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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**

**DISCLOSEABLE TRANSACTION AND  
CONTINUING CONNECTED TRANSACTION**

**NEW FINANCIAL SERVICES MASTER AGREEMENT**

Reference is made to the announcement of the Company dated 28 August 2014, in relation to the continuing connected transactions between the Group and COSCO Finance under the Existing Financial Services Agreement which is due to expire on 31 December 2016.

The Board is pleased to announce that the Company entered into the New Financial Services Master Agreement on 25 August 2016 with COSCO Finance in respect of the Transactions. 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 Transactions will constitute continuing connected transactions, and the Deposit Transactions will in aggregate constitute a discloseable transaction, of the Group.

As the highest of the percentage ratios in respect of the Deposit Transactions exceeds 5% (but is below 25%), the Deposit Transactions and proposed transaction caps thereof will be subject to the announcement requirements under Chapter 14 and Chapter 14A of the Listing Rules and the reporting, annual review and Independent Shareholders' Approval requirements under Chapter 14A of the Listing Rules. The Circular containing (i) further information on the Deposit Transactions; (ii) the recommendation from the Independent Board Committee; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM is expected to be despatched to the Shareholders on or before Tuesday, 13 September 2016.

As the Loan Transactions will be conducted on normal commercial terms or on terms which are more favourable to the Group and any loan to be provided by COSCO Finance to the Group under the New Financial Services Master Agreement will not be secured by the assets of the Group, and no service fee will be charged by COSCO Finance in relation to the Clearing Transactions, the Loan Transactions and the Clearing Transactions will be fully exempt from the requirements under Chapter 14A of the Listing Rules and the relevant disclosures are included herein to keep the Shareholders apprised.

Reference is made to the announcement of the Company dated 28 August 2014, in relation to the continuing connected transactions between the Group and COSCO Finance under the Existing Financial Services Agreement which is due to expire on 31 December 2016.

## NEW FINANCIAL SERVICES MASTER AGREEMENT

The Board is pleased to announce that the Company and COSCO Finance entered into the New Financial Services Master Agreement on 25 August 2016.

**Relationship of the parties:** COSCO Finance is a subsidiary of COSCO SHIPPING, the ultimate holding company of the Company, and is therefore a connected person of the Company.

**Term:** 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.

**Subject matter:** COSCO Finance will provide its services to the Group for the Deposit Transactions, the Loan Transactions, the Clearing Transactions and other financial services COSCO Finance can engage in as permitted by the CBRC, if any.

### **Transactions and pricing principle:**

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:

#### ***(A) Deposit Transactions***

COSCO Finance will accept deposits from members of the Group subject to the following terms:

##### *Pricing terms:*

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:

- (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.

### *Proposed transaction caps and basis*

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

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

Such proposed transaction caps are determined with reference to (i) the Group's historical cash flow movements; and (ii) the anticipated business volume of the Group and with a view to managing the Group's financial risks effectively and reasonably.

The Deposit Transactions and the proposed transaction caps will be subject to the Independent Shareholders' Approval.

### *Historical transaction amounts:*

The historical highest daily aggregate amount of deposits placed by the Group with COSCO Finance pursuant to the Existing Financial Services Agreement are set out below:

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

### **(B) Loan Transactions**

Any loan provided by COSCO Finance to members of the Group will be subject to the following terms:

#### *Pricing terms:*

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

- (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 loan services, determined in accordance with the principle of fairness and reasonableness; and
- (b) the interest rates charged by COSCO Finance to other parties for the same type of loan services.

*Transaction caps and basis:*

The daily maximum aggregate outstanding amount of loans to be provided by COSCO Finance to the Group (including any interest accrued thereon) for each of the financial years during the term of the New Financial Services Master Agreement are estimated to be:

	<i>For the financial year ending 31 December 2017 RMB' million</i>	<i>For the financial year ending 31 December 2018 RMB' million</i>	<i>For the financial year ending 31 December 2019 RMB' million</i>
Estimated daily maximum aggregate outstanding amount of loans (including any interest accrued)	4,000	4,000	4,000

Such transaction caps are determined with reference to (i) the historical amount of the borrowings of the Group; (ii) the adjusted estimated maximum amounts of borrowings announced by the Company on 30 March 2016; and (iii) the expected new borrowings of the Group for the three financial years ending 31 December 2019 and with a view to managing the Group's financial risks effectively and reasonably.

***(C) Clearing Transactions***

No service fee will be charged by COSCO Finance for any clearing services to be provided to members of the Group.

***(D) Further financial services***

COSCO Finance may provide the Group with further financial services, including but not limited to foreign exchange services, from time to time and the fee, if any, which COSCO Finance will charge members of the Group in respect of such services will be determined with reference to:

- (a) the handling fees charged by independent third party commercial banks in the PRC for the same type of services provided to the Group; and
- (b) the handling fees charged by COSCO Finance for the same type of services provided to other third party entities of the same credit rating for the same type of services.

The Company will determine the relevant percentage ratios and, where necessary, will comply with any applicable announcement, reporting and annual review requirements under the Listing Rules, if and when any such services are contemplated to be provided.

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

The New Financial Services Master Agreement was entered into in the ordinary and usual course of business of the parties. Any interest amounts in respect of the Deposit Transactions will be automatically paid into the relevant deposit accounts. Any interest amounts and fees payable in respect of the Loan Transactions and Clearing Transactions (if any) will be paid out of the Group's designated COSCO Finance account.

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. The New Financial Services Master Agreement is expected to provide the Group with additional means of financing and improve the efficiency of the use of its funds through favourable interest income and costs of financing.

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. Where required, the Group will solicit other reference quotations, where available, from independent third party financial institutions in respect of similar transactions for comparison and consideration.

## **INFORMATION ON THE PARTIES**

### **The Group**

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

### **COSCO Finance**

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 the COSCO SHIPPING Group.

## **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 Transactions will constitute continuing connected transactions, and the Deposit Transactions will in aggregate constitute a discloseable transaction, of the Group.

As the highest of the percentage ratios in respect of the Deposit Transactions under the New Financial Services Master Agreement exceeds 5% (but is below 25%), the Deposit Transactions and proposed transaction 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 Circular containing (i) further information on the Deposit Transactions; (ii) the recommendation from the Independent Board Committee; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM is expected to be despatched to the Shareholders on or before Tuesday, 13 September 2016.

As the Loan Transactions will be conducted on normal commercial terms or on terms which are more favourable to the Group and any loan to be provided by COSCO Finance to the Group under the New Financial Services Master Agreement will not be secured by the assets of the Group, and no service fee will be charged by COSCO Finance in relation to the Clearing Transactions, the Loan Transactions and the Clearing Transactions will be fully exempt from the requirements under Chapter 14A of the Listing Rules and the relevant disclosures are included herein to keep the Shareholders apprised.

## **GENERAL**

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 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.

Mr. DENG Huangjun, an executive Director, is interested in the continuing connected transactions under the New Financial Services Master Agreement as a director and the vice chairman 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, a non-executive Director and Chairman of the Board, 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, an executive director and vice chairman, 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.

The Directors (other than the Directors who abstained from voting on the relevant Board resolutions of the Company, and in respect of the Deposit Transactions the members of the Independent Board Committee whose views will be expressed in the Circular) have provided their views that the New Financial Services Master Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“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 Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong), 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 proposed transaction caps thereof

“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 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
“Circular”	the circular to be despatched to the Shareholders in respect of the Deposit Transactions
“Clearing Transactions”	the transactions to be conducted pursuant to the New Financial Services Master Agreement as disclosed in section (C) of the announcement
“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
“continuing connected transaction(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“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%
“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
“Deposit Transactions”	the transactions to be conducted pursuant to the New Financial Services Master Agreement as disclosed in section (A) of the announcement
“discloseable transaction(s)”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“Director(s)”	the director(s) of the Company
“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
“Group”	the Company and its subsidiaries
“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)”	Shareholders who are not prohibited from voting under the Listing Rules to approve the relevant transaction(s) at the SGM
“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 proposed transaction caps in relation thereto
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Financial Services Master Agreement”	the financial services master agreement entered into between the Company and COSCO Finance on 25 August 2016
“Loan Transactions”	the transactions to be conducted pursuant to the New Financial Services Master Agreement as disclosed in section (B) of the announcement



“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 announcement and unless the context suggests otherwise, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“SGM”	the special general meeting of the Company to be convened for considering and, if thought fit, approving the Deposit Transactions and the proposed transaction caps thereof
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Deposit Transactions, the Loan Transactions, the Clearing Transactions and any other financial transactions to be conducted pursuant to the New Financial Services Master Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

*For the purposes of this announcement, the English or Chinese name with an asterisk (\*) is an unofficial English or Chinese (as the case maybe) transliteration or transaction and is for identification purposes only.*

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

Hong Kong, 25 August 2016

As at the date of this announcement, the Board comprises Mr. HUANG Xiaowen<sup>2</sup> (Chairman), Mr. ZHANG Wei<sup>1</sup> (Vice Chairman & Managing Director), Mr. FANG Meng<sup>1</sup>, Mr. DENG Huangjun<sup>1</sup>, Mr. FENG Bo<sup>1</sup>, Mr. WANG Wei<sup>2</sup>, Mr. WANG Haimin<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. IP Sing Chi<sup>3</sup>, Mr. FAN Ergang<sup>3</sup> and Mr. LAM Yiu Kin<sup>3</sup>.

<sup>1</sup> Executive Director

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

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