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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)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
CONSTRUCTION OF TEN NEW VESSELS

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On 2 September 2021, the Buyers (ten indirect wholly-owned subsidiaries of OOIL, and therefore indirect non-wholly owned subsidiaries of the Company) respectively entered into the New Shipbuilding Contracts on substantially the same terms with the respective Builders for the construction of the respective New Vessels for an aggregate consideration of US\$1,575.80 million (equivalent to approximately HK\$12,291.24 million).

LISTING RULES IMPLICATIONS

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over approximately 46.01% total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company. Nantong is an associate of COSCO SHIPPING which indirectly holds 50% equity interest in Nantong. Dalian is an indirect subsidiary of COSCO SHIPPING. COSCO SHIPPING (through its wholly-owned subsidiaries) holds 36% equity interest, and Nantong directly holds 30% equity interest, respectively, in Dalian. Accordingly, both Nantong and Dalian are connected persons of the Company under Chapter 14A of the Listing Rules, and the Transaction constitutes a connected transaction of the Company.

The Transaction, the 2021 July Transaction and the 2020 Transaction constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Transaction (when aggregated with the 2021 July Transaction and the 2020 Transaction) exceeds 5% but are all less than 25%, the Transaction constitutes a discloseable transaction and a connected transaction of the Company subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on, among other things, the terms of the Transaction and on how to vote on the resolution in respect of the Transaction at the EGM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Transaction; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules, is proposed to be despatched to the Shareholders on or around 24 September 2021.

BACKGROUND

On 2 September 2021, the Buyers (ten indirect wholly-owned subsidiaries of OOIL, and therefore indirect non-wholly owned subsidiaries of the Company) respectively entered into the New Shipbuilding Contracts on substantially the same terms with the respective Builders for the construction of the respective New Vessels for a consideration of US\$157.58 million (equivalent to approximately HK\$1,229.12 million) for each New Vessel and for an aggregate consideration of US\$1,575.80 million (equivalent to approximately HK\$12,291.24 million) for all the New Vessels. Among the New Shipbuilding Contracts, (i) five of which were entered into with Nantong for the construction of the related five New Vessels and (ii) five of which were entered into with Dalian for the construction of the related five New Vessels.

FINANCE TERMS

OOIL, a non-wholly owned subsidiary of the Company, currently envisages that not more than 60% of the contract price of each New Vessel will be financed by bank financing with the financing guaranteed by OOIL which will be finalised before the delivery of the New Vessels, whilst the balance of the contract price will be funded from internal resources of the OOIL Group. If the bank financing arrangement could not be arranged, the full contract price of each New Vessel would come from the internal resources of the OOIL Group, which is expected to be sufficient for this purpose.

CONTRACT TERMS

The terms of the New Shipbuilding Contracts (including the consideration for each New Vessel) were determined on an arm's length basis and on normal commercial terms (based on price comparable to market price agreed between a willing buyer and a willing seller, payment terms, technical terms and delivery dates that meet OOIL's requirements), pursuant to the negotiation process referred to in the section headed "Reasons for and Benefits of the Transaction" below.

Under each of the New Shipbuilding Contracts, the relevant Buyer shall pay the respective consideration of US\$157.58 million (equivalent to approximately HK\$1,229.12 million) in cash in five instalments based on progress intervals on the construction of each New Vessel, with smaller proportion of contract price payable in the first four instalments and the majority of the payment payable upon delivery of the New Vessel. OOCL (Assets) Holdings Inc., an indirect wholly-owned subsidiary of OOIL and therefore an indirect non-wholly owned subsidiary of the Company, as guarantor, has provided a letter of guarantee for each of the New Vessels in favour of the respective Builders, guaranteeing the respective Buyers' payment obligation under the respective New Shipbuilding Contracts as provided in the respective letters of guarantee.

The New Vessels are expected to be delivered between the fourth quarter of 2024 and the fourth quarter of 2025 subject to any early delivery or delay in delivery (subject to a maximum liquidated damages of approximately US\$9.63 million per New Vessel for delay in delivery payable by the relevant Builder to the relevant Buyer) as provided in each of the New Shipbuilding Contracts.

In the event that any of the New Shipbuilding Contracts is terminated by the relevant Buyer in accordance with the specific terms thereof, the relevant Builder shall refund to the relevant Buyer in US Dollars the full amount already paid by the Buyer to the Builder, together with interest incurred thereof.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction is in line with the 14th Five Year Plan of the OOIL Group, which would, among other things, increase the fleet capacity of the OOIL Group and consolidate its position in the first echelon of the industry. The increase of self-owned vessels as a result of the Transaction would complement the OOIL Group's long term strategic development and growth plan to meet market demand in the future. The OOIL Group would also benefit from the optimization of its fleet structure and the reduction of its reliance on the vessel charter market. In addition, the New Vessels under the Transaction would increase the average container space per vessel of the OOIL Group, driving economies of scale, whereby a higher container space per vessel would result in a lower cost per container, enhancing the operating cost competitiveness of the OOIL Group. The New Vessels will be equipped with energy saving and emission reduction technologies, which will generate cost advantages as well as help in environmental protection.

Based on the OOIL Group's evaluation on price, technical competency and delivery schedule, each of Nantong's and Dalian's offers is optimal during the negotiation process amongst the major shipbuilders in that they meet the above factors.

The executive Directors, namely, Mr. Xu Lirong, Mr. Huang Xiaowen, Mr. Yang Zhijian and Mr. Feng Boming, as Directors nominated by COSCO (a controlling shareholder of the Company and a wholly-owned subsidiary of COSCO SHIPPING), have abstained from voting on the resolution for the approval of the Transaction by the Board according to the Company's articles of association. Other than the abovementioned Directors, none of the Directors has a material interest in the Transaction. The independent non-executive Directors (namely, Mr. Wu Dawei, Mr. Zhou Zhonghui, Mr. Teo Siong Seng and Prof. Ma, Si Hang Frederick) will express their views on the Transaction in the circular after considering the advice of the Independent Financial Adviser.

Taking into account of the Transaction, there are 32 new vessels in aggregate under the purchase orders placed by the Group. The new vessels under such purchase orders are expected to be delivered during the period from 2023 to 2025, among which 10 new vessels with a total transportation capacity of 149,272 TEU will be held by 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 22 new vessels with a total transportation capacity of 436,000 TEU will be held by OOIL.

LISTING RULES IMPLICATIONS

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over approximately 46.01% total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company. Nantong is an associate of COSCO SHIPPING which indirectly holds 50% equity interest in Nantong. Dalian is an indirect subsidiary of COSCO SHIPPING. COSCO SHIPPING (through its wholly-owned subsidiaries) holds 36% equity interest, and Nantong directly holds 30% equity interest, respectively, in Dalian. Accordingly, both Nantong and Dalian are connected persons of the Company under Chapter 14A of the Listing Rules, and the Transaction constitutes a connected transaction of the Company.

The Transaction, the 2021 July Transaction and the 2020 Transaction constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Transaction (when aggregated with the 2021 July Transaction and the 2020 Transaction) exceeds 5% but are all less than 25%, the Transaction constitutes a discloseable transaction and a connected transaction of the Company subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on, among other things, the terms of the Transaction and on how to vote on the resolution in respect of the Transaction at the EGM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Transaction; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules, is proposed to be despatched to the Shareholders on or around 24 September 2021.

The members of the COSCO SHIPPING Group will abstain from voting on the resolution in respect of the Transaction at the EGM.

INFORMATION ON THE GROUP AND THE BUILDERS

The OOIL Group is principally engaged in the provision of container transport and logistics services.

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

To the best of the Directors' knowledge, information and belief, Nantong is a company established in the PRC and is an associate of COSCO SHIPPING, and in which each of COSCO SHIPPING and Kawasaki Heavy Industries Ltd. ("Kawasaki", a heavy industrial manufacturer whose shares are listed on the Tokyo Stock Exchange) indirectly or directly holds 50% equity interest respectively. Nantong is principally engaged in the business of manufacturing, sales and repairing of ships (including trial-run for self-built ships).

To the best of the Directors' knowledge, information and belief, Dalian is a company established in the PRC and is an indirect subsidiary of COSCO SHIPPING, and Dalian's other direct shareholders are Nantong and Kawasaki. Dalian is principally engaged in the business of design, manufacturing, sales and repairing of ships (excluding military ships).

To the best of the Directors' knowledge, information and belief, 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, sale of vessels, containers and steel, and maritime engineering.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below, and words in plural shall include the singular and vice versa, as applicable:

"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company
"Builders"	Dalian and Nantong

“Buyers”	Newcontainer No.128 (Marshall Islands) Shipping Inc. (“NC128”), Newcontainer No.129 (Marshall Islands) Shipping Inc. (“NC129”), Newcontainer No.130 (Marshall Islands) Shipping Inc. (“NC130”), Newcontainer No.131 (Marshall Islands) Shipping Inc. (“NC131”), Newcontainer No.132 (Marshall Islands) Shipping Inc. (“NC132”), Newcontainer No.133 (Marshall Islands) Shipping Inc. (“NC133”), Newcontainer No.134 (Marshall Islands) Shipping Inc. (“NC134”), Newcontainer No.135 (Marshall Islands) Shipping Inc. (“NC135”), Newcontainer No.136 (Marshall Islands) Shipping Inc. (“NC136”), and Newcontainer No.137 (Marshall Islands) Shipping Inc. (“NC137”), each an indirect wholly-owned subsidiary of OOIL
“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)
“connected person”	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 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 PRC state-owned enterprise and an indirect controlling shareholder of the Company
“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries and associates (as defined under the Listing Rules)
“Dalian”	Dalian COSCO KHI Ship Engineering Co., Ltd.* (大連中遠海運川崎船舶工程有限公司), a company established in the PRC and an indirect subsidiary of COSCO SHIPPING. Nantong directly holds 30% equity interest in Dalian
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company proposed to be held on Friday, 29 October 2021 to, among other things, consider and if thought fit, approve the Transaction

“Faulkner”	Faulkner Global Holdings Limited, a company incorporated in the British Virgin Islands and a member of the COSCO SHIPPING Group, directly holds 73.66% of the issued share capital of OOIL
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors, who have no material interests in the Transaction
“Independent Financial Adviser”	First Shanghai Capital Limited (第一上海融資有限公司), a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among other things, the terms of the Transaction
“Independent Shareholders”	Shareholders other than those who are members of the COSCO SHIPPING Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Nantong”	Nantong COSCO KHI Ship Engineering Co., Ltd.* (南通中遠海運川崎船舶工程有限公司), a company established in the PRC and an associate of COSCO SHIPPING which indirectly holds 50% equity interest in Nantong
“New Shipbuilding Contracts”	the following ten shipbuilding contracts all dated 2 September 2021, each of which relates to one New Vessel and contains substantially the same terms: (i) five shipbuilding contracts entered into by Nantong with each of NC128, NC129, NC130, NC131 and NC132 respectively in respect of the five related New Vessels; and (ii) five shipbuilding contracts entered into by Dalian with each of NC133, NC134, NC135, NC136 and NC137 respectively in respect of the five related New Vessels
“New Vessels”	ten units of 16,000 TEU container vessels, five of which will be constructed by Nantong and five of which will be constructed by Dalian according to the respective New Shipbuilding Contracts, and “New Vessel” means any of them

“OOIL”	Orient Overseas (International) Limited (東方海外(國際)有限公司*), a company incorporated in Bermuda with members’ limited liability and listed on the Main Board of the Stock Exchange (stock code: 316), and a non-wholly owned subsidiary of the Company
“OOIL Group”	OOIL and its subsidiaries
“PRC”	the People’s Republic of China
“Shareholders”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules, and “subsidiary” means any one of them
“TEU”	twenty-foot equivalent container unit
“Transaction”	the transactions contemplated under the New Shipbuilding Contracts
“US\$”	United States Dollars, the lawful currency of the United States
“2020 Transaction”	the transactions comprising (1) the transactions under the shipbuilding contracts with the members of the COSCO SHIPPING Group on 10 March 2020 for the construction of vessels, which constituted discloseable transaction and connected transactions of the Company, and the details of which are contained in the announcement and the circular of the Company dated 11 March 2020 and 27 April 2020 respectively, and (2) the transactions under the shipbuilding contracts with the members of the COSCO SHIPPING Group on 30 October 2020 for the construction of vessels, which also constituted discloseable transaction and connected transactions of the Company, and the details of which are contained in the announcement and the circular of the Company dated 30 October 2020 and 16 November 2020 respectively

“2021 July Transaction”

the transactions under the shipbuilding contracts with the member of the COSCO SHIPPING Group on 15 July 2021 for the construction of ten vessels, which constituted discloseable transaction and connected transaction of the Company, and the details of which are contained in the announcement and the circular of the Company dated 15 July 2021 and 5 August 2021 respectively

“%”

per cent.

The exchange rate used for reference purpose in this announcement is US\$1.00 to HK\$7.80.

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

Shanghai, the People’s Republic of China
2 September 2021

As at the date of this announcement, the Directors are Mr. XU Lirong¹ (Chairman), Mr. HUANG Xiaowen¹ (vice chairman), Mr. YANG Zhijian¹, Mr. FENG Boming¹, Mr. WU Dawei², Mr. ZHOU Zhonghui², Mr. TEO Siong Seng² and Prof. MA, Si Hang Frederick².

¹ *Executive Director*

² *Independent non-executive Director*

* *For identification purpose only*