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COSCO SHIPPING Ports Limited **中遠海運港口有限公司**

(Incorporated in Bermuda with limited liability)
(Stock Code: 1199)

ANNOUNCEMENT

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF INTEREST IN XIAMEN OCEAN GATE

ACQUISITION OF INTEREST IN XIAMEN OCEAN GATE

The Board is pleased to announce that on 22 February 2023, CSPX (a wholly-owned subsidiary of the Company, as purchaser) entered into the Equity Transfer Agreement with Xiamen Haicang Investment (as seller) in relation to the sale and purchase of the Sale Shares, representing 30% of the registered share capital of Xiamen Ocean Gate, at a total consideration of RMB794,489,900. As of the date of this announcement, CSPX and Xiamen Haicang Investment each holds 70% and 30% of the equity interests in Xiamen Ocean Gate respectively. Upon Closing, Xiamen Ocean Gate will become a wholly-owned subsidiary of CSPX and therefore continue to be an indirect subsidiary of the Company.

As at the date of this announcement, Xiamen Haicang Investment holds a 30% equity interest in Xiamen Ocean Gate (a non-wholly owned subsidiary of the Company). As a result, Xiamen Haicang Investment is a substantial shareholder of Xiamen Ocean Gate and a connected person of the Company at the subsidiary level. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

On 30 December 2022, CSTD (a wholly-owned subsidiary of the Company) entered into the Haitou Transaction with Xiamen Haitou Supply Chain (a wholly-owned subsidiary of Xiamen Haicang Investment). As the Transaction and the Haitou Transaction are entered into by the Group with parties connected with each other and are expected to be completed within a 12-month period, the Transaction and the Haitou Transaction are aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules as if they were one transaction. While all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transaction on a standalone basis are less than 5%, the highest of the applicable percentage ratios in respect of the Transaction and the Haitou Transaction (as aggregated) exceeds 5% but is lower than 25%. Therefore, the Transaction, when aggregated with the Haitou Transaction, constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Notwithstanding that one or more of the applicable percentage ratios in respect of the Transaction and the Haitou Transaction (as aggregated) exceeds 5%, since Xiamen Haicang Investment is a connected person of the Company at the subsidiary level and the terms of

the Transaction (1) have been approved by the Board; and (2) have been confirmed by the independent non-executive Directors to be fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Transaction is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, and is exempt from the shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

The Transaction is subject to the satisfaction or waiver of conditions precedent. There is no assurance that the Transaction will take place or as to when it may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.

ACQUISITION OF INTEREST IN XIAMEN OCEAN GATE

INTRODUCTION

The Board is pleased to announce that on 22 February 2023, CSPX (a wholly-owned subsidiary of the Company, as purchaser) entered into the Equity Transfer Agreement with Xiamen Haicang Investment (as seller) in relation to the sale and purchase of the Sale Shares, representing 30% of the registered share capital of Xiamen Ocean Gate.

As at the date of this announcement, CSPX and Xiamen Haicang Investment each holds 70% and 30% of the equity interests in Xiamen Ocean Gate respectively. Upon Closing, Xiamen Ocean Gate will become a wholly-owned subsidiary of CSPX and therefore continue to be an indirect subsidiary of the Company.

THE EQUITY TRANSFER AGREEMENT

Set out below is a summary of the principal terms of the Equity Transfer Agreement:

Date

22 February 2023

Parties

- (1) CSPX, a wholly-owned subsidiary of the Company, as purchaser;
- (2) Xiamen Haicang Investment, as seller; and
- (3) Xiamen Ocean Gate.

Subject Matter

Pursuant to the Equity Transfer Agreement, Xiamen Haicang Investment agreed to sell and CSPX agreed to purchase the Sale Shares, representing 30% of the registered share capital of Xiamen Ocean Gate.

Consideration

The consideration for the Sale Shares (i.e., the Consideration) payable by CSPX to Xiamen Haicang Investment shall be an amount equal to RMB794,489,900.

The Consideration was determined after arm's length negotiations between the parties with reference to (i) the valuation of 100% equity interest in Xiamen Ocean Gate as at 31 March 2022 prepared by an independent valuer, being RMB2,648,299,700 (with the Consideration being equal to approximately 30% of such appraised value); and (ii) future prospect of Xiamen Ocean Gate. The total capital contribution by Xiamen Haicang Investment in respect of its 30% of the registered share capital of Xiamen Ocean Gate is RMB544,104,000.

Payment terms

The Consideration shall be paid by CSPX to Xiamen Haicang Investment in cash in RMB in three instalments:

- (1) the first instalment in the amount of RMB754,765,405 representing 95% of the Consideration within ten calendar days after the date on which all the Closing Conditions (as set out in the section headed "*Conditions precedent to Closing*" below) have been satisfied or waived (if applicable) or such other date to be agreed between CSPX and Xiamen Haicang Investment in writing (the "**First Instalment**");
- (2) the second instalment in the amount of RMB15,889,798 representing 2% of the Consideration within ten calendar days after the Closing Date; and
- (3) the third instalment in the amount of RMB23,834,697 representing 3% of the Consideration within ten calendar days after the delivery of the A1-A3 Land to Xiamen Ocean Gate.

The Consideration will be funded by internal resources of the Group.

Conditions to the effectiveness of the Equity Transfer Agreement

The Equity Transfer Agreement shall become effective upon satisfaction of the following conditions:

- (1) the parties to the Equity Transfer Agreement having obtained their respective internal approvals at both the entity and group levels in respect of the signing and implementation of the Equity Transfer Agreement pursuant to their respective constitutional documents and applicable laws;
- (2) the Equity Transfer Agreement having been signed by the respective legal representatives or authorised representative(s) of the parties, with company seals of the parties affixed thereon;
- (3) Xiamen Ocean Gate having obtained its internal approvals in respect of the Transaction pursuant to its articles of associations and applicable laws;
- (4) the Transaction and the Valuation Report having been approved by Haicang SASAC Office; and
- (5) other necessary prior approval and registration procedures (if required) in respect of the Transaction having been obtained.

Conditions precedent to Closing

Closing is conditional upon the satisfaction or waiver (if applicable) of the following Closing Conditions, amongst others:

- (1) the Equity Transfer Agreement having become effective;

- (2) the representations, statements, warranties and undertakings of the parties in the Equity Transfer Agreement are true, accurate and complete, and remaining true, accurate and complete as of the Closing Date; and the parties having fulfilled the relevant obligations under the Equity Transfer Agreement to be performed on and before the Closing Date; and
- (3) Xiamen Haicang Investment having arranged the resignation of the directors of Xiamen Ocean Gate nominated by and the senior management appointed by Xiamen Haicang Investment; and CSPX having signed the relevant documents in relation to the nomination of the directors and the appointment of the senior management of Xiamen Ocean Gate post-Closing, and the documents required for the business registration for such changes, with the relevant resignations and appointments becoming effective upon Closing.

Transitional Period

The audited net profit (or net loss) in respect of the Sale Shares during the Transitional Period shall be enjoyed (or borne) by Xiamen Haicang Investment and CSPX in equal shares. Xiamen Ocean Gate shall engage, as mutually agreed by both CSPX and Xiamen Haicang Investment, an audit firm to audit the net profit (or the net loss) of Xiamen Ocean Gate during the Transitional Period, and issue its report within one month after Closing. If Xiamen Ocean Gate makes a net profit during the Transitional Period, CSPX shall pay an amount which is equal to 15% of such net profit to Xiamen Haicang Investment within ten calendar days after the issuance of the report. If Xiamen Ocean Gate suffers a net loss during the Transitional Period, Xiamen Haicang Investment shall pay an amount which is equal to 15% of such net loss to CSPX within ten calendar days after the issuance of the report.

Closing

CSPX and Xiamen Haicang Investment shall coordinate with Xiamen Ocean Gate to complete the business registration in respect of the Transaction within ten Business Days from the date on which CSPX provides the proof of payment in respect of the First Instalment. The Closing Date shall be the date on which Xiamen Ocean Gate completes business registration in respect of the Transaction and a new business license in respect of Xiamen Ocean Gate is issued by the business registration authority.

INFORMATION ABOUT XIAMEN OCEAN GATE

Xiamen Ocean Gate is a company incorporated under the laws of the PRC with limited liability and is principally engaged in the operation of container terminals at the port of Haicang District, Xiamen, the PRC and provision of related services.

Set out below is the financial information of Xiamen Ocean Gate (as prepared in accordance with China Accounting Standards) for the financial years ended 31 December 2021 and 31 December 2022.

	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Net profit / (loss) before taxation	308,467	421,253
Net profit / (loss) after taxation	258,256	358,397

The unaudited net asset value of Xiamen Ocean Gate as at 31 December 2022 was approximately RMB2,223,379,000.

As at the date of this announcement, Xiamen Ocean Gate has been a joint venture established between CSPX and Xiamen Haicang Investment (each holds 70% and 30% of the equity interests in Xiamen Ocean Gate respectively) since its incorporation, and the 30% equity interest held by Xiamen Haicang Investment was not acquired from another party.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Xiamen Ocean Gate is principally engaged in the operation of container terminal at the port of Haicang District, Xiamen in the PRC and provision of related services. Such terminal port is a major deep-water port along the south-eastern coastal region in the PRC. The proposed acquisition in the remaining 30% equity interest in Xiamen Ocean Gate will be a meaningful step in realising the Company's strategy of creating greater value and also further strengthening the Company's leading position in the PRC, which is in line with the Company's strategy of enhancing control over terminal assets. In addition, the Company believes that the investment will also enhance the Company's competitiveness by optimising its investment portfolio and concentrating on high quality assets, which is expected to result in an increase in the overall profitability of the terminal business of the Company.

As the "home port" of the Company's domestic container terminals, Xiamen Ocean Gate has good momentum for business development and remarkable production and operation achievements. It is also the Company's talent training base and a benchmark for technological innovation and smart port. The Transaction is conducive to further driving the development of Xiamen Ocean Gate and providing higher quality services for customers.

In addition, the Transaction enables the Company to explore and leverage the synergy between Xiamen Ocean Gate and Xiamen Haicang Management. Xiamen Haicang Management's comprehensive logistics service capacities in Xiamen will be complementary to the investment and operation of berths by Xiamen Ocean Gate, offering one-stop high quality services to customers. Through the acquisition of the remaining equity interest in Xiamen Ocean Gate, the Company is committed to building a comprehensive network of ports and logistics business with linkage effects, and creating a win-win sharing platform for shipping upstream and downstream industries.

None of the Directors has any material interest in the Transaction. The Directors (including all the independent non-executive Directors) consider that the Transaction is in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE GROUP AND CSPX

The principal business of the Company is investment holding. The Group is principally engaged in the businesses of managing and operating terminals, and related businesses. CSPX is a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

INFORMATION ABOUT XIAMEN HAICANG INVESTMENT

Xiamen Haicang Investment is a wholly state-owned company incorporated under the laws of the PRC with limited liability, with its ultimate beneficial owner being the People's Government of Haicang District, Xiamen, the PRC. Xiamen Haicang Investment is principally engaged in property services, supply chain complex services, construction, tourism resource development and operation.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Xiamen Haicang Investment holds a 30% equity interest in Xiamen Ocean Gate (a non-wholly owned subsidiary of the Company). As a result, Xiamen Haicang Investment is a substantial shareholder of Xiamen Ocean Gate and a connected person of the Company at the subsidiary level. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

On 30 December 2022, CSTD (a wholly-owned subsidiary of the Company) entered into the Haitou Transaction with Xiamen Haitou Supply Chain (a wholly-owned subsidiary of Xiamen Haicang Investment). As the Transaction and the Haitou Transaction are entered into by the Group with parties connected with each other and are expected to be completed within a 12-month period, the Transaction and the Haitou Transaction are aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules as if they were one transaction. While all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transaction on a standalone basis are less than 5%, the highest of the applicable percentage ratios in respect of the Transaction and the Haitou Transaction (as aggregated) exceeds 5% but is lower than 25%. Therefore, the Transaction, when aggregated with the Haitou Transaction, constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Notwithstanding that one or more of the applicable percentage ratios in respect of the Transaction and the Haitou Transaction (as aggregated) exceeds 5%, since Xiamen Haicang Investment is a connected person of the Company at the subsidiary level and the terms of the Transaction (1) have been approved by the Board; and (2) have been confirmed by the independent non-executive Directors to be fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Transaction is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, and is exempt from the shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

The Transaction is subject to the satisfaction or waiver of conditions precedent. There is no assurance that the Transaction will take place or as to when it may take place. Shareholders and potential investors of the Company should therefore 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 as respectively ascribed below:

“A1-A3 Land”	the land parcels numbered A1, A2 and A3 located at berths numbered 14 to 17 of the container terminal at the port of Haicang, Xiamen in the PRC
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, Sunday or statutory holiday, subject to the arrangement of public holidays issued by the General Office of the State Council of the PRC
“Closing”	the closing of the sale and purchase of the Sale Shares in accordance with the Equity Transfer Agreement
“Closing Conditions”	the conditions precedent to Closing
“Closing Date”	the date on which Xiamen Ocean Gate completes business registration in respect of the Transaction and the new business license is issued by the business registration authority
“Company”	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)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the total consideration for the sale and purchase of Sale Shares pursuant to the Equity Transfer Agreement
“CSPX”	COSCO SHIPPING Ports (Xiamen) Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“CSTD”	China Shipping Terminal Development Co., Ltd.* 中海碼頭發展有限公司, a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 22 February 2023 entered into between CSPX, Xiamen Haicang Investment and Xiamen Ocean Gate in relation to the sale and purchase of the Sale Shares

“Group”	the Company and its subsidiaries
“Haicang SASAC Office”	the Leading Group Office of State-owned Assets Supervision and Administration Commission of Haicang District, Xiamen, the PRC* 中國廈門市海滄區國有資產監督管理工作領導小組辦公室
“Haitou Transaction”	the transactions contemplated under the equity transfer agreement dated 30 December 2022 entered into between CSTD (a wholly-owned subsidiary of the Company), Xiamen Haitou Supply Chain (a wholly-owned subsidiary of Xiamen Haicang Investment) and Xiamen Haicang Management in relation to the sale and purchase of the shares representing 56% of the registered share capital in Xiamen Haicang Management, the details of which are disclosed in the announcement of the Company dated 30 December 2022
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	percentage ratios as defined 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
“Sale Shares”	shares representing 30% of the registered share capital in Xiamen Ocean Gate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Transaction”	the transactions contemplated under the Equity Transfer Agreement
“Transitional Period”	the period from 31 March 2022 to the Closing Date
“Valuation Report”	the valuation report in respect of 100% equity interest in Xiamen Ocean Gate as at 31 March 2022 prepared by independent valuer

“Xiamen Haicang Investment”	Xiamen Haicang Investment Group Co., Ltd.* 廈門海滄投資集團有限公司, a wholly state-owned company incorporated under the laws of the PRC with limited liability, with its ultimate beneficial owner being the People’s Government of Haicang District, Xiamen
“Xiamen Haicang Management”	Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd.* 廈門海滄保稅港區投資建設管理有限公司, a company incorporated under the laws of the PRC with limited liability
“Xiamen Haitou Supply Chain”	Xiamen Haitou Supply Chain Operation Co., Ltd.* 廈門海投供應鏈運營有限公司, a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Xiamen Haicang Investment
“Xiamen Ocean Gate”	Xiamen Ocean Gate Container Terminal Co., Ltd.* 廈門遠海集裝箱碼頭有限公司, a company incorporated under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company as at the date of this announcement
“%”	per cent

For the purposes of this announcement, the English name with an asterisk () is an unofficial English transliteration or translation and is for identification purposes only.*

By Order of the Board
COSCO SHIPPING Ports Limited
YANG Zhijian
Chairman

Hong Kong, 22 February 2023

As at the date of this announcement, the Board comprises Mr. YANG Zhijian¹ (Chairman), Mr. ZHU Tao¹ (Managing Director), Mr. ZHANG Wei², Mr. CHEN Dong², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. LAM Yiu Kin³, Prof. CHAN Ka Lok³ and Mr. YANG Liang Yee Philip³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director