

COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

(Incorporated in the Republic of Singapore)

(Company Registration Number: 196100159G)

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1. **PROPOSED ACQUISITION OF SHARES OF GUPER INTEGRATED LOGISTICS SDN. BHD., GEMS LOGISTICS SDN. BHD. AND DOLPHIN SHIPPING AGENCY SDN. BHD.**

1.1 Introduction

The Board of Directors (the “**Board**”) of COSCO SHIPPING International (Singapore) Co., Ltd. (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) wishes to announce that the Company had on 13 August 2019, through its 100% owned subsidiary, SH Cogent Logistics Pte. Ltd. (“**SH Cogent**”), entered into a share purchase agreement (the “**CLS Share Purchase Agreement**”) with Complete Logistic Services Berhad (the “**CLS Seller**”) pursuant to which the CLS Seller agreed to sell and SH Cogent agreed to acquire the following shares (such shares collectively, the “**CLS Sale Shares**”):

- (i) 2,400,000 issued and paid up ordinary shares held by the CLS Seller in Guper Integrated Logistics Sdn. Bhd. (“**GIL**”), representing 80% of the entire issued and paid-up share capital of GIL. In connection with the acquisition, five (5) pieces of vacant freehold land measuring approximately 56,231 square meters (“**m²**”) in aggregate and held under Lots 60584 to 60588, Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus (“**Excluded Lands**”) shall be disposed of by GIL to Guper Bonded Warehouse Sdn Bhd pursuant to a conditional sale and purchase agreement to be entered into between the same parties;
- (ii) 80,000 issued and paid up ordinary shares held by the CLS Seller in Gems Logistics Sdn. Bhd. (“**Gems**”), representing 80% of the entire issued and paid-up share capital of Gems; and
- (iii) 800 issued and paid up ordinary shares held by the CLS Seller in Dolphin Shipping Agency Sdn. Bhd. (“**DSA**”), representing 80% of the entire issued and paid-up share capital of DSA, together with the following lands to be acquired by DSA from Guper Resources Sdn Bhd, a wholly-owned subsidiary of CLS Seller, pursuant to a conditional sale and purchase agreement to be entered into between the same parties:
 - (a) a piece of leasehold land measuring approximately 14,961 m² and held under PLO No. 778, Jalan Keluli 12, Zone 12A, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim; and

- (b) a piece of leasehold land measuring approximately 10,667 m² and held under Lot 121646, Section 5, Fasa 2B, Pulau Indah Industrial Park, Jalan Sungai Pinang 4/2, 42920 Pulau Indah, Selangor Darul Ehsan,

collectively referred to as the “**Included Lands**”.

(GIL, Gems and DSA collectively, the “**Target Companies**”) upon the terms and subject to the conditions contained in the CLS Share Purchase Agreement (the “**Proposed CLS Acquisition**”).

SH Cogent and the CLS Seller have also entered into shareholders’ agreements to regulate their relationship as shareholders in the conduct of the business operations of the Target Companies following the completion of the Proposed CLS Acquisition.

The Proposed CLS Acquisition is in the ordinary course of expansion of the Company’s business and is announced pursuant to Rule 704(17)(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

1.2 Information on the Target Companies

GIL is a company incorporated in Malaysia and has an issued and paid up share capital of Malaysia Ringgit (“**RM**”) 3,000,000 consisting of 3,000,000 ordinary shares. GIL is principally involved in the business of rendering total logistics services with haulage, forwarding and other associated services.

Gems is a company incorporated in Malaysia and has an issued and paid up share capital of RM 100,000 consisting of 100,000 ordinary shares. Gems is principally involved in the provision of warehousing services.

DSA is a company incorporated in Malaysia and has an issued and paid up share capital of RM 1,000 consisting of 1,000 ordinary shares. DSA is principally involved in the provision of freight services.

GIL, Gems and DSA are subsidiaries of Complete Logistic Services Berhad, a company listed on Bursa Malaysia.

1.3 Rationale for and benefits of the Proposed CLS Acquisition

The Proposed CLS Acquisition will expand and promote the development of the Company’s logistics business in Southeast Asia. It enables the Company to leverage on the combined strengths of the Target Companies’ operating licenses in Malaysia to provide more comprehensive and end-to-end services, which include container haulage, customs clearance, freight forwarding and warehousing, to the Company’s customers. The Proposed CLS Acquisition will also build on the Company’s logistics platform in Singapore and Malaysia to further capture the Company’s market share in the region. The acquisition of the Target Companies is in line with Group’s overall development strategy and the move towards overseas investment.

1.4 Principal terms of the CLS Share Purchase Agreement

The principal terms of the CLS Share Purchase Agreement are as follows:

(i) Purchase price

The purchase price ("**CLS Purchase Price**") payable by SH Cogent to the CLS Seller for the purchase of the CLS Sale Shares shall be an aggregate sum of RM 85.6 million.

The CLS Purchase Price for the CLS Sale Shares was determined on a willing-buyer willing-seller basis between the parties after taking into account the following:

- (a) the historical financial results of the Target Companies. The profit/(loss) after taxation of the Target Companies for the financial years ended 31 March 2017 ("**FY2017**"), 31 March 2018 ("**FY2018**") and 31 March 2019 ("**FY2019**") are as follows:

	FY2017 (RM)	FY2018 (RM)	FY2019 (RM)
GIL	4,786,758	7,629,220	6,986,116
Gems	(352,178)	(96,745)	2,109,128
DSA	651,671	360,334	1,097,260

- (b) the existing assets of the Target Companies; and
- (c) synergy benefits expected to arise from the integration of the Target Companies with the Company's logistics business.

Under the CLS Share Purchase Agreement, subject to SH Cogent's entitlement to withhold from the CLS Purchase Price 3% of the purchase price for any of the Target Companies that is deemed to be a real property company (as defined in paragraph 34A of Schedule 2 of the Real Property Gains Tax Act 1976 of Malaysia), SH Cogent shall pay to the CLS Seller the CLS Purchase Price in Malaysia Ringgit and in cash on the completion date.

(ii) Completion of the CLS Share Purchase Agreement

Completion of the sale and purchase of the CLS Sale Shares is conditional upon the satisfaction of certain conditions (unless otherwise waived, where applicable) on or before 31 December 2019 or such later date as mutually agreed upon by the parties in writing.

1.5 Value of the CLS Sale Shares

The book value (net asset value) and net tangible asset value of the CLS Sale Shares as at 31 March 2019 was approximately RM 42.6 million.

1.6 Interests of Directors and Controlling Shareholders

None of the Directors or the controlling shareholder of the Company has any interest, direct or indirect, in the Proposed CLS Acquisition, save for their respective shareholdings (if any) in the Company.

2. PROPOSED ACQUISITION OF SHARES OF EAST WEST FREIGHT SERVICES SDN BHD

2.1 Introduction

The Board also wishes to announce that SH Cogent has today entered into a share purchase agreement (the “**EWF Share Purchase Agreement**”) with Dolphin Assets Sdn Bhd, Chandra Sekaran A/L Subrayan and Chong Swee Hing (collectively, the “**EWF Vendors**”) to acquire an aggregate of 800,000 issued and paid up ordinary shares (the “**EWF Sale Shares**”) held by the EWF Vendors in East West Freight Services Sdn Bhd (“**EWF**”), representing 80% of the issued and paid-up share capital of EWF, upon the terms and subject to the conditions contained in the EWF Share Purchase Agreement (the “**Proposed EWF Acquisition**”).

The Proposed EWF Acquisition is in the ordinary course of business of the Company.

SH Cogent, Dolphin Assets Sdn. Bhd. and Chandra Sekaran A/L Subrayan have also entered into a shareholders’ agreement to regulate their relationship as shareholders in the conduct of the business operations of EWF following the completion of the Proposed EWF Acquisition.

2.2 Information on EWF

EWF is a company incorporated in Malaysia and has an issued and paid up share capital of RM 1,000,000 consisting of 1,000,000 ordinary shares. EWF is engaged in the principal business of providing freight, warehousing and forwarding agency services.

2.3 Rationale for and benefits of the Proposed EWF Acquisition

The Proposed EWF Acquisition enables the Company to acquire existing long-term customer relationships in EWF. EWF sub-contracts to the Target Companies to provide warehousing and container haulage services to EWF’s customers. The Proposed EWF Acquisition will enable the Company to acquire EWF’s customer relationships and EWF’s revenue contribution to the Target Companies (EWF contributed approximately between 3% and 5% of Target Companies’ total combined revenue recorded during the due diligence review period).

2.4 Principal terms of the EWF Share Purchase Agreement

The principal terms of the EWF Share Purchase Agreement are as follows:

(i) Purchase price

The purchase price (“**EWF Purchase Price**”) payable by SH Cogent to the EWF Vendors for the purchase of the EWF Sale Shares shall be RM 2.4 million.

The EWF Purchase Price for the EWF Sale Shares was determined on a willing-buyer willing-seller basis between the parties taking into account the net asset value of EWF as at 31 March 2019 of approximately RM 2.5 million.

(ii) Completion of the EWF Share Purchase Agreement

Completion of the sale and purchase of the EWF Sale Shares is conditional upon the satisfaction of certain conditions (unless otherwise waived, where applicable) on or before 31 December 2019 or such later date as mutually agreed upon by the parties in writing.

(iii) The Proposed EWF Acquisition is conditional upon completion of the Proposed CLS Acquisition taking place.

2.5 Value of the EWF Sale Shares

The book value (net asset value) of the EWF Sale Shares as at 31 March 2019 was approximately RM 2.0 million.

2.6 Interests of Directors and Controlling Shareholders

None of the Directors or the controlling shareholder of the Company has any interest, direct or indirect, in the Proposed EWF Acquisition, save for their respective shareholdings (if any) in the Company.

3. **PROPOSED LEASE OF LAND AT PORT KLANG, MALAYSIA**

The Board wishes to update shareholders of the Company that the Company's subsidiary, SH Cogent Logistics Sdn Bhd ("**Cogent Malaysia**") is in discussion with Westports Malaysia Sdn Bhd to firm up the lease in relation to the land situated at Port Klang, Malaysia (the "**Proposed Lease**").

As announced by the Company on 24 April 2019, the Company intends to construct a warehouse of approximately 300,000 square feet on the land for the Group's operations.

The Company will make an announcement when the lease agreement is entered into or when there is any material development in the Proposed Lease.

4. **PROPOSED ACQUISITION OF ASSETS BY COGENT MALAYSIA FROM GOLDEN LOGISTICS & STORAGE SDN. BHD.**

The Board wishes to announce that Cogent Malaysia is in negotiation with Golden Logistics & Storage Sdn. Bhd. ("**Golden Logistics**") to finalise the acquisition of certain assets comprising property, plant and equipment located at On Dock Depot 18 (ODD 18), CT 7, Westport Terminal 42920 Pulau Indah, Selangor Darul Ehsan, Malaysia (the collectively, the "**Assets**") from Golden Logistics (the "**Proposed Asset Acquisition**").

The Proposed Asset Acquisition complements the Group's expansion plans in Malaysia to create a consolidated logistics platform and to provide its customers with a one-stop integrated service, as more fully described below.

The consideration for the Proposed Asset Acquisition is expected to be between RM 8 million and RM 10 million.

Golden Logistics is a subsidiary of COSCO SHIPPING (South East Asia) Pte Ltd ("**COSCO SEA**") which is in turn a subsidiary of China COSCO SHIPPING Corporation Limited. China Ocean Shipping Company Limited, being the controlling shareholder of the Company, is also wholly-owned by China COSCO SHIPPING Corporation Limited. In respect of the Proposed Asset Acquisition, Cogent Malaysia will be the "entity at risk" for the purposes of Chapter 9 of the Listing Manual and Golden Logistics will be an "interested person". The transaction will therefore constitute an "interested person transaction" within the meaning of Chapter 9 of the Listing Manual. The Proposed Asset Acquisition is expected to be of a value less than 3% of the latest audited net tangible assets of the Group.

Golden Logistics is a company incorporated in Malaysia and has an issued and paid up share capital of RM 10,000,000 consisting of 10,000,000 ordinary shares. Golden Logistics is principally engaged in the businesses of operating on-dock depot, storage and logistics management.

Cogent Malaysia currently specialises in yards and warehouses operations. Cogent Malaysia plans to increase its logistics operations and move towards a more comprehensive logistics enterprise. Golden Logistics has more matured integrated logistics resources, including personnel, customers, suppliers and management structure. In the past year, the implementation of a series of Chinese policies such as environmental protection has enabled many Chinese companies to invest in Malaysia, bringing a lot of logistics opportunities. The logistics demand in various industries such as paper, glass, renewable resources and construction is growing rapidly. At present, Cogent Malaysia is using Golden Logistics' yard to operate its yard business. The Proposed Asset Acquisition, if successful, will enable Cogent Malaysia to acquire matured assets and with the existing logistics resources, Cogent Malaysia will be able to develop its own logistics business in a shorter time and lay the foundation for the development of the Company's logistics business in Southeast Asia.

The Company will make an announcement when the Proposed Asset Acquisition is entered into or when there is any material development in the acquisition.

5. THE GROUP'S EXPANSION IN MALAYSIA TO CREATE A CONSOLIDATED LOGISTICS PLATFORM AND PROVIDE ITS CUSTOMERS WITH A ONE-STOP INTEGRATED SERVICE

The Proposed CLS Acquisition, the Proposed EWF Acquisition, the Proposed Lease and the Proposed Asset Acquisition are in line with the Company's strategy to expand its logistics network in the South and Southeast Asia and ride on the growth of the logistics industry in Malaysia. After the acquisition of Cogent Holdings Limited by the Company, the Company increased marketing efforts for Cogent Malaysia to improve business and operational efficiency. As a result of these efforts, Cogent Malaysia has increased its warehouse utilization rate and achieved better mix in its customer portfolio. Upon completion of the above transactions, the Company will be able to create a consolidated platform to provide its customers with a one-stop integrated service, which will be expanded to include container haulage, freight forwarding, container depot and warehousing. Moving forward as an integrated platform, the Group expects to benefit from potential synergies and economies of scale, by engaging in cross-selling of services and business optimization with its related companies.

The Company will continue to actively expand its logistical networks through strategic acquisitions and investments as it strives to become the leading integrated logistics player in the South and Southeast Asian region.

The Company will make further announcements as and when there are material developments in any of the above matters.

By Order of the Board
COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

Gu Jing Song
Vice Chairman and President
13 August 2019