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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)

**UPDATE ON 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.***

AND

DELAY IN DESPATCH OF CIRCULAR

Reference is made to the Announcement regarding a possible major and connected transaction in relation to the proposed acquisition of not more than 1,379,973,946 shares in CCCC Dredging (representing approximately 10% interest in CCCC Dredging) through a consortium bid under a public tender process.

The Tender Process was officially announced on CBEX on 12 September 2019. As additional time is required for including a description of the key terms and conditions of the Tender Process in the circular, the expected date of despatch of the circular has been postponed to on or before 18 September 2019.

Reference is made to the announcement of COSCO SHIPPING Ports Limited (the “**Company**”) dated 23 August 2019 (the “**Announcement**”) regarding a possible major and connected transaction in relation to the proposed acquisition of not more than 1,379,973,946 shares in CCCC Dredging (Group) Co., Ltd.* 中交疏浚(集團)股份有限公司 (“**CCCC Dredging**”) (representing approximately 10% interest in CCCC Dredging). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

UPDATE ON POSSIBLE MAJOR AND CONNECTED TRANSACTION

The Tender Process

The Tender Process was officially announced on the China Beijing Equity Exchange (“**CBEX**”) on 12 September 2019. A summary of key provisions of the Tender Process is set out below:

- (a) The number of CCCC Dredging Sale Shares available for bidding is 4,580,082,373 (representing approximately 38.8952% of the existing issued share capital of CCCC Dredging and approximately 33.1896% of the enlarged issued share capital of CCCC Dredging).
- (b) The minimum bid price is RMB11,312,803,461.31 (equivalent to RMB2.47 per CCCC Dredging Share).
- (c) The period for submission of bids is 20 business days commencing on 12 September 2019, to be extended by 5 business days at a time until a bid is received.
- (d) The qualifications which a bidder will need to meet include (i) it shall be an enterprise legal person or other economic organisation in the PRC established and validly existing in accordance with laws; (ii) it shall have good business credit, financial status and ability to pay; and (iii) other conditions stipulated by the laws and administrative regulations of the PRC. If a bidder is a private equity fund (if any), it shall undertake that it has completed the filings in respect of the private equity fund and the fund manager.
- (e) Bidders have the right to conduct due diligence on CCCC Dredging before the deadline for submission of bids.
- (f) Each bidder shall pay a security deposit of RMB1,131,280,346.11 to CBEX within 3 business days after CBEX's confirmation of its qualification for bidding.
- (g) In any of the following circumstances (unless caused by CCCC), 100% of the security deposit paid by a bidder will be forfeited as compensation to CCCC (and if it is insufficient to compensate CCCC, CCCC may continue to pursue the bidder in respect of its actual loss): (i) the bidder withdraws its bid unilaterally after being qualified and paid the security deposit; (ii) the bidder fails to participate in the subsequent bidding process when there are two or more qualified bidders; (iii) no bidder bids in the subsequent bidding process where the starting bid price is the listed floor purchase price; (iv) after being determined as the successful bidder, it fails to enter into a sale and purchase agreement with CCCC within 5 business days or fails to pay the balance of the purchase price or transaction service fee within 5 business days from the effective date of the sale and purchase agreement; or (v) breach of the relevant provisions in respect of the security deposit or other breaches by the bidder.
- (h) Upon the expiry of the deadline for submission of bids, if there is only one qualified bidder, then the transaction will be implemented by way of agreement, otherwise an online bidding process will be used to determine the successful bidder.
- (i) The successful bidder shall enter into a sale and purchase agreement with CCCC within 5 business days after CBEX's confirmation of successful bidder.
- (j) The successful bidder shall pay the balance of the purchase price (that is, after deducting the security deposit) to CBEX within 5 business days from the effective date of the sale and purchase agreement.
- (k) CCCC agreed that, following completion of the transfer of the CCCC Dredging Shares (i) the board of directors of CCCC Dredging shall comprise not more than 9 directors, and the successful bidder (or, if the successful bidder is a consortium, the member of the consortium holding the highest proportion of the CCCC Dredging Shares) is

entitled to nominate 1 director; (ii) if the successful bidder is a consortium, (A) then if there are not more than 2 members in the consortium, the member of the consortium holding the second highest proportion of the CCCC Dredging Shares is entitled to nominate 1 supervisor of CCCC Dredging; and (B) otherwise, the members of the consortium holding the second and third highest proportions of the CCCC Dredging Shares are each entitled to nominate 1 supervisor of CCCC Dredging; and (iii) if the bidder is a single enterprise legal person or other economic organisation, it is not entitled to nominate any supervisor of CCCC Dredging.

- (l) CCCC shall procure CCCC Dredging to complete the business registration or filing procedures in relation to the transaction with the competent registration authority(ies) within 30 days after payment of the purchase price by the successful bidder and issuance of the transaction certificate by CBEX (the date on which such procedures are completed is referred to below as the “**Completion Date**”).
- (m) As at 31 December 2018, non-operating payables in the amount of RMB 5,227 million were due from CCCC Dredging to CCCC and its subsidiaries, which included dividends due from CCCC Dredging’s 2015 distribution of accumulated profits (the balance of which as at 31 December 2018 was RMB 3,972 million). CCCC Dredging will pay all non-operating payables to CCCC within 5 business days from the Completion Date.

DELAY IN DESPATCH OF CIRCULAR

As referred to in the Announcement, 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 was expected to be despatched within 15 business days after the date of the Announcement, i.e. on or before 13 September 2019. As additional time is required for including a description of the key terms and conditions of the Tender Process in the circular, the expected date of despatch of the circular has been postponed to on or before 18 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.

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, 12 September 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