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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 INTEREST IN A CONTAINER TERMINAL IN HAMBURG GERMANY

The Board is pleased to announce that on 21 September 2021, Grand Dragon (a wholly-owned subsidiary of the Company, as purchaser) and the Company (as guarantor of the purchaser) entered into the Share Purchase Agreement with HHLA (as seller) in relation to the sale and purchase of (i) the Sale Shares, representing 35% of the registered share capital of the Target Company, at a consideration of EUR65,000,000 and (ii) the Closing Shareholder Loan at a consideration of (a) its nominal value and (b) interest charged on EUR34,238,860.89, being 35% of the amount owed to HHLA by the Target Company under the group clearing agreement between HHLA and the Target Company as at 31 December 2020, calculated based on an interest rate of the applicable EURIBOR plus 2% per annum for the period from 31 December 2020 until the Closing Date.

Upon Closing, the Target Company will be owned as to 35% by Grand Dragon and 65% by HHLA. The Target Company will remain as a subsidiary of HHLA. Grand Dragon, HHLA, the Company and the Target Company will also enter into the Shareholders' Agreement on Closing which will set out the governance structure of the Target Company, and the respective rights of the parties in relation to the Target Company.

The highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 5% and is lower than 25%. Accordingly, the Transaction constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 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.

INTRODUCTION

The Board is pleased to announce that on 21 September 2021, Grand Dragon (a wholly-owned subsidiary of the Company, as purchaser) and the Company (as guarantor of the purchaser) entered into the Share Purchase Agreement with HHLA (as seller) in relation to the sale and purchase of the Sale Shares, representing 35% of the registered share capital of the Target Company, and the Closing Shareholder Loan.

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of HHLA and operates the Container Terminal Tollerort in the Port of Hamburg, Germany.

Upon Closing, the Target Company will be owned as to 35% by Grand Dragon and 65% by HHLA. The Target Company will remain as a subsidiary of HHLA. Grand Dragon, HHLA, the Company and the Target Company will also enter into the Shareholders' Agreement on Closing which will set out the governance structure of the Target Company, and the respective rights of the parties in relation to the Target Company.

THE SHARE PURCHASE AGREEMENT

Set out below is a summary of the principal terms of the Share Purchase Agreement:

Date:

21 September 2021

Parties:

- (1) Grand Dragon, a wholly-owned subsidiary of the Company, as purchaser;
- (2) HHLA, as seller; and
- (3) the Company, as guarantor of the purchaser.

Subject Matter

Pursuant to the Share Purchase Agreement, HHLA agreed to sell and Grand Dragon agreed to purchase (i) the Sale Shares, representing 35% of the registered share capital of the Target Company and (ii) the Closing Shareholder Loan. Upon Closing, the Target Company will be owned as to 35% by Grand Dragon and 65% by HHLA.

Consideration

At Closing, Grand Dragon will pay to HHLA:

- (1) the consideration for the sale of the Sale Shares in an amount of EUR65,000,000; and
- (2) the consideration for the sale of the Closing Shareholder Loan in an amount equal to:
 - (i) the nominal amount of the Closing Shareholder Loan, which shall be provided by HHLA to Grand Dragon in writing as soon as practicable but no later than 5 Business Days prior to Closing; and
 - (ii) interest charged on EUR34,238,860.89, being 35% of the amount owed to HHLA by the Target Company under the group clearing agreement between HHLA and the Target Company as at 31 December 2020, calculated based on an interest rate of the applicable EURIBOR plus 2% per annum for the period from 31 December 2020 until the Closing Date.

The consideration for the Transaction was determined through arm's length negotiations between the parties, after the Company has taken into consideration the financial and operational conditions as well as future prospect of the Target Company. The Consideration will be funded by internal resources of the Group.

Conditions precedent to Closing

Closing is conditional on the satisfaction or waiver (if applicable) of the following Closing Conditions:

- (1) applicable merger control clearances having been obtained;
- (2) the German Federal Ministry of Economics and Energy has issued or deemed to have issued a certificate of non-objection in relation to the acquisition of the Sale Shares;
- (3) applicable regulatory and government approvals having been obtained;
- (4) no Material Adverse Change has occurred after the date of the Share Purchaser Agreement until Closing; and
- (5) HHLA has provided to Grand Dragon a full set of the Target Group's IFRS consolidated audited report as at 31 December 2020.

If the Closing Conditions, except for Closing Condition (2), are not satisfied or waived within 10 months from the date of the Share Purchase Agreement or can definitely not be fulfilled, Grand Dragon and HHLA shall each be entitled to terminate the Share Purchase Agreement without prior notice.

If only Closing Condition (2) has not been fulfilled, the Long Stop Date shall be extended by another two months to 12 months from the date of the Share Purchase Agreement.

If Closing Condition (3) has not been satisfied or waived within six months from the date of the Share Purchase Agreement, Grand Dragon or HHLA (as the case may be in accordance with the terms under the Share Purchase Agreement) shall be entitled to terminate the Share Purchase Agreement without prior notice.

Closing

Closing shall take place on the last Business Day of the calendar month, during which the last Closing Condition (other than Closing Condition (4)) has been fulfilled, or waived in accordance with the terms of the Share Purchase Agreement, provided that if there are less than 10 Business Days between the date of such fulfilment or waiver and the end of the then current calendar month, Closing shall take place on the last Business Day of the following calendar month.

At Closing, among others, Grand Dragon shall pay to HHLA the Consideration and HHLA shall transfer the Sale Shares and assign the Closing Shareholder Loan to Grand Dragon pursuant to the terms of the Share Purchase Agreement.

The Company's undertaking

The Company agreed to guarantee to HHLA the payment of all amounts due by Grand Dragon under the Share Purchase Agreement.

Other Key Terms - the Termination of DPLTA

HHLA shall procure that the DPLTA terminates with effect as of the end of the fiscal year in which Closing occurs.

Regarding any amounts owed by the Target Company to HHLA as profit transfer obligation as well as any amounts owed by HHLA to the Target Company as loss coverage obligation under the DPLTA for the fiscal year 2021 and, if applicable, 2022, Grand Dragon and HHLA should settle the amounts pursuant to the terms detailed in the Share Purchase Agreement with reference to their corresponding shareholding in the Target Company upon Closing.

SHAREHOLDERS' AGREEMENT

Set out below is a summary of the proposed principal terms of the Shareholders' Agreement:

Parties:

- (1) Grand Dragon;
- (2) HHLA;
- (3) the Company; and
- (4) the Target Company.

Term

The Shareholders' Agreement shall have an initial term of 20 years from the date of the Shareholders' Agreement.

Prior to the expiry of the initial term, the parties shall in good faith discuss a renewal of the Shareholder' Agreement. If no agreement can be reached in time, the Shareholders' Agreement shall, after the initial term, continue on a fixed annual basis unless otherwise terminated pursuant to the terms of the Shareholders' Agreement.

Governing Bodies

The Target Company shall have a management board which is in charge of the management as well as a supervisory board supervising and advising the Target Company. Under the Shareholders' Agreement, Grand Dragon is entitled to nomination rights regarding these governing bodies reflecting Grand Dragon's minority shareholdings in the Target Company.

Reserved Matters

The Shareholders' Agreement contains various customary minority shareholders' protections such as various supervisory board reserved matters which require prior approval of the supervisory board of the Target Company with the consent of the supervisory board members nominated by HHLA and Grand Dragon and various shareholders' reserved matters which require the unanimous approval of the shareholders at the shareholders' meeting of the Target Company.

Transfer Restrictions

Subject to certain exemptions to intergroup transfer, any transfer of shares in the Target Company by a shareholder to a third party is subject to the right of first refusal entitled by the other shareholder.

If HHLA intends to sell shares held in the Target Company amounting to 34.9% or more of the Target Company's share capital and this would lead to HHLA and Grand Dragon's joint shareholding falling below 65.1% of the Target Company's share capital, Grand Dragon is entitled to certain tag-along-rights in accordance with the terms under the Shareholders' Agreement.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a limited liability company incorporated under the laws of Germany. It operates the Container Terminal Tollerort in the Port of Hamburg. The Target Company further holds 100% of the shares in HHLA Rosshafen Terminal GmbH, a limited liability company incorporated under the laws of Germany which operates the Rosshafen Terminal adjacent to the Container Terminal Tollerort, primarily by subletting areas and buildings to third parties for business use. As at the date of this announcement, the Target Company is wholly-owned by HHLA.

Set out below is the financial information of the Target Group for the financial years ended 31 December 2020 and 31 December 2019 prepared in accordance with IFRS.

	For the financial year ended 31 December 2020	For the financial year ended 31 December 2019
	<i>EUR</i>	<i>EUR</i>
	<i>(consolidated and unaudited)</i>	<i>(consolidated and unaudited)</i>
Net Profits before taxation	5,642,826	154,903
Net Profits/(Losses) after taxation	7,369,304	(228,469)
Net assets	21,405,131	20,582,066

REASONS FOR AND BENEFITS OF THE TRANSACTION

With "The Ports for ALL" as the core value of the Company, the Company focuses on the strategy of globalization and is committed to strengthening the global terminal network to enhance the scale of asset expansion. The Company believes the acquisition of significant investment value will help the Company further optimise its global terminal portfolio.

Germany is the largest economy in Europe and has become an important trading partner of China. It is expected that the economic and trade relations between the two countries will further strengthen in the future. The Port of Hamburg is the largest globalised port in Germany and the third largest container port in Europe, which is close to the important industrial and population hub in Germany. The transportation network of cargoes mainly connects to Central and Eastern Europe.

The Container Terminal Tollerort enjoys great geographic advantage and provides convenient maritime access, including the capacity of accommodating large container ships, and strong connections to the hinterland via the well-developed networks of road, sea, rail and waterways. The Transaction is expected to create a new engine of growth for the Company and provide high-quality supply chain services to all shipping companies around the world.

The Directors consider that the terms of the Transaction are fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

INFORMATION ABOUT THE GROUP AND GRAND DRAGON

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. Grand Dragon is a limited company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

INFORMATION ABOUT HHLA

HHLA is a stock corporation incorporated under the laws of Germany, the Class A shares of which are trading on the Frankfurt Stock Exchange and the Hamburg Stock Exchange (regulated market) with the ISIN DE000A0S8488. It is one of Europe's leading logistics companies with a network of seaport terminals, hinterland connections and intermodal hubs in Central and Eastern Europe.

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

IMPLICATIONS UNDER THE LISTING RULES

The highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 5% and is lower than 25%. Accordingly, the Transaction constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 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:

“Board”	the board of directors of the Company
“Business Day”	a day on which banks are generally open for business in Hamburg, Germany and Hong Kong
“Closing”	the closing of the Transaction in accordance with the Share Purchase Agreement
“Closing Conditions”	the conditions precedent to Closing
“Closing Date”	the date on which the Closing occurs
“Closing Shareholder Loan”	35% of the shareholder loan to be concluded with effect as of Closing as regards the amount outstanding as of the Closing Date owed to HHLA by the Target Company under the group clearing agreement between HHLA and the Target Company
“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)
“Consideration”	the total consideration for the sale and purchase of the Sale Shares and the Closing Shareholder Loan
“Director(s)”	the director(s) of the Company
“DPLTA”	the domination and profit and loss transfer agreement entered into between HHLA and the Target Company
“Grand Dragon”	Grand Dragon Investment Enterprise Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“EUR”	the Euro, the lawful currency of the Eurozone
“EURIBOR”	the 3 months EUR interbank offered rate as at 31 December 2020 as defined in the Share Purchase Agreement, and if that rate is less than zero, EURIBOR will be deemed to be zero
“HHLA”	Hamburger Hafen und Logistik Aktiengesellschaft, a stock corporation incorporated under the laws of Germany, the Class A shares of which are trading on the Frankfurt Stock Exchange and the Hamburg Stock Exchange (regulated market) with the ISIN DE000A0S8488
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	the International Financial Reporting Standards
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	the date falling on 10 months from the date of the Share Purchase Agreement, or such other date as mutually agreed in writing between Grand Dragon and HHLA
“Material Adverse Change”	certain event, fact or circumstance as defined in the Share Purchase Agreement which, individually or in the aggregate, has, or is likely to have, a detrimental financial impact on the Target Group
“Sale Shares”	2,695,000 shares in, representing 35% of the registered share capital of, the Target Company, that is being sold to Grand Dragon pursuant to the Share Purchase Agreement
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into at Closing between the Company, Grand Dragon, HHLA and the Target Company to set out the governance structure, and the respective rights of the parties in relation to the Target Company
“Share Purchase Agreement”	the share purchase agreement dated 21 September 2021 entered into between the Company, Grand Dragon and HHLA in relation to the sale and purchase of the Sale Shares and the Closing Shareholder Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	HHLA Container Terminal Tollerort GmbH, is a limited liability company incorporated under the laws of Germany
“Target Group”	the Target Company and its subsidiary HHLA Rosshafen Terminal GmbH
“Transaction”	the transactions contemplated under the Share Purchase Agreement
“%”	per cent

By Order of the Board
COSCO SHIPPING Ports Limited
FENG Boming
Chairman

Hong Kong, 21 September 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