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中遠海運國際(香港)有限公司

COSCO SHIPPING INTERNATIONAL (HONG KONG) CO., LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 00517)

CONNECTED TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

On 3 February 2023, the Company entered into the Investment and Cooperation Agreement with COSCO SHIPPING Technology in relation to the formation of the Joint Venture, which will be a shipping services enterprise providing green, low-carbon and digital intelligence solutions for the full life cycle of the shipping industry.

The registered capital of the Joint Venture shall be RMB50 million, of which the Company and COSCO SHIPPING Technology shall contribute RMB25.5 million and RMB24.5 million respectively, accounting for 51% and 49% of the registered capital respectively. The Joint Venture will be a subsidiary of the Company and the Group will use the acquisition method of accounting to account for the business combination.

IMPLICATIONS UNDER THE LISTING RULES

COSCO SHIPPING, being the ultimate holding company of the Company, is a connected person of the Company. COSCO SHIPPING Technology, being a subsidiary and hence an associate of COSCO SHIPPING, is therefore a connected person of the Company. Accordingly, the formation of the Joint Venture constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios in respect of the formation of the Joint Venture exceed 0.1% but less than 5%, the formation of the Joint Venture is only subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14A of the Listing Rules.

FORMATION OF JOINT VENTURE

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The Joint Venture will be a subsidiary of the Company and the Group will use the acquisition method of accounting to account for the business combination.

The principal terms of the Investment and Cooperation Agreement are set out below:

Date:	3 February 2023
Parties:	the Company; and COSCO SHIPPING Technology
Name of the Joint Venture:	中遠海運綠色數智船舶服務有限公司 (COSCO SHIPPING Green Digital Intelligence Ship Services Co., Ltd.*) (subject to final approval by 市場監督管理部門 (Administration for Market Regulation*))
Registered capital:	RMB50 million
Scope of business:	<p>Items subject to approval: domestic ship management business; internet information services; category 1 value-added telecommunications business; category 2 value-added telecommunications business; retails of refined oil (free from hazardous chemicals); ship inspection services. (For items subject to approval according to the laws, the business activities may only be carried out upon approval by the relevant authorities. The specific business items are subject to the approval documents or licenses of the relevant authorities.)</p> <p>General items: international ship management business; supply chain management services; research and development of carbon emission reduction, carbon conversion, carbon capture and carbon sequestration technologies; Internet of Things application services; digital technology services; data processing services; artificial intelligence application software development; sales of artificial intelligence hardware; internet data services; information technology consultancy services; technical services, technical development, technical consultancy, technology exchanges, technology transfers and technology promotion; information system operation and maintenance services; information system integration services; sales of spare parts for marine transportation equipment; wholesales of refined oil (free from hazardous chemicals); sales of petroleum products (free from hazardous chemicals); sales of lubricating oil; online sales (except for sales of commodities that require a license); ship trading; marine leasing; import and export of goods; import and export of technology. (Except for items subject to approval according to the laws, the business activities may be carried out independently with business license(s) according to the laws.)</p>

Term of operation:	long-term
Corporate positioning:	To build a world-leading shipping services enterprise providing green, low-carbon and digital intelligence solutions for the full life cycle of the shipping industry. The Joint Venture mainly provides comprehensive operational solutions for ships such as energy saving and emission reduction, navigation safety, spare parts/energy supply and ship operation and maintenance, and specifically, is responsible for businesses such as energy saving and emission reduction monitoring, ship safety monitoring, maritime affairs management, ship navigation optimisation calculation and chart design.
Nature:	foreign-invested limited liability company (外商投資有限責任公司)
Capital contribution:	The shareholders shall make a total capital contribution of RMB50 million, of which (i) the Company shall contribute in cash RMB25.5 million, accounting for 51% of the registered capital of the Joint Venture; and (ii) COSCO SHIPPING Technology shall contribute in cash RMB24.5 million, accounting for 49% of the registered capital of the Joint Venture. The registered capital shall be fully paid within 6 months from the date of completion of the incorporation registration with the local Administration for Market Regulation by the Joint Venture.
Shareholders' meetings:	The voting rights shall be exercised by the shareholders at shareholders' meetings in accordance with the proportion of capital contribution subscribed. Resolutions on amendments to the articles of association, increase or reduction of the registered capital and merger, division, dissolution, liquidation or change in form of the Joint Venture shall be passed by shareholders representing two-thirds or more of the voting rights of all the shareholders. Resolutions on other matters shall be passed by shareholders representing a majority of the voting rights of all the shareholders.

Board of directors: The board of directors shall consist of five directors, three of whom shall be recommended by the Company and two of whom shall be recommended by COSCO SHIPPING Technology. The board of directors shall have one chairman, who shall be recommended by the Company and elected by the board of directors.

A board meeting shall be held only if attended by two-thirds or more of the directors.

Decisions made by the board of directors on amendments to the articles of association, increase or reduction of the registered capital, merger, division, dissolution, liquidation or change in form of the Joint Venture and external equity investment shall be valid only if resolved by two-thirds or more of the total number of directors.

Other decisions made by the board of directors shall be valid only if resolved by a majority of all the directors.

Supervisors: The Joint Venture shall have two supervisors. Each of the Company and COSCO SHIPPING Technology shall recommend one supervisor, who shall be elected at the shareholders' meetings.

Senior management: The Joint Venture shall have one general manager, one deputy general manager, one chief technology officer, one chief operating officer and one person in charge of finance. The general manager shall be recommended by COSCO SHIPPING Technology and appointed by the board of directors. The deputy general manager, chief operating officer and person in charge of finance shall be recommended by the Company and the chief technology officer shall be recommended by COSCO SHIPPING Technology. The deputy general manager, chief technology officer, chief operating officer and person in charge of finance shall be nominated by the general manager and appointed by the board of directors. The team may be expanded subsequently depending on the business developments of the Joint Venture.

Transfer of equity interests:

The shareholders may transfer all or part of their equity interests among themselves.

The transfer of equity interests by a shareholder to a person other than a shareholder shall be subject to the consent of the other shareholder. A shareholder shall notify the other shareholder in writing of its transfer of equity interests to seek consent. If the other shareholder fails to reply after the expiry of 30 days from the date of receipt of the written notice, it shall be deemed to agree to the transfer. In respect of the equity interests agreed to be transferred, the other shareholder shall have pre-emptive rights on the same conditions. If the other shareholder does not exercise its pre-emptive rights, the shareholder may transfer its equity interests to a person other than a shareholder only on the same conditions. If the other shareholder does not agree to the transfer, it shall purchase the equity interests to be transferred, failing which it shall be deemed to agree to the transfer.

Distribution of profits:

The profits of the Joint Venture shall be shared by the Company and COSCO SHIPPING Technology according to the proportion of the capital contribution actually made.

Termination:

The Investment and Cooperation Agreement shall be terminated upon the occurrence of the following circumstances:

- (i) the Joint Venture fails to be established for objective reasons;
- (ii) the business license of the Joint Venture is revoked in accordance with the laws;
- (iii) the Joint Venture is declared bankrupt in accordance with the laws;
- (iv) the Company and COSCO SHIPPING Technology unanimously agree to terminate the Investment and Cooperation Agreement.

The amount of capital contribution was determined after arm's length negotiations between the parties with reference to, among other things, the expected capital requirements of the Joint Venture. The capital contribution to be made by the Company is expected to be financed by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE

The Joint Venture is to be established with the aim of being a world-leading shipping services enterprise providing green, low-carbon and digital intelligence solutions for the full life cycle of the shipping industry. It aims to provide comprehensive operational solutions for ships such as energy

saving and emission reduction, navigation safety, spare parts/energy supply and ship operation and maintenance, and specifically, is responsible for businesses such as energy saving and emission reduction monitoring, ship safety monitoring, maritime affairs management, ship navigation optimisation calculations and chart design. The Joint Venture will serve as the front-end platform and technology middle platform for businesses such as machine management, fuel supply, spare parts supply and new energy fueling. Leveraging on the Company's advantage in brick-and-mortar business and COSCO SHIPPING Technology's advantage in digital technology, the formation of the Joint Venture will facilitate the penetration of the shipping services business into the ship-owner's supply chain system, enhance the existing business efficiency and customer experience, and create greater value for customers.

The Directors (including the independent non-executive Directors) are of the view that the formation of the Joint Venture, although not in the ordinary and usual course of business of the Group, is and will be on normal commercial terms and the terms of the Investment and Cooperation Agreement (including the amount of capital contribution payable by the Company) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As none of the Directors has a material interest in the formation of the Joint Venture, none of them is required to abstain from voting on the relevant board resolutions to approve the execution of the Investment and Cooperation Agreement and the formation of the Joint Venture thereunder under the Bye-laws or the Listing Rules.

INFORMATION OF THE GROUP AND THE CONNECTED PERSON

The Group is principally engaged in the provision of shipping services and general trading.

COSCO SHIPPING Technology is one of the earliest companies engaged in transportation and shipping technology services in China. It has all-round and full-chain software and hardware integration service capabilities in smart transportation, smart shipping, and smart logistics. With the model of "platform, product and service", it provides customers in the industry with end-to-end digital and intelligent solutions such as vessel value visualization platform, data integration platform, and smart shipping management platform which support the integration of the business of the customers of the service industry with new technologies such as big data, cloud computing, and artificial intelligence in order to accelerate and promote digital transformation and equip the development of the industry with capabilities and intelligence through technology and data.

IMPLICATIONS UNDER THE LISTING RULES

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DEFINITIONS

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

“associate”	the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Bye-laws”	the bye-laws of the Company as may be amended from time to time;
“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;
“connected person(s)”	the meaning ascribed to it in the Listing Rules;
“COSCO SHIPPING”	中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited*), a company established in the PRC which is a PRC state-owned enterprise and the ultimate holding company of the Company and COSCO SHIPPING Technology;
“COSCO SHIPPING Technology”	中遠海運科技股份有限公司 (COSCO SHIPPING Technology Co., Ltd.*), a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002401), and an indirect non-wholly owned subsidiary of COSCO SHIPPING;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment and Cooperation Agreement”	股東投資合作協議書 (shareholders' investment and cooperation agreement) entered into between the Company and COSCO SHIPPING Technology dated 3 February 2023 in relation to the formation of the Joint Venture;
“Joint Venture”	the company to be incorporated in the PRC with limited liability pursuant to the Investment and Cooperation Agreement;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	the shares of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 3 February 2023

As at the date of this announcement, the Board comprises six directors with Mr. Zhu Jianhui¹ (Chairman and Managing Director), Mr. Chen Dong², Ms. Meng Xin¹, Mr. Tsui Yiu Wa, Alec³, Mr. Jiang, Simon X.³ and Mr. Kwong Che Keung, Gordon³.

¹ *Executive Director*

² *Non-executive Director*

³ *Independent Non-executive Director*

* *For identification purposes only*