSCO Finance, the Company and its PRC subsidiaries would not place the deposits with COSCO Finance. Further, the Company and its PRC subsidiaries have the right to determine the deposit amount as well as the schedule for withdrawal of deposit from COSCO Finance according to their operational needs.

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2.1.2 Group policy

The Group has put in place a policy to manage members of the Group to deposit its cash resources among major banks and/or financial institutions in the PRC in order to control risk arising from such deposits. As part of the Company and its subsidiaries' internal policy to safeguard its cash resources, the Company and its subsidiaries' would (i) only place deposits with large-scale financial institutions in order to control risk arising from such deposits; and (ii) require the co-approval of the financial controller/general manager of the finance department and its senior management for all fund transfer transactions, including placing of deposit with COSCO Finance as well as other financial institutions.

As a result of this internal policy, we noted that the PRC subsidiaries of the Company had in the past from time to time placed deposits with major large-scale PRC banks which offered interest rates approximate to those prescribed by the PBOC and were comparable or no more favourable than those offered by COSCO Finance in the PRC. We understand from the Management that, despite the interest rates offered by PRC banks were no more favourable than those offered by COSCO Finance, the Group held deposits in major PRC banks to allow flexibility for its daily operations as well as to maintain business relationships with these banks.

Based on the above, we therefore are of the view that the terms with regard to deposit services of the Deposit Transactions provided by COSCO Finance are normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

2.2 Reasons for and benefits of the New Financial Services Master Agreement

It is noted that the Company is satisfied with the services provided by COSCO Finance since 2014. In consideration of the treasury management of the Company, taking into account the business development plan and financial needs of the Group, as well as the benefits of the Company and the Shareholders as a whole, the Company entered into the New Financial Services Master Agreement with COSCO Finance.

It is noted from the "Letter from the Board" of the Circular that as the interest rates offered by COSCO Finance to the Group will be equal to or more favourable to the Group than those offered by independent third party commercial banks in the PRC for comparable deposits, the New Financial Services Master Agreement is a continuation of the Existing Financial Services Master Agreement, which in turn, allows flexibility and discretion to select the appropriate provider for deposit services.

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Being a regulated non-bank financial institution under the PBOC and CBRC, COSCO Finance is required to comply with the relevant rules and operational requirements set out by CBRC. As such, the entering into of the Deposit Transactions with COSCO Finance would not create additional risk to the Group as compared to utilising deposits services provided by financial institutions that are governed by the same rules and operational requirements of CBRC.

As aforementioned, the Group is not obliged to utilise the financial services under the New Financial Services Master Agreement. Should the terms offered by COSCO Finance be less favourable than the ones offered by other financial institutions, the Group would not engage the services of COSCO Finance.

We have also considered the credit standing of COSCO Finance, and noted that COSCO Finance is restricted under the relevant rules of the CBRC to offer its services only to COSCO SHIPPING Group. We are of the view that COSCO Finance, as part of the COSCO SHIPPING Group, may have greater access to the financial information of the COSCO SHIPPING Group and may potentially be more familiar with the financial positions of the members of COSCO SHIPPING Group as compared to external parties. Therefore, we are of the view that COSCO Finance may better manage its risk exposure accordingly.

Furthermore, based on the restriction on offering its services only to COSCO SHIPPING Group, we believe that COSCO Finance will have fewer borrowers as compared to independent third party financial institutions in the PRC, which will in turn enable it to focus on monitoring the performance of those loans with COSCO SHIPPING and its subsidiaries. As such, we are of the view that COSCO Finance may have a lower default risk than independent third party financial institutions in the PRC (which may be exposed to default risk arising from all types of customers in the PRC).

In view of the above, and that (i) the Deposit Transactions contemplated under the New Financial Services Master Agreement will be conducted on normal commercial terms or on terms no less favourable to the Company and its subsidiaries than those that could be obtained from independent third parties; (ii) the Deposit Transactions contemplated under the New Financial Services Master Agreement are undertaken in the ordinary and usual course of the Group's business given the principal businesses of COSCO Finance; and (iii) the deposits being placed by the Company and its PRC subsidiaries with COSCO Finance will generate interest at rates no less favourable than those available from other independent PRC commercial banks, the Directors believe and we concur that the Deposit Transactions under the New Financial Services Master Agreement are in the interests of the Company and the Shareholders as a whole.

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2.3 Annual Caps of the Deposit Transactions

As stated in the “Letter from the Board” of the Circular, the historical annual caps concerning the Deposit Transactions for the two months ended 31 December 2014 and the two years ending 31 December 2016 were RMB1,000 million, RMB1,000 million, and RMB1,000 million respectively.

Set out below are the historical highest daily aggregate amount of deposits placed by the Group with COSCO Finance (including the amount of any interest accrued thereon) pursuant to the Existing Financial Services Agreement:

	For the period from 1 November 2014 to 31 December 2014 RMB'million	For the financial year ended 31 December 2015 RMB'million	For the period from 1 January 2016 to 30 June 2016 RMB'million
Highest daily aggregate deposit amount (including any interest accrued)	134	756	749
Utilisation rate	13%	76%	75%

The Annual Caps of the Deposit Transactions on the daily maximum aggregate amount of deposits to be placed by the Group with COSCO Finance (including the amount of interests accrued thereon, if any) for each of the financial year during the term of the New Financial Services Master Agreement are as follows:

	For the financial year ending 31 December		
	2017 RMB'million	2018 RMB'million	2019 RMB'million
Proposed daily maximum aggregate deposit amount (including any interest accrued)	4,000	4,000	4,000

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As disclosed in the “Letter from the Board” of the Circular, the Annual Caps are determined with the reference to (i) the Group’s the historical cash flow movements; (ii) the anticipated business volume of the Group; and (iii) the anticipated amount of loans drawn by the Group under the Loan Transactions not immediately deployed and which will be deposited with COSCO Finance. We have discussed with the Management regarding the basis of the estimated revenue and cashflow of the Company and its subsidiaries for the three years ending 31 December 2019, in particular, taking into account the Company’s plans of increasing its market share and reinforcing its leading position in the Greater China (see paragraph 1.1 above). In view of the above, the Management believes that the cash balance in the PRC would grow alongside with its business expansion in the Greater China in the future. In addition, we understand from the Management that:

- (i) in the case where the draw down loans from COSCO Finance under the Loan Transactions is not immediately deployed, such amount will be deposited with COSCO Finance under the Deposit Transactions. This arrangement is intended to facilitate better cash management during the time gap between loan draw down and the actual deployment of the funds. As a result, the proposed maximum daily aggregate deposits placed by the Group (including accrued interests) under the Deposit Transactions was set with reference to the equivalent amount of the annual caps of the Loan Transactions; and
- (ii) in anticipation of the potential divestures, proceeds from the sales that are not immediately deployed will be deposited with COSCO Finance under the Deposit Transactions. As such, the Annual Caps of the Deposit Transactions have taken this into account.

Based on the abovementioned factors, we are of the view that the basis for the Management to derive the Annual Caps of the Deposit Transactions is justifiable and reasonable.

As the Group has currently placed deposits in major PRC banks as well as with COSCO Finance, the provision of deposit services from COSCO Finance would offer an additional choice of selection to the Group. With the Group’s restated cash amounted to approximately US\$923.2 million (excluding restricted bank deposits) as of 31 December 2015, the Annual Caps of RMB4,000 million of the Deposit Transactions represent approximately 66.3% of the total cash within the Group. It is also noted that the total cash generated from the Group’s operations, which was approximately US\$405.5 million in the year ended 31 December 2015 representing approximately 67.5% of the Annual Caps, would further build on to existing total cash balance each year.

In view of the above, we consider that the Annual Caps of the Deposit Transactions are fair and reasonable.

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3. Continuing connected transactions requirements under the Listing Rules

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors are required to review the Group's continuing connected transactions annually and confirm in the Company's annual report that they have been carried out (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In compliance with the Listing Rules, the Company will engage auditors to report on the Group's continuing connected transaction in relation to the New Financial Services Master Agreement for each of the three years ending 31 December 2019. Given the above, we consider that there exist appropriate procedures and arrangements to ensure that the continuing connected transaction contemplated under the New Financial Services Master Agreement will be conducted on terms in compliance with the provisions of the Listing Rules.

RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the deposit services of Deposit Transactions under the New Financial Services Master Agreement are in the Group's ordinary and usual course of business and together with the Annual Caps of the Deposit Transactions are in the interests of the Company and the Independent Shareholders as a whole; (ii) the terms of Deposit Transactions are normal commercial term and are fair and reasonable; and (iii) the Annual Caps of the Deposit Transactions have been fairly and reasonably arrived at.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the Deposit Transactions under the New Financial Services Master Agreement and the Annual Caps of the Deposit Transactions related thereof at the SGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Chang Sean Pey
Executive Director

Mr. Chang Sean Pey ("Mr. Chang") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities); Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 15 years of experience in banking, corporate finance and advisory, and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions

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Altus Capital Limited has not acted as an independent financial adviser for the Group's other transactions in the last two years from the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on this is at a market level and is not conditional upon successful passing of the resolution and that our engagement is on normal commercial terms, Altus Capital Limited is independent of the Group.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

- (a) As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules were as follows:

(i) Long position in the shares of the Company

Name of Director	Capacity	Nature of interests	Number of Shares held as at the Latest Practicable Date	Percentage of total number of issued Shares as at the Latest Practicable Date
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	564,062	0.019%

(ii) Long positions in underlying shares of equity derivatives of the Company

Options granted under the share option scheme approved by the Shareholders on 23 May 2003 (the “**2003 Share Option Scheme**”):

Name of Director	Exercise price (HK\$)	Number of share options outstanding as at the Latest Practicable Date	Percentage of total number of issued Shares as at the Latest Practicable Date	Exercisable period	Notes
Dr. WONG Tin Yau, Kelvin	19.30	500,000	0.017%	18.4.2007 - 17.4.2017	(1), (2)

Notes:

- (1) The share options were granted on 18 April 2007 under the 2003 Share Option Scheme at an exercise price of HK\$19.30 per Share. The options are exercisable at any time within ten years from the commencement date which is the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme (the “**Commencement Date**”). The Commencement Date of these share options was 18 April 2007.
- (2) These share options represent personal interest held by the relevant Director as beneficial owner.

(iii) Long positions in the shares of associated corporations

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of H shares held as at the Latest Practicable Date	Percentage of total number of issued H shares of the associated corporation as at the Latest Practicable Date
China COSCO	Dr. FAN HSU Lai Tai, Rita	Beneficial owner	Personal	10,000	0.0004%

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of H shares held as at the Latest Practicable Date	Percentage of total number of issued H shares of the associated corporation as at the Latest Practicable Date
China Shipping Development Company Limited	Mr. Adrian David LI Man Kiu	Beneficial owner	Personal	508,000	0.04%

(iv) Long positions in underlying shares of equity derivatives of associated corporations

Name of associated corporation	Name of Director	Capacity	Nature of interest	Exercise Price (HK\$)	Number of units of share appreciation rights outstanding as at the Latest Practicable Date	Percentage of total number of issued H shares of the associated corporation as at the Latest Practicable Date	Notes
China COSCO	Mr. ZHANG Wei	Beneficial owner	Personal	3.588	90,000	0.003%	(1)
				9.540	75,000	0.003%	(2)
	Mr. DENG Huangjun	Beneficial owner	Personal	3.588	280,000	0.011%	(1)
				9.540	260,000	0.010%	(2)
	Mr. FENG Bo	Beneficial owner	Personal	3.588	90,000	0.003%	(1)
				9.540	85,000	0.003%	(2)
	Mr. WANG Wei	Beneficial owner	Personal	3.588	65,000	0.003%	(1)
				9.540	60,000	0.002%	(2)
	Mr. WANG Haimin	Beneficial owner	Personal	3.588	90,000	0.003%	(1)
				9.540	75,000	0.003%	(2)

Notes:

- (1) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 5 October 2006 pursuant to the share appreciation rights plan adopted by China COSCO (the “Plan”). Under the Plan, no shares of China COSCO will be issued. The share appreciation rights are exercisable at HK\$3.588 per unit at any time between 5 October 2008 and 4 October 2016.
- (2) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 4 June 2007 pursuant to the Plan. Under the Plan, no shares of China COSCO will be issued. The share appreciation rights are exercisable at HK\$9.540 per unit at any time between 4 June 2009 and 3 June 2017.

- (b) As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors, no Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

COSCO SHIPPING

Name of Director	Posts held
Mr. HUANG Xiaowen	Executive Vice President and Party Committee Member
Mr. WANG Haimin	Director

China COSCO

Name of Director	Posts held
Mr. HUANG Xiaowen	Vice Chairman and Executive Director
Mr. ZHANG Wei	Vice President
Mr. DENG Huangjun	Chief Financial Officer
Mr. WANG Haimin	Vice President
Dr. FAN HSU Lai Tai, Rita	Independent Non-executive Director

China COSCO (Hong Kong) Limited

Name of Director	Posts held
Mr. WANG Wei	Director

- (c) Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, (i) none of the Directors or chief executives of the Company had any interest or short positions in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and (ii) none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTOR'S INTERESTS IN CONTRACTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Group.

5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, the Directors namely Mr. HUANG Xiaowen, Mr. ZHANG Wei, Mr. FANG Meng, Mr. DENG Huangjun, Mr. FENG Bo, Mr. WANG Wei and Mr. WANG Haimin held directorships and/or senior management positions in COSCO SHIPPING and its associates and/or other companies which have interests in terminals (the "**Terminals Interests**"). In addition, as at the Latest Practicable Date, Mr. IP Sing Chi acted as the Group Managing Director of Hutchison Port Holdings Limited (which engages in, *inter alia*, the operation of container terminals) and directors of certain other companies which have the Terminals Interest.

The Board is of the view that the Group is capable of carrying on its businesses independently of the Terminals Interests. When making decisions on the container terminals business of the Group, the relevant Directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interests of the Group.

7. EXPERT AND CONSENT

- (a) The following is the qualification of the expert who has been named in this circular and whose opinion or advice is contained in this circular:

Name	Qualification
Altus Capital	a licensed corporation to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

- (b) As at the Latest Practicable Date, Altus Capital was not beneficially interested, directly or indirectly, in the share capital of any member of the Group, nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, Altus Capital did not have any direct or indirect interest in any asset which had been, since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) Altus Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 13 September 2016 (as set out on pages 12 to 25 of and made for incorporation in this circular) and references to its name in the form and context in which they respectively appear.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were of the view that there was no material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the New Financial Services Master Agreement and the Existing Financial Services Agreement will be available for inspection by Shareholders at the office of the Company at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong during normal business hours on weekdays (Saturdays and public holidays excepted) from the date of this circular up to and including the date of the SGM.

10. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The General Counsel & Company Secretary of the Company is Ms. HUNG Man, Michelle, a practising solicitor in Hong Kong. She is also qualified in England and Wales.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF THE SGM

COSCO SHIPPING Ports Limited

中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of COSCO SHIPPING Ports Limited (the “**Company**”) will be held at 47th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong at 2:30 p.m. on Wednesday, 12 October 2016 for the purpose of considering and, if thought fit, passing with or without modifications the following as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“ **THAT:**

- (a) the entering into of the agreement dated 25 August 2016 (the “**New Financial Services Master Agreement**”) between the Company and COSCO Finance Co. Ltd. (a subsidiary of China COSCO Shipping Corporation Limited, the ultimate holding company of the Company) in relation to, inter alia, the provision of services to the Company and its subsidiaries for the deposit transactions (the “**Deposit Transactions**”) for a term of three years from 1 January 2017 to 31 December 2019 as described in the circular of the Company dated 13 September 2016 (the “**Circular**”) (a copy of the New Financial Services Master Agreement and a copy of the Circular have been produced to the meeting marked “A” and “B” respectively and initialed by the chairman of the meeting for identification purpose) and the Deposit Transactions be and are hereby approved, ratified and confirmed;
- (b) the proposed transaction cap amounts for the Deposit Transactions under the New Financial Services Master Agreement for the three financial years ending 31 December 2019 as set out in the Circular be and are hereby approved; and

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- (c) the director(s) of the Company be and are hereby authorised for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and to do all such things as they may consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the New Financial Services Master Agreement and the Deposit Transactions contemplated thereunder and as they may in their discretion consider to be in the interests of the Company.”

By Order of the Board
COSCO SHIPPING Ports Limited
HUNG Man, Michelle
General Counsel & Company Secretary

Hong Kong, 13 September 2016

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:

49th Floor, COSCO Tower
183 Queen’s Road Central
Hong Kong

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Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or (if the relevant member is the holder of two or more shares in the Company) more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company but must be present in person to represent the member.
2. To be valid, the proxy form together with any power of attorney or other authority under which it is signed or a certified copy of such power or authority must be deposited at the principal place of business of the Company at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjourned meeting thereof if the shareholder of the Company so desires, and in such event, the proxy form will be deemed to be revoked.
4. Where there are joint holders of any share in the Company, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. Shareholders of the Company who are entitled to vote at the meeting are those whose names appear as shareholders of the Company on the register of members of the Company as at the close of business on Friday, 7 October 2016. In order to be entitled to vote at the meeting, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 7 October 2016.