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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)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF APPROXIMATELY 5.81% OF SHARES IN
COFCO FORTUNE CO., LTD.*

THE CAPITAL INCREASE AGREEMENT

On 16 January 2023, the Company entered into the Capital Increase Agreement with COFCO Fortune, COFCO Group and Other Subscribers by negotiation, pursuant to which the Company and Other Subscribers agree to subscribe for and COFCO Fortune agrees to issue and allot the Subscription Shares, among which the Company agrees to subscribe for and COFCO Fortune agrees to issue and allot 179,968,695 Subscription Shares, by way of capital contribution of RMB5,499,999,987.02 (equivalent to approximately HK\$6,379,999,984.94) by the Company in COFCO Fortune, subject to the terms and conditions set out in the Capital Increase Agreement. Prior to the completion of the Capital Increase, the Group did not hold any shares of COFCO Fortune. Upon completion of the Capital Increase, the Group will hold approximately 5.81% of shares in COFCO Fortune and COFCO Fortune will not become a subsidiary of the Company, therefore its financial results will not be consolidated into the financial statements of the Group.

IMPLICATIONS UNDER 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 Capital Increase exceed 5% but are all less than 25%, the Capital Increase constitutes a discloseable transaction and is subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Hong Kong Listing Rules.

I. INTRODUCTION

From 17 November 2022 to 14 December 2022, COFCO Fortune issued a Capital Increase announcement through the China Beijing Equity Exchange* (北京產權交易所) to publicly solicit investors. The Company submitted its investment intention to the China Beijing Equity Exchange within the prescribed time. COFCO Fortune and China Beijing Equity Exchange have approved the qualification of the Company as an investor. Since then, the Company was confirmed as an investor by COFCO Fortune.

On 16 January 2023, the Company entered into the Capital Increase Agreement with COFCO Fortune, COFCO Group and Other Subscribers by negotiation.

II. CAPITAL INCREASE

The principal terms of the Capital Increase Agreement are set out below.

Date

16 January 2023

Parties to the Capital Increase Agreement

- (1) COFCO Fortune;
- (2) COFCO Group;
- (3) the Company; and
- (4) the Other Subscribers.

To the best of the Directors' knowledge, information and belief, each of COFCO Fortune, COFCO Group, the Other Subscribers (as well as Beijing Hopu Ronghao Capital Investment Management Co., Ltd.* (北京厚樸融灝資本投資管理有限公司)), and their respective ultimate beneficial owner(s) is an Independent Third Party.

Subject Matter

Pursuant to the Capital Increase Agreement, the Company and Other Subscribers agree to subscribe for and COFCO Fortune agrees to issue and allot the Subscription Shares, among which the Company agrees to subscribe for and COFCO Fortune agrees to issue and allot 179,968,695 Subscription Shares, by way of a capital contribution of RMB5,499,999,987.02 (equivalent to approximately HK\$6,379,999,984.94) (the "**Transaction Consideration**") by the Company in COFCO Fortune, subject to the terms and conditions set out therein.

Prior to the completion of the Capital Increase, the Group did not hold any shares of COFCO Fortune. Upon completion of the Capital Increase, the Group will hold approximately 5.81% of shares in COFCO Fortune and COFCO Fortune will not become a subsidiary of the Company, therefore its financial results will not be consolidated into the financial statements of the Group.

Consideration and Payment Terms

Amongst the Transaction Consideration, an aggregate of RMB200 million had been paid by the Company to China Beijing Equity Exchange as security deposit, and the balance shall be settled in one lump sum in cash by the Company within five business days (the “**Capital Increase Payment Period**”) upon the satisfaction of all the following conditions (the **Payment Conditions**):

- (1) the Capital Increase Agreement and the relevant shareholders’ agreement having been duly signed by the parties thereto;
- (2) the completion of the relevant review and approval procedures of the Capital Increase in accordance with the articles of association of COFCO Fortune, and the completion of the review procedures for transactions of state-owned assets; and
- (3) the provision of a scanned copy of written confirmation regarding the fulfilment of Payment Conditions (1) and (2) above and the relevant proof (including the signed Capital Increase Agreement and the signed Shareholders’ Agreement, the approval from COFCO Group for the Capital Increase, and the shareholders’ resolution of COFCO Fortune approving the Capital Increase) by COFCO Fortune to the Company and the Other Subscribers, and the issuance of payment notice by COFCO Fortune to the Company and the Other Subscribers.

The Transaction Consideration was determined after arm’s length negotiations and based on the “Operating Rules for Capital Increase of State-owned Enterprises of the China Beijing Equity Exchange”* (《北京產權交易所國有企業增資操作規則》). The consideration payable by the Company pursuant to the Capital Increase Agreement will be funded by self-owned funds or self-raised funds of the Company.

Completion

Within five business days upon the expiration of the Capital Increase Payment Period, COFCO Fortune shall issue and deliver a certificate of capital contribution to each of the Company and the Other Subscribers who have paid the corresponding capital increase amount in full, and the date of the contribution certificate shall be regarded as the completion date of the Capital Increase. In the event the actual date of full payment of the capital increase amount by any subscriber is later than the Capital Increase Payment Period, if such subscriber has settled the capital increase amount in full prior to the issuance of a written notice by COFCO Fortune in accordance with the terms of the Capital Increase Agreement to terminate its rights and obligations under the Capital Increase Agreement, and such subscriber has also settled a daily fee of 0.05% of its corresponding capital increase amount, completion by such subscriber will be deemed to have taken place on the completion date. Upon the completion date of the Capital Increase, the Company and Other Subscribers shall enjoy the rights of and assume the obligations of shareholders in proportion to their corresponding shareholdings after the completion date as agreed in the Capital Increase Agreement.

III. INFORMATION ON THE PARTIES TO THE CAPITAL INCREASE AGREEMENT

(1) Information on the Group

The Company is a joint stock limited company incorporated in the PRC, 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.

(2) Information on COFCO Fortune and COFCO Group

COFCO Fortune is a company incorporated in the PRC with limited liability. COFCO Fortune is principally engaged in the following areas of business: the business of food processing and brand marketing, and the business of global supply chain of agricultural food; the types of products provided under the business of food processing and brand marketing mainly include rice and noodle, cooking oil, processed beer materials and feed ingredients; the key types of products provided under the business of global supply chain of agricultural food include agricultural food commodities (such as soybean, maize and wheat) and soft commodities (such as cotton, sugar and coffee), and services that cover the whole industrial chain including warehousing, logistics and trading. As at the date of this announcement, COFCO Fortune is held as to approximately 89.665% by the Existing COFCO Shareholders and approximately 10.335% by other existing shareholders; immediately after the completion of the Capital Increase, it is expected that COFCO Fortune will continue to be held as to approximately 69.83% by the Existing COFCO Shareholders, approximately 5.81% by the Company and approximately 24.36% by the other shareholders (including Other Subscribers and other existing shareholders prior to the Capital Increase).

As COFCO Fortune is a company incorporated on November 27, 2020, no financial information for the year ended December 31, 2020 is available for inclusion in this announcement. The financial information of COFCO Fortune for the year ended 31 December 2021 and the six months ended 30 June 2022 prepared in accordance with Enterprise Accounting Standards is set out as follows:

	For the year ended 31 December 2021 (Audited) (RMB in million)	For the six months Ended 30 June 2022 (Unaudited) (RMB in million)
Net profit before taxation	7,521	7,191
Net profit after taxation	4,795	6,023

As at 30 June 2022, the unaudited owner's equity of COFCO Fortune was approximately RMB50.224 billion according to the management accounts of COFCO Fortune.

To the best of the Directors' knowledge, information and belief, COFCO Group is a large-scale state-owned enterprise that is directly owned by the central government of the PRC, and its business covers four major business areas: grain and oil, food, real estate and finance.

(3) Information on the Other Subscribers

To the best of the Directors' knowledge, information and belief, amongst the Other Subscribers in this transaction, the National Council for Social Security Fund* (全國社會保障基金理事會) is primarily responsible for the management and operation of the National Social Security Fund* (全國社會保障基金), being entrusted with the management of investment and operation of basic pension insurance fund, as well as holding and managing the transferred state-owned equity of central enterprises in a centralized manner as entrusted by the State Council, etc.. China State-owned Enterprise Structural Adjustment Fund II Co., Ltd.* (中國國有企業結構調整基金二期股份有限公司), China Public Private Partnerships Investment Fund Co., Ltd.* (中國政企合作投資基金股份有限公司) and China Life Insurance Asset Management Company Limited (on behalf of China Life-COFCO No. 1 Equity Investment Plan)* (中國人壽資產管理有限公司 (代表中國人壽－中糧1號股權投資計劃)) are all state-owned enterprises, China State-owned Enterprise Structural Adjustment Fund Phase II Co., Ltd. is a state fund approved by the State Council, entrusted by the State-owned Assets Supervision and Administration Commission of the State Council, and initiated by China Chengtong Holdings Group Ltd.* (中國誠通控股集團有限公司) together with nine state-owned enterprises. China Public Private Partnerships Investment Fund Co., Ltd. is a state-leading fund approved by the State Council, and jointly initiated by the Ministry of Finance of the PRC, together with 10 domestic large-scale financial and investment institutions, including the National Council for Social Security Fund. China Life Asset Management Co., Ltd. was jointly established by China Life Insurance (Group) Company* (中國人壽保險(集團)公司) and China Life Insurance Company Limited* (中國人壽保險股份有限公司), being one of the largest asset management institutions in the PRC. Houke Fulin Private Equity Investment Fund (Zhuhai) Partnership (Limited Liability Partnership)* (厚科福臨私募股權投資基金(珠海)合夥企業(有限合夥)) is an equity investment fund filed with the Asset Management Association of China, the fund manager is Beijing Hopu Ronghao Capital Investment Management Co., Ltd.* (北京厚樸融灝資本投資管理有限公司) which is principally engaged in investment management.

IV. REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

This transaction is an important measure for the deep integration of modern service industry and modern agriculture. By leveraging the advantages of COFCO Group and COSCO SHIPPING Group in their respective fields, it will be conducive to jointly fulfill corporate social responsibilities and safeguard the safety of the global food industry chains and supply chains, and promote to create a new development pattern where domestic and foreign markets can boost each other, with domestic market as the mainstay. As the core enterprise of the agricultural food business under COFCO Group, COFCO Fortune has an asset layout that spans across domestic and overseas markets and connects the upstream and downstream of the industrial chain, and has long-term and stable investment value. The Company is positioned as a global digital supply chain operation and investment platform focusing on container shipping services that provide customers with supply chain solutions of container shipping + ports + relevant logistics services, and is a core company of COSCO SHIPPING Group bearing the vision and objective of "building a world-class global integrated logistics supply chain service ecosystem". With this equity investment and financing cooperation as a link, both parties will further explore intersections of business cooperation, achieve comprehensive and in-depth integration as well as high-quality development. In terms of the supply chain of the whole agricultural food industry chain, both parties will better promote the in-depth integration of all elements of the supply chain, to expand end-to-end business cooperation and achieve in-depth value synergy by combining container yards, warehouses,

sea-rail transportation and other resources. In terms of terminal port operation, both parties will utilize their existing terminal resources to explore opportunities to strengthen cooperation in the investment, operation, management, and construction of domestic and foreign terminals. In terms of the development of digital strategy, both parties will capitalize on their respective advantages in the entire industry chain to promote the in-depth integration of the digital economy and the real economy of food and logistics and promote the high-end and intelligent development of the food and logistics industry.

Taking into account the above, the Directors (including the independent non-executive Directors) consider that the terms of the Capital Increase Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

V. IMPLICATIONS UNDER 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 Capital Increase exceed 5% but are all less than 25%, the Capital Increase constitutes a discloseable transaction and is subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Hong Kong Listing Rules.

None of the Directors has a material interest in the Capital Increase or is required to abstain from voting on the resolution of the Board approving the Capital Increase.

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
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of Directors
“Capital Increase”	the acquisition of approximately 5.81% equity interests in COFCO Fortune by the Company by way of making capital contribution of RMB5,499,999,987.02 (equivalent to approximately HK\$6,379,999,984.94) in COFCO Fortune pursuant to the terms and conditions of the Capital Increase Agreement

“Capital Increase Agreement”	the “Capital Increase Agreement in Respect of COFCO Fortune Co., Ltd.” entered into between the Company, COFCO Fortune, COFCO Group and the Other Subscribers on 16 January 2023, pursuant to which the Company and Other Subscribers agree to subscribe for and COFCO Fortune agrees to issue and allot the Subscription Shares, among which the Company agrees to subscribe for and COFCO Fortune agrees to issue and allot 179,968,695 Subscription Shares, representing approximately 5.81% equity interests in COFCO Fortune, by way of a capital contribution of RMB5,499,999,987.02 (equivalent to approximately HK\$6,379,999,984.94) by the Company in COFCO Fortune, subject to the terms and conditions set out therein
“COSCO SHIPPING Group”	China COSCO Shipping Corporation Limited* (中國遠洋海運集團有限公司) (a PRC state-owned enterprise and the indirect controlling shareholder of the Company) and its subsidiaries and associates
“COFCO Group”	COFCO Group Limited* (中糧集團有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“COFCO Fortune”	COFCO Fortune Co., Ltd.* (中糧福臨門股份有限公司), a company incorporated in the PRC with limited liability
“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
“Director(s)”	director(s) of the Company
“Enterprise Accounting Standards”	The Accounting Standards for Business Enterprises issued by Ministry of Finance of the PRC

“Existing COFCO Shareholders”	collectively, COFCO Group (a company incorporated in the PRC with limited liability), Chinatex Corporation Limited* (中國中紡集團有限公司, a company incorporated in the PRC with limited liability), COFCO (Hong Kong) Limited (中糧集團(香港)有限公司, a company incorporated in Hong Kong with limited liability), Chinatex Grains and Oils Corporation Limited* (中紡糧油進出口有限責任公司, a company incorporated in the PRC with limited liability) and Wide Smart Holdings Limited (a company incorporated in the British Virgin Islands with limited liability), each of Chinatex Corporation Limited, COFCO (Hong Kong) Limited, Chinatex Grains and Oils Corporation Limited and Wide Smart Holdings Limited is a wholly-owned subsidiary of COFCO Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“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
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons (as defined in the Hong Kong Listing Rules)
“Other Subscribers”	National Council for Social Security Fund* (全國社會保障基金理事會), China State-owned Enterprise Structural Adjustment Fund II Co., Ltd.* (中國國有企業結構調整基金二期股份有限公司), China Public Private Partnerships Investment Fund Co., Ltd.* (中國政企合作投資基金股份有限公司), China Life Insurance Asset Management Company (on behalf of China Life-COFCO No. 1 Equity Investment Plan)* (中國人壽資產管理有限公司(代表中國人壽－中糧1號股權投資計劃)) and Houke Fulin Private Equity Investment Fund (Zhuhai) Partnership (Limited Liability Partnership)* (厚科福臨私募股權投資基金(珠海)合夥企業(有限合夥))

“PRC”	the People’s Republic of China
“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)
“Subscription Share(s)”	the ordinary share(s) of COFCO Fortune to be allotted and issued by COFCO Fortune pursuant to the Capital Increase Agreement
“%”	per cent

The exchange rate used for reference purpose in this announcement is RMB1.00 to HK\$1.16.

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

Shanghai, the People’s Republic of China
16 January 2023

As at the date of this announcement, the Directors are Mr. WAN Min¹ (Chairman), Mr. HUANG Xiaowen¹ (Vice Chairman), Mr. YANG Zhijian¹, Mr. ZHANG Wei¹, Mr. WU Dawei², Mr. ZHOU Zhonghui², Mr. TEO Siong Seng² and Prof. MA Si-hang Frederick².

1 Executive Director

2 Independent non-executive Director

** For identification purpose only*