

COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

(Incorporated in the Republic of Singapore)

(Company Registration Number: 196100159G)

PROPOSED ACQUISITION OF ASSETS BY SH COGENT LOGISTICS SDN BHD FROM GOLDEN LOGISTICS & STORAGE SDN. BHD.

Unless otherwise defined herein, capitalised terms used in this announcement shall have the meanings ascribed to them in the Company's announcement dated 13 August 2019 (the "**Announcement**")

The Board of Directors (the "**Board**") of COSCO SHIPPING International (Singapore) Co., Ltd. (the "**Company**", and together with its subsidiaries, collectively the "**Group**") refers to the Announcement and wishes to update shareholders of the Company (the "**Shareholders**") on the Proposed Asset Acquisition.

1. Entry into the sale and purchase agreement

The Board wishes to announce that Cogent Malaysia had on 20 September 2019 entered into a sale and purchase agreement (the "**SPA**") with Golden Logistics & Storage Sdn. Bhd. ("**Golden Logistics**") pursuant to which Cogent Malaysia will acquire the sub-lease interest held by Golden Logistics at On Dock Depot 18 (ODD 18) Westport, Terminal C17 Westport, 42920 Pulau Indah, Selangor Darul Ehsan, Malaysia which comprise office block, open yard together with machinery and equipment thereon (collectively, the "**Assets**") from Golden Logistics (the "**Proposed Asset Acquisition**").

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 is the "entity at risk" for the purposes of Chapter 9 of the Listing Manual and Golden Logistics is an "interested person". The transaction therefore constitutes an "interested person transaction" within the meaning of Chapter 9 of the Listing Manual. The Proposed Asset Acquisition is of a value less than 1% of the latest audited net tangible assets of the Group.

2. Information on Golden Logistics

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.

3. Rationale for, and benefit to, Cogent Malaysia

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.

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. At present, Cogent Malaysia is using Golden Logistics' yard to operate its yard business. The Proposed Asset Acquisition, if completed, 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.

4. Principal terms of the SPA

The principal terms of the SPA are as follows:

The consideration for the Proposed Asset Acquisition is RM 8.35 million (equivalent to S\$2.75 million) (the "**Consideration**") and shall be satisfied in full by Cogent Malaysia in cash on completion.

The Consideration was arrived at on a willing-buyer willing-seller basis taking into account the valuation of the Assets commissioned by Cogent Malaysia and carried out by an independent valuer, PPC International Sdn Bhd. Based on the valuation report dated 8 August 2019, the market value of the Assets (having taken into account, *inter alia*, the unexpired sub-lease term of about 5 years with an option to renew for 30 years, with vacant possession and free from all encumbrances) as at 9 July 2019, was determined to be RM 8.35 million.

Completion of the Proposed Assets Acquisition is conditional upon the following:

- (a) receipt of approval from Westports Malaysia Sdn Bhd in respect of the transfer of the sub-lease from Golden Logistics to Cogent Malaysia, and where such approval is subject to any conditions, such conditions being acceptable to Cogent Malaysia;
- (b) Golden Logistics' disposal of the Assets being approved by and the registration procedures being completed with the State-Owned Asset Supervision and Administration Commission of the State Council ("**SASAC**"), Peoples Republic of China or its authorized agency in accordance with applicable laws and regulations; and
- (c) all approvals, authorisations, clearances, confirmations and consents as may be required for the sale and purchase of the Assets having been obtained and not withdrawn or revoked.

Pursuant to the SPA, the parties must use all reasonable endeavours to ensure that the conditions precedent are satisfied as expeditiously as possible and in any event on or before 31 July 2020 (the "**Conditions Precedent End Date**"). If any of the conditions precedent has not been satisfied or waived in accordance with the SPA on or before the Conditions Precedent End Date, then, unless otherwise agreed in writing by the parties, the SPA shall terminate automatically.

5. Value of the Assets

The book value (net asset value) and net tangible asset value of the Assets as at 31 August 2019 were RM 8.28 million.

6. Audit Committee Statement

The Audit Committee of the Company is of the view that the Proposed Asset Acquisition is on normal commercial terms, and is not prejudicial to the interest of the Company and its minority shareholders.

7. Value of interested person transactions (“IPTs”)

The aggregate value of all IPTs (including the Proposed Asset Acquisition and excluding transactions which are less than S\$100,000 and transactions conducted under the shareholders’ mandate for recurrent transactions with interested persons approved by shareholders at the Company’s extraordinary general meeting on 29 April 2019 (the “**Shareholders’ Mandate**”)) entered into by the Group with Golden Logistics for the current financial year commencing on 1 January 2019 up to the date of this announcement is approximately S\$2.75 million, representing approximately 0.70 per cent. of the Group’s latest audited net tangible assets as at 31 December 2018 of S\$393.13 million (“**NTA**”).

The total value of all IPTs (including the Proposed Asset Acquisition and excluding transactions which are less than S\$100,000 and transactions conducted under the Shareholders’ Mandate) entered into between the Group and all interested persons for the current financial year commencing on 1 January 2019 up to the date of this announcement is approximately S\$2.75 million, representing approximately 0.70 per cent. of the Group’s NTA.

8. Interests of Directors and Controlling Shareholders

Save as disclosed, none of the Directors or the controlling shareholder of the Company has any interest, direct or indirect, in the Proposed Asset Acquisition, save for their respective shareholdings (if any) in the Company.

By Order of the Board

COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

Zhu Jiandong
Executive Director and President
20 September 2019