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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)**

**POSSIBLE DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO  
PARTICIPATION IN A CONSORTIUM TO ACQUIRE  
NOT MORE THAN 10% INTEREST IN  
CCCC DREDGING GROUP CO., LTD.\***

**THE CONSORTIUM AGREEMENT**

Shanghai Terminal (a wholly-owned subsidiary of COSCO SHIPPING Ports and hence a non-wholly owned subsidiary of the Company) proposed to enter into the Consortium Agreement with COSCO SHIPPING Tianjin and one or more Other Investors, pursuant to which the Consortium would seek to acquire a maximum of 5,519,895,784 CCCC Dredging Shares (representing approximately 40% of the enlarged issued share capital of CCCC Dredging) from CCCC on an equity exchange in the PRC by way of participation in a public tender process. Under the Consortium Agreement, if the Consortium is successful in the Tender Process, Shanghai Terminal, COSCO SHIPPING Tianjin and the Other Investor(s) will acquire 1,379,973,946 CCCC Dredging Shares (representing approximately 10% of the enlarged issued share capital of CCCC Dredging), 689,986,973 CCCC Dredging Shares (representing approximately 5% of the enlarged issued share capital of CCCC Dredging) and the balance of the CCCC Dredging Sale Shares respectively. If the number of CCCC Dredging Sale Shares is less than 2,069,960,919 (representing approximately 15% of the enlarged issued share capital of CCCC Dredging), the number of CCCC Dredging Shares which Shanghai Terminal and COSCO SHIPPING Tianjin will respectively acquire will be agreed between them and specified in the Consortium Agreement. Therefore, Shanghai Terminal will acquire not more than 1,379,973,946 CCCC Dredging Shares (representing approximately 10% of the enlarged issued share capital of CCCC Dredging). Unless agreed otherwise by all members of the Consortium, the consideration for the Joint Acquisition will not exceed RMB2.47 per CCCC Dredging Share. Accordingly, the consideration payable by Shanghai Terminal will not exceed approximately RMB3,409 million.

As at the date of this announcement, no binding sale and purchase agreement has been entered into between members of the Consortium and CCCC in relation to the Joint Acquisition. Upon successful bidding by the Consortium in the Tender Process, members of the Consortium will enter into a formal sale and purchase agreement with CCCC to implement the Joint Acquisition.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios for the transactions under the Consortium Agreement under Listing Rules exceeds 5% but is less than 25% (assuming that 1,379,973,946 CCCC Dredging Shares are to be acquired by Shanghai Terminal at a consideration of RMB2.47 per CCCC Dredging Share, and if the Consortium is successful in its bidding in the Tender Process), the transactions under the Consortium Agreement will constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules subject to the reporting and announcement requirements.

As COSCO SHIPPING Tianjin is a wholly-owned subsidiary of COSCO SHIPPING (a controlling Shareholder), it is a connected person of the Company. Accordingly, the transactions under the Consortium Agreement will also constitute a connected transaction of the Company, and are therefore also subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company proposed that the Consortium Agreement be entered into after approvals of the independent shareholders of the Company and COSCO SHIPPING Ports have been obtained.

The EGM will be convened by the Company for the Independent Shareholders to consider, and if thought fit, passing the ordinary resolution in relation to the transactions under the Consortium Agreement. A notice of the EGM is expected to be despatched to the Shareholders on 24 August 2019.

After the terms and conditions of the Tender Process have been announced on an equity exchange in the PRC, the Company will make a further announcement. In addition, a circular containing, among other information, (i) further details of the Consortium Agreement and the ST Acquisition; (ii) the recommendation from the Independent Board Committee; and (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders is expected to be despatched to the Shareholders within 15 business days after the date of this announcement, i.e. on or before 13 September 2019.

**As the entering into of the Consortium Agreement will be subject to the approval of independent shareholders of COSCO SHIPPING Ports and the approval of the Independent Shareholders, the Consortium Agreement may or may not be entered into. Further, the ST Acquisition may or may not materialise depending on whether the Consortium is successful in the Tender Process. There is no assurance that the ST Acquisition will take place or as to when it may take place. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.**

## **THE CONSORTIUM AGREEMENT**

Shanghai Terminal proposed to enter into the Consortium Agreement after the approvals of the independent shareholders of the Company and COSCO SHIPPING Ports of the transactions under the Consortium Agreement have been obtained.

### **Parties**

- (1) Shanghai Terminal, a wholly-owned subsidiary of COSCO SHIPPING Ports and hence a non-wholly owned subsidiary of the Company
- (2) COSCO SHIPPING Tianjin, a wholly-owned subsidiary of COSCO SHIPPING (a controlling Shareholder)
- (3) One or more Other Investors. As at the date of this announcement, the identities of the Other Investors are yet to be confirmed. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Other Investors and their ultimate beneficial owners will be third parties independent of the Company and connected persons of the Company.

### **Joint Acquisition**

According to the announcement dated 18 June 2019 and the circular dated 10 July 2019 of CCCC, (i) the controlling shareholder of CCCC would acquire certain CCCC Dredging Shares from CCCC and subscribe for certain new CCCC Dredging Shares both at a consideration of RMB2.47 per CCCC Dredging Share; and (ii) CCCC proposed to further transfer not more than 5,519,895,784 CCCC Dredging Shares to third parties at the floor purchase price of RMB2.47 per CCCC Dredging Share on an equity exchange in the PRC by way of public tender, representing not more than 40% of the enlarged issued share capital of CCCC Dredging, upon completion of which the controlling shareholder of CCCC and its subsidiaries (including CCCC) would hold 60% in aggregate of the enlarged issued share capital of CCCC Dredging.

The Consortium will seek to acquire a maximum of 5,519,895,784 CCCC Dredging Shares (representing approximately 40% of the enlarged issued share capital of CCCC Dredging) from CCCC on an equity exchange in the PRC by way of participation in a public tender process. Under the Consortium Agreement, if the Consortium is successful in the Tender Process, Shanghai Terminal, COSCO SHIPPING Tianjin and the Other Investor(s) will acquire 1,379,973,946 CCCC Dredging Shares (representing approximately 10% of the enlarged issued share capital of CCCC Dredging), 689,986,973 CCCC Dredging Shares (representing approximately 5% of the enlarged issued share capital of CCCC Dredging) and the balance of the CCCC Dredging Sale Shares respectively. If the number of CCCC Dredging Sale Shares is less than 2,069,960,919 (representing approximately 15% of the enlarged issued share capital of CCCC Dredging), the number of CCCC Dredging Shares which Shanghai Terminal and COSCO SHIPPING Tianjin will respectively acquire will be agreed between them and specified in the Consortium Agreement. Therefore, Shanghai Terminal will acquire not more than 1,379,973,946 CCCC Dredging Shares (representing approximately 10% of the enlarged issued share capital of CCCC Dredging). The proposed Joint Acquisition and the Consortium Agreement have been approved by the Board on 23 August 2019.

As at the date of this announcement, no binding sale and purchase agreement has been entered into between the members of the Consortium and CCCC in relation to the Joint Acquisition. Upon successful bidding by the Consortium in the Tender Process, members of the Consortium will enter into a formal sale and purchase agreement with CCCC to implement the Joint Acquisition.

### **Proposed consideration**

Unless agreed otherwise by all members of the Consortium, the consideration for the Joint Acquisition will not exceed RMB2.47 per CCCC Dredging Share. Accordingly, the consideration payable by Shanghai Terminal will not exceed approximately RMB3,409 million, which will be funded by the internal resources and/or external financing (including bank borrowings) of COSCO SHIPPING Ports Group. The consideration will be payable in accordance with the terms and conditions of the Tender Process and the sale and purchase agreement to be entered into with CCCC by members of the Consortium.

The maximum consideration of RMB2.47 per CCCC Dredging Share is equal to the floor purchase price to be set by CCCC for the Tender Process as referred to above, which is also equal to the price per CCCC Dredging Share payable by the controlling shareholder of CCCC for its acquisition of and subscription of CCCC Dredging Shares as referred to above. As stated in the announcement of CCCC dated 18 June 2019, the price per CCCC Dredging Share, being RMB2.47 (rounded up to 2 decimal places), was calculated by dividing the appraised net assets value of CCCC Dredging

as at 31 December 2018 of RMB28,969.953 million as set out in the valuation report prepared by China Tong Cheng Assets Appraisal Co. Ltd. (中通誠資產評估有限公司), which is a qualified valuer in the PRC, using the asset-based approach, by the total number of CCCC Dredging Shares in issue as at the date of such announcement (i.e. 11,775,447,964 shares). According to the circular of CCCC dated 10 July 2019, such valuation was based on the assumption that the distribution of dividends of RMB4,080.96 million by CCCC Dredging approved on 30 April 2019 had been implemented by 31 December 2018.

The proposed maximum consideration for the ST Acquisition was determined taking into account, among other things, (1) the abovementioned valuation; (2) the future prospects of CCCC Dredging; and (3) the synergy between CCCC Dredging and COSCO SHIPPING Ports Group.

### Information of CCCC Dredging

CCCC Dredging is an enterprise established under the laws of the PRC and a subsidiary of CCCC. The scope of CCCC Dredging's business mainly includes capital dredging, maintenance dredging, environmental dredging, and reclamation, as well as supporting projects related to dredging and land reclamation.

Set out below is certain consolidated financial information of CCCC Dredging and its subsidiaries (prepared in accordance with the China Accounting Standards for Business Enterprises) for the two financial years ended 31 December 2017 and 31 December 2018 and the three months ended 31 March 2019 and as at 31 December 2018 and 31 March 2019.

	<b>For the financial year ended 2017 RMB'000 (audited)</b>	<b>For the financial year ended 2018 RMB'000 (audited)</b>	<b>For the three months ended 31 March 2019 RMB'000 (unaudited)</b>
Net profit before taxation	2,518,693	1,552,583	158,221
Net profit after taxation	1,955,036	1,266,919	81,459
		<b>As at 31 December 2018 RMB'000 (audited)</b>	<b>As at 31 March 2019 RMB'000 (unaudited)</b>
Net assets		32,789,879	33,797,519

## **THE TENDER PROCESS**

Set out below is a summary of a typical process for sale of shares or other assets on an equity exchange in the PRC by way of public tender:

- (a) The seller will specify the floor purchase price, the terms of the tender and sale, the evaluation criteria of the tenderers, and any qualifications which a tenderer will need to meet (if required).
- (b) The equity exchange will release announcements, specify the period during which the assets will be openly available for tender, and the terms of deposits payment.
- (c) Tenderers will submit bids to the equity exchange to bid for the assets.
- (d) After expiry of the period for submission of bids, the equity exchange will notify each tenderer as to whether it has succeeded in the bidding or, depending on the extent of the bids and the bid prices submitted by the tenderers, an open bidding among qualified tenderers may be conducted.
- (e) Within a specified period after confirmation of successful bidding, each successful tenderer will enter into a formal sale and purchase agreement with the seller and will pay the purchase price in accordance with the terms of the sale and purchase agreement.

While COSCO SHIPPING Ports expects that the Tender Process will largely follow the above process, the actual Tender Process may or may not be exactly the same as that set out above.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSORTIUM AGREEMENT AND THE ST ACQUISITION**

CCCC Dredging is the largest dredging company in the world and its dredging business accounts for approximately 70% of the market share in the domestic market in the PRC. Leveraging the leading market position in the industry, CCCC Dredging's returns are relatively stable and its business enjoys strong scarcity. In addition, CCCC Dredging proactively develops its environmental protection and marine engineering business and meanwhile expands its overseas business, which has great growth potential. It is expected that such businesses will contribute stable net profit and growth potential to COSCO SHIPPING Ports Group.



The proposed investment in CCCC Dredging by COSCO SHIPPING Ports Group would contribute to the carrying out of COSCO SHIPPING Ports' strategy of extending its global footprint to build a global terminal network with highly efficient and cost-effective services to serve shipping alliances globally.

CCCC Dredging's ports dredging business has strong synergy with COSCO SHIPPING Port Group's ports business. The terminals acquired by COSCO SHIPPING Port Group since 2017 are mainly greenfield terminals, which have strong demand for waterway dredging. The strategic investment will enable COSCO SHIPPING Port Group to leverage on the market leading position of CCCC Dredging to develop ports extended business. Therefore, it is expected that the ST Acquisition would allow COSCO SHIPPING Ports Group to get involved in upstream industrial services and enable COSCO SHIPPING Ports Group to leverage on the synergy of its overseas expansion.

COSCO SHIPPING Ports' current terminals portfolio covers the five main port regions in Mainland China, Southeast Asia, Middle East, Europe, South America and the Mediterranean. Taking into the above factors and the view of COSCO SHIPPING Ports, the Company believes that, with the proposed investment in CCCC Dredging, COSCO SHIPPING Ports could leverage on the brand and global recognition and the rich experience in overseas dredging projects of CCCC Dredging to further extend its international presence, align with the "Belt & Road Initiative" and strengthen its leading position as a global port operator.

The Company believes that participation in the Consortium will enable COSCO SHIPPING Ports Group to enhance its competitiveness in the bidding and accordingly its chance of success in the Tender Process, as the Consortium to bid for all the CCCC Dredging Sale Shares to be offered for sale by CCCC could have a stronger bargaining power in successfully acquiring the CCCC Dredging Shares at the floor purchase price set by CCCC versus to bid individually for the CCCC Dredging Sale Shares on offer. COSCO SHIPPING Tianjin is one of the members of the Consortium as COSCO SHIPPING Tianjin is also interested in acquiring CCCC Dredging Shares.

## **INFORMATION ON THE PARTIES**

### **Information on Shanghai Terminal, COSCO SHIPPING Ports Group and the Group**

Shanghai Terminal is principally engaged in ports investment.

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.

### **Information on COSCO SHIPPING Tianjin**

COSCO SHIPPING Tianjin is a wholly-owned subsidiary of COSCO SHIPPING and an investment platform of COSCO SHIPPING for industries in the Beijing-Tianjin-Hebei region. It was formerly the largest dry bulk shipping enterprise in the world and currently has relative strength and comprehensive layout in the maritime service industry such as the provision of shipping services, shipping agency, ship management, ship materials, ship trading, navigation communication and equipment for ships, technical services for ships, and auxiliary supporting industry such as real estate leasing and hotel property.

### **Information on CCCC**

CCCC is a leading transportation infrastructure enterprise in the PRC. It is primarily engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and knowhow accumulated from projects undertaken in a wide range of areas over the past six decades.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CCCC and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios for the transactions under the Consortium Agreement under Listing Rules exceeds 5% but is less than 25% (assuming that 1,379,973,946 CCCC Dredging Shares are to be acquired by Shanghai Terminal at a consideration of RMB2.47 per CCCC Dredging Share, and if the Consortium is successful in its bidding in the Tender Process), the transactions under the Consortium Agreement will constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules subject to the reporting and announcement requirements.

As COSCO SHIPPING Tianjin is a wholly-owned subsidiary of COSCO SHIPPING (a controlling Shareholder), it is a connected person of the Company. Accordingly, the transactions under the Consortium Agreement will also constitute a connected transaction of the Company, and are therefore also subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.



## **DIRECTORS' CONFIRMATION**

Mr. Xu Lirong, Mr. Huang Xiaowen, Mr. Wang Haimin and Mr. Zhang Wei, who are Directors nominated by COSCO, have abstained from voting on the relevant resolution of the Board approving the transactions under the Consortium Agreement pursuant to the articles of association of the Company. Save as disclosed above, none of the Directors has a material interest in the transactions under the Consortium Agreement and is required to abstain from voting on the relevant resolution.

## **GENERAL**

Pursuant to the Listing Rules, the Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the transactions under the Consortium Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened by the Company for the Independent Shareholders to consider, and if thought fit, passing the ordinary resolution in relation to the transactions under the Consortium Agreement. A notice of the EGM is expected to be despatched to the Shareholders on 24 August 2019.

After the terms and conditions of the Tender Process have been announced on an equity exchange in the PRC, the Company will make a further announcement. In addition, a circular containing, among other information, (i) further details of the Consortium Agreement and the ST Acquisition; (ii) the recommendation from the Independent Board Committee; and (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders is expected to be despatched to the Shareholders within 15 business days after the date of this announcement, i.e. on or before 13 September 2019.

**As the entering into of the Consortium Agreement will be subject to the approval of independent shareholders of COSCO SHIPPING Ports and the approval of the Independent Shareholders, the Consortium Agreement may or may not be entered into. Further, the ST Acquisition may or may not materialise depending on whether the Consortium is successful in the Tender Process. There is no assurance that the ST Acquisition will take place or as to when it may take place. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Board”	the board of Directors
“CCCC”	China Communications Construction Company Limited, a joint stock limited company duly incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1800) and the A shares of which are listed on the Shanghai Stock Exchange in the PRC (Stock Code: 601800)
“CCCC Dredging”	CCCC Dredging (Group) Co., Ltd.* (中交疏浚(集團)股份有限公司), a subsidiary of CCCC
“CCCC Dredging Sale Shares”	the CCCC Dredging Shares to be transferred from CCCC to third parties under the Tender Process
“CCCC Dredging Share(s)”	share(s) in CCCC Dredging
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Consortium”	a consortium comprising Shanghai Terminal, COSCO SHIPPING Tianjin and the Other Investor(s)

“Consortium Agreement”	an agreement proposed to be entered into among members of the Consortium, pursuant to which the Consortium would seek to acquire a maximum of 5,519,895,784 CCCD Dredging Shares (representing approximately 40% of the enlarged issued share capital of CCCD Dredging) from CCCD on an equity exchange in the PRC by way of participation in a public tender process
“COSCO”	China Ocean Shipping Company Limited* (中國遠洋運輸有限公司), a PRC state-owned enterprise, the 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 the indirect controlling shareholder of the Company
“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) and a non-wholly owned subsidiary of the Company
“COSCO SHIPPING Ports Group”	COSCO SHIPPING Ports and its subsidiaries
“COSCO SHIPPING Tianjin”	COSCO SHIPPING (Tianjin) Company Limited* 中遠海運(天津)有限公司, a wholly-owned subsidiary of COSCO SHIPPING
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for considering and, if thought fit, approving the transactions under the Consortium Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors appointed to advise the Independent Shareholders
“Independent Shareholders”	Shareholders who are not prohibited or required to abstain from voting under the Listing Rules to approve the transactions under the Consortium Agreement at the EGM
“Joint Acquisition”	the proposed acquisition by the Consortium of a maximum of 5,519,895,784 CCCC Dredging Shares (representing approximately 40% of the enlarged issued share capital of CCCC Dredging) contemplated under the Consortium Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Investor”	an investor (other than Shanghai Terminal and COSCO SHIPPING Tianjin) which is proposed to be a member of the Consortium and a party to the Consortium Agreement
“percentage ratios”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless the context suggests otherwise, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Terminal”	Shanghai China Shipping Terminal Development Co., Ltd.* 上海中海碼頭發展有限公司, a wholly-owned subsidiary of COSCO SHIPPING Ports and therefore a non-wholly owned subsidiary of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shares”	ordinary shares (including A shares and H shares) of RMB1.00 each in the total registered capital of the Company

“ST Acquisition”	the proposed acquisition by Shanghai Terminal of not more than 1,379,973,946 CCCC Dredging Shares contemplated under the Consortium Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender Process”	a public tender process proposed to be conducted on an equity exchange in the PRC by way of which CCCC will transfer not more than 5,519,895,784 CCCC Dredging Shares (representing approximately 40% of the enlarged issued share capital of CCCC Dredging)
“%”	per cent

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

Shanghai, the People’s Republic of China  
23 August 2019

*As at the date of this announcement, the directors of the Company are Mr. XU Lirong<sup>1</sup> (Chairman), Mr. HUANG Xiaowen<sup>1</sup> (Vice Chairman), Mr. WANG Haimin<sup>1</sup>, Mr. ZHANG Wei<sup>1</sup>, Mr. YANG, Liang Yee Philip<sup>2</sup>, Mr. WU Dawei<sup>2</sup>, Mr. ZHOU Zhonghui<sup>2</sup> and Mr. TEO Siong Seng<sup>2</sup>.*

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

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

\* *For identification purpose only*