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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)

CONNECTED TRANSACTION

ACQUISITION OF INTEREST IN THE VADO TERMINALS IN ITALY

The Board is pleased to announce that on 12 October 2016, CSPL SPV (a wholly owned subsidiary of the Company and as purchaser) entered into the Share Sale and Purchase Agreement with APM Terminals (as seller) in connection with the purchase of 40% of the issued share capital of Vado Holding. Vado Holding is the holding company of Vado RT and, subject to Completion of the Vado CT Acquisition, Vado CT. Further, CSPL SPV entered into the Shareholders' Agreement on the same day.

At Closing, CSPL SPV will pay a fixed purchase price of €7,052,015.60 in consideration for the Sale Shares to APM Terminals.

Following Closing, it is expected that CSPL SPV will make available an amount of up to €46,000,000 (and Vado Investment will make available an amount of up to €69,000,000) to Vado Holding (by way of shareholder loan or share premium contributions) in order to finance, among other things, Vado Holding's onward loan to Vado CT to fund certain capital expenditures in relation to the construction of the superstructure of, and the procurement of equipment for, the Vado Container Terminal and the purchase price payable by Vado Holding to Maersk A/S on Completion of the Vado CT Acquisition.

The Acquisition constitutes a connected transaction of the Company. As the highest of the applicable percentage ratios (as defined under Listing Rule 14.07) in respect of the Acquisition is more than 0.1% and less than 5%, the Acquisition is subject to the announcement and reporting requirements (save in respect of Listing Rule 14A.68(5), in relation to which the Company has applied for, and the Stock Exchange has granted the Company a waiver from strict compliance) but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 12 October 2016, CSPL SPV (a wholly owned subsidiary of the Company and as purchaser) entered into the Share Sale and Purchase Agreement with APM Terminals (as seller) in connection with the purchase of 40% of the issued share capital of Vado Holding. Vado Holding is the holding company of Vado RT and, subject to Completion of the Vado CT Acquisition, Vado CT.

SHARE SALE AND PURCHASE AGREEMENT

Parties

1. APM Terminals, as seller of the Sale Shares;
2. CSPL SPV, as purchaser of the Sale Shares; and
3. the Company, as guarantor of CSPL SPV's obligations under the Share Sale and Purchase Agreement.

Subject Matter

On the terms and conditions set out in the Share Sale and Purchase Agreement, APM Terminals has agreed to sell, and CSPL SPV has agreed to buy, the Sale Shares. The Sale Shares represent 40% of the issued share capital of Vado Holding.

Vado Holding is the holding company of Vado RT, which operates the Vado Reefer Terminal at the Vado Port pursuant to the Vado RT Concession Agreement for a term that is due to expire in 2027. Further, Vado Holding is currently expected to complete a purchase of the entire issued share capital of Vado CT in 2018. Vado CT is the concessionaire under the Vado CT Concession Agreement (which has a term of 50 years following the issuance of the Final Test Certificate) and is in the process of constructing the Vado Container Terminal. Following completion of the construction of the Vado Container Terminal and subject to the consent of the Savona Port Authority, Maersk A/S (an affiliate of APM Terminals) will transfer (or procure the transfer of) the entire issued share capital of Vado CT to Vado Holding on the terms and conditions of the Conditional Share Transfer Undertaking. The consideration for such transfer will be an amount that is equal to the aggregate equity contributions that Maersk A/S will have made to the share capital of Vado CT plus historical development and financing costs of the project incurred or accrued as at Completion of the Vado CT Acquisition.

Therefore, the Company will, subject to Closing, have a 40% effective interest in Vado RT and, subject to Completion of the Vado CT Acquisition, have a 40% effective interest in Vado CT.

Consideration

At Closing, CSPL SPV will pay a fixed purchase price of €7,052,015.60 in consideration for the Sale Shares to APM Terminals.

Following Closing, it is expected that CSPL SPV will make available an amount of up to €46,000,000 (and Vado Investment will make available an amount of up to €69,000,000) to Vado Holding (by way of shareholder loan or share premium contributions) in order to finance, among other things, Vado Holding's onward loan to Vado CT to fund certain capital expenditures in relation to the construction of the superstructure of, and the procurement of equipment for, the Vado Container Terminal and the purchase price payable by Vado Holding to Maersk A/S on Completion of the Vado CT Acquisition.

The consideration for the acquisition of the Sale Shares was determined on an "at cost" basis, reflecting the proportionate aggregate amount paid by APM Terminals to the seller of Vado RT pursuant to the Vado RT SPA, certain transaction costs that have been incurred by APM Terminals (which proportionate costs amounted to no more than 2% to 4% of the fixed purchase price of the Sale Shares of €7,052,015.60) and the amount of equity injected to Vado

RT for working capital purposes. In addition, the Company conducted arms-length negotiations with APM Terminals and took into account the financial and operational conditions of the Vado Terminals and the construction costs of the Vado Container Terminal in determining the consideration for the Sale Shares and the amount of shareholder loan and/or share premium contributions.

The consideration will be settled in cash by the internal resources of the Company and/or external financing including bank borrowings.

Conditions

Closing is conditional on certain conditions precedent being satisfied or waived in accordance with the Share Sale and Purchase Agreement. The principal conditions precedent are:

- (i) decisions being taken by the relevant competition authorities, or the expiration of relevant decision time limits set by relevant competition laws, which permit the Acquisition to complete as contemplated; and
- (ii) there having been no material adverse effect (as defined in the Share Sale and Purchase Agreement).

Each of CSPL SPV and APM Terminals shall use its best efforts to procure that the conditions precedent are satisfied as soon as possible and in any event within six months after the date of the Share Sale and Purchase Agreement. The condition precedent set out in (i) above cannot be waived and the condition precedent set out in (ii) can only be waived by CSPL SPV. If the conditions precedent are not satisfied or waived by that time, each of CSPL SPV and APM Terminals shall have the right to terminate the Share Sale and Purchase Agreement.

Shareholders' Agreement

APM Terminals is, as at the date of this announcement, the owner of the entire issued share capital of Vado Holding, and it has separately entered into a share sale and purchase agreement with Vado Investment, a subsidiary of APM Terminals, in relation to the remaining 60% of the issued share capital of Vado Holding, pursuant to which APM Terminals will sell such Vado Holding Shares to Vado Investment on or prior to Closing.

Accordingly, CSPL SPV has also entered into the Shareholders' Agreement with Vado Investment on 12 October 2016 in connection with their respective shareholding interests in Vado Holding, which terms will become effective on Closing. Among other things, the Shareholders' Agreement sets out certain corporate governance provisions. As at Closing, CSPL SPV and Vado Investment shall be entitled to recommend for nomination and appointment such number of members of the Management Board in proportion to their respective shareholding interests, and each of CSPL SPV and Vado Investment shall be further entitled to nominate and appoint certain members of senior management.

In addition, pursuant to the Shareholders' Agreement, CSPL SPV is granted a put option to sell all (and not some only) of its Vado Holding Shares to Vado Investment if Vado CT has not received the Final Test Certificate, or Completion of the Vado CT Acquisition has not occurred following the receipt of the Final Test Certificate, in each case within the periods specified in the Shareholders' Agreement, or if the Vado CT Concession Agreement or the Vado RT Concession Agreement is revoked or terminated as a result of the actions of Vado Investment. The consideration for any such sale will be equal to the sum of the initial acquisition price paid for, and the amount of any further investment in connection with, such

Vado Holding Shares (together with an interest amount thereon) and the amount outstanding under any shareholder loans made by CSPL SPV to Vado Holding.

Business support

The Company shall provide business support to the Vado Container Terminal following Completion of the Vado CT Acquisition, as shall APM Terminals albeit in relation to a higher level of support given its role as the indirect controlling shareholder of Vado Holding. Under this arrangement, the Company has a maximum projected exposure in monetary terms of an amount equal to €33,144,010 after taking into account applicable projected tariffs.

GENERAL INFORMATION ON THE VADO PORT AND THE VADO TERMINALS

The Vado Port is a deep-water port situated along the Ligurian coast in the Province of Savona, Northern Italy and faces the Mediterranean Sea.

The Vado Reefer Terminal is one of the largest refrigerated terminals in the Mediterranean region. Its operations began in 1982 and, in addition to handling container terminals, it is highly specialised in handling refrigerated cargo, including the discharge and warehousing of fresh fruit and vegetable produce. It has a draft depth of a maximum of 14.5 metres and a quay length of 705 metres (465 metres of which is capable of handling containers) and is equipped with four rail tracks. Its annual operating capacity is up to 300,000 TEU in addition to 600,000 pallets. Vado RT was acquired by APM Terminals (which subsequently assigned its rights under such acquisition to Vado Holding, a company wholly owned and established by APM Terminals for the purposes of holding the equity interests in the Vado Terminals) in 2015.

The Vado Container Terminal, once it enters commercial operations, is expected to be semi-automated and will offer a draft depth of a minimum of 16 metres, a quay length of 700 metres and an estimated initial capacity of 600,000 TEU (to be expanded to the capacity of up to 900,000 TEU over time). The four rail tracks of the Vado Reefer Terminal will be linked to the off-dock rail facility being constructed as part of the Vado Container Terminal with direct access to inland European destinations.

GENERAL INFORMATION ON VADO RT

Vado RT is the concessionaire under the Vado RT Concession Agreement and is currently principally engaged in operating the Vado Reefer Terminal. Certain financial information of Vado RT for the two financial years immediately preceding the Acquisition are set out below:

	For the year ended 31 December 2015	For the year ended 31 December 2014
	€'000	€'000
Net loss before taxation	1,937	1,220
Net loss after taxation	1,937	1,220
	As at 31 December 2015	
	€'000	
Net asset value	6,680	

GENERAL INFORMATION ON VADO CT

As set out above, Vado CT is the concessionaire under the Vado CT Concession Agreement and is currently principally engaged in constructing the Vado Container Terminal. Certain financial information of Vado CT for the two financial years immediately preceding the Acquisition are set out below:

	For the year ended 31 December 2015	For the year ended 31 December 2014
	€'000	€'000
Net loss before taxation	2,703	2,617
Net loss after taxation	2,703	2,617
	As at 31 December 2015	
	€'000	
Net asset value	4,428	

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company's investment in the Vado Terminals is in line with the Company's strategy of developing overseas shipping hubs and strengthening its global network of container terminals. The Vado Terminals are situated at the Vado Port in Liguria which is a major port area in Northern Italy and the Mediterranean. The Vado Container Terminal will be a semi-automated container terminal scheduled to become operational in 2018, with the unique ability to accommodate ultra-large container ships without any physical restrictions among North Italian ports. The Vado Container Terminal is part of the master plan of the Savona Port Authority to create new and improved supply chain capabilities for markets in Northern Italy, Switzerland and Southern Germany.

Benefitting from the support from the container shipping fleets of COSCO SHIPPING Group and A.P. Møller-Maersk Group, the Vado Terminals will secure a solid foundation for sources of cargo. APM Terminals and the Company are confident that the Vado Terminals will have a prosperous future.

Taking into account the above factors, all the Directors (including all the independent non-executive Directors) are of the view that the Acquisition is in the ordinary and usual course of business and on normal commercial terms and that the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

CSPL SPV

CSPL SPV is a wholly owned subsidiary of the Company and is a special purpose vehicle established to hold the Company's interest in the Vado Holding. The Group is principally engaged in the businesses of managing and operating terminals, and related businesses.

APM Terminals

APM Terminals is one of the world's largest operators of container terminals. APM Terminals designs, builds and operates port and terminal facilities, as well as provides cargo inland services for cargo transportation between port facilities and inland locations, as well as other associated cargo handling functions. It forms part of the Danish-based A.P. Møller-Maersk Group.

As APM Terminals is an associate of APM Terminals Invest Company Limited, a company incorporated in Hong Kong and a substantial shareholder of a subsidiary of the Company, APM Terminals is a connected person of the Company.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition constitutes a connected transaction of the Company. As the highest of the applicable percentage ratios (as defined under Listing Rule 14.07) in respect of the Acquisition is more than 0.1% and less than 5%, the Acquisition is subject to the announcement and reporting requirements (save in respect of Listing Rule 14A.68(5), in relation to which the Company has applied for, and the Stock Exchange has granted the Company a waiver from strict compliance) but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors have a material interest in the Acquisition.

GENERAL

The transactions contemplated under the Share Sale and Purchase Agreement are subject to the satisfaction of conditions precedent. There is no assurance that the transactions will take place or as to when they may take place. Shareholders and potential investors in the Company should therefore exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“A.P. Møller-Maersk”	A.P. Møller-Maersk A/S, a company incorporated under the laws of Denmark
“A.P. Møller-Maersk Group”	A.P. Møller-Maersk and its subsidiaries
“Acquisition”	the acquisition by CSPL SPV of the Sale Shares from APM Terminals on the terms and conditions of the Share Sale and Purchase Agreement
“APM Terminals”	APM Terminals B.V., a private limited liability company incorporated under the laws of the Netherlands
“associate”	has the meaning given to the term in Listing Rule 14A.06(2)
“Board”	the board of Directors

“Closing”	the completion of the sale and transfer of the Sale Shares from APM Terminals to CSPL SPV in accordance with the Share Sale and Purchase Agreement
“Completion of the Vado CT Acquisition”	the completion of the sale and transfer of all the shares in the capital of Vado CT to Vado Holding in accordance with the Conditional Share Transfer Undertaking
“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)
“Conditional Share Transfer Undertaking”	the agreement entered into between, among others, Maersk A/S (as seller) and Vado Holding (as purchaser) on 29 January 2016 and pursuant to which the entire issued share capital of Vado CT would be transferred to Vado Holding subject to, among other conditions, the construction of the Vado Container Terminal being completed
“COSCO SHIPPING”	China COSCO Shipping Corporation Limited* (中國遠洋海運集團有限公司), a Chinese state-owned enterprise and the ultimate controlling shareholder of the Company
“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries
“CSPL SPV”	COSCO SHIPPING Ports (Vado) Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Directors”	the directors of the Company
“Final Test Certificate”	a final test certificate issued by the Savona Port Authority confirming completion of construction of the Vado Container Terminal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maersk A/S”	Maersk A/S, a limited liability company incorporated under the laws of Denmark
“Management Board”	the management board (<i>besturr</i>) of Vado Holding
“Parties”	the Company, CSPL SPV and APM Terminals
“PRC”	the People’s Republic of China

“Sale Shares”	the 40% of the issued shares in the capital of Vado Holding that is being sold to CSPL SPV pursuant to the Share Sale and Purchase Agreement
“Savona Port Authority”	the Port Authority of Savona of Italy
“Share Sale and Purchase Agreement”	the agreement for the sale and purchase of shares entered into on 12 October 2016 between APM Terminals (as seller), CSPL SPV (as purchaser) and the Company (as guarantor) in connection with the sale and purchase of 40% of the issued share capital of Vado Holding
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholders’ Agreement”	the shareholders’ agreement entered into on 12 October 2016 between CSPL SPV and Vado Investment in their respective capacity as shareholders of Vado Holding, the terms of which will become effective on Closing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEU”	twenty-foot equivalent unit
“Vado Container Terminal”	Vado Container Terminal, a container terminal located at the Vado Port which is currently under construction
“Vado CT”	APM Terminals Vado Ligure S.p.A., a company incorporated under the laws of Italy
“Vado CT Concession Agreement”	the concession agreement entered into between Vado CT and the Savona Port Authority on 21 February 2008, pursuant to which Vado CT has been granted the right to construct, manage and operate the Vado Container Terminal
“Vado Holding”	APM Terminals Vado Holding B.V., a company incorporated under the laws of the Netherlands
“Vado Holding Shares”	the shares in the capital of Vado Holding
“Vado Investment”	Vado Investment B.V., a subsidiary of APM Terminals incorporated under the laws of the Netherlands
“Vado Port”	the port of Vado Ligure in Italy
“Vado Reefer Terminal”	Vado Reefer Terminal, a reefer terminal located at the Vado Port
“Vado RT”	Reefer Terminal S.p.A., a company incorporated under the laws of Italy

“Vado RT Concession Agreement”	the concession agreement entered into between Vado RT and the Savona Port Authority on 20 September 2012, pursuant to which Vado RT has been granted the right to manage and operate the Vado Reefer Terminal
“Vado RT SPA”	the share purchase agreement dated 31 July 2015 pursuant to which all issued shares in Vado RT were sold to APM Terminals
“Vado Terminals”	Vado Reefer Terminal and Vado Container Terminal
“€”	the Euro, the lawful currency of the Eurozone
“%”	per cent

For the purposes of this announcement, the English name with an asterisk () is an unofficial English transliteration or translation and is for identification purposes only*

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

Hong Kong, 17 October 2016

As at the date of this announcement, the Board comprises Mr. HUANG Xiaowen² (Chairman), Mr. ZHANG Wei¹ (Vice Chairman & Managing Director), Mr. FANG Meng¹, Mr. DENG Huangjun¹, Mr. FENG Bo¹, Mr. WANG Wei², Mr. WANG Haimin², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. IP Sing Chi³, Mr. FAN Ergang³ and Mr. LAM Yiu Kin³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director