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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF INTERESTS IN TCT

TCT EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 26 February 2021, COSCO SHIPPING Ports (Tianjin) (a wholly-owned subsidiary of the Company) (as purchaser), Tianjin Port Holdings (as seller) and the Company entered into the TCT Equity Transfer Agreement in relation to the acquisition of 34.99% equity interests in TCT.

As at the date of this announcement, COSCO SHIPPING Ports (Tianjin) and CSTD (each being a wholly-owned subsidiary of the Company) holds 10.01% and 6.00% of the equity interests in TCT, respectively, and 16.01% in total. Upon completion of the Acquisition, COSCO SHIPPING Ports (Tianjin) and CSTD will hold 45.00% and 6.00% of the equity interests in TCT, respectively, and 51.00% in total. Accordingly, TCT will become a subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios set out in Rule 14.07 in respect of the Acquisition exceeds 5% but is lower than 25%, the Acquisition constitutes a discloseable transaction of the Company, which is subject to the reporting and disclosure requirements under Chapter 14 of the Listing Rules.

As the Acquisition is subject to the satisfaction or waiver of the conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 26 February 2021, COSCO SHIPPING Ports (Tianjin) (a wholly-owned subsidiary of the Company) (as purchaser), Tianjin Port Holdings (as seller) and the Company entered into the TCT Equity Transfer Agreement in relation to the acquisition of 34.99% equity interests in TCT.

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TCT EQUITY TRANSFER AGREEMENT

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

Date

26 February 2021

Parties

1. COSCO SHIPPING Ports (Tianjin) (a wholly-owned subsidiary of the Company), as purchaser;
2. Tianjin Port Holdings, as seller; and
3. the Company.

Subject matter

Pursuant to the TCT Equity Transfer Agreement, COSCO SHIPPING Ports (Tianjin) agreed to acquire and Tianjin Port Holdings agreed to dispose of 34.99% equity interests in TCT.

Consideration

The consideration for the Acquisition is RMB1,348,371,228.15, subject to the adjustments as detailed below.

The consideration for the Acquisition was determined after arm's length negotiations between the parties with reference to (i) the preliminary valuation of 100% equity interests in TCT as at 31 December 2020 prepared by Tianjin Zhonglian Assets Appraisal Co., Ltd.* (天津中聯資產評估有限責任公司) (an independent valuer), being RMB3,853,590,249.08; and (ii) future prospect of TCT.

The preliminary valuation is subject to filing with the State-owned Assets Supervision and Administration Commission of Tianjin or its authorized departments pursuant to applicable PRC laws and regulations. The consideration for the Acquisition shall be adjusted in accordance with the final valuation after completion of the filing procedures of the valuation report.

In addition, COSCO SHIPPING Ports (Tianjin) and Tianjin Port Holdings agreed that prior to completion of the Acquisition, TCT shall make distribution of its undistributed profit as at 31 December 2020 in proportion to the shareholding of the existing shareholders of TCT based on the profit distribution plan to be adopted by the board of directors of TCT. The consideration for the Acquisition shall be adjusted in accordance with the amount of profit distribution determined under the profit distribution plan.

Within five business days after (i) the completion of the filing procedures of the valuation report; and (ii) approval of the profit distribution plan by the board of directors of TCT, a supplemental agreement shall be signed by COSCO SHIPPING Ports (Tianjin) and Tianjin Port Holdings to confirm the final consideration.

Payment terms

The final consideration shall be paid by COSCO SHIPPING Ports (Tianjin) to Tianjin Port Holdings in one lump sum in cash in RMB within 15 business days from the date of completion of the Acquisition.

The final consideration will be funded by internal resources of the Group.

Conditions to the effectiveness of TCT Equity Transfer Agreement

The TCT Equity Transfer Agreement shall become effective upon satisfaction of the following conditions, amongst others:

- (a) COSCO SHIPPING Ports (Tianjin) and Tianjin Port Holdings having signed the supplemental agreement to confirm the final consideration for the Acquisition;
- (b) the parties having obtained their respective internal and external approvals in respect of the signing and implementation of the TCT Equity Transfer Agreement pursuant to their constitutional documents and applicable laws;
- (c) Tianjin Port Development having complied with all applicable laws and regulations in respect of the Acquisition and related matters (including the obtaining necessary shareholders' approval at a general meeting pursuant to applicable requirements under the Listing Rules);
- (d) CM Terminals and CSTD having agreed in writing to the Acquisition and to waive or is deemed to have waived the right of first refusal;
- (e) TCT having obtained relevant internal approvals for the Acquisition in accordance with its articles of association and applicable laws;
- (f) the Acquisition having been approved by competent State-owned assets regulatory authorities or its authorized departments; and
- (g) the Tianjin Euroasia Equity Transfer Agreement having been signed.

Conditions precedent to completion of the Acquisition

Completion of the Acquisition is conditional upon (i) the satisfaction or waiver of (as appropriate) the conditions precedent to completion of the Disposal and (ii) the satisfaction or waiver of (as appropriate) the following conditions precedent, amongst others:

- (a) the TCT Equity Transfer Agreement having become effective;
- (b) the anti-monopoly law enforcement authorities having approved the concentration of business operators in respect of the Acquisition;
- (c) Tianjin Port Holdings, COSCO SHIPPING Ports (Tianjin), CSTD and CM Terminals having signed the TCT Joint Venture Agreement, the articles of association of TCT and the relevant documents required for the industrial and commercial registration in respect of the Acquisition, and the arrangements under the TCT Joint Venture Agreement and the articles of association of TCT satisfying the consolidation of the results of TCT into the financial statements of the Group; and

(d) in accordance with the governance structure of TCT stipulated under the TCT Joint Venture Agreement and the articles of association of TCT, Tianjin Port Holdings having arranged the resignation of the directors of TCT nominated by and the senior management appointed by Tianjin Port Holdings, and Tianjin Port Holdings, COSCO SHIPPING Ports (Tianjin), CSTD and CM Terminals having signed the relevant documents in relation to nomination of the directors and appointment of the senior management of TCT post-Acquisition, with such resignations and appointments be completed before the date of completion of the Acquisition.

The parties shall use their best efforts and take all necessary actions to promptly satisfy the conditions precedent and endeavour to complete the Acquisition before 30 June 2021. If completion of the Acquisition is restricted due to force majeure events, or if the Acquisition does not complete before 30 September 2021, the parties shall negotiate based on the principle of amicable negotiation and actively seek reasonable and feasible solutions.

Shareholding structure of TCT

The shareholding structure of TCT (i) as at the date of this announcement; and (ii) immediately after completion of the Acquisition is as set out below:

Shareholders	Shareholding as at the date of this announcement		Shareholding immediately after completion of the Acquisition	
	Amount of contribution to registered capital (RMB)	Approximate percentage of registered capital (%)	Amount of contribution to registered capital (RMB)	Approximate percentage of registered capital (%)
Tianjin Port Holdings	1,846,694,178.36	76.68%	1,004,025,564.63	41.69%
COSCO SHIPPING Ports (Tianjin)	241,072,101.27	10.01%	1,083,740,715.00	45.00%
CSTD	144,498,762.00	6.00%	144,498,762.00	6.00%
CM Terminals	176,047,658.37	7.31%	176,047,658.37	7.31%
Total	2,408,312,700.00	100.00%	2,408,312,700.00	100.00%

Completion

Completion of the Acquisition and the Disposal shall take place on the same day.

COSCO SHIPPING Ports (Tianjin) and Tianjin Port Holdings shall coordinate with TCT to complete the industrial and commercial registration in respect of the Acquisition within 10 business days from the date on which (i) the conditions precedent to the completion of the Acquisition; and (ii) the conditions precedent to the completion of the Disposal are satisfied or waived (as appropriate), or such other time agreed by the parties in writing.

The date of completion of the Acquisition shall be the date on which TCT has completed such industrial and commercial registration and the new business license is issued by the industrial and commercial registration authority, which shall be the same date of completion of the Disposal.

Guarantee

The Company shall be jointly and severally liable to Tianjin Port Holdings for all the obligations, representations, warranties, undertakings and responsibilities of COSCO SHIPPING Ports (Tianjin) under the TCT Equity Transfer Agreement and the supplemental agreement.

INFORMATION ABOUT TCT

TCT is a company incorporated in the PRC with limited liability and principally engaged in the operation of container terminal at the port of Tianjin in the PRC. Set out below is the financial information of TCT (as prepared in accordance with China Accounting Standards) for the financial years ended 31 December 2018 and 31 December 2019 and the nine months ended 30 September 2020.

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the nine months ended 30 September 2020
	<i>RMB '000</i> (audited)	<i>RMB '000</i> (audited)	<i>RMB '000</i> (unaudited)
Net profit before taxation	105,291	174,616	246,323
Net profit after taxation	78,632	131,309	185,698

The unaudited net asset value of TCT as at 30 September 2020 was approximately RMB3,372,791,000.

Upon completion of the Acquisition, COSCO SHIPPING Ports (Tianjin) and CSTD will hold 45.00% and 6.00% of the equity interests in TCT, respectively, and 51.00% in total. Accordingly, TCT will become a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Located in the Beijing-Tianjin-Hebei Economic Circle, TCT enjoys favourable geographical advantage and is highly competitive in the Bohai Rim area. The Acquisition is in line with the Company's strategic planning, and it will further enhance the Group's synergy with the OCEAN Alliance and continue to strengthen the Group's leading position in the Greater China region.

Both parties will fully facilitate the development of TCT as an international shipping hub in Northern China by proactively optimising the operational efficiency of the shipping lines calling at TCT and promoting the synergy of the hub-and-spoke and transshipment networks in the Bohai Rim region, resulting in an increase in the Group's market share and the development of a strategic hub port in Northeast Asia. The Group believes that the parties will cooperate and further exert their respective strengths and optimise their respective resources effectively, which will facilitate comprehensive cooperation in a wide range of area including capital cooperation in the container sector, global terminal investment and operations, exchange of talents as well as reform and innovation.

The Directors consider that the terms of the transactions under the TCT Equity Transfer Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Group

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.

COSCO SHIPPING Ports (Tianjin)

COSCO SHIPPING Ports (Tianjin) is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Tianjin Port Holdings

Tianjin Port Holdings is a company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600717).

As at the date of this announcement, Tianjin Port Holdings is a non-wholly owned subsidiary of Tianjin Port Development, which is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3382). Tianjin Port Holdings is principally engaged in containerised and non-containerised cargo handling services, sales and other port ancillary services at the port of Tianjin in the PRC, primarily through its subsidiaries and associated companies.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Tianjin Port Holdings, Tianjin Port Development and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios set out in Rule 14.07 in respect of the Acquisition exceeds 5% but is lower than 25%, the Acquisition constitutes a discloseable transaction of the Company, which is subject to the reporting and disclosure requirements under Chapter 14 of the Listing Rules.

GENERAL

As at the date of this announcement, no definitive agreement has been entered into by the Company in respect of the Disposal and the terms of the Tianjin Euroasia Equity Transfer Agreement are subject to further negotiation between the Company and Tianjin Port Holdings. Further announcement in respect of the Disposal will be made by the Company as and when appropriate.

As the Acquisition is subject to the satisfaction or waiver of the conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of 34.99% equity interests in TCT by COSCO SHIPPING Ports (Tianjin) from Tianjin Port Holdings under the TCT Equity Transfer Agreement
“Board”	the board of Directors
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“CM Terminals”	China Merchants International Terminals (Tianjin) Limited, a company incorporated in the British Virgin Islands and an existing shareholder of TCT
“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)
“COSCO SHIPPING Ports (Tianjin)”	COSCO SHIPPING Ports (Tianjin) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“COSCO SHIPPING Ports (Tianjin Euroasia)”	COSCO SHIPPING Ports (Tianjin Euroasia) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“CSTD”	China Shipping Terminal Development Co., Limited* (中海碼頭發展有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by the Company of 100% equity interests in COSCO SHIPPING Ports (Tianjin Euroasia) (which in turn holds 30% equity interests in Tianjin Port Euroasia International Container Terminal Co., Ltd.* (天津港歐亞國際集裝箱碼頭有限公司), a company incorporated in the PRC with limited liability and a joint venture of the Company as at the date of this announcement)

“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCT”	Tianjin Port Container Terminal Co., Ltd.* (天津港集裝箱碼頭有限公司), a company incorporated in the PRC with limited liability
“TCT Equity Transfer Agreement”	the equity transfer agreement dated 26 February 2021 entered into between the Company, COSCO SHIPPING Ports (Tianjin) and Tianjin Port Holdings in relation to acquisition of 34.99% equity interests in TCT by COSCO SHIPPING Ports (Tianjin) from Tianjin Port Holdings
“TCT Joint Venture Agreement”	the joint venture agreement of TCT to be entered into between Tianjin Port Holdings, COSCO SHIPPING Ports (Tianjin), CSTD and CM Terminals as a result of the Acquisition
“Tianjin Euroasia Equity Transfer Agreement”	the equity transfer agreement in relation to the Disposal Agreement”
“Tianjin Port Development”	Tianjin Port Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3382)
“Tianjin Port Holdings”	Tianjin Port Holdings Co., Ltd.* (天津港股份有限公司), a company incorporated in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600717)

“0%”

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
FENG Boming
Chairman

Hong Kong, 26 February 2021

As at the date of this announcement, the Board comprises Mr. FENG Boming¹ (Chairman), Mr. ZHANG Dayu¹ (Managing Director), Mr. DENG Huangjun¹, 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