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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)

CONNECTED TRANSACTION **PROPOSED ACQUISITION OF INTEREST IN** **APM TERMINALS ZEEBRUGGE NV**

The Board is pleased to announce that on 11 September 2017, CSPD (a wholly-owned subsidiary of the Company and as purchaser) entered into a legally binding MOU with APM Terminals (as seller) in relation to the sale and purchase of approximately 76% of the issued share capital of APMTZ at a maximum aggregate consideration (including refinancing of the existing shareholder loans) of EUR35,000,000 (subject to adjustments, if any). APMTZ operates the Zeebrugge Terminal in the Port of Zeebrugge, Belgium.

The share capital of APMTZ is currently owned as to approximately 24%, 51% and 25% by CSPD, APM Terminals and SIPG respectively. The Proposed Acquisition is structured such that APM Terminals will first acquire from SIPG the SIPG Shares followed by the sale of the SIPG Shares together with the Shares currently held by APM Terminals to CSPD or its affiliate immediately thereafter.

The Proposed Acquisition, if it materializes, will constitute a connected transaction of the Company. As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Proposed Acquisition is more than 0.1% and less than 5%, the Proposed Acquisition is subject to the announcement and reporting requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE PROPOSED ACQUISITION

The Board is pleased to announce that on 11 September 2017, CSPD (a wholly-owned subsidiary of the Company and as purchaser) entered into a legally binding MOU with APM Terminals (as seller) in relation to the sale and purchase of approximately 76% of the issued share capital of APMTZ.

THE MOU

Parties

1. APM Terminals, as seller of the Sale Shares; and
2. CSPD, as purchaser of the Sale Shares.

Subject matter

APM Terminals and CSPD have reached an agreement on the key terms and conditions of the Proposed Acquisition, whereby APM Terminals has agreed that it is willing to sell, and CSPD has agreed that it is willing to purchase, the Sale Shares, representing approximately 76% of the issued share capital of APMTZ.

The share capital of APMTZ is currently owned as to approximately 24%, 51% and 25% by CSPD, APM Terminals and SIPG respectively. The Proposed Acquisition is structured such that APM Terminals will first acquire from SIPG the SIPG Shares followed by the sale of the SIPG Shares together with the Shares currently held by APM Terminals to CSPD or its affiliate immediately thereafter. The Sale Shares to be acquired by CSPD and the business of APMTZ shall be for the benefit and risk of CSPD with effect from the Effective Date.

Consideration

The maximum aggregate consideration (including refinancing of the existing shareholder loans) to be paid by CSPD on Completion shall, subject to the following adjustments, be EUR35,000,000, and comprises:

- (a) the consideration for the Sale Shares of EUR28,000,000, subject to reduction on a euro-for-euro basis for any “leakage” (other than any “permitted leakage” agreed between the parties) of benefits from APMTZ to APM Terminals, SIPG or their affiliates between the Effective Date and Completion; and
- (b) the advance to APMTZ of an amount equal to the amount of shareholder loans (including interest and commitment fees) owed by APMTZ to APM Terminals at Completion to enable APMTZ to repay APM Terminals. APM Terminals shall ensure that such amount will not exceed EUR7,000,000. As at 31 May 2017, the principal amount of the shareholder loans outstanding was approximately EUR3,176,000.

If, however, in order to meet the financing needs of APMTZ, APM Terminals may seek the consent of CSPD (which consent shall not be unreasonably withheld) to increase the above limit of EUR7,000,000.

The consideration was determined through arm’s length negotiations between the parties, taking into account, among other things, the current operations and business prospects of APMTZ.

Conditions precedent to the signing of the Share Purchase Agreement

CSPD and APM Terminals have agreed to prepare the Share Purchase Agreement and the related transaction documents on the basis of the terms and conditions set out in the MOU.

Signing of the Share Purchase Agreement is conditional upon the following conditions precedent being fulfilled or waived by the parties within two months after signing of the MOU:

- (a) CSPD having obtained approval from the Board of the Company and APM Terminals having obtained approval from the executive board of APM Terminals for entering into the Share Purchase Agreement and the Proposed Acquisition;

- (b) an unconditional and irrevocable waiver by SIPG of its pre-emption rights, triggered by the Proposed Acquisition, under the existing shareholders' agreement in respect of APMTZ and the articles of association of APMTZ;
- (c) signing of a legally binding share purchase agreement between APM Terminals and SIPG for the purchase of the SIPG Shares by APM Terminals from SIPG, completion of which is to take place immediately prior to Completion;
- (d) APM Terminals having duly informed APMTZ's relevant employee representative body of the Proposed Acquisition in accordance with applicable law;
- (e) the parties not having become aware of a material adverse effect on APMTZ having occurred after the date of the MOU;
- (f) no legislation or regulation being (i) proposed and reasonably expected to be implemented within 12 months from the date of the relevant proposal or (ii) passed that would prohibit or materially restrict the implementation of the Proposed Acquisition; and
- (g) agreement between the parties on the final and definitive Share Purchase Agreement and related transaction documents in respect of the Proposed Acquisition.

If the above conditions precedent have not been fulfilled on the date falling two months after signing of the MOU, the two-month period for the fulfillment of the above conditions precedent shall automatically be extended by a period of two and a half months, on the condition that APM Terminals shall have used its best endeavours to procure the fulfilment of the condition precedent set out in paragraph (c) above.

Conditions precedent to the completion of the Proposed Acquisition

Completion of the Proposed Acquisition is conditional upon the following conditions precedent being fulfilled or waived by the parties on or before (i) 14 February 2018 (for the conditions precedent set out in paragraphs (a) and (f) below) or (ii) the date of Completion (for the conditions precedent set out in paragraphs (b), (c), (d), (e) and (g) below) (or such other dates as may be agreed by the parties):

- (a) consent from Maatschappij van de Brugse Zeehaven NV, the port authority of the Port of Zeebrugge, with respect to the Proposed Acquisition having been obtained by APM Terminals or APMTZ (as the case may be);
- (b) none of the parties having become aware of material breaches of any warranties given by APM Terminals under the Share Purchase Agreement and APM Terminals not otherwise being in breach of any of its material obligations under the Share Purchase Agreement required to be performed by it prior to the date of Completion;
- (c) no material breach of any warranties given by CSPD under the Share Purchase Agreement having occurred and CSPD not otherwise being in breach of any of its material obligations under the Share Purchase Agreement required to be performed by it prior to the date of Completion;
- (d) none of the parties having become aware of a material adverse effect on APMTZ having occurred after the date of signing of the Share Purchase Agreement;

- (e) Completion not having been prohibited or restricted permanently by or pursuant to (i) any applicable laws or (ii) failure to obtain any governmental approvals that are required under applicable law for Completion, including approval by the State-owned Assets Supervision and Administration Commission (as referred to in paragraph (f) below) and the Development and Reform Commission;
- (f) CSPD or its affiliate having filed an asset valuation report with the State-owned Assets Supervision and Administration Commission, if required to be made by CSPD or its affiliate in the PRC for Completion; and
- (g) the acquisition by APM Terminals of the SIPG Shares immediately prior to Completion.

Completion is to take place at the later of (i) 30 November 2017 or (ii) within 10 business days after fulfilment of the last of the conditions precedent set out in paragraphs (a) and (f) above.

Termination of the MOU

The MOU shall be terminated upon the occurrence of the earliest of the following events:

- (a) the execution of the Share Purchase Agreement;
- (b) the parties agree to terminate the MOU;
- (c) a party suspends or ceases, or threatens to suspend or cease, carrying on all or a substantial part of its business; or
- (d) a party becomes insolvent, applies for bankruptcy, appointment of a receiver, trustee or administrator, or applies for any similar procedures resulting in bankruptcy, restructuring or temporary or permanent protection against its creditors.

Furthermore, if the parties are not able to reach agreement on the Share Purchase Agreement by 16 November 2017 (or such other date as may be agreed by the parties), either party may terminate the MOU.

GENERAL INFORMATION ON APMTZ

APMTZ is principally engaged in the operation of the Zeebrugge Terminal and related businesses.

Set out below is certain audited financial information of APMTZ (prepared in accordance with the Belgian Generally Accepted Accounting Principles (“Belgian GAAP”)) for the two financial years ended 31 December 2015 and 31 December 2016 and as at 31 December 2016.

	For the year ended 31 December 2016 EUR'000	For the year ended 31 December 2015 EUR'000
Net loss before taxation	(6,251)	(7,777)
Net loss after taxation	(6,253)	(7,779)

	As at 31 December 2016 EUR'000
Net assets	25,756

Set out below is certain unaudited financial information of APMTZ (prepared in accordance with the International Financial Reporting Standards (“IFRS”)) for the two financial years ended 31 December 2015 and 31 December 2016 and as at 31 December 2016.

	For the year ended 31 December 2016 EUR'000	For the year ended 31 December 2015 EUR'000
Net loss before taxation	(5,653)	(6,065)
Net loss after taxation	(4,734)	(4,185)

	As at 31 December 2016 EUR'000
Net assets	53,934

The major reconciliation items between such financial information based on Belgian GAAP and IFRS are (i) deferred taxation recognition and (ii) depreciation differences. If such financial information of APMTZ were to be presented based on the Hong Kong Financial Reporting Standards (being the standards used by the Group for preparation of its consolidated financial statements), there would be no material differences when compared with the information based on IFRS set out above.

Upon Completion, APMTZ will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

APM Terminals has informed the Company that its original acquisition costs of the Sales Shares, comprising of the cost of acquisition of the approximately 51% interest in APMTZ currently held by APM Terminals and the cost of acquisition of the SIPG Shares from SIPG, amount to approximately EUR89,800,000 in total.

INFORMATION ON THE GROUP AND APM TERMINALS

CSPD

CSPD is a wholly-owned subsidiary of the Company and an investment holding company holding interests in container terminals. The Group is principally engaged in the businesses of managing and operating terminals, and related businesses.

APM Terminals

APM Terminals is a leading global port and cargo inland services provider with a presence in 59 countries providing the world's most geographically balanced global terminal network. Based in The Hague, Netherlands, APM Terminals works with shipping lines, importers/exporters, governments, business leaders and the entire global supply chain to provide solutions that help nations to achieve their ambitions and businesses to reach their performance goals.

As APM Terminals is an associate of APM Terminals Invest Company Limited, a company incorporated in Hong Kong and a substantial shareholder of a subsidiary of the Company, APM Terminals is a connected person of the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As the second largest port in Belgium, the Port of Zeebrugge enjoys favourable geographical position. Zeebrugge Terminal is close to Hamburg and Le Havre and is within a short distance of Great Britain. Being a transportation hub for traffic in all directions, the Port of Zeebrugge has a good network of road and rail connections to all countries of Continental Europe, and to other ports in Northwest, Central and Eastern Europe. In addition, the Port of Zeebrugge is a natural deep-water harbour and is capable of satisfying the needs of mega-vessels. After the Proposed Acquisition, Zeebrugge Terminal will become the first terminal in Northwest Europe in which the Company holds a controlling stake and will facilitate the Company in establishing its major hub ports and global strategic focal point.

The Board believes that, holding a controlling stake in APMTZ aligns with the Company's stated strategy of "developing a comprehensive and well-balanced global terminals network" and "strengthening control and management of the terminals", and also allows the Company to effectively track the future routes development of COSCO SHIPPING Lines Company Limited ("COSCO SHIPPING Lines"), a fellow subsidiary of the Company, in Northwest Europe, uncover new growth prospects, maximise the synergies with the container fleet of COSCO SHIPPING and the OCEAN Alliance and provide high quality and efficient services to shipping companies.

Taking into account the above factors, all the Directors (including all the independent non-executive Directors) are of the view that the Proposed Acquisition is in the ordinary and usual course of business of the Group and on normal commercial terms and that the terms thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Proposed Acquisition, if it materializes, will constitute a connected transaction of the Company. As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Proposed Acquisition is more than 0.1% and less than 5%, the Proposed Acquisition is subject to the announcement and reporting requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further announcement will be made by the Company as and when necessary in compliance with the Listing Rules.

None of the Directors have a material interest in the Proposed Acquisition.

GENERAL

The transactions contemplated under the MOU are subject to the satisfaction of conditions precedent. There is no assurance that the transactions will take place or as to when they may take place. Shareholders and potential investors in the Company should therefore exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“APM Terminals”	APM Terminals B.V., a private limited liability company incorporated under the laws of the Netherlands
“APMTZ”	APM Terminals Zeebrugge NV, a private company with limited liability incorporated under the laws of Belgium
“associate”	has the meaning given to the term in Listing Rule 14A.06(2)
“Board”	the board of Directors
“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)
“Completion”	completion of the Proposed Acquisition
“COSCO SHIPPING”	China COSCO Shipping Corporation Limited* (中國遠洋海運集團有限公司), a State-owned enterprise in the PRC and the ultimate controlling shareholder of the Company
“CSPD”	China Shipping Ports Development Co., Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Effective Date”	1 June 2017
“EUR”	the Euro, the lawful currency of the Eurozone
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the legally binding memorandum of understanding dated 11 September 2017 entered into between APM Terminals (as seller) and CSPD (as purchaser) in relation to the Proposed Acquisition

“OCEAN Alliance”	an alliance of shipping companies comprising COSCO SHIPPING Lines, CMA CGM, Evergreen Line and Orient Overseas Container Line
“PRC”	the People’s Republic of China
“Proposed Acquisition”	the proposed acquisition of the Sale Shares from APM Terminals by CSPD or its affiliate on the terms and conditions of the MOU and the Share Purchase Agreement
“Sale Shares”	collectively, the Shares currently owned by APM Terminals and the SIPG Shares, which in aggregate represent approximately 76% of the issued share capital of APMTZ
“Share Purchase Agreement”	the formal sale and purchase agreement to be entered into between APM Terminals (as seller) and CSPD (as purchaser) in relation to the Proposed Acquisition pursuant to the MOU
“Shares”	the shares in the share capital of APMTZ
“SIPG”	Shanghai International Port (Group) Co., Ltd.* (上海國際港務(集團)股份有限公司), a company incorporated in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600018)
“SIPG Shares”	the Shares currently owned by SIPG, representing approximately 25% of the issued capital of APMTZ
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zeebrugge Terminal”	the container terminal of APMTZ located at the Port of Zeebrugge in Belgium

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

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

Hong Kong, 11 September 2017

As at the date of this announcement, the Board comprises Mr. HUANG Xiaowen² (Chairman), Mr. ZHANG Wei (張為)¹ (Vice Chairman & Managing Director), Mr. FANG Meng¹, Mr. DENG Huangjun¹, Mr. FENG Boming², Mr. ZHANG Wei (張煒)², Mr. CHEN Dong², Mr. XU Zunwu², Mr. WANG Haimin², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. FAN Ergang³, Mr. LAM Yiu Kin³ and Prof. CHAN Ka Lok³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director