

*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 —  
MASTER VESSEL TIME CHARTER SERVICES AGREEMENT**

On 29 March 2018, the Company and Pacific International Lines entered into the Master Vessel Time Charter Services Agreement.

Mr. Teo Siong Seng (an independent non-executive Director), together with his family members (as defined in Rule 14A.12(2)(a) of the Hong Kong Listing Rules), is able to control the composition of the majority of the board of directors of Pacific International Lines. Accordingly, Pacific International Lines is a connected person of the Company and the transactions under the Master Vessel Time Charter Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios for the proposed annual caps for the two years ending 31 December 2019 in respect of the transactions contemplated under the Master Vessel Time Charter Services Agreement exceed 0.1% but are all less than 5%, such transactions and the proposed annual caps for such transactions are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **INTRODUCTION**

On 29 March 2018, the Company and Pacific International Lines entered into the Master Vessel Time Charter Services Agreement.

## **MASTER VESSEL TIME CHARTER SERVICES AGREEMENT**

Particulars of the Master Vessel Time Charter Services Agreement are set forth below:

- Parties: (1) the Company (for itself and/or on behalf of its subsidiaries and/or associates); and  
(2) Pacific International Lines (for itself and/or on behalf of its subsidiaries and/or associates)
- Term: The Master Vessel Time Charter Services Agreement shall be for a term commencing on 1 January 2018 and expiring on 31 December 2019.
- Nature of transaction: Mutual provision of vessels leasing services (including purchase and sale of berths) between the Group and the Pacific International Lines Group.
- Pricing policy: Under the Master Vessel Time Charter Services Agreement, the prices for the provision of vessels leasing services shall be determined based on the corresponding market price and other trading conditions (if any) (being the price and other trading conditions (if any) required by an independent third party providing similar products and/or services in the same or nearby area under normal commercial terms in the ordinary course of business) in accordance with the principle of fairness and reasonableness.

## **Proposed Annual Caps and Basis of Determination of Annual Caps**

The proposed annual caps for the transactions contemplated by the Master Vessel Time Charter Services Agreement for the two years ending 31 December 2019 are set out as follows:

	<b>For the year ending 31 December 2018 (RMB'000)</b>	<b>For the year ending 31 December 2019 (RMB'000)</b>
Aggregate amount payable by the Group to the Pacific International Lines Group	500,000	900,000
Aggregate amount payable by the Pacific International Lines Group to the Group	400,000	800,000

The above proposed annual caps were determined with reference to the following factors: (i) the vessel time charter agreement signed between the Group and Pacific International Lines (please refer to the overseas regulatory announcement of the Company dated 5 September 2017 for details); (ii) the estimated transaction amount for future vessel transactions between COSCO SHIPPING Lines Co., Ltd., a wholly-owned subsidiary of the Company, and Pacific International Lines; (iii) fluctuations in the exchange rate of RMB against the U.S. dollar; (iv) fluctuations in the market rent of vessels; and (v) the expansion of the business scale of the parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER VESSEL TIME CHARTER SERVICES AGREEMENT**

The Group is principally engaged in container shipping and terminal businesses, while the main businesses of Pacific International Lines are shipping, container manufacturing, freight forwarding, warehousing, logistics and yard etc. The Group and Pacific International Lines have expanded and developed rapidly in the domestic and overseas container shipping market, with their route network increasingly improved and corporate brands as well as reputation well maintained. To reduce operating costs and achieve complementary advantages, both parties plan to lease container vessels from the other party from time to time and put into operation in accordance with the terms and conditions stipulated in the Master Vessel Time Charter Services Agreement based on their actual operations in order to meet their own operational needs. Under the same competitive conditions and market conditions, the leasing of vessels between both parties will not only ensure that rentals are received, but also will allow adjustment to the type and demand for vessels and maximize the utilization of vessels.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Master Vessel Time Charter Services Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES TO THE MASTER VESSEL TIME CHARTER SERVICES AGREEMENT**

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 terminals covering the whole shipping value chain for both international and domestic customers.

Pacific International Lines is a company incorporated in Singapore with limited liability. Its principal business activities are to carry out activities in respect of vessels owned or operated by Pacific International Lines, including soliciting cargo, issuing bills of landing, settling freight charges and entering into service contracts.

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

Mr. Teo Siong Seng (an independent non-executive Director), together with his family members (as defined in Rule 14A.12(2)(a) of the Hong Kong Listing Rules), is able to control the composition of the majority of the board of directors of Pacific International Lines. Accordingly, Pacific International Lines is a connected person of the Company and the transactions under the Master Vessel Time Charter Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios for the proposed annual caps for the two years ending 31 December 2019 in respect of the transactions contemplated under the Master Vessel Time Charter Services Agreement exceed 0.1% but are all less than 5%, such transactions and the proposed annual caps for such transactions are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Mr. Teo Siong Seng has abstained from voting on the resolution of the Board to consider and approve the transactions under the Master Vessel Time Charter Services Agreement pursuant to the articles of association of the Company. Save as disclosed above, none of the Directors has a material interest in the transactions under the Master Vessel Time Charter Services Agreement and were required to abstain from voting on the relevant resolution.

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

Pursuant to the Shanghai Listing Rules, transactions conducted with the same connected person within 12 consecutive months are required to be aggregated in calculation. As the estimated transaction amount with Pacific International Lines aggregated in calculation for 12 consecutive months ending 31 December 2019 will be above RMB30 million and are expected to exceed 5% of the absolute value of the latest audited net assets of the Group, the proposed annual caps for the two years ending 31 December 2019 in respect of the transactions contemplated under the Master Vessel Time Charter Services Agreement are subject to the approval of the independent Shareholders. Accordingly, despite that the Master Vessel Time Charter Services Agreement and the proposed annual caps thereunder are not required to be approved by the independent Shareholders under the Hong Kong Listing Rules, an ordinary resolution will be proposed at the forthcoming annual general meeting of the Company for the independent Shareholders to consider and, if thought fit, approve the Master Vessel Time Charter Services Agreement and the proposed annual caps thereunder.

## **INTERNAL CONTROL PROCEDURES**

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Hong Kong Listing Rules, as part of the internal controls systems of the Group to ensure that the transactions between the Group and Pacific International Lines conducted in accordance with the pricing policy under the Master Vessel Time Charter Services Agreement, the Company will implement the following internal control arrangements:

- (i) The Company will regularly examine the pricing of transactions under the Master Vessel Time Charter Services Agreement to ensure that the continuing connected transactions under the Master Vessel Time Charter Services Agreement are conducted in accordance with the pricing terms thereof, including reviewing the transaction records of the Company for the provision of similar services to independent third parties or for the provision of similar services by independent third parties.
- (ii) The Company will regularly convene meetings to discuss issues in the transactions under the Master Vessel Time Charter Services Agreement and recommendations for improvement.

(iii) The relevant department of the Company will summarize the transaction amounts incurred under the Master Vessel Time Charter Services Agreement regularly on a monthly basis and report to the management of the Company. The management and the competent departments of the Company can be informed of the status of the transactions under the Master Vessel Time Charter Services Agreement in a timely manner such that the transactions can be conducted within the annual caps.

The Board is of the view that the above methods and procedures can ensure that the pricing and other contract terms for the continuing connected transactions of the Group are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders and that the continuing connected transactions are conducted as agreed in the Master Vessel Time Charter Services Agreement and in compliance with Chapter 14A of the Hong Kong Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors
“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 Main Board of the Stock Exchange (Stock Code: 1919) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601919)
“Director(s)”	director(s) of the Company
“Group”	the Company and/or its subsidiaries and associates
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Master Vessel Time Charter Services Agreement”	the master vessel time charter services agreement dated 29 March 2018 entered into between the Company and Pacific International Lines in relation to the mutual provision of vessel time charter services between the Group and the Pacific International Lines Group
“Pacific International Lines”	Pacific International Lines Pte Ltd, a limited liability company incorporated in Singapore
“Pacific International Lines Group”	Pacific International Lines and /or its subsidiaries and associates
“PRC”	the People’s Republic of China which, for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Reminbi, the lawful currency of the PRC
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
%	per cent

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

Shanghai, the People’s Republic of China  
29 March 2018

*As at the date of this announcement, the directors of the Company are Mr. HUANG Xiaowen<sup>1</sup> (Vice Chairman), Mr. WANG Haimin<sup>1</sup>, Mr. MA Jianhua<sup>2</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> and Mr. TEO Siong Seng<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*