



COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 196100159G)

THE PROPOSED DISPOSAL OF 52,598,463 ORDINARY SHARES REPRESENTING 60% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF COSCO SHIPPING (SINGAPORE) PTE. LTD. (THE "PROPOSED PARTIAL DISPOSAL") TO AN INTERESTED PERSON, AND THE PROPOSED ENTRY INTO OF A SHAREHOLDERS' AGREEMENT WITH THE PURCHASER ON COMPLETION OF THE PROPOSED PARTIAL DISPOSAL AS AN INTERESTED PERSON TRANSACTION (THE PROPOSED PARTIAL DISPOSAL AND THE PROPOSED ENTRY INTO OF THE SHAREHOLDERS' AGREEMENT COLLECTIVELY, THE "PROPOSED TRANSACTION")

1. Introduction

- 1.1 The Board of Directors (the "**Board**") of COSCO SHIPPING International (Singapore) Co., Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 30 September 2021 entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with COSCO (H.K.) Shipping Co., Limited (the "**Purchaser**") in relation to the Proposed Partial Disposal of 52,598,463 ordinary shares representing 60% of the issued and paid-up share capital of COSCO SHIPPING (Singapore) Pte. Ltd. (the "**Sale Company**").
- 1.2 Upon completion of the Proposed Partial Disposal, the shareholding interests of the Company and the Purchaser in the Sale Company will be 40% and 60% respectively. On completion of the Sale and Purchase Agreement ("**Completion**"), the Company, the Purchaser and the Sale Company will enter into a shareholders' agreement (the "**Shareholders' Agreement**") which sets out the financial, managerial, administrative and other arrangements agreed by the parties in relation to the Sale Company, and the manner in which the business and affairs of the Sale Company will be regulated.

2. The Proposed Partial Disposal

2.1 Information regarding the Purchaser

The Purchaser is a company incorporated in Hong Kong and is a wholly-owned subsidiary of COSCO SHIPPING Bulk Co., Ltd. ("**COSCO SHIPPING Bulk**"). COSCO SHIPPING Bulk is in turn wholly-owned by China COSCO SHIPPING Corporation Limited ("**China COSCO SHIPPING**"), a state-owned enterprise headquartered in Shanghai, People's Republic of China ("**PRC**").

China Ocean Shipping Company Limited ("**COSCO Group**"), the controlling shareholder of the Company, which holds approximately 53.35% of the ordinary shares in the issued share capital of the Company (the "**Shares**"), is also a wholly-owned subsidiary of China COSCO SHIPPING. As such, China COSCO SHIPPING indirectly holds a shareholding interest of approximately 53.35% in the Company through COSCO Group, and is an indirect controlling shareholder of the Company.

The Purchaser is established in 1994 and has a history of 27 years. As at 30 June 2021, the Purchaser owns a fleet of 98 vessels with a total deadweight ton of approximately 11.32 million, while the Purchaser's parent company, COSCO SHIPPING Bulk, one of the largest bulk shipping corporations in the world, has more than 400 bulk carriers of various types with total tonnage of approximately 40 million tonnes, loading iron ore, coal, grain and all other bulk cargoes. COSCO SHIPPING Bulk's services cover shipping routes in PRC coastal areas and world-wide major ports, and has shipping service networks all over the world. It also has more than 1,700 management staff and 12,500 seafarers.

2.2 Information regarding the Sale Company

The Sale Company is incorporated in Singapore. It has an issued and paid-up share capital of S\$87,664,105 comprising 87,664,105 ordinary shares. The Company is the beneficial owner of all the issued shares of the Sale Company.

The Sale Company is primarily engaged in the business of dry bulk shipping, with the main focus on owning and chartering of vessels.

2.3 Valuation

The Company has commissioned RSM Corporate Advisory Pte Ltd (the "**Valuer**" or "**RSM Advisory**"), an independent valuer, to estimate the market value range of 60% of the share capital of the Sale Company as at 30 June 2021 (the "**Valuation**"). The Valuation was conducted applying the income approach and applying the market approach as a cross-check to the value derived under the income approach. RSM Advisory has arrived at the market value range of 60% of the share capital of the Sale Company to be US\$39.4 million to US\$45.5 million as at 30 June 2021. The mid-point of the market value range is US\$42.4 million, which was derived by applying a discount rate of 9.1%.

A copy each of the independent valuation summary letter and the valuation report are available for inspection. Please refer to paragraph 13 of this announcement.

2.4 General outlook on the dry bulk shipping industry

As at the date of this announcement, after a strong performance in the first half of 2021, dry bulk charter rates moved steadily higher in the second half of 2021, reaching its highest level in thirteen years. The surge has been driven partly by an improvement in conventional supply and demand fundamentals, and partly by a drop in fleet productivity, as port delays have soared to an all-time high. In addition to rising rates, dry bulk secondhand prices have reached levels last seen in 2014. The dry bulk secondhand prices have been supported by the sudden reversal in newbuilding prices, which have also reached its highest level in seven years, caused by rising shipyard capacity utilization; a weakening US dollar; and a spike in steel plate prices.

Looking ahead, dry bulk rates and prices are expected to remain firm over the next few months and then falling back and remaining relatively flat over the coming years. This is on assumptions that port delays will fall back significantly over the next 12 months, as they return to more normal levels, helped by improved infrastructure, fewer weather-related disruptions, and other factors. As a result, rising fleet productivity is expected to more than offset the improvement in the conventional supply and demand fundamentals, leading to lower fleet utilization.

As the Southeast Asian countries continue their industrialization and urbanization, coupled with the Regional Comprehensive Economic Partnership (RCEP) and "One Belt, One Road" initiative, they will become the main driving force for medium and long-term global economic

growth. The Company believes that Southeast Asia will become one of the most important regions for the development of world trade in the future. Therefore, Southeast Asia is the regional market that the Sale Company will focus on in developing its bulk shipping business.

3. Benefits of and rationale for the Proposed Transaction

- 3.1 The Proposed Transaction represents the Company's strategic decision to streamline its current conglomerate structure to increase focus on the Company's core logistics business and to achieve better performance for the Group's existing businesses. Leveraging on the network and management of the Purchaser and its parent company, the Sale Company is also expected to improve its competitiveness and achieve better performance.
- 3.2 The Directors believe that the Proposed Transaction will enable the Company to achieve the following opportunities and bring the following key benefits to shareholders of the Company ("**Shareholders**").
 - 3.2.1 The Group's dry bulk shipping business as carried out under the Sale Company currently has limited marketing capabilities and lacks market competitiveness as the Sale Company only has 3 vessels of the same ship type, i.e. SUPRAMAX, and the average age of the fleet is about 16 years old. The Company believes that dry bulk shipping business is complementary to the Group's core logistics business and ship repair and marine engineering services, but requires the necessary resources and scale to develop and expand further;
 - 3.2.2 The Board believes that cooperating with the Purchaser through the joint interest in the Sale Company will enable the Sale Company to achieve sustainable development and growth. The Company will benefit from retaining its 40% interest in the Sale Company following the Proposed Partial Disposal; and
 - 3.2.3 The Sale Company will benefit by leveraging on COSCO SHIPPING Bulk's fleet of vessels and its global presence as it operates a large fleet of more than 400 bulk carriers of various types and functionality, for its shipping services in the PRC as well as internationally, and has the intention to expand in Southeast Asia through the Sale Company. The Sale Company will also benefit from tapping on the specialities, expertise, resources and overall management skills of the Purchaser.
- 3.3 The Company intends to use the sale proceeds from the Proposed Partial Disposal to expand and promote the development of the Group's logistics business in South and Southeast Asia, and for working capital requirements of the Group.

4. Salient terms of the Sale and Purchase Agreement

4.1 The Sale Shares

The Company is the beneficial owner of all the issued shares of the Sale Company. Pursuant to the terms of the Sale and Purchase Agreement, the Company has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Company the Sale Shares comprising 52,598,463 ordinary shares representing 60% of the issued and paid-up share capital of the Sale Company, upon the terms and conditions set out in the Sale and Purchase Agreement. After Completion, the Purchaser will hold 60% of the issued shares and the Company will hold 40% of the issued shares in the Sale Company respectively.

4.2 Consideration

The consideration (“**Consideration**”) for all the Sale Shares is US\$42,391,000 (equivalent to approximately S\$57.01 million¹). The Consideration was arrived at after arm’s length negotiations between the Company and the Purchaser on a willing-buyer and willing-seller basis and taking into account the Valuation as at 30 June 2021.

4.3 Conditions Precedent

4.3.1 Completion of the Sale and Purchase Agreement is conditional upon the satisfaction of conditions precedent, which include the following:

- (a) the Proposed Transaction having been cleared by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), and where clearance from SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the Company and the Purchaser, as the case may be;
- (b) the Proposed Transaction having been approved by the Company’s Shareholders at a general meeting or at any adjournment thereof;
- (c) completion of the sale and purchase of all the Sale Shares taking place simultaneously;
- (d) no breach of the Sale and Purchase Agreement has occurred and all representations and warranties made by the parties under the Sale and Purchase Agreement are true, accurate, complete and not misleading; and
- (e) the Company and the Purchaser having entered into the Shareholders’ Agreement on Completion.

4.3.2 Notwithstanding any provision to the contrary in the Sale and Purchase Agreement, where any consent or approval required pursuant to the conditions precedent is subject to conditions which are required to be fulfilled before Completion, the obligation of the parties to complete the sale and purchase of the Sale Shares is further conditional upon such conditions being fulfilled before Completion and such consents or approvals not being revoked or repealed on or before Completion.

4.3.3 If any one of the conditions precedent is not fulfilled such that Completion does not take place, or if for any reason Completion does not take place, on or before the Long-Stop Date or such other date as the parties may mutually agree in writing, the Sale and Purchase Agreement shall *ipso facto* cease and determine. Upon such cessation and determination of the Sale and Purchase Agreement, none of the parties shall have any claim against the other for costs, damages, compensation or otherwise in respect of the non-completion of the Sale and Purchase Agreement, except in respect of antecedent breaches, if any.

4.4 Terms of Payment

On Completion, the Purchaser shall pay the Consideration in cash by way of telegraphic transfer to the Company’s designated bank account.

¹ For illustrative purposes, in this announcement, the foreign exchange rate of US\$1 : S\$1.3448 is used to show the S\$ equivalent of the Consideration

4.5 Post-Completion Payment

4.5.1 The parties have derived the Consideration based on the business valuation of the Sale Company as at 30 June 2021, and any change in the financial position of the Sale Company from 1 July 2021 until the date of Completion (the “**Completion Date**”) will not affect the amount of the Consideration. The period from 1 July 2021 until the Completion Date is defined as the “**Transitional Period**”. Accordingly, the parties agree that:

- (a) any distributable profits recorded by the Sale Company in respect of the Transitional Period (“**Distributable Profit**”) shall be vested in the Company. The amount of the Distributable Profit shall be determined in accordance with paragraph 4.5.2 and shall be declared and paid as dividends by the Sale Company within 10 Business Days of the issuance of the Audited Financial Statements (as defined below); and
- (b) any losses recorded by the Sale Company in respect of the Transitional Period which are attributable to the Sale Shares (“**Attributable Loss**”) shall be borne by the Company. The amount of the Attributable Loss shall be determined in accordance with paragraph 4.5.2 and shall be paid by the Company to the Purchaser within 10 Business Days of the issuance of the Audited Financial Statements (as defined below).

4.5.2 The Distributable Profit and Attributable Loss referred to in paragraph 4.5.1 above shall be determined based on the audited financial statements of the Sale Company for the financial period from 1 July 2021 until the Payment Determination Date (the “**Audited Financial Statements**”). For the purpose of this paragraph 4.5, the “**Payment Determination Date**” shall mean:

- (a) in the event that Completion takes place on any day within the first fifteen days of a calendar month, the Payment Determination Date shall be the last day of the immediately preceding calendar month. For purposes of illustration, assuming that Completion takes place on 13 December 2021 (which is within the first fifteen days of December 2021), the Payment Determination Date shall be 30 November 2021; or
- (b) in the event that Completion takes place on any day after the fifteenth day of a calendar month, the Payment Determination Date shall be the last day of that calendar month. For purposes of illustration, assuming that Completion takes place on 27 December 2021 (which is after the fifteenth day in December 2021), the Payment Determination Date shall be 31 December 2021.

4.5.3 All costs and expenses in connection with the preparation of the Audited Financial Statements shall be borne equally by the parties.

5. Financial Effects of the Proposed Partial Disposal

5.1 The Consideration is US\$42,391,000 (equivalent to approximately S\$57.01 million) as set out in paragraph 4.2 of this announcement.

5.2 Proceeds over book value

Based on the latest announced consolidated financial statements of the Group for the financial period ended 30 June 2021, the carrying value of the Sale Company and the Sale Shares amount to S\$70.13 million and S\$42.08 million respectively.

For illustrative purposes, assuming that the Proposed Partial Disposal is completed on 30 June 2021, the excess of the proceeds over the carrying value of the Sale Shares is

approximately S\$14.93 million and the gain on the Proposed Partial Disposal² (being the net effect of (i) the proceeds of S\$57.01 million; add (ii) the fair value of the remaining 40% interests retained in the Sale Company of S\$38.00 million; less (iii) the carrying value of the Sale Company of S\$70.13 million; and less (iv) the reclassification of translation reserves as at 30 June 2021 of S\$9.29 million) is approximately S\$15.59 million.

5.3 Illustrative Financial Effects

The financial effects of the Proposed Partial Disposal are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Partial Disposal on the net tangible assets (“NTA”) per Share and earnings per Share (“EPS”) of the Company, nor do they represent the future financial performance and/or position of the Company immediately following Completion. The *pro forma* financial effects analysis of the Proposed Partial Disposal has been prepared on the following key bases and assumptions:

- 5.3.1 the financial effects of the Proposed Partial Disposal on the NTA per Share and EPS of the Company are based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2020;
- 5.3.2 for the purposes of illustrating the financial effects of the Proposed Partial Disposal on the NTA per Share of the Company, it is assumed that the Proposed Partial Disposal had been completed on 31 December 2020;
- 5.3.3 for the purposes of illustrating the financial effects of the Proposed Partial Disposal on the EPS of the Company, it is assumed that the Proposed Partial Disposal had been completed on 1 January 2020; and
- 5.3.4 the NTA per Share and EPS of the Company is computed based on 2,239,244,954 Shares in issue as at 31 December 2020.

5.4 Effect of the Proposed Partial Disposal on the NTA per Share

The following *pro forma* effect of the Proposed Partial Disposal on the NTA per Share of the Company has been prepared on the bases and assumptions set out in paragraph 5.3 and the inputs and assumptions set out in the Note below:

	Before the Proposed Partial Disposal	After the Proposed Partial Disposal
NTA (S\$'000) ⁽¹⁾	405,858	433,630
NTA per Share (cents)	18.12	19.37

Note:

- (1) The NTA after the Proposed Partial Disposal is computed based on the following:

² In accordance with the Singapore Financial Reporting Standards (International), the gain or loss on disposal of a subsidiary which results in loss of control is the difference between:

- a. fair value of the consideration received plus fair value of any investment retained; and
- b. carrying amount of the net assets of the subsidiary plus amounts recognized in other comprehensive income (e.g. foreign currency translation reserve).

	S\$'000
NTA as at 31 December 2020 before the Proposed Partial Disposal	405,858
Add: Consideration for the Sale Shares (as set out in paragraph 5.1)	57,007
Add: Fair value of the remaining 40% interests retained in the Sale Company	38,004
Less: Carrying amount of the Sale Company as at 31 December 2020	(66,839)
Less: Estimated expenses to be incurred for the Proposed Partial Disposal	(400)
	433,630

5.5 Effect of the Proposed Partial Disposal on EPS

The following *pro forma* effect of the Proposed Partial Disposal on the EPS of the Company has been prepared on the bases and assumptions set out in paragraph 5.3 and the inputs and assumptions set out in the Notes below:

	Before the Proposed Partial Disposal	After the Proposed Partial Disposal
Profit attributable to equity holders of the Company (S\$'000) ⁽¹⁾	8,337	25,724
EPS (cents)	0.37	1.15

Notes:

- (1) The EPS after the Proposed Partial Disposal is computed based on the following:

	S\$'000
Profit attributable to equity holders of the Company for FY2020 before the Proposed Partial Disposal	8,337
Less: Share of profits attributable to the Sale Shares for FY2020, which would not be attributable if disposed on 1 January 2020	(209)
Add: Gain on the Proposed Partial Disposal, if disposed on 1 January 2020 ⁽²⁾	17,996
Less: Estimated expenses to be incurred for the Proposed Partial Disposal	(400)
Profit attributable to equity holders of the Company for FY2020 after the Proposed Partial Disposal	25,724

- (2) The gain on the Proposed Partial Disposal, if disposed on 1 January 2020, is computed based on the following:

	S\$'000
Consideration for the Sale Shares (as set out in paragraph 5.1)	57,007
Add: Fair value of the remaining 40% interests retained in the Sale Company	38,004
Less: Carrying amount of the Sale Company as at 1 January 2020	(67,746)
Less: Reclassification of translation reserves as at 1 January 2020	(9,269)
Gain on the Proposed Partial Disposal, if disposed on 1 January 2020	17,996

6. Relative figures under Rule 1006 of the Listing Manual

The relative figures for the Proposed Partial Disposal as computed on the bases set out in Rule 1006 of the Listing Manual and the latest announced consolidated financial statements of the Group for the financial period ended 30 June 2021 are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the Sale Shares to be disposed of, compared with the Group's net asset value.	7.62% ⁽¹⁾
(b)	The net profits attributable to the Sale Shares to be disposed of, compared with the Group's net profits.	13.10% ⁽²⁾

Rule 1006	Bases	Relative Figures
(c)	The aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	9.19% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable ⁽⁵⁾

Notes:

- (1) Based on the aggregate NAV of the Sale Shares as at 30 June 2021 of S\$42,079,000, divided by the Group's NAV as at 30 June 2021 of S\$552,552,000. Net assets refer to total assets less total liabilities.
- (2) Based on the aggregate unaudited net profit attributable to the Sale Shares for the six months ended 30 June 2021 of S\$1,236,000, divided by the Group's unaudited net profit for the six months ended 30 June 2021 of S\$9,432,000. Net profits refer to profit before income tax and non-controlling interests.
- (3) Market capitalisation of the Company as at 29 September 2021, being the market day preceding the date of the Sale and Purchase Agreement, was S\$620,271,000.
- (4) Not applicable as no equity securities will be issued by the Company in connection with the Proposed Partial Disposal.
- (5) Not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed on the bases set out in Rule 1006(a) and Rule 1006(b) above exceed 5% but do not exceed 20%, the Proposed Partial Disposal constitutes a discloseable transaction under Rule 1010 of the Listing Manual.

7. Interested Person Transaction

Application of the Rules relating to Interested Person Transactions under the Listing Manual

Under Chapter 9 of the Listing Manual, where an entity at risk (as defined in the Listing Manual) proposes to enter into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5% of the Group's latest audited NTA, Shareholders' approval is required in respect of the transaction.

The Purchaser is wholly-owned by COSCO SHIPPING Bulk, which is in turn wholly-owned by China COSCO SHIPPING. COSCO Group, being the controlling Shareholder of the Company, is also wholly-owned by China COSCO SHIPPING. In respect of the Proposed Partial Disposal, the Company is the "entity at risk" for the purposes of Chapter 9 of the Listing Manual. The Purchaser is therefore an "interested person" and the Proposed Partial Disposal constitutes an "interested person transaction" within the meaning of Chapter 9 of the Listing Manual.

The Consideration of US\$42,391,000 (equivalent to approximately S\$57.01 million) represents approximately 14.0% of the latest audited NTA of the Group as at 31 December 2020 of S\$405,858,000. In accordance with Chapter 9 of the Listing Manual, the Proposed Partial Disposal is an interested person transaction, the transaction value of which is more than 5% of the latest audited NTA of the Group, and is hence subject to the approval of

Shareholders at a general meeting to be convened.

Other than in connection with the Proposed Partial Disposal, transactions less than S\$100,000 and transactions under the general mandate for recurrent transactions with interested persons approved by Shareholders at the Company's extraordinary general meeting on 29 April 2021, the Company has not entered into any other interested person transactions in the current financial year.

8. The proposed entry into of the Shareholders' Agreement with the Purchaser

After Completion, the shareholding interests of the Company and the Purchaser in the Sale Company is 40% and 60% respectively. The collaboration of the Company and the Purchaser in the Sale Company is an interested person transaction within the meaning of Chapter 9 of the Listing Manual as the Purchaser is wholly-owned by COSCO SHIPPING Bulk, which is in turn wholly-owned by China COSCO SHIPPING, while COSCO Group, being the controlling Shareholder of the Company, is also wholly-owned by China COSCO SHIPPING.

The Company and the Purchaser will, on Completion, enter into the Shareholders' Agreement which sets out the terms of the collaborating arrangements, including the following:

- (a) the Sale Company shall establish a board of directors which consists of 5 directors unless otherwise unanimously agreed by the shareholders of the Sale Company in writing. The composition of the board of the Sale Company shall initially comprise of 3 persons to be appointed by the Purchaser and 2 persons to be appointed by the Company. Each director shall serve a term of not more than 3 years from the date of his appointment. The director nominated by the Purchaser shall be the chairman of the board but the chairman shall not have any casting vote;
- (b) the quorum at a board meeting or adjourned meeting, for the transaction of any business of the Sale Company shall be 3 directors which shall include at least 1 director appointed by the Company or his appointed alternate director. All resolutions of board meeting or adjourned meeting, shall be passed by a simple majority of vote of the directors present. The affirmative vote of each director present at the meeting or adjourned meeting, is required to decide on various matters as set out in the Shareholders' Agreement;
- (c) with respect to the Distributable Profit recorded by the Sale Company during the Transitional Period pursuant to the Sale and Purchase Agreement, the parties agree that they shall within 3 business days of the issuance of the Audited Financial Statements of the Sale Company convene a board meeting to approve the Distributable Profit and shall procure all the directors of the Sale Company appointed by them to vote in favour of the Distributable Profit and make payment of the Distributable Profit to the Company;
- (d) the quorum at a general meeting or adjourned meeting of the Sale Company for any business of the Sale Company shall be at least 2 shareholders present in person or by proxy. All shareholders' resolutions shall be passed by a simple majority vote of the shareholders present and voting;
- (e) the affirmative vote of each shareholder of the Sale Company is required to decide on the various reserved matters as set out in the Shareholders' Agreement;
- (f) the Purchaser shall have the right to nominate 2 individuals to act as general manager and deputy general manager respectively of the Sale Company;

- (g) where any financing by the shareholders of the Sale Company is to be provided, such financing (including the provision of any guarantee or security) shall be provided by the shareholders in their respective shareholding proportions;
- (h) the shareholders are subject to pre-emptive rights in relation to the issue and transfer of shares of the Sale Company. Any third-party subscriber(s) or transferee(s) of the shares of the Sale Company shall be required to execute a deed of ratification and accession under which they shall agree to be bound by and be entitled to the benefit of the Shareholders' Agreement;
- (i) where a shareholder (being a selling shareholder) desires to transfer shares held by it in the Sale Company representing in aggregate 50% or more to a third-party purchaser or to another shareholder (being the tag-along purchaser), the selling shareholder shall give notice in writing to the other shareholders (being the tag-along seller) of such desire and enclosing an offer made by the tag-along purchaser to purchase all (and not some only) of the shares in the Sale Company held by the tag-along seller on terms and conditions (including price) that are no less favourable than those available to the selling shareholder, for acceptance by the tag-along seller;
- (j) restrictions in relation to the disposal or charging of the shares in the Sale Company except with the prior written consent of other shareholders; and
- (k) in the event of a deadlock, shareholders are to resolve the deadlock in good faith, failing which offer to sell to or purchase from the other shareholder(s) all (but not some only) of the shares of the Sale Company at a specified price, and further failing which the shareholders shall procure the Sale Company to be wound up.

In accordance with the Shareholders' Agreement, the risks and rewards of the collaboration in the Sale Company are in proportion to the respective equity shareholdings of the Company and the Purchaser. The Purchaser does not have any existing equity interest in the Sale Company prior to the participation of the Company in the Sale Company. Pursuant to Rule 916(2)(b) of the Listing Manual, the Audit and Risk Management Committee of the Company, having reviewed the terms of the Shareholders' Agreement, is of the view that the risks and rewards of the Company and the Purchaser in the Sale Company are in proportion to their respective equity shareholdings in the Sale Company, and the terms of the Shareholders' Agreement are not prejudicial to the interests of the Company and its minority shareholders. Notwithstanding the exception under Rule 916(2) of the Listing Manual, the Company is seeking Shareholders' approval for the Proposed Transaction.

9. **Interests of Directors and Controlling Shareholders**

9.1 **Interests of Directors**

- 9.1.1 The interests of the Directors in the Shares based on information as recorded in the Register of Directors' Shareholdings of the Company as at the date of this announcement (the "**Announcement Date**") are set out below:

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Zhu Jian Dong	-	-	-	-
Li Xi Bei	-	-	-	-
Ang Swee Tian	130,000	n.m. ⁽¹⁾	5,000	n.m. ⁽¹⁾
Wang Kai Yuen	900,000	0.04%	100,000	n.m. ⁽¹⁾
Er Kwong Wah	650,000	0.03%	-	-

Note :

(1) "n.m." denotes not meaningful

- 9.1.2 The interests of the Directors in options to subscribe for Shares granted pursuant to the COSCO SHIPPING Group Executives Share Option Scheme 2020 as at the Announcement Date are set out below:

Director	Number of unissued Shares under options held by Director	
	No. of Options	%
Li Xi Bei	1,000,000	Not applicable

9.2 Interests of Substantial Shareholders

The interests of the substantial Shareholders in the Shares, based on information as recorded in the Register of Substantial Shareholders of the Company as at the Announcement Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
COSCO Group	1,194,565,488 ⁽¹⁾	53.35	-	-
China COSCO SHIPPING	-	-	1,194,565,488 ⁽¹⁾	53.35

Note :

(1) China COSCO SHIPPING is deemed interested in the Shares held by COSCO Group.

9.3 Interests in the Proposed Transaction

The Purchaser is wholly-owned by COSCO SHIPPING Bulk, which is in turn wholly-owned by China COSCO SHIPPING. COSCO Group, the controlling Shareholder of the Company, is also wholly-owned by China COSCO SHIPPING.

Mr Zhu Jian Dong and Mr Li Xi Bei who are Directors of the Company, are members of the managing body of or directors nominated by COSCO Group.

Save as disclosed in this announcement, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction. No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction.

10. Independent Financial Adviser

Provenance Capital Pte. Ltd. has been appointed by the Company as the independent financial adviser (the "IFA") in respect of the Proposed Transaction as an interested person transaction as required under Rule 921(4)(a) of the Listing Manual as well as to advise the Directors who are deemed independent of the Proposed Transaction on whether the Proposed Transaction is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The Audit and Risk Management Committee of the Company is obtaining an opinion from the IFA, which will be disclosed in the Circular to Shareholders, on whether the Proposed Transaction is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

11. Shareholders' Approval

A Circular containing, *inter alia*, further details of the Proposed Transaction, the opinion of the IFA and the notice of the Extraordinary General Meeting (“EGM”) to be convened will be despatched to Shareholders in due course.

12. Abstention from Recommendation and Voting

China COSCO SHIPPING and COSCO Group and their associates, being interested persons in relation to the Proposed Transaction, will abstain from voting at the EGM in respect of the Shares held by them on the ordinary resolution relating to the Proposed Transaction. Mr Zhu Jian Dong and Mr Li Xi Bei being members of the managing body of or directors nominated by COSCO Group will abstain from making any recommendation to Shareholders in respect of the ordinary resolution relating to the Proposed Transaction. The Chairman of the EGM will not accept appointment as proxy for voting on the ordinary resolution at the EGM unless specific instructions have been given in a validly completed and submitted proxy form as to voting, or abstention from voting, in respect of the said ordinary resolution. China COSCO SHIPPING, COSCO Group, Mr Zhu Jian Dong and Mr Li Xi Bei will also ensure that their respective associates will abstain from voting on the ordinary resolution relating to the Proposed Transaction.

13. Documents available for inspection

Copies of the Sale and Purchase Agreement (and the form of the Shareholders' Agreement attached thereto), the independent valuation summary letter and the valuation report in respect of the Valuation of the Sale Company may be inspected at the registered office of the Company at 30 Cecil Street #26-01 Prudential Tower Singapore 049712 during normal business hours for a period of three months from the Announcement Date.

In light of the prevailing safe distancing measures due to the COVID-19 situation, Shareholders should provide their names, contact number, proposed date and time of inspection to the Company's investor relations consultant at the email address coscoshipping@financialpr.com.sg at least three (3) working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents.

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

Zhu Jian Dong
Chairman and President
30 September 2021