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## **SUBSCRIPTION OF REGISTERED CAPITAL IN ZHEJIANG FOUR BROTHERS ROPE CO., LTD.\***

On 31st March 2021, the Subscriber, a wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement pursuant to which the Subscriber conditionally agreed to subscribe for registered capital representing 48% equity interest in the Target Company by way of capital injection into the Target Company in the sum of RMB120,000,000 (equivalent to approximately HK\$143,760,000). Upon completion of the Transaction, the Subscriber will hold 48% of the enlarged registered capital of the Target Company.

On 31st March 2021, the Subscriber entered into the Capital Increase Agreement with the Target Company and the Existing Shareholders. Pursuant to the Capital Increase Agreement, the Subscriber conditionally agreed to subscribe for registered capital of RMB30,276,923.08 (equivalent to approximately HK\$36,272,000) of the Target Company, representing 48% equity interest in the Target Company, by way of capital injection into the Target Company in the sum of RMB120,000,000 (equivalent to approximately HK\$143,760,000). Upon completion of the Transaction, the Subscriber will hold 48% of the enlarged registered capital of the Target Company. The Existing Shareholders would not participate in this capital increase in the Target Company.

After completion, the Existing Shareholders together will be entitled to appoint 4 directors of the Target Company and the Subscriber will be entitled to appoint 3 directors of the Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Target Company and the Existing Shareholders are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The consideration for the Transaction amounted to RMB120,000,000 (equivalent to approximately HK\$143,760,000) was determined by the parties after arm's length negotiation and by reference to the valuation of the Target Company prepared by an independent professional valuer and will be satisfied by the Subscriber in cash by internal resources of the Group.

Completion of the Transaction will be conditional upon satisfaction of certain conditions precedent specified in the Capital Increase Agreement including the disposal or removal of certain excluded assets and liabilities of the Target Company.

The Target Company is principally engaged in the research and development, manufacturing, production and sales of synthetic fiber ropes. The Target Company has three series of products: shipping series — Powerrope, oceaneering series — Shenwei, and fishing series — FBR. The ropes may be applied to ocean vessels, offshore engineering, deep sea fishing and aquaculture, ports, heavy lifting equipment and hydraulic project, etc. The Target Company has its operations, research and testing facilities in Taizhou City, Zhejiang Province in the PRC. Principal rope products are made of high-tech materials, such as Ultra High Molecular Weight Polyethylene (Dyneema<sup>®</sup>), Aramid (PPTA) and Power-mixed Rope (PET+PP), etc. Its products and manufacturing have been approved by various renowned ship classification societies like China Classification Society (CCS), Det Norske Veritas (DNV), Bureau Veritas (BV), American Bureau of Shipping (ABS) and Nippon Kaiji Kyokai (NK).

The new type synthetic fiber rope industry belongs to new material industry applications and is expected to continue a rapid growth in the future. The brand and R&D strength of the Target Company ranks among the top in the domestic market in the PRC. After the subscription of registered capital of the Target Company, the Subscriber can realise transformation and development on its own which can also provide new source of profit for the Group. In addition, the Subscriber can focus on assisting the Target Company to optimise its corporate governance, to enhance its management capability, and to expand its market share, aiming to become a leading enterprise in the high-end rope and cable market in the PRC as well as eventually become one of the most valuable enterprises in the global rope and cable industry.

Since the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Transaction are below 5%, the Transaction does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of directors of the Company;
“Capital Increase Agreement”	the capital increase agreement dated 31st March 2021 entered into between the Subscriber, the Target Company and the Existing Shareholders in relation to the capital increase and subscription by the Subscriber of registered capital representing 48% equity interest of the Target Company;

“Company”	COSCO SHIPPING International (Hong Kong) Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00517);
“Director(s)”	director(s) of the Company;
“Existing Shareholders”	Li Maobao (李茂寶), Li Maozhang (李茂長), Li Maoju (李茂巨) and Li Maoben (李茂本), the existing shareholders of the Target Company as at the date of the Capital Increase Agreement, which are third parties independent of and not connected with the Company;
“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 People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	中遠海運國際貿易有限公司(COSCO SHIPPING International Trading Company Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company;
“Target Company”	浙江四兄繩業有限公司(Zhejiang Four Brothers Rope Co., Ltd.*), a company incorporated in the PRC;
“Transaction”	the subscription of registered capital of the Target Company by the Subscriber pursuant to the Capital Increase Agreement; and
“%”	per cent.

*Unless otherwise defined, for the purpose of this announcement and for the purpose of illustration only, RMB amounts have been translated using the following rates, RMB1.00: HK\$1.198. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.*

By Order of the Board  
**COSCO SHIPPING International (Hong Kong) Co., Ltd.**  
**Zhu Jianhui**  
*Chairman and Managing Director*

31st March 2021

*As at the date of this announcement, the Board comprises seven directors with Mr. Zhu Jianhui (Chairman and Managing Director) and Mr. Ma Jianhua as executive directors; Mr. Feng Boming and Mr. Chen Dong as non-executive directors and Mr. Tsui Yiu Wa, Alec, Mr. Jiang, Simon X. and Mr. Kwong Che Keung, Gordon as independent non-executive directors.*

\* *for identification purposes only*