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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF INTEREST IN BEIBU GULF PORT CO., LTD.

ACQUISITION OF INTEREST IN BEIBU GULF PORT

On 26 November 2018, Shanghai Terminal, a wholly-owned subsidiary of the Company (as subscriber) entered into the Share Subscription Agreement with Beibu Gulf Port in relation to the subscription and allotment of 70,943,455 Beibu Gulf Port Shares (representing approximately 4.34% of the total issued share capital of Beibu Gulf Port) at the consideration of RMB471,064,541.20. On 27 November 2019, Shanghai Terminal (as purchaser) entered into the Share Transfer Agreement with Beibu Port Group (as seller) in relation to the sale and purchase of 92,518,231 Beibu Gulf Port Shares (representing approximately 5.66% of the total issued share capital of Beibu Gulf Port) at the consideration of RMB799,357,515.84. Upon Closing, Shanghai Terminal will hold a total of 163,461,686 Beibu Gulf Port Shares, representing approximately 10% of the total issued share capital of Beibu Gulf Port.

IMPLICATIONS UNDER THE LISTING RULES

As the Transaction and the Previous Transaction are of a similar nature or otherwise related, the Transaction and the Previous Transaction are aggregated pursuant to Rule 14.22 of the Listing Rules as if they were one transaction. While all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transaction on a standalone basis are less than 5%, the highest of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transaction and the Previous Transaction (as aggregated) exceeds 5% but is lower than 25%. Therefore, the Transaction, when aggregated with the Previous Transaction, constitutes a discloseable transaction of the Company and is subject to the reporting and disclosure requirements under Chapter 14 of the Listing Rules.

The Transaction is subject to the 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 of the Company should therefore exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 26 November 2018, Shanghai Terminal, a wholly-owned subsidiary of the Company (as subscriber) entered into the Share Subscription Agreement with Beibu Gulf Port in relation to the subscription and allotment of 70,943,455 Beibu Gulf Port Shares (representing approximately 4.34% of the total issued share capital of Beibu Gulf Port) at the consideration of RMB471,064,541.20. The Board is now pleased to announce that on 27 November 2019, Shanghai Terminal (as purchaser) entered into the Share Transfer Agreement with Beibu Port Group (as seller) in relation to the sale and purchase of the Beibu Gulf Port Sale Shares (representing approximately 5.66% of the total issued share capital of Beibu Gulf Port) at the consideration of RMB799,357,515.84. As at the date of this announcement, Shanghai Terminal and Beibu Port Group are interested in 70,943,455 shares and 348,249,439 shares of Beibu Gulf Port, respectively, representing approximately 4.34% and 21.30% of the total issued share capital of Beibu Gulf Port, respectively. Upon Closing, Shanghai Terminal will be interested in 163,461,686 shares of Beibu Gulf Port, representing approximately 10% of the total issued share capital of Beibu Gulf Port.

THE PREVIOUS TRANSACTION

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

Date:

26 November 2018

Parties:

- (1) Shanghai Terminal, a wholly-owned subsidiary of the Company
- (2) Beibu Gulf Port

Subject Matter and Completion

Pursuant to the Share Subscription Agreement, Beibu Gulf Port agreed to allot, and Shanghai Terminal agreed to subscribe, 70,943,455 Beibu Gulf Port Shares (representing approximately 4.34% of the total issued share capital of Beibu Gulf Port). The subscription was completed on 28 December 2018.

Consideration

The consideration of each Beibu Gulf Port Share subscribed under the Previous Transaction was RMB6.64, which was 90% of the average closing price of each Beibu Gulf Port Share for the 20 trading days prior to the reference date of 13 November 2018. Therefore, the total consideration under the Share Subscription Agreement was RMB471,064,541.20. The consideration was funded by internal resources of the Group.

THE SHARE TRANSFER AGREEMENT

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

Date:

27 November 2019

Parties:

- (1) Shanghai Terminal, a wholly-owned subsidiary of the Company
- (2) Beibu Port Group

Subject Matter

Pursuant to the Share Transfer Agreement, Beibu Port Group agreed to sell and Shanghai Terminal agreed to purchase the Beibu Gulf Port Sale Shares owned by Beibu Port Group, representing approximately 5.66% of the total issued share capital of Beibu Gulf Port. Upon Closing, Shanghai Terminal will hold a total of 163,461,686 Beibu Gulf Port Shares, representing approximately 10% of the total issued share capital of Beibu Gulf Port.

Consideration

In accordance with the relevant requirements under Measures for the Supervision and Administration of State-owned Shares of Listed Companies, Rules Governing the Listing of Shares on Shenzhen Stock Exchange and Detailed Implementation Rules of Shenzhen Stock Exchange on Reduction of Shareholdings by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies, the price of each Beibu Gulf Port Share shall be the highest of the following:

- (1) the average daily weighted arithmetic average price of each Beibu Gulf Port Share for the 30 trading days before Beibu Gulf Port publishes an indicative announcement on share transfer;
- (2) the audited net asset value per Beibu Gulf Port Share attributable to the ordinary shareholders of Beibu Gulf Port as at 31 December 2018; and
- (3) 90% of the closing price of each Beibu Gulf Port Share on the trading day prior to the date of the Share Transfer Agreement.

Therefore, the consideration for the sale and purchase of the Beibu Gulf Port Sale Shares is RMB799,357,515.84, i.e. RMB8.64 per Beibu Gulf Port Share. Pursuant to the Share Transfer Agreement, within 5 Business Days of, following the execution of the Share Transfer Agreement, Beibu Port Group notifying Shanghai Terminal of the completion of the opening of the Account and providing the details of the Account, Shanghai Terminal shall transfer 30% of the Consideration (i.e. RMB239,807,254.75) in cash to the Account as deposit. Within 5 Business Days of the Share Transfer Agreement becoming effective, Shanghai Terminal shall

transfer the remaining amount, which is 70% of the Consideration (i.e. RMB559,550,261.09), in cash to the Account. The Consideration will be funded by internal resources of the Group.

Conditions precedent to the Share Transfer Agreement becoming effective

The Share Transfer Agreement shall be effective upon the satisfaction of the following:

- (1) the completion of the Application for Release of Transfer Restrictions; and
- (2) both parties to the Share Transfer Agreement having obtained and/or made all necessary consents, approvals, applications and filings with the relevant regulatory authorities in relation to the Transaction, including but not limited to the approval of Guangxi SASAC, the asset valuation filing with state-owned regulated institutions (if required) and merger control filings (if required), and all such consents and approvals not being revoked before the Closing Date.

Closing

Within 2 Business Days of the Share Transfer Agreement becoming effective and Shanghai Terminal having paid the Consideration in full, Beibu Port Group and Shanghai Terminal shall jointly apply to the Securities Depository and Clearing Company for registration of share transfer, so that the Beibu Gulf Port Sale Shares are registered under the name of Shanghai Terminal.

Profits or Losses during Transition Period

The parties agreed that profits or losses attributable to the Beibu Gulf Port Sale Shares during the Transition Period shall be enjoyed or borne by Beibu Port Group.

Unwinding

Shanghai Terminal has the right to unwind the Share Transfer Agreement if the Beibu Gulf Port Sale Shares have been seized or frozen by the relevant governmental departments or agencies, or if the transfer of the Beibu Gulf Port Sale Shares cannot be continued because of reasons attributable to Beibu Port Group, in each case if Beibu Port Group fails to solve the issue within 15 Business Days from the date of occurrence of such issue.

In addition, the non-breaching party to the Share Transfer Agreement has the right to unilaterally unwind the Share Transfer Agreement if the breaching party to the Share Transfer Agreement fails to rectify its breach within 15 Business Days from the date of written notice given by the non-breaching party to the breaching party.

Other key terms

Appointment of director

Beibu Port Group shall propose and procure Beibu Gulf Port to promptly convene a board meeting and a shareholders' meeting to appoint the personnel nominated by Shanghai Terminal as a director of Beibu Gulf Port and approve other relevant arrangements before 31 December 2019, so that Shanghai Terminal could account for its interests in Beibu Gulf Port in its accounts in accordance with the equity accounting method.

Application for Release of Transfer Restrictions

The Beibu Gulf Port Sale Shares currently are shares subject to transfer restrictions. Beibu Port Group shall procure Beibu Gulf Port to complete the Application for Release of Transfer Restrictions within 10 Business Days after the execution of the Share Transfer Agreement, so that the nature of Beibu Gulf Port Sale Shares will be changed to shares free of transfer restrictions.

INFORMATION ABOUT BEIBU GULF PORT

Beibu Gulf Port is a limited company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000582). It is principally engaged in terminal handling, bulk storage and shipping port services for containers and bulk cargo.

Set out below is the financial information of Beibu Gulf Port (as prepared in accordance with China Accounting Standards) for the financial years ended 31 December 2017 and 31 December 2018 and the nine months ended 30 September 2019, and net assets as at 31 December 2018 and 30 September 2019.

	For the financial year ended 31 December 2017 RMB (consolidated and audited)	For the financial year ended 31 December 2018 RMB (consolidated and audited)	For the nine months ended 30 September 2019 RMB (consolidated and unaudited)
Net Profits before taxation	761,008,648	865,078,099	910,416,757
Net Profits after taxation	643,474,347	711,071,399	784,315,206
		As at 31 December 2018 RMB (consolidated and audited)	As at 30 September 2019 RMB (consolidated and unaudited)
Net assets		10,443,064,031	10,886,874,921

REASONS FOR AND BENEFITS OF THE PREVIOUS TRANSACTION AND THE TRANSACTION

Beibu Gulf Port, as the key terminal and listed company in the Guangxi Beibu Gulf Region, will benefit from the promotion and implementation of the “International New Land and Marine Routes (國際陸海新通道)” strategy of the PRC, and is expected to share the benefits of economic growth and industrial development in Southwest China.

The Previous Transaction and the Transaction promote the Group’s strategic investments in Beibu Gulf Port. Through further increasing the Group’s shareholding in Beibu Gulf Port, the Group could better participate in the operation and management of Beibu Gulf Port, consolidate its interest in Beibu Gulf Port in the Group’s accounts using the equity accounting method and generate more profits from the Group’s investments in Beibu Gulf Port.

The Directors consider that the terms of both the Previous Transaction and the Transaction are fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

INFORMATION ABOUT THE GROUP AND SHANGHAI TERMINAL

Shanghai Terminal is a limited company incorporated in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in the business of investment in terminals. The Group is principally engaged in the businesses of managing and operating terminals, and related businesses.

INFORMATION ABOUT BEIBU PORT GROUP

Beibu Port Group is a limited company incorporated in the PRC and is principally engaged in the businesses of terminal construction and operation management, project investment and asset management, equity investment and operation management, railway transportation, road transportation, real estate leasing, shipping agency business and real estate development. The ultimate beneficial owner of Beibu Port Group is Guangxi SASAC.

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

IMPLICATIONS UNDER THE LISTING RULES

As the Transaction and the Previous Transaction are of a similar nature or otherwise related, the Transaction and the Previous Transaction are aggregated pursuant to Rule 14.22 of the Listing Rules as if they were one transaction. While all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transaction on a standalone basis are less than 5%, the highest of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transaction and the Previous Transaction (as aggregated) exceeds 5% but is lower than 25%. Therefore, the Transaction, when aggregated with the Previous Transaction, constitutes a discloseable transaction of the Company and is subject to the reporting and disclosure requirements under Chapter 14 of the Listing Rules.

The Transaction is subject to the 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 of the Company should therefore exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Account”	the account for settled foreign exchange to be paid designated by Beibu Port Group to which the Consideration shall be paid in accordance with the Share Transfer Agreement
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“Application for Release of Transfer Restrictions”	the application to the Securities Depository and Clearing Company to release the Beibu Gulf Port Sale Shares from any transfer restrictions, so that the nature of the Beibu Port Sale Shares are changed from shares subject to transfer restrictions to shares free of transfer restrictions
“Beibu Gulf Port”	Beibu Gulf Port Co., Ltd.*北部灣港股份有限公司, a limited company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000582)
“Beibu Gulf Port Sale Shares”	92,518,231 Beibu Gulf Port Shares that are proposed to be transferred from Beibu Port Group to Shanghai Terminal pursuant to the Share Transfer Agreement
“Beibu Gulf Port Shares”	shares in Beibu Gulf Port
“Beibu Port Group”	Guangxi Beibu Gulf International Port Group Co., Ltd.*廣西北部灣國際港務集團有限公司, a limited company incorporated in the PRC
“Board”	the board of directors of the Company
“Business Day(s)”	any day designated by the State Council of the PRC as a statutory working day
“China Accounting Standards”	accounting rules and principles adopted in the PRC
“Closing”	the closing of the Transaction in accordance with the Share Transfer Agreement
“Closing Date”	the date when the Beibu Gulf Port Sale Shares are registered under the name of Shanghai Terminal on the Securities Depository and Clearing Company
“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)
“Consideration”	the consideration for the sale and purchase of the Beibu Gulf Port Sale Shares
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Guangxi SASAC”	the Guangxi Zhuang Autonomous Region State-owned Assets Supervision and Administration Commission of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong and the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Transaction”	the subscription by and allotment to Shanghai Terminal of 70,943,455 Beibu Gulf Port Shares pursuant to the Share Subscription Agreement
“Securities Depository and Clearing Company”	China Securities Depository and Clearing Corporation Limited Shenzhen Branch
“Shanghai Terminal”	Shanghai China Shipping Terminal Development Co., Ltd.* 上海中海碼頭發展有限公司, a limited company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Share Subscription Agreement”	the share subscription agreement dated 26 November 2018 entered into between Beibu Gulf Port and Shanghai Terminal in relation to the allotment and subscription of 70,943,455 Beibu Gulf Port Shares (representing approximately 4.34% of the total issued share capital of Beibu Gulf Port)
“Share Transfer Agreement”	the share purchase agreement dated 27 November 2019 entered into between Beibu Port Group and Shanghai Terminal in relation to the sale and purchase of the Beibu Gulf Port Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the sale and purchase of Beibu Gulf Port Sale Shares pursuant to the Share Transfer Agreement
“Transition Period”	the period from the date of the Share Transfer Agreement to the date when the Beibu Gulf Port Sale Shares are transferred to and registered under the name of Shanghai Terminal
“RMB”	Renminbi, the lawful currency of the PRC
“%”	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
FENG Boming
Chairman

Hong Kong, 27 November 2019

As at the date of this announcement, the Board comprises Mr. FENG Boming¹ (Chairman), Mr. ZHANG Dayu¹ (Managing Director), Mr. DENG Huangjun¹, Mr. ZHANG Wei², Mr. CHEN Dong², 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