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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)

**CONTINUING CONNECTED TRANSACTION —
SHIPPING SERVICES MASTER AGREEMENT**

On 30 August 2017, the Company and Pacific International Lines entered into the Shipping Services Master 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 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 Shipping Services Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the proposed annual caps for the three years ending 31 December 2019 in respect of the transactions contemplated under the Shipping Services Master Agreement exceed 0.1% but are all less than 5%, 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 Listing Rules.

INTRODUCTION

On 30 August 2017, the Company and Pacific International Lines entered into the Shipping Services Master Agreement.

SHIPPING SERVICES MASTER AGREEMENT

Particulars of the Shipping Services Master Agreement are set forth below:

- Parties: (1) the Company; and
(2) Pacific International Lines
- Term: The Shipping Services Master Agreement shall be for a term commencing on 30 August 2017 and expiring on 31 December 2019.
- Nature of transaction: Provision of shipping services by the Group to the Pacific International Lines Group, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes, provision of container storage space and terminal premises.
- Pricing policy: The terms on which the services will be provided under the Shipping Services Master Agreement shall be on normal commercial terms, and the fees payable by the Pacific International Lines Group for the provision of services by the Group shall be at rates no less favorable to the Group than that at which the Group charges other independent third party customers for the relevant services.
- Payment terms: The consideration for the services shall be settled by relevant members of the Pacific International Lines Group within 90 days after receipt of the written invoice.

To ensure that the pricing policy under the Shipping Services Master Agreement are complied with, the Company will make reference to, among other things, the terms offered by independent third parties in the ordinary course of business for the purchase of similar services in the same or adjacent areas as comparison to ensure that the terms offered by the independent third parties are not more favorable than those offered by the Pacific International Lines Group to the Group under the Shipping Services Master Agreement.

Proposed Annual Caps and Basis of Determination of Annual Caps

The proposed annual caps for the transactions contemplated by the Shipping Services Master Agreement for the three years ending 31 December 2019 and the basis of determination for such annual caps are set out as follows:

For the year ending 31 December 2017 (RMB'000)	For the year ending 31 December 2018 (RMB'000)	For the year ending 31 December 2019 (RMB'000)
150,000	400,000	700,000

The above proposed annual caps were determined with reference to (i) the possible expansion of fleet size of the Pacific International Lines Group and the expected growth in its business; and (ii) the possible increase in terminal costs;

Reasons for and Benefits of Entering into the Shipping Services Master Agreement

According to the estimates by the business departments of the Group and Pacific International Lines, the vessels from the Pacific International Lines Group will be docked at terminals controlled by the Group. In addition, based on the Company's estimate, relevant services, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargos, provision of container storage space and terminal premises will be provided to the Pacific International Lines Group.

INFORMATION ON THE RELEVANT PARTIES

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 principle 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.

DIRECTORS' CONFIRMATION

In light of Mr. Teo Siong Seng's interest in Pacific International Lines as further explained in the section headed "Implications under the Listing Rules" below, Mr. Teo Siong Seng has abstained from voting on the resolution of the Board to consider and approve the transactions under the Shipping Services Master 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 Shipping Services Master Agreement. The Directors (including the independent non-executive Directors) are of the view that the terms of the Shipping Services Master Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE 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 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 Shipping Services Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the proposed annual caps for the three years ending 31 December 2019 in respect of the transactions contemplated under the Shipping Services Master Agreement exceed 0.1% but are all less than 5%, 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 Listing Rules.

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 Listing Rules, as part of the Group's internal controls systems to ensure that the transactions between the Group and Pacific International Lines conducted in accordance with the pricing policy under the Shipping Services Master Agreement, the Company will implement the following internal control arrangements:

- (i) The Company will regularly examine the pricing of transactions under the Shipping Services Master Agreement to ensure that the continuing connected

transactions under the Shipping Services Master 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.

- (ii) The Company will regularly convene meetings to discuss issues in the transactions under the Shipping Services Master Agreement and recommendations for improvement.
- (iii) The relevant department of the Company will summarize the transaction amounts incurred under the Shipping Services Master 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 Shipping Services Master 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 Group's continuing connected transactions 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 Shipping Services Master Agreement and in compliance with Chapter 14A of the 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)

“COSCO SHIPPING Ports”	COSCO SHIPPING Ports Limited, a limited liability company incorporated in Bermuda whose shares are listed on the Stock Exchange, and an indirect subsidiary of the Company
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Pacific International Lines”	Pacific International Lines Pte Ltd, a limited liability company incorporated in Singapore
“Pacific International Lines Group”	Pacific International Lines and its subsidiaries
“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
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shipping Services Master Agreement”	the shipping services master agreement dated 30 August 2017 entered into between the Company and Pacific International Lines in relation to provision of shipping services by the Group to the Pacific International Lines Group

“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

30 August 2017

As at the date of this announcement, the directors of the Company are Mr. WAN Min² (Chairman), Mr. HUANG Xiaowen¹ (Vice Chairman), Mr. XU Zunwu¹, Mr. MA Jianhua², Mr. WANG Haimin¹, Mr. ZHANG Wei (張為)¹, Mr. FENG Boming², Mr. ZHANG Wei (張煒)², Mr. CHEN Dong², Mr. YANG, Liang Yee Philip³, Mr. WU Dawei³, Mr. ZHOU Zhonghui³, Mr. TEO Siong Seng³ and Mr. KOO, Chee Kong Kenneth³.

¹ Executive Director

² Non-executive Director

³ Independent non-executive Director

* *For identification purpose only*