THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in **COSCO SHIPPING Ports Limited** (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

COSCO SHIPPING Ports Limited
中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

MAJOR TRANSACTION

ACQUISITION OF SHARES IN NOATUM PORT HOLDINGS, S.L.U.

A letter from the Board is set out on pages 5 to 15 of this circular.

A notice convening the SGM to be held at 47/F, COSCO Tower, 183 Queen's Road Central, Hong Kong on Thursday, 27 July 2017 at 2:30 p.m. is set out on pages N-1 to N-2 of this circular. Whether or not you are able to attend the SGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Friday, 21 July 2017. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 21 July 2017.

30 June 2017

CONTENTS

This circular in both English and Chinese is available in printed form and published on the respective websites of the Company at "http://ports.coscoshipping.com" and Hong Kong Exchanges and Clearing Limited at "http://www.hkexnews.hk". To the extent that there are any inconsistencies between the English version and the Chinese version of this circular, the English version shall prevail.

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

"Board"	the board of Directors;
"Business Day"	a day other than a Saturday or Sunday or public holiday in England and Wales, Spain or Hong Kong;
"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 sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement;
"Completion Date"	the date which is five Business Days after the date on which the conditions precedent are satisfied or waived in accordance with the Sale and Purchase Agreement (or, if the SPV so elects, the date which is five Business Days after the date on which the conditions precedent (other than condition (v) referred to in the section headed "Conditions precedent to Completion" in the Letter from the Board) are satisfied or waived in accordance with the Sale and Purchase Agreement provided that condition (v) is satisfied or waived in accordance with the Sale and Purchase Agreement on such date) or such other date as is agreed in writing between the SPV and TPIH, but in any event not later than the Longstop Date;
"Consideration Amount"	the consideration for the Sale Shares;
"Conterail Madrid"	Conte-Rail, S.A., a joint venture company of NPH incorporated in Spain;
"Director(s)"	the director(s) of the Company;
"EBITDA"	the consolidated earnings before interest, tax, depreciation and amortisation adjusted for exceptional items;
"Enlarged Group"	the Group and the NPH Group;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

"IFRS"	International Financial Reporting Standards;
"KPMG Spain"	KPMG Auditores, S.L.;
"Latest Practicable Date"	27 June 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
"Longstop Date"	13 December 2017 or such later date as is agreed between the SPV and TPIH;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Material Adverse Change"	(a) any act of God in Spain; or (b) any: (i) national emergency; (ii) war; (iii) outbreak of hostilities (or escalation thereof); or (iv) embargo as a result of a war or hostilities in or directly affecting Spain (excluding, for the avoidance of doubt, any act of terrorism, sanctions or industrial action), which has or is reasonably expected to have a material adverse effect on the business of (i) the NPH Group taken as a whole or (ii) NCTV;
"NCTB"	Noatum Container Terminal Bilbao, S.L., a subsidiary of NPH incorporated in Spain;
"NCTV"	Noatum Container Terminal Valencia, S.A.U., a subsidiary of NPH incorporated in Spain;
"NPH"	Noatum Port Holdings, S.L.U., a company incorporated in Spain;
"NPH Group"	NPH and its subsidiaries other than the Retained Noatum Group;

"NRTZ Zaragoza"	Noatum Rail Terminal Zaragoza, S.L., a subsidiary of NPH incorporated in Spain;
"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;
"Pre-Completion Restructuring"	the restructuring of the NPH Group and the Retained Noatum Group in accordance with the terms agreed between the SPV and TPIH;
"PwC"	PricewaterhouseCoopers, the auditor of the Company and the reporting accountant as to the unaudited pro forma financial information of the Enlarged Group in relation to the Transaction;
"Retained Noatum Group"	subsidiaries and subsidiary undertakings of Noatum Maritime Holdings, S.L.U., including the subsidiaries and subsidiary undertakings of NPH that will be acquired by Noatum Maritime Holdings, S.L.U. upon completion of the Pre-Completion Restructuring;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale and Purchase Agreement"	the agreement dated 12 June 2017 between the Company, the SPV and TPIH in relation to the sale and purchase of the Sale Shares;
"Sale Shares"	11,805,452 ordinary, indivisible and cumulative shares (*participaciones sociales*) of €1 each in the capital of NPH, which represent 51% of the capital of NPH;
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
"SGM"	the special general meeting of the Company to be convened for the purpose of the Shareholders considering and, if thought fit, approving the Transaction;
"Shareholder(s)"	shareholder(s) of the Company;
"Shareholders' Agreement"	the shareholders' agreement dated 12 June 2017 between the Company, the SPV, TPIH and NPH in respect of NPH;

"SPV"	COSCO SHIPPING Ports (Spain) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"TEU"	Twenty-foot equivalent unit;
"Transaction"	the transactions under the Sale and Purchase Agreement and the Shareholders' Agreement, including the acquisition of the Sale Shares by the SPV under the Sale and Purchase Agreement and the possible acquisition by the SPV of TPIH's shares in NPH under the Shareholders' Agreement;
"TPIH"	TPIH Iberia, S.L.U., a company incorporated in Spain;
"US$"	United States dollars, the lawful currency of the United States of America;
"€"	the Euro, the lawful currency of the Eurozone; and
"%"	per cent.

COSCO SHIPPING Ports Limited
中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1199)

Directors:
Mr. HUANG Xiaowen[2] *(Chairman)*
Mr. ZHANG Wei (張為)[1]
(Vice Chairman & Managing Director)
Mr. FANG Meng[1]
Mr. DENG Huangjun[1]
Mr. FENG Boming[2]
Mr. ZHANG Wei (張煒)[2]
Mr. CHEN Dong[2]
Mr. XU Zunwu[2]
Mr. WANG Haimin[2]
Dr. WONG Tin Yau, Kelvin[1]
Dr. FAN HSU Lai Tai, Rita[3]
Mr. Adrian David LI Man Kiu[3]
Mr. FAN Ergang[3]
Mr. LAM Yiu Kin[3]
Prof. CHAN Ka Lok[3]

General Counsel & Company Secretary:
Ms. HUNG Man, Michelle

1 Executive Director
2 Non-executive Director
3 Independent Non-executive Director

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:
49/F, COSCO Tower
183 Queen's Road Central
Hong Kong

30 June 2017

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF SHARES IN NOATUM PORT HOLDINGS, S.L.U.

INTRODUCTION

Reference is made to the announcement of the Company dated 12 June 2017 that the Company, the SPV (a wholly-owned subsidiary of the Company) and TPIH entered into the Sale and Purchase Agreement on 12 June 2017, pursuant to which TPIH has conditionally agreed to sell, and the SPV has conditionally agreed to purchase, the Sale Shares, which represent 51% of the shares in NPH and that on the same date, the Company (as the SPV's guarantor), the SPV, TPIH and NPH also entered into the Shareholders' Agreement, which is conditional upon Completion.

The purpose of this circular is to provide you with, among other information, (i) further details of the Transaction; (ii) financial information of the Group and the NPH Group; and (iii) a notice of the SGM.

The Transaction is subject to Shareholders' approval and satisfaction or waiver of conditions precedent. There is no assurance that the Transaction will take place or as to when it may take place. Shareholders and potential investors in the Company should therefore exercise caution when dealing in the securities of the Company.

SALE AND PURCHASE AGREEMENT

On 12 June 2017, the Company, the SPV (a wholly-owned subsidiary of the Company) and TPIH entered into the Sale and Purchase Agreement pursuant to which TPIH has conditionally agreed to sell, and the SPV has conditionally agreed to purchase, the Sale Shares, which represent 51% of the shares in NPH.

Major assets of NPH include NCTV, NCTB (being two container terminals), Conterail Madrid and NRTZ Zaragoza (being two facilitative rail terminals).

Consideration

The Consideration Amount is €203,490,000 subject to a post-Completion adjustment by reference to the net asset value of the NPH Group on the Completion Date.

The Consideration Amount was determined based on normal commercial terms after arm's length negotiations between the parties to the Sale and Purchase Agreement, taking into account the financial and operational conditions of the NPH Group in recent years as well as future prospects of the NPH Group.

The acquisition of the Sale Shares will be financed by internal resources and bank borrowings.

Conditions precedent to Completion

Completion is conditional upon the satisfaction (or, in the case of the conditions in (i), (ii), (iv) and (v) below, the waiver by the SPV) of the following conditions:

(i) the approval of the SPV's purchase of the Sale Shares pursuant to the merger control laws and regulations of Spain;

(ii) the submission of all necessary documents to the State-owned Assets Supervision and Administration Commission of the PRC State Council for the purpose of filing of the Transaction;

(iii) the notification by the Port Authority of Valencia and the Port Authority of Bilbao that the SPV's purchase of the Sale Shares is cleared;

(iv) the approval by the Shareholders of the Transaction;

(v) no Material Adverse Change having occurred from the date of the Sale and Purchase Agreement until the date falling five Business Days after all the other conditions have been satisfied (or waived); and

(vi) completion of the Pre-Completion Restructuring, including the separation of the Retained Noatum Group from the NPH Group.

Completion shall take place on the Completion Date.

Break fee

If condition (iv) above is not satisfied on or before the date falling five Business Days prior to the Longstop Date (or such other date as is agreed between TPIH and the SPV), the SPV shall pay to TPIH a break fee of €1,000,000.

NCTV Concession Extension

NCTV's concession to operate its container terminal at Valencia will expire on 7 March 2031. NCTV has applied to the Port Authority of Valencia to extend the concession until 7 March 2041. If the extension is granted for a shorter period or is not granted at all, TPIH has agreed to pay to the SPV an amount, which will vary depending on whether an extension is granted at all and, if so, the length of such extension.

Termination of the Sale and Purchase Agreement

Either the SPV or TPIH may terminate the Sale and Purchase Agreement if any of the conditions precedent to Completion has not been satisfied or waived by 9:00 p.m. (London time) on the date falling five Business Days prior to the Longstop Date or if the other party fails to comply with any of its obligations at Completion.

Company's guarantee

The Company, as guarantor, has agreed to guarantee the performance of the obligations of the SPV under the Sale and Purchase Agreement.

THE SHAREHOLDERS' AGREEMENT

Upon Completion, the SPV will hold 51% of the shares in NPH and TPIH will hold 49% of the shares in NPH and NPH will become a subsidiary of the Company.

The Company (as the SPV's guarantor), the SPV, TPIH and NPH entered into the Shareholders' Agreement on 12 June 2017. The Shareholders' Agreement is conditional upon Completion.

The principal terms of the Shareholders' Agreement are summarised below:

Management

As the majority shareholder of NPH, the SPV shall have the right to appoint and remove a majority of the directors of NPH. The SPV is entitled to nominate one of its nominated directors as chairman of the board of NPH. The SPV is also entitled to nominate the chief executive and the chief financial officer of NPH.

Non-compete

No shareholder of NPH shall invest in any container terminal business within a 250 nautical miles radius of the Port of Valencia without the prior written consent of the other as long as the first shareholder holds at least 10% of the total issued voting shares in NPH.

Restrictions on disposal of shares

No shareholder of NPH may dispose of its shares before the second anniversary of the Completion Date. The Shareholders' Agreement contains a right of first offer, a tag along right and a drag along right.

Liquidity mechanism

If an independent committee to be jointly appointed by the SPV and TPIH decides that the directors of NPH nominated by the SPV have failed to act in the best interests of NPH and all of its shareholders as a whole, the NPH Group has suffered losses as a result of such failure and the amount of such losses is greater than 20% of the EBITDA of the NPH Group for the financial year in which such failure happened, TPIH has an option (which is not subject to the SPV's discretion), during the period starting on but excluding the date on which the audited consolidated accounts of the NPH Group for the financial year ending 31 December 2019 are delivered to the shareholders of NPH and ending on and including the date on which the audited consolidated accounts of the NPH Group for the financial year ending 31 December 2020 are delivered to the shareholders of NPH, to require the SPV to acquire all of its shares in NPH for a consideration which:

(a) is equal to the amount calculated by the following formula (being an amount calculated by reference to the EBITDA of the NPH Group for the relevant financial years and the EBITDA multiple represented by the Consideration Amount):

(Average EBITDA) x (COSCO Acquisition Multiple) x (TPIH's percentage shareholding in NPH)

Where:

(i) "**Average EBITDA**" means the sum of:

(A) 30 per cent. of the EBITDA for the financial year ending 31 December 2018;

(B) 30 per cent. of the EBITDA for the financial year ending 31 December 2019; and

(C) 40 per cent. of the EBITDA for the financial year ending 31 December 2020.

(ii) "**COSCO Acquisition Multiple**" means the acquisition multiple of the EBITDA implied by the Consideration Amount, being the amount arrived at by dividing the Consideration Amount (a) first by 51% and (b) then by the EBITDA for the 12 months ending on the last day of the calendar month in which the Completion Date falls; and

(b) will not exceed a cap equal to the pro rata amount of the Consideration Amount.

Any exercise by TPIH of such option will not be subject to the Group's discretion. The Company has taken into account the cap on the consideration payable for TPIH's shares in NPH upon any such exercise in determining the consideration ratio for the Transaction. (Any such exercise will not affect the other percentage ratios for the Transaction.) Accordingly, the numerator for the consideration ratio for the Transaction is equal to the aggregate of (a) such cap; and (b) the Consideration Amount (being the consideration for the SPV's acquisition of 51% of the shares in NPH under the Sale and Purchase Agreement). Such aggregate is arrived at by dividing the Consideration Amount by 51%.

The Company has agreed to guarantee the performance of the obligation of the SPV to acquire such shares.

Performance fee

If the amount of cash distributed to the shareholders of NPH (excluding any cash arising from any refinancing of any third party debt financing) in a financial year of NPH exceeds that predicted in the annual budget of NPH, TPIH has agreed to pay to the SPV a performance fee, the amount of which will be equal to a maximum of 40% of TPIH's share of such excess depending on the extent of such excess.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors note that the NPH Group incurred a loss after tax in 2016. The loss after tax of the NPH Group in 2016 amounted to €14,942,000. The finance costs of NPH under such participating loan amounted to €17,574,000 in 2016. The profit after tax of the NPH Group would have been €2,632,000 had such finance costs been disregarded. As explained in the section headed "Information About NPH" of this letter, upon completion of the Pre-Completion Restructuring, no amounts (whether principal or interest) will be outstanding from NPH, and NPH will not incur any further financial costs, under any participating loan.

The Company pursues its stated strategies of "developing a global terminals portfolio", "strengthening control and management of the ports and terminals business" and "bringing into full play the synergies with the container fleets of China COSCO Shipping Corporation Limited ("**COSCO SHIPPING**"), the ultimate controlling company of the Company, and OCEAN Alliance". The Transaction is a strategic fit to the stated strategies. After the completion of the acquisition of the Sale Shares, the Company will have a controlling interest in NPH, furthering the Company's efforts in extending its networks over the Mediterranean and European areas. NCTV and NCTB (being two container terminals) will benefit from management and technical supports of the Group, as well as business support from COSCO SHIPPING's container fleet and OCEAN Alliance together with the current valuable customers the Company will effectively leverage on such synergistic advantages to create value for Shareholders.

The Group will seek to maximise the capacity of the two container terminals, to optimise the structure and efficiency of the NPH Group's business and to improve the synergies and quality of its services.

NCTV is the largest container terminal in the Port of Valencia in terms of volume and capacity. The Port of Valencia is one of the top three container ports in the Mediterranean with half of its volume from stable gateway traffic. The immediate hinterland within a 350 kilometres radius of the Port of Valencia accounts for nearly 50% of Spanish GDP. The Port of Valencia acts as the main gateway for the Iberian Peninsula and the natural port of Madrid, the capital of Spain. Due to its location, the Port of Valencia is well situated to act as a West Mediterranean transshipment hub. NCTV had a long-standing relationship with its neighbour in the Port of Valencia, Mediterranean Shipping Company Terminal Valencia S.A.. The Group will strive to provide customers with the best terminal facility and logistics support in the Western Mediterranean.

NCTB is the sole container terminal in the Port of Bilbao. It is one of the largest and most modernised container terminals of the Atlantic region of Southern Europe in terms of volume and operation. It serves as the ideal gateway for the transportation of containers throughout the Iberian Peninsula and Southwest of France.

The Group will seek to strengthen NCTV and NCTB's position as the logistics hubs of their respective regions by: (1) seeking to increase the volume movement at both terminals utilising the Group's strong and strategic partnership with major exporters and importers and logistics providers from the PRC; and (2) improving the two terminals' productivity and efficiency through the Group's expertise as a global terminal operator.

Conterail Madrid and NRTZ Zaragoza can improve the connection between the hinterland and the foreland, help create a more efficient logistics chain for operators and shippers, and channel their products through the Ports of Valencia and Bilbao. NRTZ Zaragoza is located in one of the biggest rail logistic centres of the Iberian Peninsula, and is one of the most important intermodal rail hubs of the Spanish general public rail network, in terms of size of business and operation.

Since April 2017, OCEAN Alliance has begun to switch from other terminals to NCTV and has started a feeder service in NCTB.

The Board believes that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTION ON THE GROUP

Earnings

Upon Completion, NPH will become a subsidiary of the Company and the results of NPH Group will be accounted for in the consolidated financial statements of the Group.

Assets

Based on the unaudited pro forma financial information on the Enlarged Group in Appendix IV, Completion would increase the total assets of the Group by the amount of approximately US$606.9 million.

Liabilities

Based on the unaudited pro forma financial information on the Enlarged Group in Appendix IV, Completion would increase the total liabilities of the Group by the amount of approximately US$496.5 million.

INFORMATION ABOUT THE GROUP AND THE SPV

The SPV is a wholly-owned subsidiary of the Company. Its sole business is to hold the Company's investment in NPH.

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

INFORMATION ABOUT NPH

The NPH Group is principally engaged in the development, operation and management of container terminals in Spain, including at the Port of Valencia and the Port of Bilbao. Set out below is the financial information of the NPH Group (as derived from the accountant's report on the NPH Group prepared in accordance with 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 *€'000*	For the year ended 31 December 2015 *€'000*
Loss before tax from continuing operations	22,749	22,398
Loss after tax from continuing operations	14,942	18,226

	As at 31 December 2016 *€'000*
Net liabilities	165,688

As at 31 December 2015 and 31 December 2016, NPH owed Turia Port Investments (Holdings), C.V. (which was the sole shareholder of NPH until the transfer of its shares in NPH to TPIH (which has happened)), €346,641,000 and €354,107,000, respectively, under a participating loan (including accrued interest). The finance costs of NPH under such loan amounted to €16,940,000 and €17,574,000, respectively, for the financial years ended 31 December 2015 and 31 December 2016.

The Pre-Completion Restructuring includes the contribution of participating loans (including interest) to the equity of NPH as voluntary reserves such that no amounts (whether principal or interest) will be outstanding from NPH, and NPH will not incur any further financial costs, under any participating loan.

INFORMATION ABOUT TPIH

TPIH, which is owned by institutional investors advised by J.P. Morgan Global Alternatives and by APG Asset Management N.V. as to 67% and 33%, respectively, is a holding company of a group of companies principally engaged in terminal operations and related logistics businesses. J.P. Morgan Global Alternatives is the alternative investment arm of J.P. Morgan Asset Management, being the asset management business of JPMorgan Chase & Co, a leading global financial services firm. APG Asset Management N.V., which is headquartered in the Netherlands, is a financial services provider for (pension) funds and employers in various sectors.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, TPIH and its ultimate beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

The highest of the applicable percentage ratios in respect of the Transaction exceeds 25% and is lower than 100%. The Transaction therefore constitutes a major transaction of the Company. The Transaction is subject to the reporting, disclosure and shareholder approval requirements applicable to a major transaction under Chapter 14 of the Listing Rules.

The Transaction is subject to Shareholders' approval and satisfaction or waiver of conditions precedent. There is no assurance that the Transaction will take place or as to when it may take place. Shareholders and potential investors in the Company should therefore exercise caution when dealing in the securities of the Company.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

Under Rule 4.03 of the Listing Rules, the accountants' report on the NPH Group (the "**Accountants' Report**") must normally be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance (Cap. 50 of the Laws of Hong Kong) (the "**Professional Accountants Ordinance**") for appointment as auditors of a company and who are independent both of the issuer and of any other company concerned to the same extent as that required of an auditor under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), provided that, in the case of a circular issued by a listed issuer in connection with the acquisition of an overseas company, the Stock Exchange may be prepared to permit the Accountants' Report to be prepared by a firm of practising accountants which is not so qualified but which is acceptable to the Stock Exchange. Such a firm must normally have an international name and reputation and be a member of a recognised body of accountants.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 4.03 of the Listing Rules such that KPMG Spain, a firm of practising accountants not qualified under the Professional Accountants Ordinance, was accepted by the Stock Exchange to prepare the Accountants' Report.

KPMG Spain is a member of the KPMG network of independent firms affiliated with KPMG International Cooperative, which is an internationally recognised accounting firm, and its professional accountants are members of the Instituto de Censores Jurados de Cuentas de España (ICJCE), which is a member of the International Federation of Accountants. KPMG Spain is a licensed audit firm in Spain under the supervision of the Instituto de Contabilidad y Auditoría de Cuentas (ICAC) which is a member of the International Forum of Independent Audit Regulators (IFIAR), registered under no. S0702 in the Spanish Official Registry of Accountants (Registro Oficial de Auditores de Cuentas (ROAC)).

KPMG Spain has been the auditors of the NPH Group and the Retained Noatum Group (together as the "**Larger Group**") since 2012. The consolidated financial statements of the Larger Group for the three financial years ended 31 December 2014, 2015 and 2016, being the periods to be covered by the Accountants' Report, were audited by KPMG Spain. The Company considers that KPMG Spain's knowledge of the Larger Group's operations and financial reporting system puts it in a better position than other accountants to give the Accountants' Report. The Company also considers that the preparation by an accounting firm qualified under the Professional Accountants Ordinance of the Accountants' Report would be unduly burdensome and impractical and would not be in the best interests of the Shareholders.

SGM

A notice convening the SGM to be held at 2.30 p.m. on Thursday, 27 July 2017 at 47/F, COSCO Tower, 183 Queen's Road Central, Hong Kong for the Shareholders to consider and, if thought fit, approve the Transaction is set out on pages N-1 to N-2 of this circular.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Transaction. As such, no Shareholder will be required to abstain from voting at the SGM in respect of the relevant resolution relating to the Transaction.

Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Friday, 21 July 2017. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 21 July 2017.

A proxy form for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM or any adjournment thereof, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you so wish.

RECOMMENDATION

The Directors are of the opinion that the Transaction is fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices of this circular.

Yours faithfully,
For and on behalf of
COSCO SHIPPING Ports Limited
ZHANG Wei (張為)
Vice Chairman & Managing Director

1. FINANCIAL REPORTS

The audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2014, 2015 and 2016 are disclosed in the annual reports of the Company for each of such three financial years respectively. All of the above financial information has been published on the website of the Company (http://ports.coscoshipping.com) and the website of the Stock Exchange (www.hkexnews.hk) and can be accessed by the direct hyperlinks below:

(i) in respect of the annual report of the Company for the year ended 31 December 2016 published on 12 April 2017 (pages 114 to 200):

http://www.coscopac.com.hk/admin/upload/ir/financial_report/ear2016.pdf

(ii) in respect of the annual report of the Company for the year ended 31 December 2015 published on 14 April 2016 (pages 112 to 184):

http://www.coscopac.com.hk/eng/ar_eversion/2015/

(iii) in respect of the annual report of the Company for the year ended 31 December 2014 published on 13 April 2015 (pages 117 to 194):

http://www.coscopac.com.hk/eng/ar_eversion/2014/

2. INDEBTEDNESS

The Group

As at the close of business on 30 April 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total outstanding borrowings of approximately US$1,709.1 million. Details of the total indebtedness are summarised below:

	US$ million
Current	
Short-term borrowings	195.7
Long-term borrowings, current portion	102.4
Current portion of loans from a fellow subsidiary	9.5
Loans from non-controlling shareholders of subsidiaries	167.6
Loan from a joint venture	40.4
Non-current	
Long-term borrowings, net of current portion	869.3
Notes payables	298.0
Loan from a fellow subsidiary	26.2
Total	1,709.1

Apart from a secured long-term bank loan of approximately US$357.8 million, all other indebtedness were unsecured and unguaranteed.

At the close of business on 30 April 2017, the Group pledged its property, plant and equipment with a total carrying amount of approximately US$103.9 million, and the Company's investment in subsidiaries which amounted to approximately US$107.8 million was used as a security for a banking facility granted to the Group.

At the close of business on 30 April 2017, the Group had provided bank guarantees amounting to approximately US$10.4 million to a joint venture of the Group. The fair value of the guarantee contracts was not material and has not been recognised.

Save as disclosed above and apart from intra group liabilities, as at the close of business on 30 April 2017, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages, charges, contingent liabilities or guarantees.

NPH Group

As at the close of business on 30 April 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the NPH Group had total outstanding borrowings of approximately €645.5 million. Details of the total indebtedness are summarised below:

	€ million
Current	
Loans and borrowings	15.4
Payables to related parities	5.8
Other financial liabilities	0.4
Derivative financial instruments	0.6
Non-current	
Loans and borrowings	264.0
Payables to related parties	355.0
Derivative financial instruments	4.3
	645.5

Apart from the secured loans and borrowings and derivative financial instruments of approximately €279.4 million, all of such indebtedness was unsecured and unguaranteed.

At the close of business on 30 April 2017, the NPH Group had granted the following guarantees to the lenders of its bank facilities in NCTV and NCTB; (1) promissory mortgage over the concession agreements in Valencia and Bilbao which represented the administrative concessions and the concession arrangements with carrying amount of €178.8 million; (2) pledge over NPH's investments in NCTV and NCTB which amounted to €163.6 million; and (3) a pledge over certain trade receivables, certain current investments and certain cash and cash equivalents which amounted to €16.3 million.

Save as disclosed above and apart from intra group liabilities, as at the close of business on 30 April 2017, the Target Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages, charges, contingent liabilities or guarantees.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the effect of the Transaction and the financial resources and banking facilities available to the Enlarged Group, the Enlarged Group will have sufficient working capital to meet its present requirement for at least 12 months following the date of publication of this circular and in absence of unforeseen circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Following the reorganization in March 2016, the Group has been transformed into a pure terminal manager and operator with an enlarged terminal portfolio and greater market share.

Having a controlling interest in NPH is in line with the Group's business transformation strategy.

The Group will seek to maximise the capacity of two container terminals, to optimise the structure and efficiency of the NPH Group's business and to improve the synergies and quality of its services. The inauguration of NCTV's Muelle de Costa berth in July 2016 added another one million TEU of capacity and put NCTV in the rare position of being able to handle up to four ultra large containerships at the same time. NCTV had a long-standing relationship with its neighbour in the Port of Valencia, Mediterranean Shipping Company Terminal Valencia S.A.. The Group will strive to provide customers with the best terminal facility and logistics supports in the Western Mediterranean. Since April 2017, OCEAN Alliance has begun to switch from other terminals to NCTV and has a feeder service in NCTB.

As at 31 December 2016, NPH owed Turia Port Investments (Holdings), C.V. (which was then the sole shareholder of NPH and has transferred its shares in NPH to TPIH) €354,107,000 under a participating loan (including accrued interest). The Pre-Completion Restructuring includes the contribution of participating loans (including interest) to the equity of NPH as voluntary reserves such that no amounts (whether principal or interest) will be outstanding from NPH, and NPH will not incur any further financial costs, under any participating loan.

The loss after tax of the NPH Group for the financial year ended 31 December 2016 amounted to €14,942,000. The finance costs of NPH under such participating loan amounted to €17,574,000 for the financial year ended 31 December 2016. The profit after tax of the NPH Group for the financial year ended 31 December 2016 would have been €2,632,000 had such finance costs been disregarded.

The net liabilities of the NPH Group as at 31 December 2016 was €165,688,000. The net assets of the NPH Group as at 31 December 2016 would have been €188,419,000 had NPH's liabilities under such participating loan been disregarded.

There are institutional and economic commitments to improve and develop train connections with Zaragoza. The port authority of Valencia will invest €50 million in 3 years dedicated to improve the tracks in the freight corridor.

According to Drewry Report, Spain's economy has a stronger economic outlook compared to most economies in the west Mediterranean region. Real gross domestic product (GDP) from 2015 to 2021 of Spain is forecast to grow at a compound annual growth rate (CAGR) of 2.1%. Total Spanish container volumes are forecast to grow from 13.6 million TEU in 2016 to 26.8 million TEU in 2035, representing a compound annual growth rate of 3.6%. According to Lloyd's List and Containerization International Top 100 Container Port 2016, the port of Valencia is the largest container complex in Mediterranean.

The stevedoring sector in Spain has undertaken a reform in order to comply with the decision of the European Court of Justice to be in line with the regulations of the European Union on the freedom of establishment. The Spanish Parliament passed a bill on the labour law reform in May 2017. The labour law reform will bring a new era to NCTV and NCTB with new opportunities to enhance efficiency, productivity and competitivity as well as excellent customer services.

Looking ahead, the Company will continue to focus on developing its terminals business and enhance the operational collaboration and strategic synergy with its parent company, strategic partners and key customers. The management of the Group will closely monitor the economic trend around the world, and will continue to focus on improving operational efficiency and profitability.

5. MATERIAL ACQUISITION AFTER 31 DECEMBER 2016

On 20 January 2017, Shanghai China Shipping Terminal Development Co., Ltd. ("**SCSTD**", a wholly-owned subsidiary of the Company) and Qingdao Port International Co., Ltd. ("**QPI**") entered into an agreement pursuant to which SCSTD has conditionally agreed to subscribe for 1,015,520,000 non-circulating domestic shares in QPI at a total consideration of RMB5,798,619,200 (equivalent to RMB5.71 per share), of which RMB3,198,650,840 was settled by the transfer of a 20% equity interest in Qingdao Qianwan Container Terminal Co., Ltd. to QPI and the remaining RMB2,599,968,360 was settled in cash. On the same date, the Company also entered into a strategic co-operation agreement with QPI. Completion took place on 22 May 2017 upon which SCSTD held 16.82% equity interests in QPI.

QPI is a primary operator of the Port of Qingdao, one of the world's largest comprehensive ports. QPI provides a wide range of port-related services, ranging from basic port services, such as stevedoring and storage services, to ancillary and extended services such as logistics services and financing-related services. QPI's H shares are listed on the Stock Exchange.

For details of the acquisition of shares in QPI, please refer to the announcement of the Company dated 20 January 2017 and the circular of the Company dated 13 February 2017.

None of the Directors' remuneration or benefits in kind was varied in consequence of the above acquisition of shares in QPI.

As at 31 December 2016, Noatum Port Holdings, S.L.U. ("**NPH**" or the "**Parent**") has commenced implementing a plan to transfer all assets and liabilities held by Noatum Terminal Graneles Santander, S.A.U., Noatum Terminal Polivalente Sagunto, S.L.U. and Noatum Terminal Malaga, S.A.U. and dispose its equity interests in SM Gestinver, S.A.U. and Noatum Terminal Polivalente Santander, S.L.U. (collectively, the "**Discontinued Operations**"). These companies are not engaged in the container business. The aforementioned assets and liabilities are classified as held for sale, since at 31 December 2016 the likelihood of such transfer is high and they are included in a sale plan committed and approved by the management of the Target Group (as defined below). Up to date, approvals are pending from certain port authorities in relation to the transfer of shares to concessionaries. In addition, in May 2017 the board of directors of NPH approved the transfer of the shares of the company Operaciones Portuarias Canarias, S.A. ("**OPCSA**") which is accounted for by the equity method. The transfer of these companies and assets is expected to take place during 2017. NPH's remaining business other than the Discontinued Operations and OPCSA are collectively referred to as the "**Target Group**".

The Parent will hold shares in the following entities upon Completion:

Name	**% owned at 12.31.2016**
Noatum Ports, S.L.U.	100.00%
Noatum Container Terminal Bilbao, S.L.	77.47%
Noatum Container Terminal Valencia, S.A.U.	100.00%
Conte-Rail, S.A.	50.00%
Noatum Rail Terminal Zaragoza, S.L.	60.00%
Noatum Terminal Graneles Santander, S.A.U (*)	100.00%
Noatum Terminal Polivalente Sagunto, S.L.U (*)	100.00%
Noatum Container Terminal Malaga, S.A.U (*)	100.00%

(*) *All assets and liabilities of these entities to be transferred out of the Target Group*

Set out below is the management discussion and analysis (the "**MD&A**") on the Target Group for the three financial years ended 31 December 2014, 2015 and 2016. The MD&A relates to the consolidated financial statements for the years ended 31 December 2014, 2015 and 2016. The "Larger Group" is defined in "*MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES*" section of this Appendix III.

The following discussion and analysis should be read in conjunction with the accountants' report set out in Appendix II to this circular (the "**Accountants' Report**").

REVENUE

For the three years ended 31 December 2014, 2015 and 2016, the revenue of the Target Group was €188,748,000, €188,930,000 and €191,359,000, respectively.

The revenue of the Target Group comprised revenue from operations in two port container terminals: Noatum Container Terminal Valencia, S.A.U. ("**NCTV**") and Noatum Container Terminal Bilbao, S.L. ("**NCTB**") and the rail container terminal in Zaragoza (Noatum Rail Terminal Zaragoza S.L.).

Revenues are mainly divided in local operations and transshipment operations being the former more profitable than the latter due to its higher tariffs. For the three years ended 31 December 2014, 2015 and 2016, the local operations represented 57.6%, 49.8%, 47.9% of total volumes respectively.

The slight increase in revenue in 2015 by 0.1% as compared to 2014 was principally due to an increase in volumes by 8.6% (positive impact) and a change in the revenues mix with a higher share of transshipment moves over total throughput in 2015 vs 2014 (negative impact as transshipment operations entail lower tariffs than local operations). The increase in revenue in 2016 by 1.3% as compared to 2015 was also due to an increase in volumes but also to a slight increase in revenue per move (+0.5%).

COST OF MATERIAL USED AND OTHER EXTERNAL EXPENSES

For the three years ended 31 December 2014, 2015 and 2016, the cost of material used and other external expenses of the Target Group was €80,646,000, €85,466,000 and €88,650,000, respectively. These costs are principally related to workforce hired to the stevedoring pool along with other variable costs (activity fee, supplies, etc.). The increase in cost of material used and other external expenses for the year ended 31 December 2015 by 6.0% compared to 2014 was mainly driven by traffic growth. The further increase for the year ended 31 December 2016 by 3.7% compared to 2015 was also driven by traffic growth together with an increase in variable cost per move given lower productivity in NCTV caused by bad weather conditions and the use of cranes without twin-mode.

PERSONNEL EXPENSES AND OTHER OPERATING EXPENSES

For the three years ended 31 December 2014, 2015 and 2016, the personnel expenses and other operating expenses of the Target Group consisted of €72,399,000, €70,164,000 and €78,727,000.

Personnel costs decreased by 8.1% in year 2015 in relation to a lower number of employees following Noatum Terminal Polivalente Sagunto, S.L.U. ("**Sagunto**") segregation, and increased by 2.9% in year 2016 due to salaries increase according to conditions of collective bargaining agreements for new employees. Other operating expenses increased by 0.8% in year 2015 due to insurance premium and independent professional services costs while increased by 18.8% in year 2016 due to higher transport cost of cranes purchased in 2016 and independent professional services costs related to different projects.

LOSS FROM CONTINUING OPERATIONS[1]

For the three years ended 31 December 2014, 2015 and 2016, the consolidated loss for the year of the Target Group and OPCSA was €9,793,000, €18,716,000 and €32,349,000, respectively.

The increase in the consolidated loss for the year ended 31 December 2015 against 2014 was principally due to a loss incurred in the cancellation of the NCTB financial instrument amounting to €9,815,000 (zero in 2014).

The increase in loss from Target Group and OPCSA for the year ended 31 December 2016 as compared to 2015 was principally due to the impairment losses in the caption "Share of profit/(loss) of equity-accounted investees, net of tax" amounting €16,549,000 (zero in 2015).

BORROWINGS AND FINANCING

The Target Group sources of funding comprise mainly shareholder's equity and bank borrowings (external borrowings). All borrowings as well as cash and cash equivalents are held in Euro.

The external borrowings of the Target Group at 31 December 2016 comprise bank syndicated loans (NCTV lenders being Banco Santander, ING, Bankia and Caixabank and NCTB lenders being Banco Santander, Banco Sabadell and Caixabank) and other working capital facilities (revolving credit facilities, factoring, etc.). The maturity profile of these borrowings is set out in Note 15.2 in the Accountants' Report in Appendix II.

As at 31 December 2014, the Target Group had a net debt (being its debts less cash and cash equivalents and current investments) of €202,653,000. The amount of debts of the Target Group (calculated as the sum of non-current and current loans and borrowings, derivative financial instruments and other current financial liabilities) amounted to €225,698,000. Cash and cash equivalents and current investments of the Target Group amounted to €23,045,000.

As at 31 December 2015, the Target Group had a net debt (being its debts less cash and cash equivalents and current investments) of €205,212,000. The amount of debts of the Target Group (calculated as the sum of non-current and current loans and borrowings, derivative financial instruments and other current financial liabilities) amounted to €236,971,000. Cash and cash equivalents and current investments of the Target Group amounted to €31,759,000.

As at 31 December 2016, the Target Group had a net debt (being its debts less cash and cash equivalents and current investments) of €261,764,000. The amount of debts of the Target Group (calculated as the sum of non-current and current loans and borrowings, derivative financial instruments and other current financial liabilities) amounted to €288,295,000. Cash and cash equivalents and current investments of the Target Group amounted to €26,531,000.

(1) Net of tax

The overall increase in net debt during the above periods was primarily due to CAPEX funding of NCTV and NCTB. The increase in the net debt-to-equity ratio from 61% as at 31 December 2014 to 82% as at 31 December 2015 was mainly due to a lower net profit as a result of the swap cancelled during the refinancing process of NCTB amounting to €9,815,000. The increase in net debt-to-equity ratio from 82% as at 31 December 2015 to 102% as at 31 December 2016 was due to the impairment losses in the caption "Share of profit/(loss) of equity-accounted investees, net of tax" amounting €16,549,000 in 2016 together with an increase in debt due to CAPEX financing.

As at 31 December 2014, 2015 and 2016, the Target Group had granted several guarantees to the lenders of its bank facilities in NCTV and NCTB. The details of such guarantees which include charges on assets are set out in Notes 7 and 15 in the Accountants Report in Appendix II.

For the years ended 31 December 2014, 2015 and 2016, the ranges of effective interest rates per annum on the Target Group 's secured long term bank borrowings were 5.43%-7.46%, 2.45%-3.04% and 2.42%-3.16% respectively. Interest rates on the NPH Group's bank borrowings were variable (linked to Euribor) plus a margin. In order to reduce the impact of the fluctuation of interest rates associated to bank borrowings, the Target Group has arranged various financial derivatives to hedge the interest rates on those bank borrowings. The hedging agreements notionals cover 75% of debt outstanding at each of the interest periods.

In 2014, 2015 and 2016, the Group did not recognise any amounts in respect of foreign currency transactions for sales and services.

FINANCIAL POSITION

The consolidated total assets of the Target Group were €510,149,000 as at 31 December 2014, €503,316,000 as at 31 December 2015 and €532,026,000 as at 31 December 2016.

The decrease from 2014 to 2015 was mainly related to the Sagunto segregation from Noatum Container Terminal Valencia S.A.U (formerly both were part of one single legal entity named Noatum Ports Valenciana, S.A.U). This resulted in a reduction of €12,616,000 in other intangible assets and €6,372,000 in property, plant and equipment.

The increase in consolidated total assets from 2015 to 2016 principally reflects the increase of €31,632,000 and €17,771,000 accounted for in property, plant and equipment and deferred tax assets respectively, related to additional investments in NCTV and NCTB and the negative result of the year. This increase was partially offset by the reduction in the caption "Equity-accounted investees" which includes the impairment of the investment in OPCSA, amounting to €16,549,000.

The consolidated total liabilities of the Target Group were €597,825,000 as at 31 December 2014, €621,573,000 as at 31 December 2015 and €681,614,000 as at 31 December 2016. The increase in consolidated total liabilities in 2015 from 2014 was mainly due to (1) an increase of the shareholder loan balance due to the capitalisation of interest expense and (2) an increase in external debt mainly due to CAPEX financing at NCTV and NCTB and also the financing of the Mark to Market of the swap cancelled during the refinancing processes of these two entities in 2015. The increase in consolidated total liabilities in 2016 from 2015 was mainly due to CAPEX financing at NCTV and NCTB.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

At 31 December 2016, 2015 and 2014, NPH and its subsidiaries (hereinafter the "**Larger Group**") comprised the following companies:

Name	2014	2015	2016
Subsidiaries			
Noatum Ports, S.L.U. (1)	100.00%	100.00%	100.00%
Noatum Container Terminal Bilbao, S.A.U. (1)	77.47%	77.47%	–
Noatum Container Terminal Bilbao S.L. (Formerly known as A.T.M. Cartera S.L.) (1)	77.47%	77.47%	77.47%
Noatum Terminal Polivalente Santander, S.L.U. (2)	81.00%	100.00%	100.00%
Noatum Container Terminal Valencia, S.A.U. (1)	100.00%	100.00%	100.00%
Autoterminal, S.A. (2)	44.73%	57.71%	57.71%
SM Gestinver, S.A.U. (2)	77.50%	100.00%	100.00%
Noatum Container Terminal Málaga, S.A.U. (2)	89.00%	100.00%	100.00%
Noatum Terminal Graneles Santander, S.A.U. (2)	81.00%	100.00%	100.00%
Noatum Rail Terminal Zaragoza, S.L. (1)	60.00%	60.00%	60.00%
Noatum Terminal Polivalente Sagunto, S.L.U. (2)	–	100.00%	100.00%
Associates			
Desarrollo de Espacios Portuarios, S.A. (2)	22.36%	28.86%	28.86%
Conte-Rail, S.A. (1)	50.00%	50.00%	50.00%
Mepsa Servicios y Operaciones, S.A. (2)	35.00%	35.00%	35.00%
Operaciones Portuarias Canarias, S.A. (1)	45.00%	45.00%	45.00%

(1) Continuing Operations
(2) Discontinued Operations

During 2014, the only change in the scope of consolidation was that the interest held in Noatum Rail Terminal Zaragoza, S.L. was reduced from 80% in 2013 to 60% in 2014. This company was incorporated as part of the Larger Group in 2013 and the Larger Group held an 80% interest therein at the 2013 year end.

There were various changes in percentage ownership in 2015. Noatum Terminal Polivalente Santander, S.L.U., SM Gestinver, S.A.U., Noatum Container Terminal Málaga, S.A., Noatum Terminal Graneles Santander, S.A.U. and Noatum Terminal Polivalente Sagunto, S.L.U became wholly owned, while the interest held in Autoterminal, S.A. increased from 44.73% in 2014 to 57.71% in 2015.

During 2015, Noatum Container Terminal Valencia, S.A.U. (a spin-off company, and the original holder of the Sagunto concession) spun-off part of its business in the port of Sagunto. The public deed of the partial spin-off was filed at the Valencia Mercantile Registry on 15 July 2015.

For tax purposes, the spin-off constitutes a contribution of a branch of activity as through the operation, the spun-off company contributes to Noatum Terminal Polivalente Sagunto, S.L.U. a group of assets comprising a pre-existing branch of activity, while keeping another branch of activity. As consideration, Noatum Ports, S.L.U., the sole shareholder of the spun-off company, received shares of Noatum Terminal Polivalente Sagunto, S.L.U.

The spin-off was carried out in accordance with the special Spanish regime regulating mergers, spin-offs, asset contributions and exchanges of securities and was duly communicated to the Spanish Ministry of Economy and Finance.

The balance sheet of Noatum Terminal Polivalente Sagunto, S.L.U. at 31 December 2014 was considered the balance sheet of the partial spin-off. The spun-off assets and liabilities were measured at their carrying amount at 31 December 2014 and the company recognised the spun-off assets and liabilities at a net value of €18,969,000 in reserves.

In June 2016, the companies A.T.M. Cartera, S.L. and Noatum Container Terminal Bilbao, S.A.U. were merged to Noatum Container Terminal Bilbao, S.L., thereby bringing together in a single entity all activities involving loading and unloading of containers in the port terminals located in the Basque Country. Subsequent to the merger, A.T.M. Cartera, S.L. changed its name to Noatum Container Terminal Bilbao, S.L.

EMPLOYEES AND REMUNERATION POLICY

The Target Group had 349, 339 and 349 employees at 31 December 2014, 2015 and 2016 respectively. The total personnel expenses of the Target Group for the three years ended 31 December 2014, 2015 and 2016 were €31,564,000, €29,011,000 and €29,853,000 respectively.

Remuneration for employees is determined in accordance with performance, professional experiences, qualifications, skills and the prevailing market conditions. Management reviews the employee remuneration policy and arrangement on a regular basis. Discretionary bonuses are granted to certain employees as awards in accordance with individual performance. The Target Group did not adopt any share option scheme.

Remuneration of the board of directors

At 31 December 2016, the board of directors of the Parent comprised one male director and two legal entities, each with a male representative (also one male director and two legal entities, each with a male representative, at 31 December 2015 and 2014).

Remuneration paid in 2014, 2015 and 2016 to the members of the board of directors of the Parent amounted to €134,000, €146,000 and €153,000 for the three years ended. This remuneration reflects all the amounts accrued by the directors in 2014, 2015 and 2016.

FUTURE COMMITMENTS FOR MATERIAL INVESTMENTS

As at 31 December 2016, the only future commitments for material investments at the Target Group level are those related to the concession extensions in NCTV (expected to be granted in the coming months) and NCTB (already granted in July 2016) amounting to €9,875,000 and €34,000,000, respectively.

These investments, mainly focused on machinery, will generate a greater installed capacity with the aim to absorb the growing container volumes, while offering solutions that will bring improvements in operating costs, placing these terminals as a benchmark in their industry.

These material investments are expected to be funded through specific bank credit facilities and the operating cash flows of NCTV and NCTB.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") which has been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below, for the purpose of illustrating the effect of the Transaction as if it had taken place on 31 December 2016 for the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Transaction been completed as at 31 December 2016 or at any future date. The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

(B) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

		Pro forma adjustments					
	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2016	Audited consolidated statement of assets and liabilities of NPH and its subsidiaries as at 31 December 2016	Note 4	Note 5	Note 6	Note 7	Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
Non-current assets							
Property, plant and equipment	2,367,602	178,964	–	–	(3,954)	–	2,542,612
Investment properties	8,135	–	–	–	–	–	8,135
Land use rights	201,804	–	–	–	–	–	201,804
Intangible assets	5,435	227,155	–	–	153,149	–	385,739
Joint ventures and associates	2,814,879	17,884	–	(16,958)	–	–	2,815,805
Loans to joint ventures and associates	175,183	–	–	–	–	–	175,183
Available-for-sale and other financial assets	156,939	221	–	–	–	–	157,160
Deferred income tax assets	11	61,150	–	–	–	–	61,161
Other non-current assets	60,960	–	–	–	–	–	60,960
	5,790,948	485,374	–	(16,958)	149,195	–	6,408,559
Current assets							
Inventories	9,951	3,658	–	–	–	–	13,609
Trade and other receivables	148,015	27,570	–	–	–	–	175,585
Current income tax recoverable	442	14,832	–	–	–	–	15,274
Restricted bank deposits	2,868	–	–	–	–	–	2,868
Cash and cash equivalents	834,232	15,793	–	–	(85,735)	–	764,290
Current investment and other current assets	–	13,159	–	–	–	–	13,159
Disposal group held for sale	–	73,020	–	(73,020)	–	–	–
	995,508	148,032	–	(73,020)	(85,735)	–	984,785
Total assets	6,786,456	633,406	–	(89,978)	63,460	–	7,393,344

	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2016	Pro forma adjustments					Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
		Audited consolidated statement of assets and liabilities of NPH and its subsidiaries as at 31 December 2016	Note 4	Note 5	Note 6	Note 7	
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
Liabilities							
Non current liabilites							
Deferred income tax liabilites	52,914	–	–	–	19,694	–	72,608
Derivative financial instuments	–	5,509	–	–	–	–	5,509
Long term borrowings	1,071,406	277,488	–	–	128,603	–	1,477,497
Loan from a fellow subsidiary	28,805	–	–	–	–	–	28,805
Loans from related parties	–	366,438	(365,283)	–	–	–	1,155
Other long term liabilities	31,584	7,909	–	–	–	–	39,493
	1,184,709	657,344	(365,283)	–	148,297	–	1,625,067
Current liabilities							
Trade and other payables and others	395,955	37,832	–	–	–	3,226	437,013
Current income tax liabilities	8,403	2,149	–	–	–	–	10,552
Current portion of long term borrowings	256,609	3,687	–	–	–	–	260,296
Loans from related parties	–	7,728	(7,701)	–	–	–	27
Short term borrowings	174,976	9,210	–	–	–	–	184,186
Disposal group held for sale	–	69,612	–	(69,612)	–	–	–
	835,943	130,218	(7,701)	(69,612)	–	3,226	892,074
Total liabilities	2,020,652	787,562	(372,984)	(69,612)	148,297	3,226	2,517,141
Net assets	4,765,804	(154,156)	372,984	(20,366)	(84,837)	(3,226)	4,876,203

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) The audited consolidated statement of assets and liabilities of the Group as at 31 December 2016 is extracted from the audited consolidated balance sheet as at 31 December 2016 of the Group as set out in the published annual report of the Company as at and for the year ended 31 December 2016.

(2) For the purpose of preparing the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group, the translation of € to US$ was made at a rate of €1.00 to US$1.053308.

(3) The consolidated statement of assets and liabilities of NPH and its subsidiaries as at 31 December 2016 is extracted from the financial information of NPH and its subsidiaries as set out in Appendix II to this circular and is translated into US$.

(4) The adjustment represents the contribution of participating loans amounted to €354,107,000 (equivalent to approximately US$372,984,000) (including interest) to the equity of NPH as voluntary reserves in the Pre-Completion Restructuring such that no amounts (whether principal or interest) will be outstanding from NPH, and NPH will not incur any further financial costs, under any participating loan.

(5) The adjustment represents the exclusion of the assets and liabilities, which will be disposed to Noatum Maritime Holdings S.L.U. included in the Retained Noatum Group before the completion of the Transaction at carrying amount. This includes disposal group held for sale with a net carrying amount of €3,235,000 (equivalent to approximately US$3,408,000) and OPCSA, an equity-accounted investment of NPH with a carrying amount of €16,100,000 (equivalent to approximately US$16,958,000) with reference to the financial information of NPH and its subsidiaries as set out in Appendix II.

(6) The Transaction

The Transaction involves the acquisition of 51% equity interest in NPH Group by the Company pursuant to the terms of the Sale and Purchase Agreement at a total consideration of €203,490,000 (equivalent to approximately US$214,338,000) which will be satisfied by bank borrowings of US$128,603,000 and internal resources (i.e. cash in hand) of US$85,735,000.

The adjustments represent the recognition of goodwill, intangible assets and property, plant and equipment and deferred tax liabilities arising from the Transaction. Upon completion of the Transaction, the identifiable assets and liabilities of the NPH Group were accounted for in the consolidated balance sheet of the Enlarged Group at fair value under the acquisition method in accordance with Hong Kong Financial Reporting Standard 3, "Business Combination" ("**HKFRS 3**"). For the purpose of the Unaudited Pro Forma Financial Information and for illustrative purpose only, the Group has carried out an illustrative consideration allocation exercise in accordance with HKFRS 3. The identifiable assets and liabilities of the NPH Group are recorded in the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group at their fair values estimated by the Directors with reference to the valuation performed by an independent professional qualified valuer which issued a valuation report dated 21 June 2017 (the "**Valuation Report**") on the NPH Group for the purpose of purchase price allocation.

The excess amount of the consideration over the Group's share of the fair value of the net identifiable assets of the NPH Group is recognised as goodwill. The goodwill arising from the Transaction of the continuing business of NPH Group is calculated as follows:

	Note	*US$'000*
Consideration		**214,338**
Less:		
Net assets of NPH and its subsidiaries as at 31 December 2016	*a*	218,829
Exclusion of the Retained Noatum Group	*note 5*	(20,366)
Previously recognised goodwill	*b*	(33,156)
Fair value deficit of property, plant and equipment	*c*	(3,954)
Fair value surplus of intangible assets	*d*	82,729
Effect on deferred tax liabilities arising from fair value surplus of intangible assets and deficit of property, plant and equipment	*e*	(19,694)
Fair value of identifiable assets acquired and liabilities assumed of the Group		224,388
Less:		
Non-controlling interests of subsidiaries of the NPH Group	*f*	(7,206)
Total fair value of identifiable assets acquired and liabilities assumed of the NPH Group		**217,182**
Add:		
Non-controlling interests of 49% of the NPH Group	*g*	106,420
Goodwill	*h*	**103,576**

Notes:

(a) Net assets of NPH and its subsidiaries is determined as follows:

	US$'000
Net liabilities value of NPH and its subsidiaries as at 31 December 2016 *(note 3)*	(154,155)
Add: Capitalisation of participating loan (including interest) *(note 4)*	372,984
Net assets of NPH and its subsidiaries	218,829

(b) NCTV and NCTB have previously recognised goodwill amounted to €31,478,000 (equivalent to approximately US$33,156,000) generated on business combinations in prior years are excluded from calculation of identifiable assets acquired.

(c) For the purpose of the Unaudited Pro Forma Financial Information, the fair values of the property, plant and equipment of the NPH Group was based on a Valuation Report prepared by an independent valuer, with a fair value deficit of €3,754,000 (equivalent to approximately US$3,954,000)

(d) Fair value surplus of intangible assets represent a fair value surplus of concession rights acquired amounted to €52,542,000 (equivalent to approximately US$55,343,000) and customer relationship calculated by excess earning method acquired from the Transaction amounted to €26,000,000 (equivalent to approximately US$27,386,000).

(e) The adjustment on deferred tax liabilities of US$19,694,000 is determined based on the fair value surplus of intangible assets of US$82,729,000, netted against the fair value deficit of property, plant and equipment of US$3,954,000 by applying statutory tax rate of 25% in Spain.

(f) The amount represents the non-controlling interests of subsidiaries of the NPH Group amounted to €6,841,000 (equivalent to approximately US$7,206,000).

(g) The amount represents 49% of the recognised amounts of identifiable net assets attributable to owners of the NPH Group.

(h) Since the fair values of the identifiable assets and liabilities of the NPH Group at the Completion Date may substantially different from the fair values used in the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the identified net assets (including intangible assets) and goodwill may be different from the amounts presented above. The Directors of the Company confirm that consistent policies and assumptions have been applied for the purpose of assessing impairment of goodwill and other intangible assets under Hong Kong Accounting Standard 36 "Impairment of Assets", and the Directors of the Company are not aware of any indications that an impairment of the Enlarged Group's goodwill and other intangible assets is required after considering the nature, prospects, financial condition and business risks of the Enlarged Group.

(7) The adjustment represents the estimated professional fee and transaction costs of approximately US$3,226,000 by the Enlarged Group in connection with the Transaction, which are assumed to be payable upon the completion of the Transaction.

(8) Apart from the Transaction, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Group and the NPH Group subsequent to 31 December 2016. In particular, the Unaudited Pro Forma Financial Information has not taken into account the acquisition of shares in Qingdao Port International Co., Ltd. and disposal of equity interests in Qingdao Qianwan Container Terminal Co., Ltd. as disclosed in the announcement of the Company dated 20 January 2017.

(C) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of COSCO SHIPPING Ports Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of COSCO SHIPPING Ports Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") and NPH and its subsidiaries other than the Retained Noatum Group (the "**NPH Group**") (collectively the **"Enlarged Group"**) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 31 December 2016, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages IV-1 to IV-5 of the Company's circular dated 30 June 2017, in connection with the proposed acquisition of shares in Noatum Port Holdings, S.L.U. (the "**Transaction**") by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-5.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2016 as if the Transaction had taken place at 31 December 2016. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 31 December 2016, on which an audit report has been published.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 30 June 2017

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

(a) As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules were as follows:

(i) Long positions in the shares of the Company

Name of Director	Capacity	Nature of interests	Number of Shares held as at the Latest Practicable Date	Percentage of total number of issued Shares as at the Latest Practicable Date
Mr. ZHANG Wei (張煒)	Beneficial owner	Personal	30,000	0.001%
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	564,062	0.019%

(ii) Long positions in the shares of associated corporations

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of H shares held as at the Latest Practicable Date	Percentage of total number of issued H shares of the associated corporation as at the Latest Practicable Date
COSCO SHIPPING Holdings Company Limited	Dr. FAN HSU Lai Tai, Rita	Beneficial Owner	Personal	10,000	0.0004%
COSCO SHIPPING Energy Transportation Co., Ltd.	Mr. Adrian David LI Man Kiu	Beneficial Owner	Personal	508,000	0.04%

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of A shares held as at the Latest Practicable Date	Percentage of total number of issued A shares of the associated corporation as at the Latest Practicable Date
COSCO SHIPPING Development Co., Ltd.	Mr. FENG Boming	Beneficial Owner	Personal	29,100	0.0004%

(b) As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors, no Director was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

China COSCO Shipping Corporation Limited

Name of Director	Post held
Mr. HUANG Xiaowen	Executive vice president and party committee member
Mr. FENG Boming	General manager of the strategic and corporate management department
Mr. ZHANG Wei (張煒)	General manager of the operation and management department
Mr. CHEN Dong	General manager of the financial management department
Mr. WANG Haimin	Director

COSCO SHIPPING Holdings Company Limited

Name of Director	Post held
Mr. HUANG Xiaowen	Vice chairman and executive director
Mr. ZHANG Wei (張為)	Executive director and deputy general manager
Mr. FANG Meng	Supervisor representing employees
Mr. DENG Huangjun	Chief financial officer
Mr. FENG Boming	Non-executive director
Mr. ZHANG Wei (張煒)	Non-executive director
Mr. CHEN Dong	Non-executive director
Mr. XU Zunwu	Executive director, general manager and deputy party secretary (in charge of the general affairs)
Mr. WANG Haimin	Executive director and deputy general manager

(c) Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, (i) none of the Directors or chief executives of the Company had any interest or short positions in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and (ii) none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, the Directors namely Mr. HUANG Xiaowen, Mr. ZHANG Wei (張為), Mr. FANG Meng, Mr. DENG Huangjun, Mr. FENG Boming, Mr. ZHANG Wei (張煒), Mr. CHEN Dong, Mr. XU Zunwu and Mr. WANG Haimin held directorships and/or senior management positions in China COSCO Shipping Corporation Limited and its respective associates and/or other companies which have interests in terminals operation and management business (the "**Terminal Interests**").

The Board is of the view that the Group is capable of carrying on its businesses independently of the Terminal Interests. When making decisions on the terminals business of the Group, the relevant Directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interests of the Group. Other than as disclosed above, none of the Directors and their respective associates has interests in the businesses which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group.

4. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

5. DIRECTORS' INTEREST IN CONTRACTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Enlarged Group.

6. DIRECTORS' INTEREST IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular and whose opinion or advice is contained in this circular:

Name	Qualification
PwC	Certified Public Accountants
KPMG Spain	Certified Public Accountants

As at the Latest Practicable Date, neither PwC nor KPMG Spain were beneficially interested in the share capital of any member of the Group, nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, neither PwC nor KPMG Spain had any direct or indirect interest in any assets which had been, since 31 December 2016 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

Each of PwC and KPMG Spain has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion herein of its report or letter and references to its name in the form and context in which it appears.

8. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. LITIGATION

There was no litigation or claim of material importance pending or threatened against any member of the Enlarged Group as at the Latest Practicable Date.

10. MATERIAL CONTRACTS

The members of the Enlarged Group have entered into the following material contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular:

(a) a sale and purchase agreement dated 11 December 2015 between the Company as purchaser and COSCO SHIPPING Development Co., Ltd. (formerly China Shipping Container Lines Company Limited) and COSCO SHIPPING Financial Holdings Co., Limited (formerly China Shipping (Hong Kong) Holdings Co., Limited) as sellers in relation to acquisition of the entire issued share capital of China Shipping Ports Development Co., Limited for an initial consideration of RMB7,632,455,300 (subject to completion accounts adjustments, pursuant to which an amount of RMB216,989,700 was deducted in relation to the incompletion of sale of Damietta International Port Company S.A.E.), details of which are set out in the announcement of the Company dated 11 December 2015 and the circular of the Company dated 31 December 2015;

(b) a sale and purchase agreement dated 11 December 2015 between the Company as seller and COSCO SHIPPING Development (Hong Kong) Co., Limited (formerly China Shipping Container Lines (Hong Kong) Co., Limited) as purchaser in relation to the disposal of the entire issued share capital of Florens International Limited (formerly Florens Container Holdings Limited) for an initial consideration of RMB7,784,483,300 (subject to completion accounts adjustments) and assignment of the shareholder's loans in the amount of US$285,000,000 for a consideration of US$285,000,000, details of which are set out in the announcement of the Company dated 11 December 2015 and the circular of the Company dated 31 December 2015; and

(c) a transaction agreement dated 20 January 2017 between Shanghai China Shipping Terminal Development Co., Ltd. ("**SCSTD**", a wholly-owned subsidiary of the Company) and Qingdao Port International Co., Ltd. ("**QPI**") in relation to the subscription for 1,015,520,000 non-circulating domestic shares in QPI by SCSTD at a total consideration of RMB5,798,619,200 (equivalent to RMB5.71 per share), of which RMB3,198,650,840 was settled by the transfer of a 20% equity interest in Qingdao Qianwan Container Terminal Co., Ltd. to QPI and the remaining RMB2,599,968,360 was settled in cash, together with a strategic co-operation agreement dated 20 January 2017 between the Company and QPI, details of which are set out in the announcement of the Company dated 20 January 2017 and the circular of the Company dated 13 February 2017.

Save as disclosed above, no other material contract has been entered into by the members of the Enlarged Group within the two years immediately preceding the date of this circular.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at 49/F, COSCO Tower, 183 Queen's Road Central, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday (other than public holidays) from the date of this circular up to and including 27 July 2017:

(a) the memorandum of association and bye-laws of the Company;

(b) the material contracts referred to in the section headed "Material Contracts" in this Appendix;

(c) the accountants' report on the financial information of the NPH and its subsidiaries prepared by KPMG Spain, the text of which is set out in Appendix II to this circular;

(d) the report from PwC on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(e) the written consents from the experts referred to under the section headed "Experts and Consents' in this Appendix;

(f) the annual reports of the Company for each of the two financial years ended 31 December 2015 and 2016; and

(g) a copy of each circular issued by the Company under Chapters 14 and/or 14A of the Listing Rules since 31 December 2016, being the date of the latest published audited accounts of the Company.

12. GENERAL

(a) The General Counsel & Company Secretary of the Company is Ms. HUNG Man, Michelle, a practising solicitor in Hong Kong. She is also qualified in England and Wales.

(b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

COSCO SHIPPING Ports Limited
中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1199)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of COSCO SHIPPING Ports Limited (the "**Company**") will be held at 47/F, COSCO Tower, 183 Queen's Road Central, Hong Kong on Thursday, 27 July 2017 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) (i) the entering into of the sale and purchase agreement dated 12 June 2017 by COSCO SHIPPING Ports (Spain) Limited ("**the SPV**"), a wholly-owned subsidiary of the Company, as purchaser and the Company as guarantor of the purchaser, with TPIH Iberia, S.L.U. ("**TPIH**") as seller in relation to the acquisition by the SPV of 51% of the shares in Noatum Port Holdings, S.L.U. ("**NPH**"); (ii) the entering into of the shareholders' agreement dated 12 June 2017 by the Company as the SPV's guarantor, the SPV, TPIH and NPH in relation to NPH (including, without limitation, the possible acquisition by the SPV of TPIH's shares in NPH); and (iii) in each case, the transactions contemplated thereunder (together as the "**Transaction**") be and are hereby approved, ratified and confirmed; and

(b) the directors of the Company be and are hereby authorised for and on behalf of the Company, amongst other matters, to sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Transaction and to be in the interests of the Company."

By Order of the Board
COSCO SHIPPING Ports Limited
HUNG Man, Michelle
General Counsel & Company Secretary

Hong Kong, 30 June 2017

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:
49/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Notes:

1. Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Friday, 21 July 2017. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 21 July 2017.

2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more (if the relevant member holds more than one share) proxies to attend and vote instead of him. A proxy need not be a member of the Company but must be present in person to represent the member.

3. To be valid, the proxy form together with any power of attorney or other authority under which it is signed or a certified copy of such power or authority must be deposited at the office of the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjourned meeting thereof if the shareholder of the Company so desires, and in such event, the proxy form will be deemed to be revoked.

5. Where there are joint holders of any shares in the Company, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. Unless the context requires otherwise, terms defined in the circular of the Company dated 30 June 2017 of which this notice forms part have the same meanings in this notice.