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**中遠海運控股股份有限公司**  
**COSCO SHIPPING Holdings Co., Ltd.\***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1919)**

**OVERSEAS REGULATORY ANNOUNCEMENT**

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The “Announcement on Connected Transaction in Relation to Time Charter” as published in Chinese on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on 5 September 2017 is enclosed hereto as overseas regulatory announcement in English and Chinese.

By Order of the Board  
**COSCO SHIPPING Holdings Co., Ltd.\***  
**Guo Huawei**  
*Company Secretary*

Shanghai, the People's Republic of China  
5 September 2017

*As at the date of this announcement, the directors of the Company are Mr. WAN Min<sup>2</sup> (Chairman), Mr. HUANG Xiaowen<sup>1</sup> (Vice Chairman), Mr. XU Zunwu<sup>1</sup>, Mr. MA Jianhua<sup>2</sup>, Mr. WANG Haimin<sup>1</sup>, Mr. ZHANG Wei (張為)<sup>1</sup>, Mr. FENG Boming<sup>2</sup>, Mr. ZHANG Wei (張煒)<sup>2</sup>, Mr. CHEN Dong<sup>2</sup>, Mr. YANG, Liang Yee Philip<sup>3</sup>, Mr. WU Dawei<sup>3</sup>, Mr. ZHOU Zhonghui<sup>3</sup>, Mr. TEO Siong Seng<sup>3</sup> and Mr. KOO, Chee Kong Kenneth<sup>3</sup>.*

<sup>1</sup> *Executive Director*

<sup>2</sup> *Non-executive Director*

<sup>3</sup> *Independent non-executive Director*

\* *For identification purpose only*

## **COSCO SHIPPING HOLDINGS CO., LTD.**

### **ANNOUNCEMENT ON CONNECTED TRANSACTION IN RELATION TO TIME CHARTER**

The board of directors and all directors of the Company warrant that there are no false representations, misleading statements and material omissions in this announcement, and severally and jointly take responsibility for the authenticity, accuracy and completeness of the contents hereof.

#### **IMPORTANT:**

- COSCO SHIPPING Lines Company Limited (“COSCO SHIPPING Lines”), a wholly-owned subsidiary of COSCO SHIPPING Holdings Co., Ltd. (“COSCO SHIPPING Holdings” or the “Company”) together with its subsidiaries (collectively the “Group”) and its subsidiaries, COSCO (Cayman) Mercury Co., Ltd. (“COSCO Mercury”) and New Golden Sea Shipping Pte. Ltd. (“New Golden Sea Shipping”) (COSCO SHIPPING Lines, COSCO Mercury and New Golden Sea Shipping collectively referred to as “COSCO SHIPPING Lines Group”) entered into the Time Charter Agreement with Pacific International Lines Pte. Ltd. (“Pacific International Lines”) in relation to mutual charting of vessels for operation in light of their respective business needs (the “Transaction”).
- The Transaction is a connected transaction.
- The Transaction does not constitute a material asset restructuring.
- The Transaction is not required to be considered and approved at the shareholders’ general meeting of the Company.

#### **I. Summary of the Connected Transaction**

On 5 September 2017, the COSCO SHIPPING Lines Group entered into a time charter agreement with Pacific International Lines (the “Time Charter Agreement”), pursuant to which the COSCO SHIPPING Lines Group shall lease a 6500TEU container vessel with shore supply and five 4250TEU container vessels from Pacific International Lines and chart six 5500TEU container vessels of COSCO SHIPPING Lines to Pacific International Lines. Such connected transaction does not constitute a material asset restructuring under the Administrative Measures on Material Asset Restructuring of Listed Companies.

Since Mr. Teo Siong Seng, managing director of Pacific International Lines, was elected as an independent non-executive director of the fifth session of the board of directors of the Company (the “Board”) at the 2016 annual general meeting of the Company with effect from 25 May 2017, Pacific International Lines is a connected person of the Company under Rule 10.1.3 (3) of the Rules Governing the Listing of Securities on Shanghai Stock Exchange. Therefore, the Transaction is a connected transaction of the Company.

The aggregate transaction amount of chartering vessels involved in the Transaction is approximately RMB123 million (calculated on the assumption that each charterer will choose to extend the charter period by 30 days at the expiry date of the charter period as agreed in the Time Charter Agreement and converted based on the exchange rate of US\$ 1: RMB6.54, being the central parity of RMB exchange rate in the interbank foreign exchange market as announced with authorization from China Foreign Exchange Trading Centre on 5 September 2017, same below). In the past twelve months, there were only daily connected transactions effective from 30 August 2017 under the Shipping Services Master Agreement between the Company and Pacific International Lines, details of which are set out in the Announcement on Daily Connected Transaction of COSCO SHIPPING Holdings (No. of announcement: Lin 2017-055), and the Transaction is not required to be considered and approved at the shareholders’ general meeting of the Company.

## **II. Basic Information on the Connected Person**

Pacific International Lines was established as a private company on 16 March 1967. Its legal representative is Mr. Teo Siong Seng. Its registered capital is US\$376,127,000. Its substantial shareholders are Mr. Chang Yun Chung, Y C Chang & Son Pte. Ltd. and South Pacific International Holdings Ltd. It is principally engaged in the business of shipping, manufacturing of containers, shipping agency, warehousing, logistics and yard. It is incorporated in Singapore.

### **III. Basic Information on the Subject of the Connected Transaction**

#### **(i) Subject of the Transaction**

Pursuant to the Time Charter Agreement, the subject of the Transaction is a 6500TEU container vessel with shore supply and five 4250TEU container vessels to be leased by Pacific International Lines to COSCO SHIPPING Lines Group and six 5500TEU container vessels to be leased by COSCO SHIPPING Lines to Pacific International Lines. Such vessels are not subject to any pledge, mortgage or other similar restrictions, litigation, arbitration, seizure or freeze or restricted right of use.

#### **(ii) Principle and method of determining transaction price and analysis of fairness and reasonableness of transaction price**

Rental price (including price for leasing from and to a party under time charter) is USD1.1 (approximately RMB7.19) per TEU per day.

Taking into account the scarcity of the types of vessels to be chartered, the significant fluctuation in the market rates of such types of vessels and the mutually beneficial cooperation relationship between the COSCO SHIPPING Lines Group and Pacific International Lines, the price has been arrived at after arm's length negotiation between parties and is fair and reasonable.

### **IV. Key Terms and Performance Arrangement under the Connected Transaction Agreement**

#### **(i) Parties to the agreement**

1. COSCO SHIPPING Lines (as the lessor of the 5500TEU vessels)
2. Pacific International Lines (as the lessee of the 5500TEU vessels and the lessor of the 6500TEU/4250TEU vessels)
3. COSCO Mercury (as the lessee of the 6500TEU/4250TEU vessels other than the *KOTA LAYAR*)
4. New Golden Sea Shipping (as the lessee of the *KOTA LAYAR*)

(ii) Charter hire and rental period

1. Vessels chartered by COSCO SHIPPING Lines to Pacific International Lines

Vessel's Name	TEU	Daily Rate (US\$)	Charter period	Aggregated charter hire (US\$)	Aggregate charter hire (RMB equivalent)
COSCO SHANGHAI	5446	5,990.60	Commencing on 5 September 2017 and ending on 26 April 2018	10,350,945	67,695,180
XIN XIA MEN	5668	6,234.80	Commencing on 5 September 2017 and ending on 28 April 2018		
COSCO ANTWERP	5446	5,990.60	Commencing on 5 September 2017 and ending on 10 May 2018		
XIN CHANG SHU	5688	6,256.80	Commencing on 5 September 2017 and ending on 12 May 2018		
XIN FU ZHOU	5688	6,256.80	Commencing on 5 September 2017 and ending on 18 May 2018		
COSCO HAMBURG	5446	5,990.60	Commencing on 5 September 2017 and ending on 25 June 2018		

2. Vessels chartered from Pacific International Lines

Vessel's Name	TEU	Daily Rate (US\$)	Charter period	Aggregated charter hire (US\$)	Aggregate charter hire (RMB equivalent)
KOTA CANTIK	6606	7,266.60	Commencing on 5 September 2017 and ending on 3 April 2018	8,522,734	55,738,680
KOTA LAJU	4250	4,675.00	Commencing on 5 September 2017 and ending on 4 April 2018		
KOTA LAYAR	4250	4,675.00	Commencing on 5 September 2017 and ending on 28 April 2018		
KOTA LAMBANG	4250	4,675.00	Commencing on 5 September 2017 and ending on 18 June 2018		
KOTA LUMAYAN	4250	4,675.00	Commencing on 5 September 2017 and ending on 9 July 2018		
KOTA LATIF	4250	4,675.00	Commencing on 5 September 2017 and ending on 24 May 2018		

### 3. Notes

Pursuant to the Time Charter Agreement, the charterer for each of the vessels has the right to extend or shorten charter period by 30 days. The aggregated charter hire for each of the above vessels is arrived at by multiplying daily rate by the maximum of the charter period, representing an inclusion of a period of additional 30 days after due date.

#### (iii) Payment of the charter hire

The charter hire shall be paid to the lessor or receiver designated by it through the bank stipulated in the notice before delivery of the vessel. Payment of charter hire shall be made in advance for the following 15 days, and where the remainder of the charter period is less than 15 days, payment shall then be made upon expiry of the period based on the remaining days of the period.

#### (iv) Other key terms

1. Return of ship: Area for return of ship: Any safe port between Singapore and Southern Japan region, including Port Kelang, Mainland China, Hong Kong. The actual port for returning the ship will be selected by the lessee. Point for return of ship: the last place where the pilot left the ship when leaving the port for returning the ship. Time to return the ship: Any time including day time, night time, Sundays and public holidays without limitation. Notice of return of ship: The lessee of the ship shall issue a notice to the lessor 30/15/10/7 days in advance to notify the expected time and possible place for return of ship, and to confirm the time and place for return of ship by giving a notice 1 to 3 days in advance.
2. Shipping area: The ship shall operate within the area of shipping routes of the lessee, and shall anchor at safe port/ safe berth in the restricted area of the Association and shall be always in a floating state, the ship may only be loaded with legal cargoes contained in ISO standard containers.
3. Effective time of the agreement: 5 September 2017
4. Default liabilities: If rent is not paid on time, the lessor may serve a notice to the lessee 5 banking business days in advance, and if the lessee still fails to settle the full amount, the lessor is entitled to recover the leased ship without prejudice to seeking claims against the lessee by the lessor.

## **V. Purpose of the Connected Transaction and Effects on the Listed Company**

According to the progress of cooperation, business needs and ship deployment arrangement of COSCO SHIPPING Lines Group recently in the shipping routes for southwestern United States, New Zealand, Africa and India, the Transaction may resolve the difficulties faced by COSCO SHIPPING Lines Group for lack of suitable internal shipping capacity and the “ship hiring difficulty” for specific ship type in the external ship leasing market, and to satisfy the above specific requirement for shipping route capacity by COSCO SHIPPING Lines Group; meanwhile, by leasing surplus vessels, vessels of COSCO SHIPPING Lines Group will be properly deployed. It is anticipated that the Transaction will not have adverse financial effect on the profit, assets and liabilities of the Company.

## **VI. Review Procedure that shall be performed by the Connected Transaction**

The agreement for the Transaction was approved at the Fourth Meeting of the Fifth Session of the Board convened on 30 August 2017, the connected director, Mr. Teo Siong Seng, has abstained from voting and expressing opinions pursuant to the requirements under the Articles of Association, and the independent directors, Mr. Yang Liang Yee Philip, Mr. Wu Dawei, Mr. Zhou Zhonghui and Mr. Koo Chee Kong Kenneth, consented to submit the proposed resolution for the Transaction to the Board of the Company for consideration and provided independent opinions as follows: the terms of agreement for the Transaction are on ordinary commercial terms, which are fair and reasonable; Mr. Teo Siong Seng, director of the Company, has abstained from voting and expressing opinions on the proposed resolution in compliance with the relevant requirements of the relevant laws and regulations and the Articles of Association; the Transaction is in the interest of the Group and its shareholders as a whole and without prejudice to the interest of the Group and independent shareholders. Approval at the shareholders’ general meeting of the Company is not required for the agreement of the Transaction.

## **VII. Annex to the announcement online**

1. Opinions of the independent directors signed and confirmed by independent directors.

VIII. List of documents available for inspection

1. Resolution of the Fourth Meeting of the Fifth Session of the Board of the Company;
2. Opinions acknowledged by independent directors beforehand. Announcement is hereby given above.

Board of Directors  
COSCO SHIPPING Holdings Co., Ltd.  
5 September 2017