

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



COSCO SHIPPING Ports Limited

中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

POSSIBLE MAJOR AND CONNECTED TRANSACTION IN RELATION TO PARTICIPATION IN A CONSORTIUM TO ACQUIRE NOT MORE THAN 10% INTEREST IN CCCC DREDGING GROUP CO., LTD.*

THE CONSORTIUM AGREEMENT

Shanghai Terminal (a wholly-owned subsidiary of the Company) proposed to enter into the Consortium Agreement with COSCO SHIPPING Tianjin and one or more Other Investors, pursuant to which the Consortium would seek to acquire a maximum of 5,519,895,784 CCCC Dredging Shares (representing approximately 40% of the enlarged issued share capital of CCCC Dredging) from CCCC on an equity exchange in the PRC by way of participation in a public tender process. Under the Consortium Agreement, if the Consortium is successful in the Tender Process, Shanghai Terminal, COSCO SHIPPING Tianjin and the Other Investor(s) will acquire 1,379,973,946 CCCC Dredging Shares (representing approximately 10% of the enlarged issued share capital of CCCC Dredging), 689,986,973 CCCC Dredging Shares (representing approximately 5% of the enlarged issued share capital of CCCC Dredging) and the balance of the CCCC Dredging Sale Shares respectively. If the number of CCCC Dredging Sale Shares is less than 2,069,960,919 (representing approximately 15% of the enlarged issued share capital of CCCC Dredging), the number of CCCC Dredging Shares which Shanghai Terminal and COSCO SHIPPING Tianjin will respectively acquire will be agreed between them and specified in the Consortium Agreement. Therefore, Shanghai Terminal will acquire not more than 1,379,973,946 CCCC Dredging Shares (representing approximately 10% of the enlarged issued share capital of CCCC Dredging). Unless agreed otherwise by all members of the Consortium, the consideration for the Joint Acquisition will not exceed RMB2.47 per CCCC Dredging Share. Accordingly, the consideration payable by Shanghai Terminal will not exceed approximately RMB3,409 million.

As at the date of this announcement, no binding sale and purchase agreement has been entered into between members of the Consortium and CCCC in relation to the Joint Acquisition. Upon successful bidding by the Consortium in the Tender Process, members of the Consortium will enter into a formal sale and purchase agreement with CCCC to implement the Joint Acquisition.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios for the transactions under the Consortium Agreement exceeds 25% but is below 100% (assuming that 1,379,973,946 CCCC Dredging

Shares are to be acquired by Shanghai Terminal at a consideration of RMB2.47 per CCCC Dredging Share, and if the Consortium is successful in its bidding in the Tender Process), they will constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement and shareholders' approval requirements.

As COSCO SHIPPING Tianjin is a wholly-owned subsidiary of COSCO SHIPPING (which is in turn the ultimate controlling shareholder of the Company), it is a connected person of the Company. Accordingly, the transactions under the Consortium Agreement will also constitute a connected transaction of the Company, and is therefore also subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As COSCO SHIPPING is also a controlling shareholder of COSCO SHIPPING Holdings, which is in turn an intermediate controlling shareholder of the Company, COSCO SHIPPING Tianjin is also a connected person of COSCO SHIPPING Holdings and accordingly the transactions under the Consortium Agreement will constitute a connected transaction of COSCO SHIPPING Holdings and is subject to approval of the independent shareholders of COSCO SHIPPING Holdings.

Accordingly, the Company proposed that the Consortium Agreement be entered into after Independent Shareholders' approval and approval of the independent shareholders of COSCO SHIPPING Holdings have been obtained. After the terms and conditions of the Tender Process have been announced on the equity exchange, the Company will make a further announcement. In addition, a circular containing, among other information, (a) further details of the Consortium Agreement and the ST Acquisition; (b) the recommendation from the Independent Board Committee; (c) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (d) a notice convening the SGM is expected to be despatched within 15 business days after the date of this announcement, i.e. on or before 13 September 2019.

As the entering into of the Consortium Agreement will be subject to Independent Shareholders' approval and approval of the independent shareholders of COSCO SHIPPING Holdings, the Consortium Agreement may or may not be entered into. Further, the ST Acquisition may or may not materialise depending on whether the Consortium is successful in the Tender Process. There is no assurance that the ST Acquisition will take place or as to when it may take place. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

THE CONSORTIUM AGREEMENT

Date

Shanghai Terminal proposed to enter into the Consortium Agreement after Independent Shareholders' approval and approval of the independent shareholders of COSCO SHIPPING Holdings of the transactions under the Consortium Agreement have been obtained.

Parties

1. Shanghai Terminal, a wholly-owned subsidiary of the Company

2. COSCO SHIPPING Tianjin, a wholly-owned subsidiary of COSCO SHIPPING (which is in turn the ultimate controlling shareholder of the Company)
3. One or more Other Investors. The identities of the Other Investors are yet to be confirmed, but they and their respective ultimate beneficial owners will, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, be third parties independent of the Company and connected persons of the Company.

Joint Acquisition

According to the announcement dated 18 June 2019 and the circular dated 10 July 2019 of CCCC, (a) the controlling shareholder of CCCC would acquire certain CCCC Dredging Shares from CCCC and subscribe for certain new CCCC Dredging Shares both at a consideration of RMB2.47 per CCCC Dredging Share; and (b) CCCC proposed to further transfer not more than 5,519,895,784 CCCC Dredging Shares to third parties at the floor purchase price of RMB2.47 per CCCC Dredging Share on an equity exchange in the PRC by way of public tender, representing not more than 40% of the enlarged issued share capital of CCCC Dredging, upon completion of which the controlling shareholder of CCCC and its subsidiaries (including CCCC) would hold 60% in aggregate of the enlarged issued share capital of CCCC Dredging.

The Consortium will seek to acquire a maximum of 5,519,895,784 CCCC Dredging Shares (representing approximately 40% of the enlarged issued share capital of CCCC Dredging) from CCCC on an equity exchange in the PRC by way of participation in a public tender process. Under the Consortium Agreement, if the Consortium is successful in the Tender Process, Shanghai Terminal, COSCO SHIPPING Tianjin and the Other Investor(s) will acquire 1,379,973,946 CCCC Dredging Shares (representing approximately 10% of the enlarged issued share capital of CCCC Dredging), 689,986,973 CCCC Dredging Shares (representing approximately 5% of the enlarged issued share capital of CCCC Dredging) and the balance of the CCCC Dredging Sale Shares respectively. If the number of CCCC Dredging Sale Shares is less than 2,069,960,919 (representing approximately 15% of the enlarged issued share capital of CCCC Dredging), the number of CCCC Dredging Shares which Shanghai Terminal and COSCO SHIPPING Tianjin will respectively acquire will be agreed between them and specified in the Consortium Agreement. Therefore, Shanghai Terminal will acquire not more than 1,379,973,946 CCCC Dredging Shares (representing approximately 10% of the enlarged issued share capital of CCCC Dredging).

As at the date of this announcement, no binding sale and purchase agreement has been entered into between members of the Consortium and CCCC in relation to the Joint Acquisition. Upon successful bidding by the Consortium in the Tender Process, members of the Consortium will enter into a formal sale and purchase agreement with CCCC to implement the Joint Acquisition.

Proposed consideration

Unless agreed otherwise by all members of the Consortium, the consideration for the Joint Acquisition will not exceed RMB2.47 per CCCC Dredging Share. Accordingly, the consideration payable by Shanghai Terminal will not exceed approximately RMB3,409 million, which will be funded by the Group's internal resources and/or external financing (including bank borrowings). The consideration will be payable in accordance with the terms and conditions of the Tender Process and the sale and purchase agreement to be entered into with CCCC by the members of the Consortium.

The maximum consideration of RMB2.47 per CCCC Dredging Share is equal to the floor purchase price to be set by CCCC for the Tender Process as referred to above, which is also equal to the price per CCCC Dredging Share payable by the controlling shareholder of CCCC for its acquisition of and subscription of CCCC Dredging Shares as referred to above. As stated in the announcement of CCCC dated 18 June 2019, the price per CCCC Dredging Share, being RMB2.47 (rounded up to 2 decimal places), was calculated by dividing the appraised net assets value of CCCC Dredging as at 31 December 2018 of RMB28,969.953 million as set out in the valuation report prepared by China Tong Cheng Assets Appraisal Co. Ltd. (中通誠資產評估有限公司), which is a qualified valuer in the PRC, using the asset-based approach by the total number of CCCC Dredging Shares in issue as at the date of that announcement (i.e. 11,775,447,964 shares). According to the circular of CCCC dated 10 July 2019, such valuation was based on the assumption that the distribution of dividends of RMB4,080.96 million by CCCC Dredging approved on 30 April 2019 had been implemented by 31 December 2018.

The proposed maximum consideration for the ST Acquisition was determined taking into account, among other things, (1) the abovementioned valuation; (2) the future prospects of CCCC Dredging; and (3) the synergy between CCCC Dredging and the Group.

Information of CCCC Dredging

CCCC Dredging is an enterprise established under the laws of the PRC and a subsidiary of CCCC. The scope of CCCC Dredging's business mainly includes capital dredging, maintenance dredging, environmental dredging, and reclamation, as well as supporting projects related to dredging and land reclamation.

Set out below is certain consolidated financial information of CCCC Dredging and its subsidiaries (prepared in accordance with the China Accounting Standards for Business Enterprises) for the two financial years ended 31 December 2017 and 31 December 2018 and the three months ended 31 March 2019 and as at 31 December 2018 and 31 March 2019.

	For the financial year ended 2017 <i>RMB'000</i> <i>(audited)</i>	For the financial year ended 2018 <i>RMB'000</i> <i>(audited)</i>	For the 3 months ended 31 March 2019 <i>RMB'000</i> <i>(unaudited)</i>
Net profit before taxation	2,518,693	1,552,583	158,221
Net profit after taxation	1,955,036	1,266,919	81,459
		As at 31 December 2018 <i>RMB'000</i> <i>(audited)</i>	As at 31 March 2019 <i>RMB'000</i> <i>(unaudited)</i>
Net assets		32,789,879	33,797,519

THE TENDER PROCESS

Set out below is a summary of a typical process for sale of shares or other assets on an equity exchange in the PRC by way of public tender:

- (a) The seller will specify the floor purchase price, the terms of the tender and sale, the evaluation criteria of the tenderers, and any qualifications which a tenderer will need to meet (if required).
- (b) The equity exchange will release announcements, specify the period during which the assets will be openly available for tender, and the terms of deposits payment.
- (c) Tenderers will submit bids to the equity exchange to bid for the assets.
- (d) After expiry of the period for submission of bids, the equity exchange will notify each tenderer as to whether it has succeeded in the bidding or, depending on the extent of the bids and the bid prices submitted by the tenderers, an open bidding among qualified tenderers may be conducted.
- (e) Within a specified period after confirmation of successful bidding, each successful tenderer will enter into a formal sale and purchase agreement with the seller and will pay the purchase price in accordance with the terms of the sale and purchase agreement.

While the Company expects that the Tender Process will largely follow the above process, the actual Tender Process may or may not be exactly the same as that set out above.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSORTIUM AGREEMENT AND THE ST ACQUISITION

CCCC Dredging is the largest dredging company in the world and its dredging business accounts for approximately 70% of the market share in the domestic market. Leveraging the leading market position in the industry, CCCC Dredging's returns are relatively stable and its business enjoys strong scarcity. In addition, CCCC Dredging proactively develops its environmental protection and marine engineering business and meanwhile expands overseas business, which has great growth potential. It is expected that such businesses will contribute stable net profit and growth potential to the Group.

The proposed investment in CCCC Dredging by the Group would contribute to the carrying out of the Company's strategy of extending its global footprint to build a global terminal network with highly efficient and cost-effective services to serve shipping alliances globally.

CCCC Dredging's ports dredging business has strong synergy with the Group's ports business. The terminals acquired by the Group since 2017 are mainly greenfield terminals, which have strong demand for waterway dredging. The strategic investment will enable the Group to leverage on the market leading position of CCCC Dredging to develop ports extended business. Therefore, it is expected that the ST Acquisition would allow the Group to get involved in upstream industrial services and enable the Group to leverage on the synergy of its overseas expansion.

The Company's current terminals portfolio covers the five main port regions in Mainland China, Southeast Asia, Middle East, Europe, South America and the Mediterranean. The Company believes that, with the proposed investment in CCCC Dredging, the Company could leverage on the brand and global recognition and the rich experience in overseas dredging projects of CCCC Dredging to further extend its international presence, align with the "Belt & Road Initiative" and strengthen its leading position as a global port operator.

The Company believes that participation in the Consortium will enable the Group to enhance its competitiveness in the bidding and accordingly its chance of success in the Tender Process, as the Consortium to bid for all the CCCC Dredging Sale Shares to be offered for sale by CCCC could have a stronger bargaining power in successfully acquiring the CCCC Dredging Shares at the floor purchase price set by CCCC versus to bid individually for the CCCC Dredging Sale Shares on offer. COSCO SHIPPING Tianjin is one of the members of the Consortium as COSCO SHIPPING Tianjin is also interested in acquiring CCCC Dredging Shares.

INFORMATION ON THE PARTIES

The Group

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

Shanghai Terminal

Shanghai Terminal is principally engaged in ports investment.

COSCO SHIPPING Tianjin

COSCO SHIPPING Tianjin is a wholly-owned subsidiary of COSCO SHIPPING and an investment platform of COSCO SHIPPING for industries in the Beijing-Tianjin-Hebei region. It was formerly the largest dry bulk shipping enterprise in the world and currently has relative strength and comprehensive layout in the maritime service industry such as the provision of shipping services, shipping agency, ship management, ship materials, ship trading, navigation communication and equipment for ships, technical services for ships, and auxiliary supporting industry such as real estate leasing and hotel property.

CCCC

CCCC is a leading transportation infrastructure enterprise in the PRC. It is primarily engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and knowhow accumulated from projects undertaken in a wide range of areas over the past six decades.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CCCC and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios for the transactions under the Consortium Agreement exceeds 25% but is below 100% (assuming that 1,379,973,946 CCCC Dredging Shares are to be acquired by Shanghai Terminal at a consideration of RMB2.47 per CCCC Dredging Share, and if the Consortium is successful in its bidding in the Tender Process), they will constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement and shareholders' approval requirements.

As COSCO SHIPPING Tianjin is a wholly-owned subsidiary of COSCO SHIPPING (which is in turn the ultimate controlling shareholder of the Company), it is a connected person of the Company. Accordingly, the transactions under the Consortium Agreement will also constitute a connected transaction of the Company, and is therefore also subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As COSCO SHIPPING is also the controlling shareholder of COSCO SHIPPING Holdings, which is in turn an intermediate controlling shareholder of the Company, COSCO SHIPPING Tianjin is also a connected person of COSCO SHIPPING Holdings and accordingly the transactions under the Consortium Agreement will constitute a connected transaction of COSCO SHIPPING Holdings and is subject to approval of the independent shareholders of COSCO SHIPPING Holdings.

GENERAL

The Independent Board Committee, comprising Dr. FAN HSU Lai Tai, Rita, Mr. Adrian David LI Man Kiu, Mr. FAN Ergang and Prof. CHAN Ka Lok, has been established to advise the Independent Shareholders as to the terms of the transactions under the Consortium Agreement 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. Mr. LAM Yiu Kin is not a member of the Independent Board Committee for the reason that he was an independent non-executive director of CCCC Dredging until 22 June 2018. China Tonghai Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in such regard.

None of the Directors has a material interest in the transactions under the Consortium Agreement. However, Mr. ZHANG Wei (張為) and Mr. WANG Haimin have voluntarily abstained from voting on the relevant Board resolutions of the Company for the reason that they are senior management of COSCO SHIPPING, the subsidiary of which COSCO SHIPPING Tianjin will be a party to the Consortium Agreement. Mr. LAM Yiu Kin has also voluntarily abstained from voting on the relevant Board resolutions of the Company for the reason that he was an independent non-executive director of CCCC Dredging until 22 June 2018.

The Directors (other than the Directors who abstained from voting on the relevant Board resolutions of the Company, and the members of the Independent Board Committee whose views will be expressed after considering the recommendation from the independent financial adviser) have provided their views that the terms of the transactions under the Consortium Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, the transactions under the Consortium Agreement.

After the terms and conditions of the Tender Process have been announced on the equity exchange, the Company will make a further announcement. In addition, a circular containing, among other information, (a) further details of the Consortium Agreement and the ST Acquisition; (b) the recommendation from the Independent Board Committee; (c) the advice from the independent financial adviser to the Independent Board Committee and the

Independent Shareholders; and (d) a notice convening the SGM is expected to be despatched within 15 business days after the date of this announcement, i.e. on or before 13 September 2019.

As the entering into of the Consortium Agreement will be subject to Independent Shareholders' approval and approval of the independent shareholders of COSCO SHIPPING Holdings, the Consortium Agreement may or may not be entered into. Further, the ST Acquisition may or may not materialise depending on whether the Consortium is successful in the Tender Process. There is no assurance that the ST Acquisition will take place or as to when it may take place. Shareholders and potential investors in the Company should 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:

“Board”	the board of Directors
“CCCC”	China Communications Construction Company Limited, a joint stock limited company duly incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1800) and the A shares of which are listed on the Shanghai Stock Exchange in the PRC (Stock Code: 601800)
“CCCC Dredging”	CCCC Dredging (Group) Co., Ltd.* 中交疏浚(集團)股份有限公司, a subsidiary of CCCC
“CCCC Dredging Sale Shares”	the CCCC Dredging Shares to be transferred from CCCC to third parties under the Tender Process
“CCCC Dredging Share(s)”	share(s) in CCCC Dredging
“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
“Consortium”	a consortium comprising Shanghai Terminal, COSCO SHIPPING Tianjin and the Other Investor(s)
“Consortium Agreement”	an agreement proposed to be entered into among members of the Consortium, pursuant to which the Consortium would seek to acquire a maximum of 5,519,895,784 CCCC Dredging Shares (representing approximately 40% of the enlarged issued share capital of CCCC Dredging) from CCCC on an equity exchange in the PRC by way of participation in a public tender process

“COSCO SHIPPING”	China COSCO Shipping Corporation Limited* 中國遠洋海運集團有限公司, the ultimate controlling shareholder of the Company and a state-owned enterprise in the PRC
“COSCO SHIPPING Holdings”	COSCO SHIPPING Holdings Co., Ltd.* 中遠海運控股股份有限公司, 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 controlling shareholder of the Company
“COSCO SHIPPING Tianjin”	COSCO SHIPPING (Tianjin) Company Limited* 中遠海運(天津)有限公司, a wholly-owned subsidiary of COSCO SHIPPING
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board appointed to advise the Independent Shareholders comprising Dr. FAN HSU Lai Tai, Rita, Mr. Adrian David LI Man Kiu, Mr. FAN Ergang and Prof. CHAN Ka Lok
“Independent Shareholders”	Shareholders who are not prohibited or required to abstain from voting under the Listing Rules to approve the relevant transactions at the SGM
“Joint Acquisition”	the proposed acquisition by the Consortium of a maximum of 5,519,895,784 CCCC Dredging Shares (representing approximately 40% of the enlarged issued share capital of CCCC Dredging) contemplated under the Consortium Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Investor”	an investor (other than Shanghai Terminal and COSCO SHIPPING Tianjin) which is proposed to be a member of the Consortium and a party to the Consortium Agreement
“percentage ratios”	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

“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened for considering and, if thought fit, approving the transactions under the Consortium Agreement
“Shanghai Terminal”	Shanghai China Shipping Terminal Development Co., Ltd.* 上海中海碼頭發展有限公司, a wholly-owned subsidiary of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“ST Acquisition”	the proposed acquisition by Shanghai Terminal of not more than 1,379,973,946 CCCC Dredging Shares contemplated under the Consortium Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender Process”	a public tender process proposed to be conducted on an equity exchange in the PRC by way of which CCCC will transfer up to not more than 5,519,895,784 CCCC Dredging Shares (representing approximately 40% of the enlarged issued share capital of CCCC Dredging)
“%”	per cent

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)
Chairman & Managing Director

Hong Kong, 23 August 2019

As at the date of this announcement, the Board comprises Mr. ZHANG Wei (張為)¹ (Chairman & Managing Director), Mr. DENG Huangjun¹, Mr. FENG Boming², Mr. ZHANG Wei (張煒)², Mr. CHEN Dong², 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