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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 TWELVE UNITS OF 14,000 TEU METHANOL DUAL-
FUEL CONTAINER VESSELS**

**CONSTRUCTION OF TWELVE UNITS OF 14,000 TEU METHANOL DUAL-FUEL
CONTAINER VESSELS**

On 29 August 2024, the COSCO MERCURY Buyer, as the buyer, entered into twelve COSCO MERCURY Shipbuilding Contracts on substantially the same terms with Yangzhou Heavy Industry, as the builder, for the construction of twelve units of the COSCO MERCURY Vessels for a consideration of US\$179.5 million (equivalent to approximately HK\$1,400 million) for each Vessel and for an aggregate consideration of US\$2,154 million (equivalent to approximately HK\$16,800 million) for all twelve Vessels.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over approximately 43.92% of the total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company. Yangzhou Heavy Industry is an indirect wholly-owned subsidiary of COSCO SHIPPING. Accordingly, Yangzhou Heavy Industry is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and the COSCO MERCURY Shipbuilding Transactions constitute connected transactions of the Company.

As one or more of the applicable percentage ratios in respect of the COSCO MERCURY Shipbuilding Transactions exceed 5% but are all less than 25% under the Hong Kong Listing Rules, the COSCO MERCURY Shipbuilding Transactions constitute discloseable transactions and connected transactions of the Company subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

Pursuant to the Hong Kong Listing Rules, the Company has established the Independent Board Committee to advise the Independent Shareholders on, among other things, whether the terms of the COSCO MERCURY Shipbuilding Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Company has also appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM AND CIRCULAR

A notice of the EGM will be despatched to the Shareholders in due course. A circular containing, among others, further details of the COSCO MERCURY Shipbuilding Transactions, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is expected to be despatched to the Shareholders on or around 26 September 2024 as additional time is required to prepare certain information in the circular.

BACKGROUND

On 29 August 2024, the COSCO MERCURY Buyer, as the buyer, entered into twelve COSCO MERCURY Shipbuilding Contracts on substantially the same terms with Yangzhou Heavy Industry, as the builder, for the construction of twelve units of the COSCO MERCURY Vessels for a consideration of US\$179.5 million (equivalent to approximately HK\$1,400 million) for each Vessel and for an aggregate consideration of US\$2,154 million (equivalent to approximately HK\$16,800 million) for all twelve Vessels.

CONTRACT TERMS

The consideration for each of the COSCO MERCURY Vessels was determined based on the Group's requirements on price, technical capability and delivery schedule. Through conducting price inquiries with major shipbuilders (including independent third-party shipbuilders) capable of building and delivering large container vessels of 14,000 TEU and above and upon comprehensive evaluation, Yangzhou Heavy Industry has comprehensive advantages over other shipbuilders (including independent third-party shipbuilders), including in terms of vessel delivery schedule and transaction consideration. After the counter-offer and upon the confirmation from Yangzhou Heavy Industry, the Group ultimately selected Yangzhou Heavy Industry as the builder for the construction of the Vessels. In addition, Yangzhou Heavy Industry is a builder of the Group's vessels which are currently under construction, and therefore is more familiar with the various requirements of the Group for construction of new vessels. The terms of the COSCO MERCURY Shipbuilding Contracts (including the consideration for each of the COSCO MERCURY Vessels) were determined on an arm's length basis and on normal commercial terms.

The COSCO MERCURY Buyer shall pay the transaction consideration for each Vessel of US\$179.5 million in cash in five instalments based on progress intervals on the construction of each COSCO MERCURY Vessel, payable in US\$ or in equivalent RMB.

The COSCO MERCURY Vessels are expected to be delivered between May 2027 and March 2029, subject to the arrangements of delay in delivery as agreed in the COSCO MERCURY Shipbuilding Contracts (in case of delay in delivery, Yangzhou Heavy Industry shall deduct the liquidated damages from the consideration of the COSCO MERCURY Shipbuilding Contracts, and the maximum liquidated damages payable to the COSCO MERCURY Buyer shall be US\$7.35 million for the first-made Vessel and US\$8.82 million for each of the remaining Vessels).

In the event that any of the COSCO MERCURY Shipbuilding Contracts is revoked or terminated by the COSCO MERCURY Buyer in accordance with the specific terms thereof, Yangzhou Heavy Industry shall refund to the COSCO MERCURY Buyer in US\$ the full amount already paid by the COSCO MERCURY Buyer to Yangzhou Heavy Industry, together with interest incurred thereof.

SOURCE OF FUNDS

COSCO MERCURY shall finance not less than 40% of the total transaction consideration with its own funds, and settle the balance of the transaction consideration through bank loans.

REASONS FOR AND BENEFITS OF THE COSCO MERCURY SHIPBUILDING TRANSACTIONS

The transactions serve as important measure for COSCO SHIPPING Holdings to follow the new industry development trend of green, low-carbon and smart shipping and actively promote the construction of its green and low-carbon fleet. The Company plans to steadily increase the proportion of new and clean energy powered vessels by combining construction of new vessels with upgrading of existing ones, which will reduce the environmental and ecological impact of our daily operations and support long-term sustainable development.

Additionally, the transactions will enable the Company's fleet capacity to remain in the top-tier of the container shipping industry. The transactions will further optimize the structure of its fleet, which will be in line with the Group's long-term development strategy. The Vessels under construction are 14,000 TEU high-cold plug-in container ships, which offer enhanced navigational performance and are well-suited for a wide range of routes, which could better meet the increasingly diverse transportation needs of our customers.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over approximately 43.92% of the total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling shareholder of the Company and a connected person of the Company. Yangzhou Heavy Industry is an indirect wholly-owned subsidiary of COSCO SHIPPING. Accordingly, Yangzhou Heavy Industry is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and the COSCO MERCURY Shipbuilding Transactions constitute connected transactions of the Company.

As one or more of the applicable percentage ratios in respect of the COSCO MERCURY Shipbuilding Transactions exceed 5% but are all less than 25% under the Hong Kong Listing Rules, the COSCO MERCURY Shipbuilding Transactions constitute discloseable transactions and connected transactions of the Company subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

The executive Directors, namely Mr. WAN Min, Mr. CHEN Yangfan, Mr. TAO Weidong and Mr. ZHANG Feng, as Directors nominated by COSCO (the controlling shareholder of the Company and a wholly-owned subsidiary of COSCO SHIPPING), have abstained from voting on the resolutions of the Board approving the COSCO MERCURY Shipbuilding Transactions pursuant to the Articles of Association of the Company. Save as disclosed above, no other Director has a material interest in the COSCO MERCURY Shipbuilding Transactions and was required to abstain from voting on the relevant resolutions. The independent non-executive Directors, namely Prof. MA Si-hang Frederick, Mr. SHEN Dou and Ms. HAI Chi-yuet, will express their views on the COSCO MERCURY Shipbuilding Transactions after taking into account the advice of the Independent Financial Adviser.

INFORMATION ON THE GROUP AND YANGZHOU HEAVY INDUSTRY

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.

COSCO MERCURY is a company incorporated in the Cayman Islands with limited liability and is a wholly-owned subsidiary of COSCO SHIPPING Lines. It is principally engaged in financing, shipbuilding and leasing in respect of container vessels.

COSCO SHIPPING Lines is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in container shipping.

Yangzhou Heavy Industry, an indirect wholly-owned subsidiary of COSCO SHIPPING, is established in the PRC with limited liability and is principally engaged in the business of float installation and ship designing and manufacturing. 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.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to the Hong Kong Listing Rules, the Company has established the Independent Board Committee to advise the Independent Shareholders on, among other things, whether the terms of the COSCO MERCURY Shipbuilding Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Company has also appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM AND CIRCULAR

A notice of the EGM will be despatched to the Shareholders in due course. A circular containing, among others, further details of the COSCO MERCURY Shipbuilding Transactions, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is expected to be despatched to the Shareholders on or around 26 September 2024 as additional time is required to prepare certain information in the circular.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall 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 Hong Kong Listing Rules
“Board”	the board of Directors of the Company
“Company” or “COSCO SHIPPING Holdings”	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 Hong Kong Listing Rules
“COSCO”	China Ocean Shipping Co., Ltd. (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 MERCURY Buyer”	COSCO (CAYMAN) Mercury Co., Ltd., a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company, or its nominee(s)
“COSCO MERCURY Shipbuilding Contracts”	the twelve shipbuilding contracts all dated 29 August 2024 entered into between the Buyer and the Builder, each of which contains substantially the same terms, and corresponds to one COSCO MERCURY Vessel
“COSCO MERCURY Shipbuilding Transactions”	the transactions contemplated under the COSCO MERCURY Shipbuilding Contracts
“COSCO MERCURY Vessels”	twelve units of 13,700 TEU methanol dual-fuel container vessels (with their size and technical specifications are of 14,000 TEU vessels) which will be constructed under the COSCO MERCURY Shipbuilding Contracts, and “Vessel” means any of them

“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 Lines”	COSCO SHIPPING Lines Co. Ltd. (中遠海運集裝箱運輸有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“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 COSCO MERCURY Shipbuilding Transactions
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent board committee comprising all the independent non-executive Directors, who have no material interests in the COSCO MERCURY Shipbuilding Transactions
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the COSCO MERCURY Shipbuilding Transactions
“Independent Shareholders”	the Shareholders other than COSCO SHIPPING and its associates
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	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 Hong Kong Listing Rules
“TEU”	twenty-foot equivalent container unit
“US\$”	United States Dollars, the lawful currency of the United States
“Yangzhou Heavy Industry”	Cosco Shipping Heavy Industry (Yangzhou) Co., Ltd. (揚州中遠海運重工有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING
“%”	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.*
Xiao Junguang
Company Secretary

Shanghai, the People’s Republic of China
29 August 2024

As at the date of this announcement, the Directors of the Company are Mr. WAN Min¹ (Chairman), Mr. CHEN Yangfan¹ (Vice Chairman), Mr. TAO Weidong¹, Mr. ZHANG Feng¹, Mr. YU De², Prof. MA Si-hang Frederick³, Mr. SHEN Dou³ and Ms. HAI Chi-yuet³.

1 Executive Director

2 Non-executive Director

3 Independent non-executive Director

** For identification purpose only*