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**中遠海運控股股份有限公司**  
**COSCO SHIPPING Holdings Co., Ltd.\***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1919)**

**CONNECTED TRANSACTION**  
**ACQUISITION OF THE EQUITY INTEREST IN THL**

**ACQUISITION OF THE EQUITY INTEREST IN THL**

On 29 April 2022, COSCO SHIPPING Lines (as purchaser), a wholly-owned subsidiary of the Company, entered into the Equity Interest Transfer Agreement with Ling Hui (as vendor) in relation to the sale and purchase of 81% of the total equity interest in THL. The consideration under the Equity Interest Transfer Agreement is approximately RMB2,282,508,318 (equivalent to approximately HK\$2,739,009,982).

As at the date of this announcement, THL is owned by Ling Hui and COSCO SHIPPING Lines as to 81% and 19% of its equity interest respectively, and therefore THL is a non-wholly owned subsidiary of Ling Hui. Upon completion of the Equity Interest Transfer Agreement, THL will become a directly wholly-owned subsidiary of COSCO SHIPPING Lines and therefore an indirectly wholly-owned subsidiary of the Company, and the financial results of THL will be consolidated into the consolidated financial statements of the Group.

**IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over approximately 46.89% total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company. Ling Hui is an indirect wholly-owned subsidiary of COSCO SHIPPING. Accordingly, Ling Hui is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and the Acquisition constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are all less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Hong Kong Listing Rules.

## **ACQUISITION OF THE EQUITY INTEREST IN THL**

On 29 April 2022, COSCO SHIPPING Lines (as purchaser), a wholly-owned subsidiary of the Company, entered into the Equity Interest Transfer Agreement with Ling Hui (as vendor) in relation to the sale and purchase of 81% of the total equity interest in THL. The consideration under the Equity Interest Transfer Agreement is approximately RMB2,282,508,318 (equivalent to approximately HK\$2,739,009,982).

As at the date of this announcement, THL is owned by Ling Hui and COSCO SHIPPING Lines as to 81% and 19% of its equity interest respectively, and therefore THL is a non-wholly owned subsidiary of Ling Hui. Upon completion of the Equity Interest Transfer Agreement, THL will become a directly wholly-owned subsidiary of COSCO SHIPPING Lines and therefore an indirectly wholly-owned subsidiary of the Company, and the financial results of THL will be consolidated into the consolidated financial statements of the Group.

### **The Equity Interest Transfer Agreement**

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

#### ***Date***

29 April 2022

#### ***Parties***

- (a) COSCO SHIPPING Lines (as purchaser); and
- (b) Ling Hui (as vendor).

#### ***Subject Matter***

Pursuant to the Equity Interest Transfer Agreement, Ling Hui agrees to sell and COSCO SHIPPING Lines agrees to purchase the Target Equity Interest, representing 81% of the total equity interest in THL.

As at the date of this announcement, the principal asset of THL is the Target Property and the principal business of THL is property leasing and asset management.

## ***Consideration***

The consideration for the sale and purchase of the Target Equity Interest under the Equity Interest Transfer Agreement is approximately RMB2,282,508,318 (equivalent to approximately HK\$2,739,009,982).

The consideration for the sale and purchase of the Target Equity Interest was determined after arm's length negotiations between the parties with reference to the assessed value of the Target Equity Interest by an independent valuer as at 30 June 2021 less the dividends of THL paid to Ling Hui after 30 June 2021. Pursuant to the valuation report issued by an independent valuer, the assessed value of the entire equity interest of THL as at 30 June 2021 was approximately RMB2,829,621,500 (equivalent to approximately HK\$3,395,545,800) under asset-based approach, therefore the corresponding assessed value of 81% of the equity interest of THL as at 30 June 2021 was approximately RMB2,291,993,400 (equivalent to approximately HK\$2,750,392,080).

The consideration for the sale and purchase of the Target Equity Interest will be financed by the internal resources of the Group.

## ***Conditions***

The Equity Interest Transfer Agreement shall be effective upon the satisfaction of the following conditions:

- (1) The duly execution of the Equity Interest Transfer Agreement by the legal representatives or authorized representatives of the parties thereto;
- (2) the completion of relevant internal and external approval procedures in respect of the execution and performance of the Equity Interest Transfer Agreement by the parties thereto in accordance with their respective articles of association and applicable laws;
- (3) the Company's compliance with applicable laws and regulations in respect of the Acquisition; and
- (4) the completion of THL's internal approval procedures in respect of the transfer of the Target Equity Interest pursuant to the articles of association of THL and applicable laws.

## ***Completion***

After all the conditions under the Equity Interest Transfer Agreement having been satisfied, the parties shall actively cooperate to complete the registration by the relevant administration of industry and commerce of the PRC in relation to the transfer of the Target Equity Interest. Completion of the transfer of the Target Equity Interest shall take place on the 15th business day after the duly completion of the registration procedures in terms of the change in corporate information and foreign exchange information, etc. and the payment of PRC tax by COSCO SHIPPING Lines for and on behalf of Ling Hui for the transfer of the Target Equity Interest, or any other date as mutually agreed by the parties of the Equity Interest Transfer Agreement in writing.

## ***Payment Terms***

On the date of the Completion, COSCO SHIPPING Lines shall pay the consideration for the sale and purchase of the Target Equity Interest in one lump sum to Ling Hui in an equivalent amount in US Dollars by way of bank transfer to the account(s) designated by Ling Hui.

## ***Termination***

The Equity Interest Transfer Agreement shall be terminated upon (i) the mutual consents by the parties thereto; (ii) the non-breaching party's request for termination in the event that the Completion has not taken place within 180 days after the date of execution of the Equity Interest Transfer Agreement; (iii) the non-breaching party's request for termination if the breaching party has committed a material breach of the Equity Interest Transfer Agreement and failed to make effective rectification measures after the reasonable request by the non-breaching party; or (iv) the request by Ling Hui for termination if COSCO SHIPPING Lines failed to pay the consideration for the sale and purchase of the Target Equity Interest within 10 business days after the date of Completion.

## ***Other Key Terms***

Any operational profit or loss in respect of the Target Equity Interest incurred during the period from 30 June 2021 to the date of the Completion shall be assumed by COSCO SHIPPING Lines.

COSCO SHIPPING Lines shall be responsible for the settlement of the employees of THL after Completion.

THL shall continue to assume all the credits, debts and contingent liabilities after Completion.

## ***Information on THL***

THL is an investment holding company incorporated in the PRC with limited liability on 12 July 2013. The registered capital of THL is RMB230 million, which is fully paid up as at the date of this announcement.

As at the date of this announcement, THL is the registered and beneficial owner of the Target Property and it has no subsidiaries.

As at the date of this announcement, THL is owned by Ling Hui and COSCO SHIPPING Lines as to 81% and 19% of its equity interest respectively, and therefore is a non-wholly owned subsidiary of Ling Hui.

Set out below is the audited financial information of THL (as prepared in accordance with the Accounting Standards for Enterprises) for the two financial years ended 31 December 2021.

	<b>For the year ended 31 December</b>	
	2020	2021
	(RMB' 000)	(RMB' 000)
	(Audited)	(Audited)
	<i>Approximately</i>	<i>Approximately</i>
Profit before taxation	17,348	17,712
Profit after taxation	13,011	13,284

  

	<b>As at 31 December</b>	
	2020	2021
	(RMB' 000)	(RMB' 000)
	(Audited)	(Audited)
	<i>Approximately</i>	<i>Approximately</i>
Net Assets	2,088,985	2,090,559

### **Information on the Target Property**

The Target Property, Shanghai Ocean Building\* (上海遠洋大廈), is located at No. 378 of Dong Da Ming Road, Hongkou District, Shanghai, the PRC, with the total gross floor area of approximately 31,334.20 square feet. The Target Property is currently leased to COSCO SHIPPING Lines as its principal office.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Since the non-current assets of COSCO SHIPPING Lines mainly comprise vessels, the Acquisition can diversify the asset portfolio of COSCO SHIPPING Lines and enhance its overall strength. In addition, since the Target Property is located in the central business district of Shanghai, it has the function and potential of value maintenance and appreciation. Furthermore, COSCO SHIPPING Lines is currently responsible for the routine management of the Target Property, the Acquisition may facilitate and enhance the efficiency in the Group's routine management of the Target Property in the future.

Taking into account the above and the view of the board of directors of COSCO SHIPPING Lines, the Board (including the independent non-executive Directors) considers that the terms of the Equity Interest Transfer Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **Information on COSCO SHIPPING Lines**

COSCO SHIPPING Lines is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company, and it is principally engaged in the business of container shipping.

### **Information on Ling Hui**

Ling Hui is a company incorporated under the laws of the British Virgin Islands and an indirect wholly-owned subsidiary of COSCO SHIPPING, and it is principally engaged in the business of investment holding. To the best of the Directors' knowledge, information and belief, the scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sale of vessels, containers and steel, and maritime engineering.

## **INFORMATION ON THE GROUP**

The Company was established in the PRC on 3 March 2005. The Group provides a wide range of container shipping and terminal services covering the whole shipping value chain for both international and domestic customers.

## **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over approximately 46.89% total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company. Ling Hui is an indirect wholly-owned subsidiary of COSCO SHIPPING. Accordingly, Ling Hui is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and the Acquisition constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are all less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Hong Kong Listing Rules.

The executive Directors, namely, Mr. Wan Min, Mr. Huang Xiaowen and Mr. Yang Zhijian, as Directors nominated by COSCO (a controlling shareholder of the Company and a wholly-owned subsidiary of COSCO SHIPPING), have abstained from voting on the resolution of the Board approving the Equity Interest Transfer Agreement and the transactions contemplated thereunder pursuant to the articles of association of the Company. Other than the above mentioned Directors, the remaining Directors are the independent non-executive Directors.

Save as disclosed above, none of other Directors has a material interest in the Equity Interest Transfer Agreement and the transactions contemplated thereunder and was required to abstain from voting on the relevant resolution.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below, and words in plural shall include the singular and vice versa, as applicable:

“Acquisition”	the acquisition of the Target Equity Interest by COSCO SHIPPING Lines from Ling Hui pursuant to the Equity Interest Transfer Agreement
“associates”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of Directors of the Company
“Company”	COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司), 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 (stock code: 601919)
“Completion”	completion of the Equity Interest Transfer Agreement subject to and in accordance with the terms and conditions thereof
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules
“COSCO”	China Ocean Shipping Company Limited* (中國遠洋運輸有限公司), a PRC state-owned enterprise, the direct controlling shareholder of the Company and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING”	China COSCO SHIPPING Corporation Limited* (中國遠洋海運集團有限公司), a PRC state-owned enterprise and an indirect controlling shareholder of the Company
“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries and associates (as defined under the Hong Kong Listing Rules)
“COSCO SHIPPING Lines”	COSCO SHIPPING Lines Co., Ltd.* (中遠海運集裝箱運輸有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Equity Interest Transfer Agreement”	An equity interest transfer agreement entered into between COSCO SHIPPING Lines and Ling Hui on 29 April 2022, pursuant to which COSCO SHIPPING Lines agrees to purchase and Ling Hui agrees to sell 81% of the total equity interest in THL
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Ling Hui”	LING HUI INVESTMENTS LIMITED (領惠投資有限公司), a company incorporated under the laws of the British Virgin Islands and an indirect wholly-owned subsidiary of COSCO SHIPPING
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Target Equity Interest”	81% of the total equity interest in THL
“Target Property”	Shanghai Ocean Building* (上海遠洋大廈), which is located at No. 378 of Dong Da Ming Road, Hongkou District, Shanghai, the PRC, with the total gross floor area of approximately 31,334.20 square feet
“THL”	Shanghai Tianhongli Asset Management Limited* (上海天宏力資產管理有限公司), a company established under the laws of the PRC with limited liability and is owned by Ling Hui and COSCO SHIPPING Lines as to 81% and 19% respectively as at the date of this announcement
“US Dollars”	United States Dollars, the lawful currency of the United States of America
“%”	per cent.

The exchange rate used for reference purpose in this announcement is RMB1.00 to HK\$1.20.

By Order of the Board  
**COSCO SHIPPING Holdings Co., Ltd.\***  
**Guo Huawei**  
*Company Secretary*

Shanghai, the People’s Republic of China  
29 April 2022

*As at the date of this announcement, the Directors are Mr. WAN Min<sup>1</sup> (Chairman), Mr. HUANG Xiaowen<sup>1</sup> (Vice Chairman), Mr. YANG Zhijian<sup>1</sup>, Mr. WU Dawei<sup>2</sup>, Mr. ZHOU Zhonghu<sup>2</sup>, Mr. TEO Siong Seng<sup>2</sup> and Prof. MA, Si Hang Frederick<sup>2</sup>.*

<sup>1</sup> *Executive Director*

<sup>2</sup> *Independent non-executive Director*

\* *For identification purpose only*