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COSCO SHIPPING Ports Limited

中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

MAJOR TRANSACTION

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

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The Board is pleased to announce that 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. 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. On the same date, the Company (as the SPV's guarantor), the SPV, TPIH and NPH entered into the Shareholders' Agreement which is conditional upon Completion. 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.

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.

A circular containing, among other information, (a) further details of the Transaction and (b) a notice of the SGM, in accordance with the relevant requirements of the Listing Rules is expected to be dispatched to the Shareholders on or before 30 June 2017.

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

The Board is pleased to announce that 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 it 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, 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 calculated by reference to the EBITDA of the NPH Group for the relevant financial years and the EBITDA multiple represented by the Consideration Amount provided that such consideration shall not exceed the pro rata amount of the Consideration Amount. 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 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 perfect 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 enjoy business supports from COSCO SHIPPING's container fleet and OCEAN Alliance and the Company will effectively leverage on such synergistic advantages to create value for Shareholders.

NCTV is the largest container terminal with stable volume and business in the Port of Valencia. The Port of Valencia is one of the top three container ports in the Mediterranean. 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.

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. It serves as the ideal gateway for the transportation of containers throughout the Iberian Peninsula and Southwest of France.

Conterail Madrid and NRTZ Zaragoza can improve the connection between the hinterland and the foreland, help creating 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.

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.

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	For the year ended 31 December 2015
	€ '000	€ '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.

Under the terms of the Pre-Completion Restructuring, TPIH, as the current sole shareholder of NPH, shall be subrogated as the debtor, and contribute the amount, of the then participating loan (including the debt triggered by the accrued interest) to the equity of NPH as voluntary reserves. 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.

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.

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DEFINITIONS

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

“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 precedents (other than condition (v) above) are satisfied or waived in accordance with the Sale and Purchase Agreement provided that condition (v) above is satisfied or waived in accordance 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;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IFRS”	International Financial Reporting Standards;
“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”	<p>(a) any act of God in Spain; or</p> <p>(b) any:</p> <ul style="list-style-type: none"> (i) national emergency; (ii) war; (iii) outbreak of hostilities (or escalation thereof); or (iv) embargo as a result of a war or hostilities <p>in or directly affecting Spain (excluding, for the avoidance of doubt, any act of terrorism, sanctions or industrial action),</p> <p>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;</p>
“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;
“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;
“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 (<i>participaciones sociales</i>) of €1 each in the capital of NPH, which represent 51% of the capital of NPH;
“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;
“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;
“€”	the Euro, the lawful currency of the Eurozone; and
“%”	per cent.

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

Hong Kong, 12 June 2017

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

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director