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**中遠海運發展股份有限公司**  
**COSCO SHIPPING Development Co., Ltd.\***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 02866)**

**CONNECTED TRANSACTION**  
**THE DISPOSAL OF EQUITY INTERESTS IN HELEN INSURANCE**

**THE EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that, on 10 November 2023, COSCO SHIPPING Development (Hong Kong) and COSCO SHIPPING International (Hong Kong) entered into the Equity Transfer Agreement, pursuant to which COSCO SHIPPING Development (Hong Kong) conditionally agreed to sell and COSCO SHIPPING International (Hong Kong) conditionally agreed to purchase 100% of the equity interests of Helen Insurance at the total consideration of HK\$270,980,600.

Upon completion of the Disposal, Helen Insurance will cease to be a subsidiary of the Company and the financial results of Helen Insurance will no longer be consolidated into the consolidated financial statements of the Company.

**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 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 45.85% of the total issued share capital of the Company. Accordingly, 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 International (Hong Kong) is a non-wholly owned subsidiary of COSCO SHIPPING. Therefore, COSCO SHIPPING International (Hong Kong) is an associate of COSCO SHIPPING and therefore a connected person of the Company. In addition, COSCO SHIPPING Development (Hong Kong) is a wholly-owned subsidiary of the Company. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A 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 Disposal exceed 0.1% but are all less than 5%, the Disposal is subject to reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **THE EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that, on 10 November 2023, COSCO SHIPPING Development (Hong Kong) and COSCO SHIPPING International (Hong Kong) entered into the Equity Transfer Agreement, pursuant to which COSCO SHIPPING Development (Hong Kong) conditionally agreed to sell and COSCO SHIPPING International (Hong Kong) conditionally agreed to purchase 100% of the equity interests of Helen Insurance at the total consideration of HK\$270,980,600.

The principal terms of the Equity Transfer Agreement are set out below:

### **Date**

10 November 2023

### **Parties**

- (1) COSCO SHIPPING Development (Hong Kong) (as vendor); and
- (2) COSCO SHIPPING International (Hong Kong) (as purchaser)

### **Subject Matter**

COSCO SHIPPING Development (Hong Kong) conditionally agreed to sell and COSCO SHIPPING International (Hong Kong) conditionally agreed to purchase 100% of the equity interests of Helen Insurance at the total consideration of HK\$270,980,600.

### **Consideration**

The consideration for the Disposal in the amount of HK\$270,980,600 was determined after arm's length negotiations between the parties with reference to:

- (1) the appraised value of the entire equity interests of Helen Insurance as at 31 March 2023 prepared by an independent valuer using market approach; and
- (2) the amount of dividends declared by Helen Insurance after 31 March 2023 (HK\$28,650,000).

Pursuant to the valuation report issued by an independent valuer, the appraised value of the entire equity interests of Helen Insurance as at 31 March 2023 was approximately HK\$299,630,600 using market approach. The price-to-earnings ratio (PE) was selected as the value multiplier in the market approach, in which the enterprise value was estimated through comparison, analysis, and adjustment with comparable companies, to reflect the market value of the enterprise at the point in time of the valuation date. Market approach was selected upon taking into account that, among others, Helen Insurance was engaged in marine insurance brokerage business, and the main resources that Helen Insurance relied on include intangible resources such as sales team, management team and customer resources, in addition to tangible resources such as fixed assets and working capital. As at the date of the Equity Transfer Agreement, the relevant state-owned assets filing procedure has been completed for the valuation report of the transactions contemplated under the Equity Transfer Agreement in accordance with the relevant PRC laws and regulations.

## **Conditions**

Unless otherwise agreed in writing by both parties to the Equity Transfer Agreement, the closing is conditional upon the satisfaction of the following conditions precedent on or before 30 March 2024 or such other date agreed by COSCO SHIPPING International (Hong Kong):

- (1) COSCO SHIPPING Development (Hong Kong) confirmed that there were no material adverse changes in the business, operations, assets, liabilities and other aspects of Helen Insurance (except for material adverse changes directly attributable to matters specifically disclosed in writing by COSCO SHIPPING Development (Hong Kong) to COSCO SHIPPING International (Hong Kong) at the execution of the Equity Transfer Agreement), and that each of the statements, warranties and undertakings made by COSCO SHIPPING Development (Hong Kong) under the Equity Transfer Agreement is true, correct and continuously valid, and that there has been no default under the Equity Transfer Agreement;
- (2) COSCO SHIPPING Development (Hong Kong) has completed the review and approval procedures of the relevant authorities for the execution and performance of the Equity Transfer Agreement in accordance with its articles of association and applicable regulations, obtained from all necessary regulatory authorities all necessary consents, approvals, waivers, orders or authorizations in connection with the execution and delivery of the transaction documents and in respect of the closing, completed all necessary registrations, declarations or filings with all requisite regulatory authorities in connection with the execution and delivery of the transaction documents and in respect of the closing on or before the Closing Date, and performed any procedures or formalities required by applicable regulations or by any regulatory authorities binding on it or by contracts; and
- (3) COSCO SHIPPING International (Hong Kong) has completed the relevant approval procedures for the execution and performance of the Equity Transfer Agreement in accordance with its articles of association and applicable regulations, including obtaining independent Shareholders' approval by means of voting by COSCO SHIPPING International (Hong Kong) pursuant to the Hong Kong Listing Rules.

## **Payment Terms**

COSCO SHIPPING International (Hong Kong) shall pay the consideration for the Disposal in Hong Kong dollars in a lump sum to the account of COSCO SHIPPING Development (Hong Kong) on the Closing Date.

## **Closing**

Subject to the satisfaction of all conditions precedent pursuant to the Equity Transfer Agreement, the closing shall take place within three business days. Unless otherwise agreed in advance by COSCO SHIPPING International (Hong Kong), the closing shall, in any event, take place no later than 30 March 2024.

Pursuant to the terms and conditions of the Equity Transfer Agreement, COSCO SHIPPING International (Hong Kong) will purchase 100% of the equity interests of Helen Insurance on the Closing Date and COSCO SHIPPING Development (Hong Kong), as the legal and beneficial owner, will dispose of the entire legal and beneficial interests in 100% of the equity interests of Helen Insurance and procure such delivery to COSCO SHIPPING International (Hong Kong) on the Closing Date.

## **Reasons for and Benefits of the Disposal under the Equity Transfer Agreement**

With a focus on the integrated logistics industry, the Company will develop shipping leasing, container leasing and container manufacturing business as the core business and shipping supply chain finance services as auxiliary business, take full advantage of the support from investment management and achieve industry-finance-investment integrated development. Taking into account the Company's business direction and development strategy, the Company believes that the Disposal is conducive to further focusing on the Company's strategic development direction, optimizing asset allocation and business layout and promoting the high-quality development of the Company.

Taking into account the above and the matters stated in the section headed "Financial Effects of the Disposal and Use of Proceeds" in this announcement, the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS**

It is expected that upon completion of the Disposal, the Group will record a gain on the Disposal of approximately HK\$238.64 million. Such gain is estimated based on the consideration of the Disposal of approximately HK\$270.98 million less the net asset value of Helen Insurance as at 30 September 2023 of approximately HK\$32.34 million. Such gain from the Disposal expected by the Company are unaudited and subject to the final confirmation.

The Disposal could provide cash inflow to the Company in the amount of approximately HK\$270,980,600. The Group currently intends to apply the proceeds from the Disposal as general working capital and support the funding needs for the future business development of the Group.

Upon completion of the Disposal, Helen Insurance will cease to be a subsidiary of the Company and the financial results of Helen Insurance will no longer be consolidated into the consolidated financial statements of the Company.

## INFORMATION ON HELEN INSURANCE

Helen Insurance is a company established under the laws of Hong Kong with limited liability and is a wholly-owned subsidiary of COSCO SHIPPING Development (Hong Kong), a wholly-owned subsidiary of the Company. It is principally engaged in vessel-related insurance brokerage services.

According to the financial statements prepared by Helen Insurance in accordance with the Hong Kong Financial Reporting Standards, the financial information of Helen Insurance for the two years ended 31 December 2021 and 2022 are approximated as follows:

	<b>For the year ended 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<b>(Audited)</b>	<b>(Audited)</b>
	<b>Approximate</b>	<b>Approximate</b>
Profit before tax	28,865.6	34,035.5
Profit after tax	24,112.0	28,648.5

  

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<b>(Audited)</b>	<b>(Audited)</b>
	<b>Approximate</b>	<b>Approximate</b>
Net asset value	27,465.2	32,133.2

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

### **Information on the Company**

The Company is a joint stock company established under the laws of 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.

With a focus on the integrated logistics industry, the Company will develop shipping leasing, container leasing and container manufacturing business as the core business and shipping supply chain finance services as auxiliary business, take full advantage of the support from investment management and achieve industry-finance-investment integrated development.

### **Information on the COSCO SHIPPING Development (Hong Kong)**

COSCO SHIPPING Development (Hong Kong) is a company established under the laws of Hong Kong with limited liability and is also a wholly-owned subsidiary of the Company. COSCO SHIPPING Development (Hong Kong) is principally engaged in leasing of vessels and containers.

### **Information on the COSCO SHIPPING International (Hong Kong)**

COSCO SHIPPING International (Hong Kong) is a company established under the laws of Bermuda and is a non-wholly owned subsidiary of COSCO SHIPPING, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 00517).

COSCO SHIPPING International (Hong Kong) has aimed to establish the shipping services industrial cluster as its strategic development direction. COSCO SHIPPING International (Hong Kong) has initially laid an integrated shipping services platform comprising ship trading agency, insurance brokerage, supply of marine equipment and spare parts as well as production and sale of coatings, offering diversified and specialised shipping related services and products to customers such as shipping companies, shipyards, container manufacturers, etc. The business network of COSCO SHIPPING International (Hong Kong) covers Mainland China, Hong Kong, Singapore, Japan, Germany and the United States, etc.

## **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 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 45.85% of the total issued share capital of the Company. Accordingly, 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 International (Hong Kong) is a non-wholly owned subsidiary of COSCO SHIPPING. Therefore, COSCO SHIPPING International (Hong Kong) is an associate of COSCO SHIPPING and therefore a connected person of the Company. In addition, COSCO SHIPPING Development (Hong Kong) is a wholly-owned subsidiary of the Company. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A 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 Disposal exceed 0.1% but are all less than 5%, the Disposal is subject to reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Mr. Liu Chong and Mr. Zhang Mingwen, all being executive Directors, and Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, all being non-executive Directors, hold directorship(s) or act as senior management in COSCO SHIPPING and/or its associates, and were nominated by China Shipping to the Board. Accordingly, Mr. Liu Chong, Mr. Zhang Mingwen, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi have therefore abstained from voting on the relevant Board resolutions approving the Equity Transfer Agreement and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder. Therefore, no other Director has abstained from voting on such Board resolutions.

## DEFINITIONS

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

“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”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of directors
“business day”	any day that is not a Saturday, a Sunday, a general holiday as specified in the General Holidays Ordinance (Chapter 149 of the laws of Hong Kong) and a gale warning day or black rainstorm warning day as defined in Section 71(2) of the Interpretation and General Clauses Ordinance (Chapter 1 of the laws of Hong Kong)
“Company”	COSCO SHIPPING Development Co., Ltd.* (中遠海運發展股份有限公司), a joint stock limited company established in the PRC, the H Shares and A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2866) and the Shanghai Stock Exchange (Stock Code: 601866), respectively
“Closing Date”	the closing date of the transactions contemplated under the Equity Transfer Agreement
“connected person”	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 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. As at the date of this announcement, COSCO SHIPPING is wholly held by the State-owned Assets Supervision and Administration Commission of the State Council
“China Shipping”	China Shipping Group Company Limited# (中國海運集團有限公司), a PRC state-owned enterprise, a direct controlling shareholder of the Company and a wholly-owned subsidiary of COSCO SHIPPING
“Helen Insurance”	Helen Insurance Brokers Limited (海寧保險經紀有限公司), a company established under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Development (Hong Kong) as at the date of this announcement
“COSCO SHIPPING Development (Hong Kong)”	COSCO SHIPPING Development (Hong Kong) Co., Ltd. (中遠海運發展(香港)有限公司), a company established under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“COSCO SHIPPING International (Hong Kong)”	COSCO SHIPPING International (Hong Kong) Co., Ltd. (中遠海運國際(香港)有限公司), a company established under the laws of Bermuda and a non-wholly owned subsidiary of COSCO SHIPPING as at the date of this announcement, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 00517)
“Director(s)”	director(s) of the Company
“Disposal”	COSCO SHIPPING Development (Hong Kong) sells 100% of the equity interests of Helen Insurance to COSCO SHIPPING International (Hong Kong) pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 10 November 2023 entered into between COSCO SHIPPING Development (Hong Kong) and COSCO SHIPPING International (Hong Kong)
“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
“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
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and the region of Taiwan
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“%”	per cent

By order of the Board  
**COSCO SHIPPING Development Co., Ltd.**  
**Cai Lei**  
*Company Secretary*

Shanghai, the People’s Republic of China  
10 November 2023

*As at the date of this announcement, the Board comprises Mr. Liu Chong and Mr. Zhang Mingwen, being executive Directors, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, being non-executive Directors, and Mr. Lu Jianzhong, Ms. Zhang Weihua, Mr. Shao Ruiqing and Mr. Chan Kwok Leung, being independent non-executive Directors.*

\* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name “COSCO SHIPPING Development Co., Ltd.”.*

# *For identification purposes only.*