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中國遠洋控股股份有限公司

China COSCO Holdings Company Limited*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 1919)

DISCLOSEABLE TRANSACTION

CONCESSION AGREEMENT IN RELATION TO KHALIFA PORT CONTAINER TERMINAL 2

The Board is pleased to announce that on 28 September 2016, CSPL SPV, a wholly-owned subsidiary of COSCO SHIPPING Ports and therefore an indirect non wholly-owned subsidiary of the Company, entered into the Concession Agreement in connection with the construction, management and operation of KPCT2.

The highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Concession Agreement exceeds 5% and is lower than 25%. Accordingly, the entering into of the Concession Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 28 September 2016, CSPL SPV, a wholly-owned subsidiary of COSCO SHIPPING Ports and therefore an indirect non wholly-owned subsidiary of the Company, entered into the Concession Agreement in connection with the construction, management and operation of KPCT2.

CONCESSION AGREEMENT

Parties

1. AD Ports, as the grantor of the Concession; and

2. CSPL SPV, as the concessionaire of the Concession.

It is the intention of the parties that AD Ports and CSPL SPV will jointly establish the Joint Venture Company and all of the rights and obligations of CSPL SPV under the Concession Agreement will be transferred to the Joint Venture Company on the Effective Date pursuant to the terms of a novation agreement expected to be entered into between AD Ports, CSPL SPV and the Joint Venture Company. Further, AD Ports and CSPL SPV shall use all reasonable endeavours to execute a shareholders' agreement in relation to the Joint Venture Company prior to the Effective Date. As at the date of this announcement, the negotiation of the shareholders' agreement is significantly progressed, although the detailed terms concerning the rights and obligations of AD Ports and CSPL SPV have not been finalised. It is currently envisaged that CSPL SPV will, through itself and a nominee, be entitled to 90% of the voting rights attached to the shares of the Joint Venture Company and AD Ports will be entitled to the remaining 10% of the voting rights attached to the shares of the Joint Venture Company.

Subject Matter

Pursuant to the Concession Agreement, AD Ports granted to CSPL SPV, inter alia, the exclusive right to construct, manage and operate (including the right to establish and collect tariff) KPCT2 within the Concession Area. CSPL SPV will be responsible for the design, development and procurement of the relevant superstructure and the commissioning of the relevant equipment at the Concession Area.

Term

The term of the Concession Agreement shall commence on the Effective Date and expire at 23:59 on the 35th anniversary of the date upon which the Expanded Concession Area has been handed over by AD Ports. CSPL SPV shall have the right to unilaterally extend the term for a further period of 5 years by giving prior notice to AD Ports, provided that CSPL SPV is not, at the time of giving notice, in material breach of any of its material obligations under the Concession Agreement.

Consideration

The total consideration payable (including expected capital expenditure to be incurred) during the entire term of the Concession Agreement (assuming CSPL SPV exercises its right to extend the term of the Concession Agreement as described above) is estimated to have a present value of approximately US$738 million, comprising:

(i) an annual fixed concession fee calculated at US$7 million equivalents provided that 1,200 metres of quay length has been handed over to CSPL SPV (which shall

be pro rated proportionately for the initial 800 metres of quay length to be handed over to CSPL SPV and, if the Concession Area is expanded to include the Option Concession Area, for the 1,800 metres of quay length) and which shall be adjusted upwards by 2.5% annually, representing a total fixed concession fee of approximately US$107 million in present value terms;

(ii) a variable concession fee calculated on the basis of actual revenue at a rate ranging from 10% (in years one to three following the Commercial Operations Date) to 30% (from year 13 onwards) of actual revenue. Based on the forecasted aggregate revenue of KPCT2 over the entire term of the Concession Agreement as projected by COSCO SHIPPING Ports by reference to, inter alia, the expected volume and tariff of KPCT2, it is estimated that the present value of the total variable concession fee payable will amount to approximately US$309 million; and

(iii) estimated capital expenditure of approximately US$322 million in present value terms.

Items (i) and (ii) of the consideration set out above in relation to the Concession Agreement was determined after arms-length negotiations with AD Ports and was arrived at by reference to the concession terms of other similar ports in the region.

COSCO SHIPPING Ports will finance the capital requirements of KPCT2 by a combination of its internal resources and external bank borrowings.

Further expansion of KPCT2

During the Option Period, in the event that the throughput of KPCT2 (comprising throughput of origin or destination in UAE and throughput relating to transshipment cargoes) reaches or exceeds 70% of an annual handling capacity of 2,400,000 TEU, CSPL SPV shall require AD Ports to expand the Concession Area to include the Option Concession Area. Notwithstanding the above, CSPL SPV may by written notice require AD Ports to expand the Concession Area to include the Option Concession Area at any time during the Option Period provided that such notice cannot be served earlier than 18 months after the Effective Date. If and when the Option Concession Area is handed over to CSPL SPV and becomes operational, the nominal annual handling capacity of KPCT2 will increase to 3,500,000 TEU.

Termination

A party may terminate the Concession Agreement if the other party commits certain events of default (such as a continuing material breach of the Concession Agreement or insolvency) or if the other party is affected by certain force majeure events.

GENERAL INFORMATION ON KPCT2

KPCT2 offers a draft depth of 18 metres (with a channel depth of 16.5 metres) and a quay length of up to 1,200 metres will be made available to COSCO SHIPPING Ports under the Concession Agreement (before any expansion of the Concession Area to include the Option Concession Area (as described above)). The first 800 metres of the quay length (and the corresponding Concession Area) is expected to commence operation in 2018 and the latter 400 metres (and the corresponding Expanded Concession Area) is expected to commence operation in 2020. As expanded by the Expanded Concession Area, the Concession Area will span an area of approximately 70 hectares with 3 berths and an annual handling capacity of 2,400,000 TEU. If and when the Option Concession Area is handed over to CSPL SPV and becomes operational, the nominal annual handling capacity of KPCT2 will increase to 3,500,000 TEU.

REASONS FOR AND BENEFITS OF THE TRANSACTION

KPCT2 is located along the "Silk Road Economic Belt and the 21st Century Maritime Silk Road" and the shipping hub of West Asia region. Khalifa Port, where KPCT2 is located, is one of the major gateway ports of Abu Dhabi. It is also strategically situated between Abu Dhabi and Dubai with minimal deviation from the Straits of Hormuz and with excellent hinterland connections and geographic location.

KPCT2 will be the second overseas terminal in which COSCO SHIPPING Ports holds a controlling interest. This investment is expected to strengthen COSCO SHIPPING Ports' sustainable growth and create value for its shareholders. With the strong support from the large container shipping fleet of COSCO SHIPPING Group, COSCO SHIPPING Ports will dedicate its efforts to develop KPCT2 to be called by international container shipping liners as a hub of the upper Persian Gulf region in the Middle East. COSCO SHIPPING Ports is confident at the future development of KPCT2.

COSCO SHIPPING Ports adopts "The Ports For ALL" as the guiding vision for future development and places an emphasis on the strategy of globalisation. This strategy focuses on expanding COSCO SHIPPING Ports' global terminal network with increasing controlling stakes so as to provide comprehensive and quality services to customers and to create value for all of its stakeholders as a socio-economic contributor to local communities.

Taking into account the above factors and the view of the directors of COSCO SHIPPING Ports, the Board believes that the Transaction is a valuable investment opportunity for the Company to create value for its shareholders and the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

CSPL SPV

CSPL SPV is a wholly-owned subsidiary of COSCO SHIPPING Ports and is a special purpose vehicle established to hold COSCO SHIPPING Ports' interest in KPCT2. The COSCO SHIPPING Ports Group is principally engaged in the businesses of managing and operating terminals, and related businesses. The Group provides a wide range of container shipping and terminal services covering the whole shipping value chain for both international and domestic customers.

AD Ports

AD Ports is a public joint stock company incorporated in the Emirate of Abu Dhabi, UAE that was established by the Government of Abu Dhabi. It is mainly engaged in the businesses of holding, developing and operating all commercial ports and industrial and logistic zones of the Emirate of Abu Dhabi, UAE.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, AD Ports 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 (as defined under Rule 14.07 of the Listing Rules) in respect of the Concession Agreement exceeds 5% and is lower than 25%. Accordingly, the entering into of the Concession Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"AD Ports"	Abu Dhabi Ports Company PJSC, a public joint stock company incorporated in the Emirate of Abu Dhabi, UAE that was established by the Government of Abu Dhabi
"Board"	the board of Directors

"Commercial Operations Date"	the date upon which CSPL SPV commences certain operating services in accordance with the Concession Agreement, such date to be not later than 27 months after the Effective Date
"Company"	China COSCO Holdings Company Limited* (中國遠洋控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1919) and the A shares of which are listed on the Shanghai Stock Exchange in the PRC (Stock Code: 601919)
"Concession"	the concession of the exclusive right to construct, manage and operate KPCT2 pursuant to the Concession Agreement
"Concession Agreement"	the concession agreement entered into between CSPL SPV and AD Ports on 28 September 2016 in relation to the Concession
"Concession Area"	the concession area known as Khalifa Port Container Terminal 2 in Abu Dhabi, UAE, that is made available to CSPL SPV from time to time in accordance with the terms of the Concession Agreement, which shall include an appropriate yard area that corresponds to the relevant available quay length at that time. At the Effective Date, this will comprise the initial 800 metres of quay length and the adjoining yard area.
"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 indirect controlling shareholder of the Company
"COSCO SHIPPING Group"	COSCO SHIPPING and its subsidiaries
"COSCO SHIPPING Ports"	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)
"COSCO SHIPPING Ports Group"	COSCO SHIPPING Ports and its subsidiaries

"CSPL SPV"	COSCO SHIPPING Ports (Abu Dhabi) Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of COSCO SHIPPING Ports
"Directors"	the directors of the Company
"Effective Date"	the effective date of the Concession Agreement, being the date upon which the Concession Agreement is novated to the Joint Venture Company
"Expanded Concession Area"	the concession area that is contiguous to the initial Concession Area and which shall include the yard area that corresponds to the 400 metres of quay length that is expected to be handed over to CSPL SPV no later than 1 July 2018 (notwithstanding that part of the Expanded Concession Area where a capping beam will be installed will be handed over on or before 1 December 2018) in accordance with the terms of the Concession Agreement
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Joint Venture Company"	the joint venture company to be established between AD Ports, CSPL SPV and a nominee
"KPCT2"	Khalifa Port Container Terminal 2
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Option Concession Area"	if the expansion option is triggered, the potential concession area that is contiguous to the Expanded Concession Area and which shall include the yard area that corresponds to a further 600 metres of quay length. The nominal annual handling capacity of KPCT2 will be 3,500,000 TEU if and when the Option Concession Area is included and becomes operational.
"Option Period"	the period commencing on the Effective Date and ending on the later of (i) the date which is 4 years after the Commercial Operations Date and (ii) the date which is 6 years after the Effective Date
"Shareholders"	shareholders of the Company

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TEU"	twenty-foot equivalent unit
"Transaction"	the transactions contemplated under the Concession Agreement
"UAE"	the United Arab Emirates
"US$"	United States Dollars
"%"	per cent

By Order of the Board
China COSCO Holdings Company Limited
GUO Huawei
Company Secretary

Shanghai, the People's Republic of China
28 September 2016

As at the date of this announcement, the directors of the Company are Mr. WAN Min[2] (Chairman), Mr. HUANG Xiaowen[1] (Vice Chairman), Ms. SUN Yueying[2], Mr. SUN Jiakang[1], Mr. YE Weilong[1], Mr. WANG Yuhang[2], Mr. XU Zunwu[1], Dr. FAN HSU Lai Tai, Rita[3], Mr. KWONG Che Keung, Gordon[3], Mr. Peter Guy BOWIE[3] and Mr. YANG, Liang Yee Philip[3].

[1] *Executive Director*
[2] *Non-executive Director*
[3] *Independent Non-executive Director*

* *For identification purpose only*