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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)

VOLUNTARY ANNOUNCEMENT

CO-MANAGEMENT OF THE KWAI TSING CONTAINER TERMINALS

This announcement is made by COSCO SHIPPING Ports Limited (the “**Company**”) on a voluntary basis.

The board of directors (the “**Board**”) of the Company is pleased to announce that on 19 December 2016, COSCO-HIT Terminals (Hong Kong) Limited (“**CHT**”), Asia Container Terminals Limited (“**ACT**”) and Hongkong International Terminals Limited (“**HIT**”) entered into a Co-Management Agreement (the “**Agreement**”) regarding the terms on which they currently and going forward will collaborate with each other for the efficient co-management and operation of the 16 berths across Terminals 4, 6, 7, 8 and 9 (together the “**Combined Terminals**”) of Kwai Tsing, New Territories, Hong Kong (the “**Arrangement**”).

CHT, which owns 2 berths in Terminal 8 East, is effectively held as to 50% by each of the Company and Hutchison Port Holdings Trust (“**HPHT**”, a container port business trust listed in Singapore) through intermediary companies. ACT, which owns 2 berths in Terminal 8 West, is effectively held as to 60% and 40%, respectively by the Company and HPHT through intermediary companies. HIT, a wholly-owned subsidiary of HPHT, owns 12 berths in Terminals 4, 6, 7 and 9.

Pursuant to the Agreement, one management team will be responsible for the day-to-day operations and for managing, operating and conducting the business of the container terminal facilities of the Combined Terminals in order to improve efficiencies in the operation of the Combined Terminals. The revenue and expenses from the management and operation of the facilities of the Combined Terminals will be allocated among the parties by reference to the respective designed capacity of the facilities owned by each party. The Agreement may be terminated by any party in certain circumstances upon the giving of not less than three months’ written notice.

Rationale for the Arrangement

The Company believes that the Arrangement will enable the Combined Terminals to deploy their facilities and manpower resources in a more cost effective manner. Taking into account the changing dynamics of the shipping industry with the formation of strategic alliances between shipping lines, the Company is of the view that the Arrangement would create additional capacity by increasing the flexibility in the overall berth and yard planning among the 16 berths across the Combined Terminals to better accommodate the need of such shipping alliances for enhanced service, thereby increasing the overall competitiveness of the Combined Terminals.

Information on the Group and HPHT Group

The Company and its subsidiaries are principally engaged in the businesses of managing and operating terminals, and related businesses.

The HPHT and its subsidiaries are principally engaged in the investment, development, operation and management of deep-water container ports in the Guangdong Province, Hong Kong and Macau.

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

Hong Kong, 19 December 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 Boming², Mr. ZHANG Wei², 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