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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)**

### **(1) DISCLOSEABLE TRANSACTION** **DISPOSAL OF INTEREST IN VARIOUS PORT ASSETS** **AND** **(2) POSSIBLE DISPOSAL OF TAICANG TERMINAL AND JIANGSU** **PETROCHEMICAL TERMINAL**

#### **DISPOSAL OF INTEREST IN VARIOUS PORT ASSETS**

On 18 September 2019, the Company (as seller) entered into the Longtan Share Purchase Agreement, Yuanyang Share Purchase Agreement and Zhangjiagang Share Purchase Agreement with SIPG (HK) (as purchaser), in relation to the sale and purchase of the Company's indirect interests in Nanjing Longtan Terminal (via Longtan SPV), Yangzhou Yuanyang Terminal (via Yuanyang SPV and Zhangjiagang SPV) and Zhangjiagang Terminal (via Zhangjiagang SPV), respectively.

After completion of the Share Purchase Agreements, the Company will cease to own any interest in any of the Target Companies, Nanjing Longtan Terminal, Yangzhou Yuanyang Terminal and Zhangjiagang Terminal. Each of Longtan SPV, Yuanyang SPV, Zhangjiagang SPV, Yangzhou Yuanyang Terminal and Zhangjiagang Terminal will cease to be a subsidiary of the Company following the completion of the Transactions, and Nanjing Longtan Terminal will cease to be an associate of the Company following the completion of the Transactions.

#### **IMPLICATIONS UNDER THE LISTING RULES**

The applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction under each Share Purchase Agreement, on a standalone basis, are less than 5% and therefore, these transactions, on a standalone basis, are fully exempt from the reporting and disclosure requirements under Chapter 14 of the Listing Rules. However, as these transactions under the Share Purchase Agreements are of similar nature or otherwise related, the Transactions are aggregated and treated as if they were one transaction pursuant to Rule 14.22 of the Listing Rules.

The highest of the applicable percentage ratios in respect of the Transactions (as aggregated) exceeds 5% but lower than 25%. The Transactions therefore constitute discloseable transactions of the Company and are subject to the reporting and disclosure requirements under Chapter 14 of the Listing Rules.

**The Transactions are subject to the satisfaction or waiver 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 of the Company should therefore exercise caution when dealing in the securities of the Company.**

#### **POSSIBLE DISPOSAL OF INTERESTS IN TAICANG TERMINAL AND JIANGSU PETROCHEMICAL TERMINAL**

In addition to the Transactions set out above, the Board would like to further announce that the Company also intends to dispose all of the Company's indirect interests in Taicang Terminal and Jiangsu Petrochemical Terminal. As at the date of this announcement, no agreement has been entered into by the Group in relation to such disposals.

**There is no assurance that the Possible Transactions will take place or as to when they may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.**

### **(1) DISPOSAL OF INTEREST IN VARIOUS PORT ASSETS**

#### **INTRODUCTION**

The Board is pleased to announce that on 18 September 2019, the Company (as seller) entered into the Longtan Share Purchase Agreement, Yuanyang Share Purchase Agreement and Zhangjiagang Share Purchase Agreement with SIPG (HK) (as purchaser), in relation to the sale and purchase of the Company's indirect interests in Nanjing Longtan Terminal (via Longtan SPV), Yangzhou Yuanyang Terminal (via Yuanyang SPV and Zhangjiagang SPV) and Zhangjiagang Terminal (via Zhangjiagang SPV), respectively. The aggregated consideration under the Share Purchase Agreements is approximately RMB1,064,119,000 (equivalent to approximately HK\$1,177,980,000).

As at the date of this announcement, Longtan SPV, Yuanyang SPV and Zhangjiagang SPV are wholly-owned subsidiaries of the Company.

Upon completion of the Share Purchase Agreements, the Company will cease to have any interest in each of the Target Companies.

#### **THE SHARE PURCHASE AGREEMENTS**

##### **THE LONGTAN SHARE PURCHASE AGREEMENT**

Set out below is a summary of the principal terms of the Longtan Share Purchase Agreement:

**Date:**

18 September 2019

**Parties:**

- (1) the Company
- (2) the Purchaser

## **Subject Matter**

Pursuant to the Longtan Share Purchase Agreement, the Company agreed to sell and the Purchaser agreed to purchase the Longtan Sale Shares, representing 100% of the total issued share capital of Longtan SPV.

The principal asset of Longtan SPV is its interest in Nanjing Longtan Terminal, representing approximately 16.14% of the total issued share capital of Nanjing Longtan Terminal and the entire indirect interest of the Company in Nanjing Longtan Terminal.

## **Consideration**

The consideration for the sale and purchase of the Longtan Sale Shares pursuant to the Longtan Share Purchase Agreement is approximately RMB367,306,000 (equivalent to approximately HK\$406,607,000), subject to the adjustment as detailed in the sub-paragraph headed “Adjustment to the consideration – valuation” below.

The consideration for the sale and purchase of the Longtan Sale Shares was determined after arm’s length negotiations between the parties with reference to (i) the preliminary valuation of Longtan SPV as at 31 March 2019 prepared by Shanghai Orient Appraisal, being approximately RMB367,306,000 (equivalent to approximately HK\$406,607,000); and (ii) the development prospects of Nanjing Longtan Terminal.

### *Adjustment to the consideration – valuation*

The preliminary valuation will be filed with COSCO SHIPPING before the valuation can be finalised in accordance with the relevant regulations of SASAC. The final valuation is subject to any adjustments as requested by COSCO SHIPPING. In the event that the final valuation is different from the preliminary valuation, the consideration for the sale and purchase of the Longtan Sale Shares will be adjusted accordingly. The parties to the Longtan Share Purchase Agreement shall execute a supplemental agreement to agree on the adjusted consideration for the sale and purchase of the Longtan Sale Shares within five Business Days after the final valuation is confirmed. If no adjustment is needed, the parties agree that the consideration set out in the Longtan Share Purchase Agreement shall be the consideration payable by the Purchaser before closing. The consideration (as adjusted (if necessary)) shall be settled by the Purchaser before closing in a USD equivalent amount by way of a bank transfer to an account designated by the Company.

### *Repayment of the payables*

As at 31 August 2019, Longtan SPV and Nanjing Longtan Terminal together have an outstanding amount of approximately US\$27,000,000 (equivalent to approximately HK\$214,000,000) of payables owing to the Company and its associates. In addition to the consideration, the Purchaser also agreed to fully repay any payables owing to the Company and its associates by Longtan SPV and Nanjing Longtan Terminal. Within three Business Days after the closing, the Company shall notify the Purchaser the final amount of payables owing to the Company and its associates by Longtan SPV and Nanjing Longtan Terminal as at the closing date. The Purchaser shall fully repay such amount to the Company not later than 30 days after the closing date or by 31 December 2019, whichever occurs later.

## **Conditions precedent to agreement becoming effective**

The agreement shall be effective upon the satisfaction or waiver (as appropriate) of, among others, the following:

- (1) the completion of relevant internal approval procedures;
- (2) the completion of filing with COSCO SHIPPING of the preliminary valuation report;
- (3) the execution of the supplemental agreement confirming the final consideration for the transfer of shares (if needed);
- (4) the filing of the transfer of shares with, or the obtaining of the approval of the transfer of shares from, the appropriate outbound investment administrative authority; and
- (5) the completion of any other necessary procedure including but not limited to obtaining prerequisite approval and registration in relation to the transfer of shares.

## **Closing**

The Purchaser shall pay to the Company the consideration on the fifth Business Day from (and including) the effective date of the Longtan Share Purchase Agreement or at any other time as agreed by both parties in writing.

Closing shall take place when the transfer of shares is registered in accordance with the relevant local regulations, which shall be completed within five Business Days of the receipt of the consideration by the Company.

To ensure that the sale and purchase of shares will be completed by the end of 2019, both parties shall use reasonable endeavours to complete the necessary approvals, registrations and filing procedures required for the closing by 20 December 2019, and to strive to complete the transfer of the consideration for the sale and purchase of the Longtan Sale Shares by the Purchaser to the Company by 31 December 2019.

## **Post-closing audit**

The parties agreed that audit reports on the net asset values of Longtan SPV in USD in accordance with IFRS and on the net asset values of Nanjing Longtan Terminal in RMB in accordance with China Accounting Standards (i) as at 31 March 2019 (being the valuation date for the preliminary valuation) and (ii) as at closing will be prepared by a reputable auditor with an international name jointly engaged by the parties within five Business Days after closing. If Nanjing Longtan Terminal's net asset value as at closing is less than its net asset value as at 31 March 2019, the Company shall pay to Longtan SPV such difference in USD within 30 days after the issuance of audit reports.

## **Termination**

The Longtan Share Purchase Agreement will be terminated upon, among other things, (i) the non-breaching party's request for termination if the breaching party has committed a material breach of the agreement, causing the non-breaching party's failure to achieve the objective of the agreement; and (ii) the agreement of termination by the parties to the Longtan Share Purchase Agreement.

## **Other key terms**

### *Pre-closing obligations*

The Company shall exercise shareholder's rights, fulfil its obligations and undertake responsibilities in a prudent and diligent manner. In addition, the Company shall operate and manage Longtan SPV in accordance with applicable laws and in the normal course of business (a distribution of dividends by Longtan SPV and Nanjing Longtan Terminal or the repayment of payables to the Company and its associates before the closing date shall not constitute a breach of the Company's obligations). During the period between the signing date and the closing date, the total amount of the operating costs incurred from daily operation of Longtan SPV shall not be more than US\$100,000.

### *Resignation of directors and senior management*

On the day of the receipt of the consideration by the Company, it shall arrange the resignation of any director and senior management (if any) of Nanjing Longtan Terminal nominated by the Company or Longtan SPV.

## **THE YUANYANG SHARE PURCHASE AGREEMENT**

Set out below is a summary of the principal terms of the Yuanyang Share Purchase Agreement:

### **Date:**

18 September 2019

### **Parties:**

- (1) the Company
- (2) the Purchaser

### **Subject Matter**

Pursuant to the Yuanyang Share Purchase Agreement, the Company agreed to sell and the Purchaser agreed to purchase the Yuanyang Sale Shares, representing 100% of the total issued share capital of Yuanyang SPV.

The principal asset of Yuanyang SPV is its interest in Yangzhou Yuanyang Terminal, representing approximately 51% of the total issued share capital of Yangzhou Yuanyang Terminal.

### **Consideration**

The consideration for the sale and purchase of the Yuanyang Sale Shares pursuant to the Yuanyang Share Purchase Agreement is approximately RMB316,039,000 (equivalent to approximately HK\$349,855,000), subject to the adjustment as detailed in the sub-paragraph headed "Adjustment to the consideration – valuation" below.

The consideration for the sale and purchase of the Yuanyang Sale Shares was determined after arm's length negotiations between the parties with reference to (i) the preliminary valuation of Yuanyang SPV as at 31 March 2019 prepared by Shanghai Orient Appraisal, being

approximately RMB316,039,000 (equivalent to approximately HK\$349,855,000); and (ii) the development prospects of Yangzhou Yuanyang Terminal.

*Adjustment to the consideration – valuation*

The preliminary valuation will be filed with COSCO SHIPPING before the valuation can be finalised in accordance with the relevant regulations of SASAC. The final valuation is subject to any adjustments as requested by COSCO SHIPPING. In the event that the final valuation is different from the preliminary valuation, the consideration for the sale and purchase of the Yuanyang Sale Shares will be adjusted accordingly. The parties to the Yuanyang Share Purchase Agreement shall execute a supplemental agreement to agree on the adjusted consideration for the sale and purchase of the Yuanyang Sale Shares within five Business Days after the final valuation is confirmed. If no adjustment is needed, the parties agree that the consideration set out in the Yuanyang Share Purchase Agreement shall be the consideration payable by the Purchaser before closing. The consideration (as adjusted (if necessary)) shall be settled by the Purchaser before closing in a USD equivalent amount by way of a bank transfer to an account designated by the Company.

*Repayment of the Yuanyang Loan and the payables*

As at 31 August 2019, CSPI and CSPD, both being wholly-owned subsidiaries of the Company, and CSF, being a subsidiary of COSCO SHIPPING, have provided Yangzhou Yuanyang Terminal the Yuanyang Loan with a total outstanding amount of RMB835,500,000 (equivalent to approximately HK\$925,000,000). In addition, Yuanyang SPV and Yangzhou Yuanyang Terminal together have an outstanding amount of approximately US\$26,000,000 (equivalent to approximately HK\$201,000,000) of payables owing to the Company and its associates as at 31 August 2019. In addition to the consideration, the Purchaser also agreed to fully repay the outstanding amount and interest accrued under the Yuanyang Loan and any payables owing to the Company and its associates by Yuanyang SPV and Yangzhou Yuanyang Terminal. Within three Business Days after the closing, the Company shall notify the Purchaser the outstanding amount and interest accrued under the Yuanyang Loan and the final amount of payables owing to the Company and its associates by Yuanyang SPV and Yangzhou Yuanyang Terminal as at the closing date. The Purchaser shall fully repay the payables owing to the Company and its associates by Yuanyang SPV and Yangzhou Yuanyang Terminal no later than 30 days after the closing date or by 31 December 2019, whichever occurs later, and the outstanding amount and interest accrued under the Yuanyang Loan up to the closing date as well as any interest accrued under the Yuanyang Loan between the closing date and the date of repayment to the Company within 60 days from the closing date.

**Conditions precedent to agreement becoming effective**

The agreement shall be effective upon the satisfaction or waiver (as appropriate) of, among others, the following:

- (1) the completion of relevant internal approval procedures;
- (2) the completion of filing with COSCO SHIPPING of the preliminary valuation report;
- (3) the execution of the supplemental agreement confirming the final consideration for the transfer of shares (if needed);

- (4) the filing of transfer of shares with, or the obtaining of the approval of the transfer of shares from, the appropriate outbound investment administrative authority; and
- (5) the completion of any other necessary procedure including but not limited to obtaining prerequisite approval and registration in relation to the transfer of shares.

### **Closing**

The Purchaser shall pay to the Company the consideration on the fifth Business Day from (and including) the date the Yuanyang Share Purchase Agreement becomes effective and the Purchaser has obtained all anti-trust approvals or at any other time as agreed by both parties in writing.

Closing shall take place when the transfer of shares is registered in accordance with the relevant local regulations, which shall be completed within five Business Days of the receipt of the consideration by the Company.

To ensure that the sale and purchase of shares will be completed by the end of 2019, both parties shall use reasonable endeavours to complete the necessary approvals, registrations and filing procedures required for the closing by 20 December 2019, and to strive to complete the transfer of the consideration for the sale and purchase of the Yuanyang Sale Shares by the Purchaser to the Company by 31 December 2019.

### **Post-closing audit**

The parties agreed that audit reports on the net asset values of Yuanyang SPV in USD in accordance with IFRS and on the net asset values of Yangzhou Yuanyang Terminal in RMB in accordance with China Accounting Standards (i) as at 31 March 2019 (being the valuation date for the preliminary valuation) and (ii) as at closing will be prepared by a reputable auditor with an international name jointly engaged by the parties within five Business Days after closing. If Yangzhou Yuanyang Terminal's net asset value as at closing is less than its net asset value as at 31 March 2019, the Company shall pay to Yuanyang SPV such difference in USD within 30 days after the issuance of audit reports.

### **Termination**

The Yuanyang Share Purchase Agreement will be terminated upon, among other things, (i) the non-breaching party's request for termination if the breaching party has committed a material breach of the agreement, causing the non-breaching party's failure to achieve the objective of the agreement; and (ii) the agreement of termination by the parties to the Yuanyang Share Purchase Agreement.

### **Other key terms**

#### *Pre-closing obligations*

The Company shall exercise shareholder's rights, fulfil its obligations and undertake responsibilities in a prudent and diligent manner. In addition, the Company shall operate and manage Yuanyang SPV in accordance with applicable laws and in the normal course of business so that there will not be any material adverse change to Yuanyang SPV and Yangzhou Yuanyang Terminal's situation (including but not limited to the financials, corporate governance, key personnel and other prospects) (a distribution of dividends by Yuanyang SPV and Yangzhou Yuanyang Terminal or the repayment of the payables and the outstanding amount and interest accrued under the Yuanyang Loan to the Company and its associates before the closing date shall not constitute a breach of the Company's obligations).

During the period between the signing date and the closing date, the total amount of the operating costs incurred from daily operation of Yuanyang SPV shall not be more than US\$100,000. In addition, Yangzhou Yuanyang Terminal shall strive to avoid entering into any new purchase or disposal of assets with a consideration of RMB1,000,000 or more, any guarantee (pledge or mortgage) or any principal financing with parties other than the Company's associates. In the event of the occurrence of any of the above, Yangzhou Yuanyang Terminal shall communicate and confirm with the Purchaser.

#### *Resignation of directors and senior management*

On the day of the receipt of consideration by the Company, it shall arrange the resignation of any director and senior management (if any) of Yangzhou Yuanyang Terminal nominated by the Company or Yuanyang SPV. In addition, the Company has the obligation to assist the representative appointed by the Purchaser to complete the transfer of management rights.

### **THE ZHANGJIAGANG SHARE PURCHASE AGREEMENT**

Set out below is a summary of the principal terms of the Zhangjiagang Share Purchase Agreement:

#### **Date:**

18 September 2019

#### **Parties:**

- (1) the Company
- (2) the Purchaser

#### **Subject Matter**

Pursuant to the Zhangjiagang Share Purchase Agreement, the Company agreed to sell and the Purchaser agreed to purchase the Zhangjiagang Sale Shares, representing 100% of the total issued share capital of Zhangjiagang SPV.

The principal asset of Zhangjiagang SPV is (i) its interest in Zhangjiagang Terminal, representing approximately 51% of the total issued share capital of Zhangjiagang Terminal and the entire indirect interest of the Company in Zhangjiagang Terminal; and (ii) its indirect interest in Yangzhou Yuanyang Terminal through its interest in Zhangjiagang Terminal, representing approximately 4.59% of the total issued share capital of Yangzhou Yuanyang Terminal.

#### **Consideration**

The consideration for the sale and purchase of the Zhangjiagang Sale Shares pursuant to the Zhangjiagang Share Purchase Agreement is approximately RMB380,774,000 (equivalent to approximately HK\$421,517,000), subject to the adjustment as detailed in the sub-paragraph headed "Adjustment to the consideration – valuation" below.

The consideration for the sale and purchase of the Zhangjiagang Sale Shares was determined after arm's length negotiations between the parties with reference to (i) the preliminary

valuation of Zhangjiagang SPV as at 31 March 2019 prepared by Shanghai Orient Appraisal, being approximately RMB380,774,000 (equivalent to approximately HK\$421,517,000); and (ii) the development prospects of Zhangjiagang Terminal.

#### *Adjustment to the consideration – valuation*

The preliminary valuation will be filed with COSCO SHIPPING before the valuation can be finalised in accordance with the relevant regulations of SASAC. The final valuation is subject to any adjustments as requested by COSCO SHIPPING. In the event that the final valuation is different from the preliminary valuation, the consideration for the sale and purchase of the Zhangjiagang Sale Shares will be adjusted accordingly. The parties to the Zhangjiagang Share Purchase Agreement shall execute a supplemental agreement to agree on the adjusted consideration for the sale and purchase of the Zhangjiagang Sale Shares within five Business Days after the final valuation is confirmed. If no adjustment is needed, the parties agree that the consideration set out in the Zhangjiagang Share Purchase Agreement shall be the consideration payable by the Purchaser before closing. The consideration (as adjusted (if necessary)) shall be settled by the Purchaser before closing in a USD equivalent amount by way of a bank transfer to an account designated by the Company.

#### *Repayment of the payables*

As at 31 August 2019, Zhangjiagang SPV and Zhangjiagang Terminal together have an outstanding amount of approximately US\$7,000,000 (equivalent to approximately HK\$56,000,000) of payables owing to the Company or its associates. In addition to the consideration, the Purchaser also agreed to fully repay any payables owing to the Company and its associates by Zhangjiagang SPV and Zhangjiagang Terminal. Within three Business Days after the closing, the Company shall notify the Purchaser the final amount of any payables owing to the Company and its associates by Zhangjiagang SPV and Zhangjiagang Terminal as at the closing date. The Purchaser shall fully repay such amount to the Company not later than 30 days after the closing date or by 31 December 2019, whichever occurs later.

#### **Conditions precedent to agreement becoming effective**

The agreement becomes effective upon the satisfaction or waiver (as appropriate) of, among others, the following:

- (1) the completion of relevant internal approval procedures;
- (2) the completion of filing with COSCO SHIPPING of the preliminary valuation report;
- (3) the execution of the supplemental agreement confirming the final consideration for the transfer of shares (if needed);
- (4) the filing of transfer of shares with, or the obtaining of the approval of the transfer of shares from, the appropriate outbound investment administrative authority; and
- (5) the completion of any other necessary procedure including but not limited to obtaining prerequisite approval and registration in relation to the transfer of shares.

## **Closing**

The Purchaser shall pay to the Company the consideration on the fifth Business Day from (and including) the date the Zhangjiagang Share Purchase Agreement becomes effective and the Purchaser has obtained all anti-trust approvals or at any other time as agreed by both parties in writing.

Closing shall take place when the transfer of shares is registered in accordance with the relevant local regulations, which shall be completed within five Business Days of the receipt of the consideration by the Company.

To ensure that the sale and purchase of shares will be completed by the end of 2019, both parties shall use reasonable endeavours to complete the necessary approvals, registrations and filing procedures required for the closing by 20 December 2019, and to strive to complete the transfer of the consideration for the sale and purchase of the Zhangjiagang Sale Shares by the Purchaser to the Company by 31 December 2019.

## **Post-closing audit**

The parties agreed that audit reports on the net asset values of Zhangjiagang SPV in USD in accordance with IFRS and on the net asset values of Zhangjiagang Terminal in RMB in accordance with China Accounting Standards (i) as at 31 March 2019 (being the valuation date for the preliminary valuation) and (ii) as at closing will be prepared by a reputable auditor with an international name jointly engaged by the parties within five Business Days after closing. If Zhangjiagang Terminal's net asset value as at closing is less than its net asset value as at 31 March 2019, the Company shall pay to Zhangjiagang SPV such difference in USD within 30 days after the issuance of audit reports.

## **Termination**

The Zhangjiagang Share Purchase Agreement will be terminated upon, among other things, (i) the non-breaching party's request for termination if the breaching party has committed a material breach of the agreement, causing the non-breaching party's failure to achieve the objective of the agreement; and (ii) the agreement of termination by the parties to the Zhangjiagang Share Purchase Agreement.

## **Other key terms**

### *Pre-closing obligations*

The Company shall exercise shareholder's rights, fulfil its obligations and undertake responsibilities in a prudent and diligent manner. In addition, the Company shall operate and manage Zhangjiagang SPV in accordance with applicable laws and in the normal course of business so that there will not be any material adverse change to Zhangjiagang SPV and Zhangjiagang Terminal's situation (including but not limited to the financials, corporate governance, key personnel and other prospects) (a distribution of dividends by Zhangjiagang SPV and Zhangjiagang Terminal or the repayment of the payables and loans to the Company and its associates before the closing date shall not constitute a breach of the Company's obligations).

During the period between the signing date and the closing date, the total amount of the operating costs incurred from daily operation of Zhangjiagang SPV shall not be more than US\$100,000. In addition, Zhangjiagang Terminal shall strive to avoid entering into any new purchase or disposal of assets with a consideration of RMB1,000,000 or more, any guarantee (pledge or mortgage) or any principal financing with parties other than the Company's associates. In the event of the occurrence of any of the above, Zhangjiagang Terminal shall communicate and confirm with the Purchaser.

#### *Resignation of directors and senior management*

On the day of the receipt of consideration by the Company, it shall arrange the resignation of any director and senior management (if any) of Zhangjiagang Terminal nominated by the Company or Zhangjiagang SPV. In addition, the Company has the obligation to assist the representative appointed by the Purchaser to complete the transfer of management rights.

### **INFORMATION ABOUT THE TARGET COMPANIES**

#### **Longtan SPV**

Longtan SPV is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. Its principal business is to hold the Company's indirect interest in Nanjing Longtan Terminal.

Set out below is the unaudited financial information of Longtan SPV (as prepared in accordance with IFRS) for the six months ended 30 June 2019 and the financial years ended 31 December 2017 and 31 December 2018, and net assets as at 30 June 2019.

	<b>For the 6 months ended 30 June 2019 US\$ '000</b>	<b>For the year ended 31 December 2018 US\$ '000</b>	<b>For the year ended 31 December 2017 US\$ '000</b>
Profit/(loss) before taxation	1,940	(211)	511
Profit/(loss) after taxation	1,747	(211)	495
	<b>As at 30 June 2019 US\$'000</b>		
Net assets	17,924		

#### **Nanjing Longtan Terminal**

Nanjing Longtan Terminal is a company incorporated in the PRC. At the date of this announcement, it is held as to 16.14% by Longtan SPV with the remaining interests held by Independent Third Parties. It is principally engaged in the operation of terminals.

Set out below is the financial information of Nanjing Longtan Terminal (as prepared in accordance with China Accounting Standards) for the six months ended 30 June 2019 and the financial years ended 31 December 2017 and 31 December 2018, and net assets as at 30 June 2019.

	<b>(Unaudited)</b> <b>For the</b> <b>6 months ended</b> <b>30 June 2019</b> <b>RMB '000</b>	<b>(Audited)</b> <b>For the year ended</b> <b>31 December 2018</b> <b>RMB '000</b>	<b>(Audited)</b> <b>For the year ended</b> <b>31 December 2017</b> <b>RMB '000</b>
Profit before taxation	68,735	139,236	119,474
Profit after taxation	51,137	102,888	87,011

	<b>(Unaudited)</b> <b>As at 30 June 2019</b> <b>RMB '000</b>
Net assets	2,047,218

### **Yuanyang SPV**

Yuanyang SPV is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. Its principal business is to hold the Company's indirect interest in Yangzhou Yuanyang Terminal.

Set out below is the unaudited financial information of Yuanyang SPV (as prepared in accordance with IFRS) for the six months ended 30 June 2019 and the financial years ended 31 December 2017 and 31 December 2018, and net assets as at 30 June 2019.

	<b>For the</b> <b>6 months ended</b> <b>30 June 2019</b> <b>US\$ '000</b>	<b>For the year ended</b> <b>31 December 2018</b> <b>US\$ '000</b>	<b>For the year ended</b> <b>31 December 2017</b> <b>US\$ '000</b>
Profit/(loss) before taxation	(6)	131	2,813
Profit/(loss) after taxation	(6)	131	2,587

	<b>As at 30 June 2019</b> <b>US\$'000</b>
Net assets	12,821

## Yangzhou Yuanyang Terminal

Yangzhou Yuanyang Terminal is a company incorporated in the PRC. At the date of this announcement, it is held as to 51% by Yuanyang SPV and 9% by Zhangjiagang Terminal with the remaining interests held by Independent Third Parties. It is principally engaged in the operation of terminals.

Set out below is the financial information of Yangzhou Yuanyang Terminal (as prepared in accordance with China Accounting Standards) for the six months ended 30 June 2019 and the financial years ended 31 December 2017 and 31 December 2018, and net assets as at 30 June 2019.

	<b>(Unaudited)</b> <b>For the</b> <b>6 months ended</b> <b>30 June 2019</b> <b>RMB '000</b>	<b>(Audited)</b> <b>For the year ended</b> <b>31 December 2018</b> <b>RMB '000</b>	<b>(Audited)</b> <b>For the year ended</b> <b>31 December 2017</b> <b>RMB '000</b>
Loss before taxation	4,682	19,096	5,819
Loss after taxation	4,682	19,096	5,819
	<b>(Unaudited)</b> <b>As at 30 June 2019</b> <b>RMB'000</b>		
Net assets	521,212		

## Zhangjiagang SPV

Zhangjiagang SPV is a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company. Its principal business is to hold the Company's indirect interest in Zhangjiagang Terminal.

Set out below is the financial information of Zhangjiagang SPV (as prepared in accordance with IFRS) for the six months ended 30 June 2019 and the financial years ended 31 December 2017 and 31 December 2018, and net assets as at 30 June 2019.

	<b>(Unaudited)</b> <b>For the</b> <b>6 months ended</b> <b>30 June 2019</b> <b>US\$ '000</b>	<b>(Audited)</b> <b>For the year ended</b> <b>31 December 2018</b> <b>US\$ '000</b>	<b>(Audited)</b> <b>For the year ended</b> <b>31 December 2017</b> <b>US\$ '000</b>
Profit/(loss) before taxation	(2)	6,901	(31)
Profit/(loss) after taxation	(2)	6,549	(31)
	<b>(Unaudited)</b> <b>As at 30 June 2019</b> <b>US\$'000</b>		
Net assets	14,802		

## Zhangjiagang Terminal

Zhangjiagang Terminal is a company incorporated in the PRC. At the date of this announcement, it is held as to 51% by Zhangjiagang SPV and 49% by an Independent Third Party. It is principally engaged in the operation of container terminals.

Set out below is the financial information of Zhangjiagang Terminal (as prepared in accordance with China Accounting Standards) for the six months ended 30 June 2019 and the financial years ended 31 December 2017 and 31 December 2018, and net assets as at 30 June 2019.

	<b>(Unaudited)</b> <b>For the</b> <b>6 months ended</b> <b>30 June 2019</b> <b>RMB '000</b>	<b>(Audited)</b> <b>For the year ended</b> <b>31 December 2018</b> <b>RMB '000</b>	<b>(Audited)</b> <b>For the year ended</b> <b>31 December 2017</b> <b>RMB '000</b>
Profit before taxation	40,426	89,696	75,253
Profit after taxation	30,320	67,045	56,239
	<b>(Unaudited)</b> <b>As at 30 June 2019</b> <b>RMB '000</b>		
Net assets	478,893		

## REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Transactions are in line with the Company's strategic plan to divest assets in order to achieve capital recycling, which will add momentum for the future development. The Company aims to improve asset quality, optimize domestic terminal portfolio and improve operating efficiency of the Company. Disposal of interest in various port assets, the throughput and profit contribution from which is relatively small, will further streamline our terminal portfolio and enhance our profitability.

The Company is committed to building global terminal network with controlling stakes and strengthening control and management of the ports and terminals business. The Company believes that the Transactions could improve the overall quality of the Company's terminal portfolio in the Yangtze Delta Region.

The Directors consider that the terms of the Transactions are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

## INFORMATION ABOUT THE GROUP

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

## INFORMATION ABOUT THE PURCHASER

The Purchaser is principally engaged in businesses of international freight forwarding, shipping agency, container leasing, port stevedoring, warehousing, road cargo transportation, and import and export of goods and technologies.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

## **FINANCIAL EFFECTS OF THE TRANSACTIONS**

After completion of the Share Purchase Agreements, the Company will cease to own any interest in any of the Target Companies, Nanjing Longtan Terminal, Yangzhou Yuanyang Terminal and Zhangjiagang Terminal. Each of Longtan SPV, Yuanyang SPV, Zhangjiagang SPV, Yangzhou Yuanyang Terminal and Zhangjiagang Terminal will cease to be a subsidiary of the Company following the completion of the Transactions, and Nanjing Longtan Terminal will cease to be an associate of the Company following the completion of the Transactions.

The Group is expected to record a net gain (after deducting the relevant taxes and expenses) from the Transactions of approximately US\$75,900,000 (equivalent to approximately HK\$595,549,000) in its consolidated statement of profit or loss for the year ending 31 December 2019. This amount is calculated based on the consideration less Target Companies' unaudited net asset values included in the Company's consolidated financial statement as at 30 June 2019. Such income is expected to be recognized in the Company's consolidated financial statements for the year ending 31 December 2019. Due to the possible fluctuations in the foreign exchange rate, there may be differences in the net asset values of Target Companies as well as the relevant taxes and expenses of the Transactions between 30 June 2019 and the actual closing date. As a result, the Company's actual net gain from the Transactions may be different from the estimated amount set out above.

## **USE OF PROCEEDS**

The Company plans to use the proceeds from the Transactions for the following purposes: (1) future development of the Group; (2) general working capital; and (3) repayment of loans.

## **IMPLICATIONS UNDER THE LISTING RULES**

The applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction under each Share Purchase Agreement, on a standalone basis, are less than 5% and therefore, these transactions, on a standalone basis, are fully exempt from the reporting and disclosure requirements under Chapter 14 of the Listing Rules. However, as these transactions under the Share Purchase Agreements are of similar nature or otherwise related, the Transactions are aggregated and treated as if they were one transaction pursuant to Rule 14.22 of the Listing Rules.

The highest of the applicable percentage ratios in respect of the Transactions (as aggregated) exceeds 5% but lower than 25%. The Transactions therefore constitute discloseable transactions of the Company and are subject to the reporting and disclosure requirements under Chapter 14 of the Listing Rules.

**The Transactions are subject to the satisfaction or waiver 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 of the Company should therefore exercise caution when dealing in the securities of the Company.**

## **(2) POSSIBLE DISPOSAL OF INTERESTS IN TAICANG TERMINAL AND JIANGSU PETROCHEMICAL TERMINAL**

In addition to the Transactions set out above, the Board would like to further announce that the Company also intends to dispose all of the Company's indirect interests in Taicang Terminal and Jiangsu Petrochemical Terminal. As at the date of this announcement, no agreement has been entered into by the Group in relation to such disposals.

Further announcement on the possible disposals will be made by the Company in accordance with the applicable reporting and disclosure requirements under the Listing Rules as and when appropriate.

Background information on Taicang Terminal and Jiangsu Petrochemical Terminal is set out below.

### **Taicang Terminal**

Taicang Terminal is a company incorporated in the PRC. As at the date of this announcement, the Company is indirectly interested in 39.04% of the total issued share capital of Taicang Terminal through CSPI, a wholly-owned subsidiary of the Company. It is principally engaged in the operation of container terminals.

### **Jiangsu Petrochemical Terminal**

Jiangsu Petrochemical Terminal is a company incorporated in the PRC. As at the date of this announcement, the Company is indirectly interested in 30.40% of the total issued share capital of Jiangsu Petrochemical Terminal through CSPD, a wholly-owned subsidiary of the Company. It is principally engaged in the operation of bulk liquid storage.

**There is no assurance that the Possible Transactions will take place or as to when they may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:

“Business Day”	means any day (excluding a Saturday, Sunday and any other public holidays) on which banks are generally open for business in Hong Kong and the PRC
“China Accounting Standards”	accounting rules and principles adopted in the PRC
“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)
“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

“CSF”	COSCO SHIPPING Finance Co., Ltd.* 中遠海運集團財務有限責任公司, a company incorporated in the PRC and a subsidiary of COSCO SHIPPING
“CSPD”	COSCO SHIPPING Ports Development Co., Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“CSPI”	COSCO SHIPPING Ports Investments (Shanghai) Co. Ltd.* 上海中遠海運港口投資有限公司, a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons under the Listing Rules
“Jiangsu Petrochemical Terminal”	Jiangsu Yangtze Petrochemical Co., Ltd.* 江蘇長江石油化工有限公司, a company established in the PRC, of which CSPD holds 30.40% of the shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longtan Sale Shares”	100% of the entire share capital of Longtan SPV held by the Company as at the date of this announcement
“Longtan Share Purchase Agreement”	the share purchase agreement dated 18 September 2019 entered into between the Company and the Purchaser in relation to the sale and purchase of the Longtan Sale Shares
“Longtan SPV”	COSCO Ports (Nanjing) Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of the Company
“Nanjing Longtan Terminal”	Nanjing Longtan Container Co., Ltd.* 南京港龍潭集裝箱有限公司, a company incorporated in the PRC, of which Longtan SPV holds 16.14% of the shares
“Possible Transactions”	the possible disposal of all of the Company’s indirect interest in Taicang Terminal and Jiangsu Petrochemical Terminal

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong and the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser” or “SIPG (HK)”	Shanghai International Port Group (HK) Co., Limited, a company incorporated in Hong Kong
“SASAC”	the State-owned Assets Supervision and Administration Commission of the PRC
“Sale Shares”	refers to Longtan Sale Shares, Yuanyang Sale Shares and Zhangjiagang Sale Shares collectively
“Shanghai Orient Appraisal”	Shanghai Orient Appraisal Co., Ltd*上海東洲資產評估有限公司, a qualified valuer in the PRC
“Share Purchase Agreements”	refers to Longtan Share Purchase Agreement, Yuanyang Share Purchase Agreement and Zhangjiagang Share Purchase Agreement collectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taicang Terminal”	Taicang International Container Terminal Co., Ltd.*太倉國際集裝箱碼頭有限公司, a company incorporated in the PRC, of which CSPI holds 39.04% of the shares
“Target Companies”	refers to Longtan SPV, Yuanyang SPV and Zhangjiagang SPV collectively
“Transactions”	the transactions under the Share Purchase Agreements
“Yangzhou Yuanyang Terminal”	Yangzhou Yuanyang Terminal International Ports Co., Ltd.*揚州遠揚國際碼頭有限公司, a company incorporated in the PRC, of which Yuanyang SPV holds 51% of the shares and Zhangjiagang Terminal holds 9% of the shares
“Yuanyang Loan”	refers to the loans in the amount of RMB462,500,000, RMB125,000,000 and RMB248,000,000 provided by CSPI, CSPD and CSF, respectively
“Yuanyang Sale Shares”	100% of the entire share capital of Yuanyang SPV held by the Company as at the date of this announcement
“Yuanyang Share Purchase Agreement”	the share purchase agreement dated 18 September 2019 entered into between the Company and the Purchaser in relation to the sale and purchase of the Yuanyang Sale Shares

“Yuanyang SPV”	COSCO Ports (Yangzhou) Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of the Company
“Zhangjiagang Sale Shares”	100% of the entire share capital of Zhangjiagang SPV held by the Company as at the date of this announcement
“Zhangjiagang Share Purchase Agreement”	the share purchase agreement dated 18 September 2019 entered into between the Company and the Purchaser in relation to the sale and purchase of the Zhangjiagang Sale Shares
“Zhangjiagang SPV”	Win Hanverky Investments Limited, a company incorporated in Hong Kong, which is a wholly-owned subsidiary of the Company
“Zhangjiagang Terminal”	Zhangjiagang Win Hanverky Container Terminal Co., Ltd.* 張家港永嘉集裝箱碼頭有限公司, a company incorporated in the PRC, of which Zhangjiagang SPV holds 51% of the shares
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$” or “USD”	U.S. dollar(s), the lawful currency of the U.S.
“%”	per cent

*For the purposes of this announcement, the exchange rates of RMB1 = HK\$1.1070 and US\$1 to HK\$7.8465 have been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.*

*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**  
**FENG Boming**  
*Chairman*

Hong Kong, 18 September 2019

As at the date of this announcement, the Board comprises Mr. FENG Boming<sup>1</sup> (Chairman), Mr. ZHANG Dayu<sup>1</sup> (Managing Director), Mr. DENG Huangjun<sup>1</sup>, Mr. ZHANG Wei<sup>2</sup>, Mr. CHEN Dong<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. FAN Ergang<sup>3</sup>, Mr. LAM Yiu Kin<sup>3</sup> and Prof. CHAN Ka Lok<sup>3</sup>.

<sup>1</sup> Executive Director

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

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