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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 SEVEN VESSELS

CONSTRUCTION OF SEVEN VESSELS

On 30 October 2020, the Buyers (seven indirect wholly-owned subsidiaries of OOIL, and therefore indirect non-wholly owned subsidiaries of the Company), respectively entered into the Shipbuilding Contracts on substantially the same terms with the respective Builders for the construction of the respective Vessels for an aggregate consideration of US\$1,103.876 million (equivalent to approximately HK\$8,610.23 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 46.22% of the entire issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company. Nantong KHI is an associate of COSCO SHIPPING which indirectly holds 50% equity interest in Nantong KHI. Dalian KHI is an indirect subsidiary of COSCO SHIPPING. COSCO SHIPPING (through its wholly-owned subsidiaries) holds 36% equity interest, and Nantong KHI directly holds 30% equity interest, respectively, in Dalian KHI. Accordingly, both Nantong KHI and Dalian KHI are connected persons of the Company under Chapter 14A of the Listing Rules, and the Shipbuilding Transaction constitutes a connected transaction of the Company.

The Shipbuilding Transaction and the March 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 Shipbuilding Transaction (both on a standalone basis and when aggregated with the March Transaction) exceeds 5% but are all less than 25%, the Shipbuilding 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 (except Mr. Yang Liang Yee Philip) has been established to advise the Independent Shareholders on, among other things, the terms of the Shipbuilding Transaction and on how to vote on the resolution in respect of the Shipbuilding 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 others, further details of the Shipbuilding Transaction, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, will be despatched to the Shareholders on or around 16 November 2020.

BACKGROUND

On 30 October 2020, the Buyers (seven indirect wholly-owned subsidiaries of OOIL, and therefore indirect non-wholly owned subsidiaries of the Company) respectively entered into the Shipbuilding Contracts on substantially the same terms with the respective Builders for the construction of seven Vessels for an aggregate consideration of US\$1,103.876 million (equivalent to approximately HK\$8,610.23 million). Among the Shipbuilding Contracts, (i) three of which were entered into with Nantong KHI for the construction of the related three Vessels for a consideration of US\$157.68 million (equivalent to approximately HK\$1,229.90 million) for each Vessel; and (ii) four of which were entered into with Dalian KHI for the construction of the related four Vessels for a consideration of US\$157.709 million (equivalent to approximately HK\$1,230.13 million) for each Vessel.

FINANCE TERMS

OOIL, a non-wholly owned subsidiary of the Company, currently envisages that bank financing will be arranged for the Shipbuilding Transaction and expects to finance for not less than 60% of the contract price of each Vessel with the financing guaranteed by OOIL, which will be finalised before the delivery of the Vessels, with the balance of the contract price to be funded from internal resources. If the bank financing arrangement could not be arranged, the full contract price of each 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 Shipbuilding Contracts (including the consideration for each 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 tender process referred to in "Reasons for and benefits of the Shipbuilding Transaction" below.

Under each of the Shipbuilding Contracts, the relevant Buyer shall pay the respective consideration of US\$157.68 million or US\$157.709 million (as the case may be) in cash in five instalments based on progress intervals on the construction of each Vessel with a smaller proportion of contract price payable in the first four instalments and the majority of the payment payable upon delivery of the Vessel.

The Vessels are expected to be delivered between the third quarter of year 2023 and the third quarter of 2024 subject to any early delivery or delay in delivery (subject to a maximum liquidated damages of appropriately US\$9.63 million) as provided in each of the Shipbuilding Contracts.

REASONS FOR AND BENEFITS OF THE SHIPBUILDING TRANSACTION

It is the view of the Directors that the OOIL Group should order the Vessels, following the entering of the shipbuilding contracts for the March Vessels as part of the OOIL Group's long-term strategic development and growth plan, to build and deploy mega-sized vessels that bring optimal fleet structure and capacity, economy of scale to the OOIL Group that would enhance the OOIL Group's cost competitiveness and improve operation efficiency; it would also consolidate the OOIL Group's position at the top echelon in the industry and leading market share position in strategic trades.

Based on the OOIL Group's evaluation on price, technical competency and delivery schedule, Nantong KHI's and Dalian KHI's offer is optimal amongst the bidders (including the independent-third-party shipbuilders) in the tender process in that they meet the above factors.

It is in the commercial interests of and to the corporate benefit for the OOIL Group to enter into the Shipbuilding Contracts with the Builders, being builders for the March Vessels, as the Vessels are a repeat of the March Vessels and engaging the same Builders will provide synergy in construction. After being engaged to construct the March Vessels, the Builders have an improved understanding of the OOIL Group's operational and technical requirements and standard for its newbuildings. OOIL understood that the Builders have open docks and capacity for new orders of mega-sized vessels such as the Vessels.

Following delivery of the Vessels, the OOIL Group's fixed assets will increase whilst current assets will decrease and long term liabilities will increase depending on the proportion of the contract price funded from internal resources and external finance; and there is no immediate material impact on earnings of the OOIL Group by reason only of the Shipbuilding Transaction.

The executive Directors, namely, Mr. Xu Lirong, 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 resolutions for the approval of the Shipbuilding Transaction by the Board according to the Company's articles of association. Other than the abovementioned Directors, the remaining Directors are independent non-executive Directors. Mr. Yang Liang Yee Philip, an independent non-executive Director, has voluntarily abstained from voting on the Shipbuilding Transaction as he is an independent non-executive director of OOIL. The independent non-executive Directors (except Mr. Yang Liang Yee Philip) will express their views on the Shipbuilding Transaction in the circular after considering the advice of the Independent Financial Adviser.

LISTING RULES IMPLICATIONS

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled exercise control over the voting rights in respect of 5,579,222,079 A shares and 87,635,000 H shares of the Company, representing approximately 46.22% of the entire issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company. Nantong KHI is an associate of COSCO SHIPPING which indirectly holds 50% equity interest in Nantong KHI. Dalian KHI is an indirect subsidiary of COSCO SHIPPING. COSCO SHIPPING (through its wholly-owned subsidiaries) holds 36% equity interest, and Nantong KHI directly holds 30% equity interest, respectively, in Dalian KHI. Accordingly, both Nantong KHI and Dalian KHI are connected persons of the Company under Chapter 14A of the Listing Rules, and the Shipbuilding Transaction constitutes a connected transaction of the Company.

The Shipbuilding Transaction and the March 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 Shipbuilding Transaction (both on a standalone basis and when aggregated with the March Transaction) exceeds 5% but all are less than 25%, the Shipbuilding 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 (except Mr. Yang Liang Yee Philip) has been established to advise the Independent Shareholders on, among other things, the terms of the Shipbuilding Transaction and on how to vote on the resolution in respect of the Shipbuilding 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 others, further details of the Shipbuilding Transaction, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, will be despatched to the Shareholders on or around 16 November 2020.

COSCO SHIPPING and its associates will abstain from voting on the resolution in respect of the Shipbuilding Transaction at the EGM.

INFORMATION ON THE GROUP AND THE BUILDERS

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

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 KHI 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 KHI 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 KHI is a company established in the PRC and is an indirect subsidiary of COSCO SHIPPING, and Dalian KHI's other shareholders are Nantong KHI and Kawasaki. Dalian KHI 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
“Builders”	Dalian KHI and Nantong KHI
“Buyers”	Newcontainer No.113 (Marshall Islands) Shipping Inc. (“NC113”), Newcontainer No.115 (Marshall Islands) Shipping Inc. (“NC115”), Newcontainer No.116 (Marshall Islands) Shipping Inc. (“NC116”), Newcontainer No.117 (Marshall Islands) Shipping Inc. (“NC117”), Newcontainer No.118 (Marshall Islands) Shipping Inc. (“NC118”), Newcontainer No.119 (Marshall Islands) Shipping Inc. (“NC119”), and Newcontainer No.120 (Marshall Islands) Shipping Inc. (“NC120”), each an indirect wholly-owned subsidiary of OOIL, and therefore a non-wholly owned subsidiary 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 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 KHI”	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 KHI directly holds 30% equity interest in Dalian KHI
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider, and if thought fit, approve, among other things, the Shipbuilding Transaction
“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 (except Mr. Yang Liang Yee Philip), who have no material interests in the Shipbuilding Transaction
“Independent Financial Adviser”	First Shanghai Capital Limited (第一上海融資有限公司), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among other things, the terms of the Shipbuilding 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
“March Transaction”	the transactions under the shipbuilding contracts all dated 10 March 2020 for the construction of the March Vessels, which constituted a discloseable transaction and a connected transaction 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

“March Vessels”	five units of 23,000 TEU container vessels, three of which are being constructed by Nantong KHI and two of which are being constructed by Dalian KHI under the shipbuilding contracts all dated 10 March 2020 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
“Nantong KHI”	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 KHI
“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)
“OOIL Group”	OOIL and its subsidiaries
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shipbuilding Contracts”	the following seven shipbuilding contracts all dated 30 October 2020, each of which relates to one Vessel and contains substantially the same terms: (i) three shipbuilding contracts entered into by Nantong KHI with each of NC113, NC115 and NC116 respectively in respect of the three related Vessels; and (ii) four shipbuilding contracts entered into by Dalian KHI with each of NC117, NC118, NC119 and NC120 respectively in respect of the four related Vessels
“Shipbuilding Transaction”	the transactions contemplated under the Shipbuilding Contracts
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“TEU”	twenty-foot equivalent container unit
“US\$”	United States Dollars, the lawful currency of the United States

“Vessels” seven units of 23,000 TEU container vessels, three of which will be constructed by Nantong KHI and four of which will be constructed by Dalian KHI according to the respective Shipbuilding Contracts; and “Vessel” means any of them

“%” per cent.

The exchange rate used for reference purpose in this announcement is US\$1.00 to HK\$7.8.

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

Shanghai, the People’s Republic of China
30 October 2020

As at the date of this announcement, the Directors are Mr. XU Lirong¹ (Chairman), Mr. YANG Zhijian¹, Mr. FENG Boming¹, Mr. YANG, Liang Yee Philip², Mr. WU Dawei², Mr. ZHOU Zhonghui² and Mr. TEO Siong Seng².

¹ *Executive Director*

² *Independent non-executive Director*

* *For identification purpose only*