

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement. .*



**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)**

**CONTINUING CONNECTED TRANSACTIONS**  
**REVISION OF ANNUAL CAPS**  
**FOR MASTER SEAMEN LEASING AGREEMENT**

Reference is made to the announcement of the Company dated 14 September 2016 in relation to, among other things, the continuing connected transactions under the Master Seamen Leasing Agreement between the Company and COSCO SHIPPING. Pursuant to the Master Seamen Leasing Agreement, the Company (for itself and on behalf of its subsidiaries and/ or associates) and COSCO SHIPPING (for itself and on behalf of its subsidiaries and/ or associates) have agreed to provide certain seamen leasing services mutually for the three years ending 31 December 2019.

In order to better safeguard the demand for crew, enhance the core competitiveness of the shipping business of the Group, the Group will participate in the integration of crew resources of COSCO SHIPPING. From 1 January 2018 onwards, the existing crew and crew management department of the Group are proposed to be transferred to COSCO SHIPPING Seafarer. The subsidiaries of the Group will enter into the crew management services agreements with COSCO SHIPPING Seafarer, pursuant to which the demand for crew of the vessels owned, operated and/or managed by the Group will be provided by the vessel manning services by COSCO SHIPPING Seafarer Group. The Board anticipates that the Existing Annual Caps will not be sufficient to meet the expected transaction amounts of the Group's purchase of services from the COSCO SHIPPING Group under the Master Seamen Leasing Agreement for the year ending 31 December 2018 and the year ending 31 December 2019. The Board therefore proposes that the Existing Annual Caps be revised and increased to the Revised Annual Caps.

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,557,594,644 A Shares and 87,635,000 H Shares, representing approximately 45.47% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated by the Master Seamen Leasing Agreement constitute connected transactions of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the applicable requirements under Chapter 14A of the Listing Rules due to the revision of the annual caps.

As one or more applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Revised Annual Caps under the Master Seamen Leasing Agreement exceed 0.1% but are less than 5%, the revision of the annual caps under the Master Seamen Leasing Agreement is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 14 September 2016 in relation to, among other things, the continuing connected transactions under the Master Seamen Leasing Agreement between the Company and COSCO SHIPPING. Pursuant to the Master Seamen Leasing Agreement, the Company (for itself and on behalf of its subsidiaries and/ or associates) and COSCO SHIPPING (for itself and on behalf of its subsidiaries and/ or associates) have agreed to provide certain seamen leasing services mutually for the three years ending 31 December 2019.

## **REVISION OF THE ANNUAL CAPS**

In order to better safeguard the demand for crew, enhance the core competitiveness of the shipping business of the Group, the Group will participate in the integration of crew resources of COSCO SHIPPING. From 1 January 2018 onwards, the existing crew and crew management department of the Group are proposed to be transferred to COSCO SHIPPING Seafarer. The subsidiaries of the Group will enter into the crew management services agreements with COSCO SHIPPING Seafarer, pursuant to which the demand for crew of the vessels owned, operated and/or managed by the Group will be provided by the vessel manning services by COSCO SHIPPING Seafarer Group. The Board anticipates that the Existing Annual Caps will not be sufficient to meet the expected transaction amounts of the Group's purchase of

services from the COSCO SHIPPING Group under the Master Seamen Leasing Agreement for the year ending 31 December 2018 and the year ending 31 December 2019. The Board therefore proposes that the Existing Annual Caps be revised and increased to the Revised Annual Caps as set out in the table below:

*Purchase of services from the COSCO SHIPPING Group under the Master Seamen Leasing Agreement*

	<b>For the year ending 31 December 2018</b> <i>(RMB'000)</i>	<b>For the year ending 31 December 2019</b> <i>(RMB'000)</i>
<b>Existing Annual Caps</b>	100,000	100,000
<b>Revised Annual Caps</b>	1,400,000	1,500,000

The above Revised Annual Caps are determined after having taken into account: (i) the demand for the use of crew for the existing vessels of COSCO SHIPPING Lines Co., Ltd\* (中遠海運集裝箱運輸有限公司), a wholly-owned subsidiary of the Company, and the newly built vessels of the Group which will operate in 2018 and 2019; (2) the demand for the use of crew for the existing and additional vessels in 2018 and 2019 of Shanghai PANASIA Shipping Co., Ltd.\* (上海泛亞航運有限公司), a subsidiary of the Company; (3) the sharing of the crew training costs; and (4) the fluctuation in exchange rates.

The Board further confirms that the existing annual cap for the transactions contemplated by the Master Seamen Leasing Agreement for the year ending 31 December 2017 has not been exceeded as at the date of this announcement.

### **REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS**

The Board has been carefully monitoring the historical transacted amounts and estimated demand of the continuing connected transactions under the Master Seamen Leasing Agreement.

From 1 January 2018 onwards, the existing crew and crew management department of the Group are proposed to be transferred to COSCO SHIPPING Seafarer. The subsidiaries of the Group will enter into the crew management services agreements with COSCO SHIPPING Seafarer, pursuant to which the demand for crew of the vessels owned, operated and/or managed by the Group will be provided by the vessel manning services by COSCO SHIPPING Seafarer. COSCO SHIPPING Seafarer has

undertaken that it will give priority to the protection of manning levels of the Group's vessels in any event, to ensure that there will be no circumstances that would affect the normal operation of the Group's vessels as a result of inadequate manning levels. The Board anticipates that the Existing Annual Caps will not be sufficient to meet the expected transaction amounts of the Group's purchase of services from the COSCO SHIPPING Group under the Master Seamen Leasing Agreement for the year ending 31 December 2018 and the year ending 31 December 2019. The Revised Annual Caps will allow the Group to (i) safeguard the crew required by the fleets of the Group; (ii) enhance management efficiency and reduce the cost of integrated management of the crew; and (iii) focus on improving the quality and efficiency of the principal shipping business and further enhance its core competitiveness.

The Board (including the independent non-executive Directors) considers that the transactions pursuant to the Master Seamen Leasing Agreement have been conducted and will continue to be conducted in the ordinary and usual course of business of the Company on normal commercial terms, and that the terms of the Master Seamen Leasing Agreement and the Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,557,594,644 A Shares and 87,635,000 H Shares, representing approximately 45.47% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated by the Master Seamen Leasing Agreement constitute connected transactions of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the applicable requirements under Chapter 14A of the Listing Rules due to the revision of the annual caps.

As one or more applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Revised Annual Caps under the Master Seamen Leasing Agreement exceed 0.1% but are less than 5%, the revision of the annual caps under the Master Seamen Leasing Agreement is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Wan Min, Mr. Huang Xiaowen and Mr. Xu Zunwu, Mr. Ma Jianhua, Mr. Wang Haimin, Mr. Zhang Wei (張為), Mr. Feng Boming, Mr. Zhang Wei (張煒) and Mr. Chen Dong, all being Directors nominated by COSCO, the direct controlling Shareholder, have abstained from voting on the relevant Board resolution approving the Revised Annual Caps pursuant to the Articles of Association. Save as aforementioned, none of the other Directors has a material interest in the revision of annual caps above and hence no other Director has abstained from voting on such Board resolution.

## **IMPLICATIONS UNDER THE SHANGHAI LISTING RULES**

Pursuant to the Shanghai Listing Rules, as the Revised Annual Caps are expected to exceed 5% of the absolute value of the latest audited net assets of the Group, the revision of annual caps under the Master Seamen Leasing Agreement for the years ending 31 December 2018 and 2019 is subject to the approval of the independent shareholders of the Company. The Company will convene an extraordinary general meeting as soon as practicable in this regard. Prior to obtaining approval from the independent shareholders, the Company will closely monitor the aggregate value of the transactions under the Master Seamen Leasing Agreement to ensure that the annual transaction amount in respect of such transactions fall within the Existing Annual Caps.

## **INFORMATION ON PARTIES TO THE MASTER SEAMEN LEASING AGREEMENT**

### **The Company**

The Company was established in the PRC on 3 March 2005. The Company, through its various subsidiaries, provides a wide range of container shipping and terminal services covering the whole shipping value chain for both international and domestic customers.

### **COSCO SHIPPING**

COSCO SHIPPING is a company incorporated under the laws of the PRC, and is a state-owned enterprise wholly-owned and controlled by SASAC. The scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sales of vessels, containers and steel and maritime engineering.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company as amended, revised or supplemented from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	COSCO SHIPPING Holdings Co.,Ltd.* (中遠海運控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Hong Kong Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“COSCO”	China Ocean Shipping Company Limited* (中國遠洋運輸有限公司), a PRC state-owned enterprise, the direct controlling shareholder currently owning an aggregate of 45.47% of the total registered capital of the Company, and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING”	China COSCO Shipping Corporation Limited* (中國遠洋海運集團有限公司), a Chinese state-owned enterprise and the indirect controlling shareholder of the Company
“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries and associates

“COSCO SHIPPING Seafarer”	COSCO SHIPPING Seafarer Management Co., Ltd. (中遠海運船員管理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“Director(s)”	director(s) of the Company
“Existing Annual Caps”	the existing annual caps for the transactions contemplated by the Master Seamen Leasing Agreement for the year ending 31 December 2018 and the year ending 31 December 2019 as disclosed in the announcement of the Company dated 14 September 2016
“Group”	the Company and its subsidiaries and associates
“H Share(s)”	the overseas listed foreign shares in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Seamen Leasing Agreement”	the master seamen leasing agreement dated 14 September 2016 entered into between the Company and COSCO SHIPPING in relation to mutual provision of seamen leasing services between the Group and the COSCO SHIPPING Group, further details of which are set out in the announcement of the Company dated 14 September 2016
“percentage ratio(s)”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administration of the People’s Republic of China and Taiwan

“Revised Annual Caps”	the revised annual caps for the transactions contemplated by the Master Seamen Leasing Agreement for the year ending 31 December 2018 and the year ending 31 December 2019
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會)
“Shareholder(s)”	holder(s) of the share(s) of the Company
“%”	per cent

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

Shanghai, the People’s Republic of China  
27 December 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 purposes only.*