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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**  
**THE ACQUISITION OF EQUITY INTERESTS IN**  
**COSCO SHIPPING SUPPLY CHAIN**

**THE EQUITY INTEREST TRANSFER AGREEMENT**

The Board is pleased to announce that, on 30 September 2022, COSCO SHIPPING Lines (a wholly-owned subsidiary of the Company) and COSCO SHIPPING Logistics entered into the Equity Interest Transfer Agreement, pursuant to which COSCO SHIPPING Lines conditionally agrees to purchase and COSCO SHIPPING Logistics conditionally agrees to sell approximately 13.46% of the equity interests in COSCO SHIPPING Supply Chain (representing 7% of the equity interests after completion of the Proposed Public Listing and Capital Increase and Employee Stock Ownership Plan of COSCO SHIPPING Supply Chain) at the consideration of RMB1,216,544,807.69 (equivalent to approximately HK\$1,338,199,288.46).

**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 the voting rights in respect of 7,328,600,010 A Shares and 225,822,000 H Shares, representing approximately 46.94% of the total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and therefore a connected person of the Company.

As at the date of this announcement, COSCO SHIPPING Logistics is a wholly-owned subsidiary of COSCO SHIPPING. Accordingly, COSCO SHIPPING Logistics is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and therefore the Acquisition of COSCO SHIPPING Supply Chain constitutes a connected transaction of the Company.

The Acquisition of THL, the Acquisition of COSCO SHIPPING Finance, the Capital Increase by the Group and the Acquisition of COSCO SHIPPING Supply Chain will constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Acquisition of COSCO SHIPPING Supply Chain (when aggregated with the Acquisition of THL, the Acquisition of COSCO SHIPPING Finance, and the Capital Increase by the Group) exceed 0.1% but are less than 5%, the Acquisition of COSCO SHIPPING Supply Chain is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **INTRODUCTION**

On 30 September 2022, COSCO SHIPPING Lines (a wholly-owned subsidiary of the Company) and COSCO SHIPPING Logistics entered into the Equity Interest Transfer Agreement, pursuant to which COSCO SHIPPING Lines conditionally agrees to purchase and COSCO SHIPPING Logistics conditionally agrees to sell approximately 13.46% of the equity interests in COSCO SHIPPING Supply Chain (representing 7% of the equity interests after completion of the Proposed Public Listing and Capital Increase and Employee Stock Ownership Plan of COSCO SHIPPING Supply Chain) at the consideration of RMB1,216,544,807.69 (equivalent to approximately HK\$1,338,199,288.46).

Meanwhile, COSCO SHIPPING Supply Chain plans to introduce strategic investors and achieve capital increase by way of public listing on the SUAEE, and to implement the employee stock ownership plan. Upon completion of the Equity Interest Transfer Agreement and the Proposed Public Listing and Capital Increase and Employee Stock Ownership Plan of COSCO SHIPPING Supply Chain, COSCO SHIPPING Supply Chain is expected to be owned by (i) COSCO SHIPPING Logistics as to 45% of its equity interests, (ii) COSCO SHIPPING Lines as to 7% of its equity interests, (iii) its employees as to 7% of its equity interests, and (iv) external strategic investors through public listing and capital increase on the SUAEE as to the remaining of 41% of its equity interests. As at the date of this announcement, COSCO SHIPPING Supply Chain is wholly-owned by COSCO SHIPPING Logistics. As at the date of this announcement, the Proposed Public Listing and Capital Increase and Employee Stock Ownership Plan of COSCO SHIPPING Supply Chain has not been materialized or completed.

## **THE EQUITY INTEREST TRANSFER AGREEMENT**

The principal terms of the Equity Interest Transfer Agreement is set out below.

### ***Date***

30 September 2022

### ***Parties***

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

## ***Subject Matter***

On 30 September 2022, COSCO SHIPPING Lines (a wholly-owned subsidiary of the Company) and COSCO SHIPPING Logistics entered into the Equity Interest Transfer Agreement, pursuant to which COSCO SHIPPING Lines conditionally agrees to purchase and COSCO SHIPPING Logistics conditionally agrees to sell approximately 13.46% of the equity interests in COSCO SHIPPING Supply Chain (representing 7% of the equity interests after completion of the Proposed Public Listing and Capital Increase and Employee Stock Ownership Plan of COSCO SHIPPING Supply Chain) at the consideration of RMB1,216,544,807.69 (equivalent to approximately HK\$1,338,199,288.46).

## ***Consideration and the Basis of Consideration***

The consideration for the Acquisition of COSCO SHIPPING Supply Chain under the Equity Interest Transfer Agreement was determined after arm's length negotiations between the parties thereto by the assessed value of the entire equity interests attributable to the shareholders of COSCO SHIPPING Supply Chain by an independent valuer as at 31 October 2021 (as the benchmark date for the valuation). Pursuant to the valuation report issued by the independent valuer on 12 August 2022 and filed by COSCO SHIPPING (the "**Valuation Report**"), applying the income approach, the assessed value of the entire equity interests attributable to the shareholders of COSCO SHIPPING Supply Chain as at 31 October 2021 was RMB9,037,190,000.00 (equivalent to approximately HK\$9,940,909,000.00), therefore the corresponding assessed value of approximately 13.46% of the equity interests in COSCO SHIPPING Supply Chain as at 31 October 2021 was approximately RMB1,216,544,807.69 (equivalent to approximately HK\$1,338,199,288.46).

The consideration payable by COSCO SHIPPING Lines for the Acquisition of COSCO SHIPPING Supply Chain under the Equity Interest Transfer Agreement will be financed by COSCO SHIPPING Lines' own funds.

As at the date of this announcement, the conditions precedent under the Equity Interest Transfer Agreement have been satisfied, and the Equity Interest Transfer Agreement shall become effective on 27 October 2022, being the effective date of the Equity Interest Transfer Agreement as agreed by the parties thereto.

## ***Payment Terms***

COSCO SHIPPING Lines shall pay the consideration of RMB1,216,544,807.69 in total under the Equity Interest Transfer Agreement to the designated bank account of COSCO SHIPPING Logistics in a lump sum within 10 working days after the Equity Interest Transfer Agreement becomes effective.

## ***Completion***

COSCO SHIPPING Logistics shall submit the relevant materials to the SUAEE within 5 working days after the Equity Interest Transfer Agreement becomes effective in order to obtain the certificate of transaction. COSCO SHIPPING Lines will become the legal holder in respect of the approximately 13.46% of the equity interests in COSCO SHIPPING Supply Chain with shareholders' rights and obligations upon the effective date of the Equity Interest Transfer Agreement.

Upon completion of the Equity Interest Transfer Agreement, the Group will hold approximately 13.46% of the equity interests in COSCO SHIPPING Supply Chain, and COSCO SHIPPING Supply Chain will not become a subsidiary of the Company, and its financial statements will not be consolidated into the financial statements of the Group.

## ***Other Key Terms***

The profits and losses in respect of the approximately 13.46% of the equity interests in COSCO SHIPPING Supply Chain incurred during the period between the benchmark date of the Valuation Report and the date of the Equity Interest Transfer Agreement shall be assumed and borne by COSCO SHIPPING Lines.

## REASONS FOR AND BENEFITS OF THE ACQUISITION OF COSCO SHIPPING SUPPLY CHAIN

The Acquisition of COSCO Shipping Supply Chain is a new initiative of the Company to align with the new trends of global trade development, focus on new strategic vision, and promote strategic transformation, which will facilitate the Company to improve its end-to-end service network and enhance its whole-process integrated logistic and shipping service capacity, thereby continuously improving its service quality and optimizing customer experience. The Acquisition of COSCO Shipping Supply Chain will enable the Company to further satisfy customers' higher requirements regarding the stability and resilience of the supply chain and their higher expectations on its whole-process logistic delivery capacity, thereby creating higher value for customers by providing differentiated services in respect of its whole-process supply chain business of container logistics.

Taking into account the above, 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 COSCO SHIPPING SUPPLY CHAIN

COSCO SHIPPING Supply Chain is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Logistics. It principally engaged in integrated freight forwarding, shipping agency, engineering logistics, warehousing and distribution, product logistics and logistics support business.

Based on the financial statements of COSCO SHIPPING Supply Chain prepared in accordance with Accounting Standards for Business Enterprises, the financial information of COSCO SHIPPING Supply Chain for the two years ended 31 December 2020 and 2021 is set out as follows:

	<b>For the year ended 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>(RMB)</i>	<i>(RMB)</i>
	(Audited)	(Audited)
	Approximately	Approximately
Profit before taxation	57,160	1,473,013,740
Profit after taxation	<u>57,160</u>	<u>1,167,918,800</u>
	<b>As at 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>(RMB)</i>	<i>(RMB)</i>
	(Audited)	(Audited)
	Approximately	Approximately
Net Assets	<u>47,920,960</u>	<u>7,784,027,970</u>

## **INFORMATION ON THE PARTIES TO THE EQUITY INTEREST TRANSFER AGREEMENT**

### **Information on the Group**

The Company is 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 Hong Kong Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange.

The Group provides a wide range of container shipping and terminal services covering the whole shipping value chain for both international and domestic customers.

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

### **Information on COSCO SHIPPING Logistics**

COSCO SHIPPING Logistics is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in general freight, shipping agency, contract logistics, engineering logistics, warehousing business, transportation business.

## **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 the voting rights in respect of 7,328,600,010 A Shares and 225,822,000 H Shares, representing approximately 46.94% of the total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and therefore a connected person of the Company.

As at the date of this announcement, COSCO SHIPPING Logistics is a wholly-owned subsidiary of COSCO SHIPPING. Accordingly, COSCO SHIPPING Logistics is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and the Acquisition of COSCO SHIPPING Supply Chain constitutes a connected transaction of the Company.

The Acquisition of THL, the Acquisition of COSCO SHIPPING Finance, the Capital Increase by the Group and the Acquisition of COSCO SHIPPING Supply Chain will constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Acquisition of COSCO SHIPPING Supply Chain (when aggregated with the Acquisition of THL, the Acquisition of COSCO SHIPPING Finance, and the Capital Increase by the Group) exceed 0.1% but are less than 5%, the Acquisition of COSCO SHIPPING Supply Chain is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.



The executive Directors, namely, Mr. Wan Min, Mr. Huang Xiaowen, and Mr. Yang Zhijian, who are 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(s) of the Board approving the Equity Interest Transfer Agreement and the transactions contemplated thereunder. 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.

## DEFINITIONS

Unless the context requires otherwise, capitalized terms used in this announcement shall have the meanings as follows:

“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“Acquisition of COSCO SHIPPING Finance”	the purchase by the Company of the aggregate of 11.9246% of the equity interests in COSCO SHIPPING Finance Company Limited* (中遠海運集團財務有限責任公司), from COSCO (Tianjin) Co., Ltd.* (中遠海運(天津)有限公司), COSCO (Qingdao) Co., Ltd.* (中遠海運(青島)有限公司), COSCO (Xiamen) Co., Ltd.* (中遠海運(廈門)有限公司), China Marine Bunker (Petro China) Co., Ltd.* (中國船舶燃料有限責任公司), COSCO Shipbuilding Industry Company Ltd.* (中遠造船工業有限公司), and COSCO Shipyard Group Co., Ltd.* (中遠船務工程集團有限公司), which constituted a connected transaction of the Company, the details of which are contained in the announcement of the Company dated 19 May 2022
“Acquisition of COSCO SHIPPING Supply Chain”	the proposed purchase by COSCO SHIPPING Lines of approximately 13.46% of the equity interests in COSCO SHIPPING Supply Chain from COSCO SHIPPING Logistics at the consideration of RMB1,216,544,807.69 pursuant to the Equity Interest Transfer Agreement
“Acquisition of THL”	the acquisition of 81% of the equity interests in Shanghai Tianhongli Asset Management Limited* (上海天宏力資產管理有限公司) by COSCO SHIPPING Lines from a wholly-owned subsidiary of COSCO SHIPPING, which constituted a connected transaction of the Company, the details of which are contained in the announcement of the Company dated 29 April 2022
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules

“Board”	the board of Directors of the Company
“Capital Increase by the Group”	the increase in the registered capital of COSCO SHIPPING Finance Company Limited* (中遠海運集團財務有限責任公司) in the aggregate amount of RMB3,100,788,000.00 (equivalent to approximately HK\$3,720,945,600.00) to be contributed by the Company and COSCO SHIPPING Lines, which constituted a connected transaction of the Company, the details of which are contained in the announcement of the Company dated 19 May 2022
“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 and A shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1919) and the Shanghai Stock Exchange (Stock Code: 601919), respectively
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder”	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 Ltd.* (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 Lines”	COSCO SHIPPING Lines Co., Ltd.* (中遠海運集裝箱運輸有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“COSCO SHIPPING Logistics”	COSCO SHIPPING Logistics Co., Ltd.* (中遠海運物流有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING

“COSCO SHIPPING Supply Chain”	COSCO SHIPPING Logistics Supply Chain Co., Ltd.* (中遠海運物流供應鏈有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Logistics as at the date of this announcement
“Director(s)”	director(s) of the Company
“Equity Interest Transfer Agreement”	the Equity Interest Transfer Agreement entered into between COSCO SHIPPING Lines and COSCO SHIPPING Logistics on 30 September 2022, pursuant to which COSCO SHIPPING Lines conditionally agrees to purchase and COSCO SHIPPING Logistics conditionally agrees to sell approximately 13.46% of the equity interests in COSCO SHIPPING Supply Chain (representing 7% of the equity interests after completion of the Proposed Public Listing and Capital Increase and Employee Stock Ownership Plan of COSCO SHIPPING Supply Chain) at the consideration of RMB1,216,544,807.69 (equivalent to approximately HK\$1,338,199,288.46)
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign shares in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“PRC”	the People’s Republic of China
“PRC Company Law”	PRC Company Law (《中華人民共和國公司法》) and its amendments issued from time to time
“Proposed Public Listing and Capital Increase and Employee Stock Ownership Plan of COSCO SHIPPING Supply Chain”	the proposed increase in the registered capital of COSCO SHIPPING Supply Chain by way of public listing on the SUAEE for the purpose of introducing strategic investors at a price no less than the assessed value of the entire equity interests in COSCO SHIPPING Supply Chain filed by COSCO SHIPPING and the proposed simultaneous implementation of the employee stock ownership plan of COSCO SHIPPING Supply Chain
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s)



“Shareholder(s)”	holder(s) of the Share(s)
“SUAEE”	the Shanghai United Assets and Equity Exchange (上海聯合產權交易所)
“%”	per cent

The exchange rate used for reference purpose in this announcement is RMB1.00 to HK\$1.10.

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

Shanghai, the People’s Republic of China  
30 September 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 Zhonghui<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*