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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 TRANSACTIONS
CSH SHIPPING SERVICES AND
TERMINAL SERVICES MASTER AGREEMENT

The Board is pleased to announce that on 22 November 2018:

- (a) the Company and COSCO SHIPPING entered into the CSH Shipping Services and Terminal Services Master Agreement in relation to the provision of shipping and terminal services by the Group to the COSCO SHIPPING Group; and
- (b) COSCO SHIPPING Ports (a non-wholly owned subsidiary of the Company) and COSCO SHIPPING entered into the CSP Shipping Services and Terminal Services Master Agreement in relation to (i) the provision of shipping related services by the COSCO SHIPPING Ports Group to the COSCO SHIPPING Group; and (ii) the provision of terminal related services by the COSCO SHIPPING Group to the COSCO SHIPPING Ports Group.

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,557,594,644 A Shares and 87,635,000 H Shares, representing approximately 45.47% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling Shareholder and therefore a connected person of the Company. Accordingly, the entering into of the CSH Shipping Services and Terminal Services Master Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios for the CSH Receivable Cap exceed 0.1% but are all less than 5%, the entering into of the CSH Shipping Services and Terminal Services Master Agreement and the CSH Receivable Cap 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

Reference is made to (i) the 2016 Circular in relation to, among other things, the entering into of the 2016 CSH Master Port Services Agreement; (ii) the 2016 Poll Results Announcement in relation to, among other things, the approval of the then independent Shareholders in respect of the 2016 CSH Master Port Services Agreement and the proposed annual caps thereunder; and (iii) the COSCO SHIPPING Ports Announcement in relation to, among other things, the entering into of the CSP Shipping Services and Terminal Services Master Agreement.

The Board is pleased to announce that on 22 November 2018:

- (a) the Company and COSCO SHIPPING entered into the CSH Shipping Services and Terminal Services Master Agreement in relation to the provision of shipping and terminal services by the Group to the COSCO SHIPPING Group; and
- (b) COSCO SHIPPING Ports (a non-wholly owned subsidiary of the Company) and COSCO SHIPPING entered into the CSP Shipping Services and Terminal Services Master Agreement in relation to (i) the provision of shipping related services by the COSCO SHIPPING Ports Group to the COSCO SHIPPING Group; and (ii) the provision of terminal related services by the COSCO SHIPPING Group to the COSCO SHIPPING Ports Group.

CSH SHIPPING SERVICES AND TERMINAL SERVICES MASTER AGREEMENT

The following sets forth the principal terms of the CSH Shipping Services and Terminal Services Master Agreement:

- Parties:**
- (a) the Company (for itself and on behalf of its subsidiaries and/or associates); and
 - (b) COSCO SHIPPING (for itself and on behalf of its subsidiaries and/or associates)

Term:	1 January 2019 to 31 December 2019
Nature of transaction:	Provision of shipping and terminal services by relevant members of the Group to members of the COSCO SHIPPING Group, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes and provision of container storage space and terminal facilities.
Pricing policy:	<p>The terms under which the services to be provided by members of the Group to members of the COSCO SHIPPING Group shall be no less favourable to the Group than the terms offered by the Group to other independent third parties for the provision of similar types of services.</p> <p>In addition, the fees charged by the Group shall be determined with reference to the prevailing market price, being the price charged by independent third parties in respect of similar types of services in the ordinary course of business in the same or nearby service area and subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness.</p>

Proposed Annual Cap and Basis of Determination

The proposed annual cap for the transactions under the CSH Shipping Services and Terminal Services Master Agreement and the basis of determination thereof are as follows:

	For the year ending 31 December 2019 (RMB'000)
Aggregate amount receivable by the Group from the COSCO SHIPPING Group (the “ CSH Receivable Cap ”)	RMB300,000

The CSH Receivable Cap was determined with reference to the existing scale and operations of the businesses of the Group, the anticipated growth and development of such businesses and the anticipated demand for such services, including (i) the expanded scale and operations of the business of the Group taking into account the various acquisitions of new terminals completed in the past years; (ii) the new berths and newly developed terminals of the Group expected to come into operation; (iii) the completion of potential acquisition of terminals by the Group; (iv) the growth in fleet size and shipping capacity of the COSCO SHIPPING Group; and (v) the expected increase in the COSCO SHIPPING Group's fleet calling at the terminals of the Group as a result of the synergies continuing to be achieved with the COSCO SHIPPING Group and the OCEAN Alliance.

CSP SHIPPING SERVICES AND TERMINAL SERVICES MASTER AGREEMENT

The following sets forth the principal terms of the CSP Shipping Services and Terminal Services Master Agreement, which are materially different from those of the CSH Shipping Services and Terminal Services Master Agreement:

- Parties:**
- (a) COSCO SHIPPING Ports (for itself and on behalf of its subsidiaries); and
 - (b) COSCO SHIPPING (for itself and on behalf of its subsidiaries and/or associates)
- Term:** 1 January 2019 to 31 December 2021
- Condition precedent:** Conditional upon the approval of the independent shareholders of COSCO SHIPPING Ports being obtained on or before 31 December 2018
- Nature of transaction:**
- (a) Provision of shipping related services by the COSCO SHIPPING Ports Group to the COSCO SHIPPING Group, which is also contemplated under the CSH Shipping Services and Terminal Services Master Agreement; and
 - (b) Provision of terminal related services by the COSCO SHIPPING Group to the COSCO SHIPPING Ports Group, which is also contemplated under the 2016 CSH Master Port Services Agreement.

Proposed Annual Caps

The following sets forth the proposed annual caps in respect of the transactions contemplated under the CSP Shipping Services and Terminal Services Master Agreement:

	For the year ending 31 December		
	2019	2020	2021
(a) Aggregate amount receivable by the COSCO SHIPPING Ports Group from the COSCO SHIPPING Group (the “ CSP Receivable Caps ”)	RMB2,337,172,000 (approximately HK\$2,801,660,000)	RMB3,369,639,000 (approximately HK\$4,039,318,000)	RMB4,127,542,000 (approximately HK\$4,947,846,000)
(b) Aggregate amount payable by the COSCO SHIPPING Ports Group to the COSCO SHIPPING Group (the “ CSP Payable Caps ”)	RMB163,097,000 (approximately HK\$195,511,000)	RMB238,172,000 (approximately HK\$285,507,000)	RMB358,201,000 (approximately HK\$429,390,000)

Save as disclosed above, there is no other material difference between the principal terms of the CSP Shipping Services and Terminal Services Master Agreement and those of the CSH Shipping Services and Terminal Services Master Agreement.

For more details of the CSP Shipping Services and Terminal Services Master Agreement, the Shareholders and potential investors of the Company may refer to the COSCO SHIPPING Ports Announcement.

RELATIONSHIP AMONGST THE 2016 CSH MASTER PORT SERVICES AGREEMENT, THE CSH SHIPPING SERVICES AND TERMINAL SERVICES MASTER AGREEMENT AND THE CSP SHIPPING SERVICES AND TERMINAL SERVICES MASTER AGREEMENT

The CSP Receivable Caps

The CSP Receivable Caps under the CSP Shipping Services and Terminal Services Master Agreement comprise:

- (i) the proposed annual caps in respect of the provision of shipping related services by the COSCO SHIPPING Ports Group to the Group for the three years ending 31 December 2021, which are intra-group transactions of the Group and therefore do not constitute continuing connected transactions of the Company under the Listing Rules; and
- (ii) the proposed annual caps in respect of the provision of shipping related services by the COSCO SHIPPING Ports Group to the COSCO SHIPPING Group (other than members of the Group) for the three years ending 31 December 2021, which constitute continuing connected transactions of the Group under the Listing Rules.

The CSH Receivable Cap

The CSH Receivable Cap under the CSH Shipping Services and Terminal Services Master Agreement comprises:

- (i) the proposed annual cap in respect of the provision of shipping related services by the COSCO SHIPPING Ports Group to the COSCO SHIPPING Group (other than members of the Group) for the year ending 31 December 2019, which forms part of the CSP Receivable Cap for the year ending 31 December 2019; and
- (ii) the proposed annual cap in respect of the provision of shipping and terminal services by the Group (other than members of the COSCO SHIPPING Ports Group) to the COSCO SHIPPING Group (other than members of the Group) for the year ending 31 December 2019.

The CSP Payable Cap

The CSP Payable Cap for the year ending 31 December 2019 under the CSP Shipping Services and Terminal Services Master Agreement has been included in the proposed annual cap for the year ending 31 December 2019 under the 2016 CSH Master Port Services Agreement, which has been approved by the then independent Shareholders as disclosed in the 2016 Poll Results Announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CSH SHIPPING SERVICES AND TERMINAL SERVICES MASTER AGREEMENT

The transactions contemplated under the CSH Shipping Services and Terminal Services Master Agreement are part of or related to the principal business activities of the Group and are expected to increase the revenue of the Group and provide the Group with overall business and operational convenience and synergy.

The Directors (including the independent non-executive Directors) are of the view that the terms of the CSH Shipping Services and Terminal 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.

INFORMATION ON THE RELEVANT PARTIES

The Company

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

COSCO SHIPPING

COSCO SHIPPING is a company incorporated under the laws of the PRC, and is a state-owned enterprise wholly-owned and controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. 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, sales of vessels, containers and steel and maritime engineering.

COSCO SHIPPING Ports

COSCO SHIPPING Ports, a non-wholly owned subsidiary of the Company, is a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange. The COSCO SHIPPING Ports Group is principally engaged in the businesses of managing and operating terminals and related businesses.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,557,594,644 A Shares and 87,635,000 H Shares, representing approximately 45.47% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling Shareholder and therefore a connected person of the Company. Accordingly, the entering into of the CSH Shipping Services and Terminal Services Master Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios for the CSH Receivable Cap exceed 0.1% but are all less than 5%, the entering into of the CSH Shipping Services and Terminal Services Master Agreement and the CSH Receivable Cap 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.

Mr. Xu Lirong, Mr. Huang Xiaowen, Mr. Wang Haimin, Mr. Zhang Wei (張為), Mr. Feng Boming, Mr. Zhang Wei (張煒) and Mr. Chen Dong, all being Directors nominated by COSCO, the direct controlling Shareholder and a wholly-owned subsidiary of COSCO SHIPPING, have abstained from voting on the relevant Board resolution approving the entering into of the CSH Shipping Services and Terminal Services Master Agreement and the CSH Receivable Cap thereunder pursuant to the articles of association of the Company. Save as aforementioned, none of the other Directors has a material interest in the CSH Shipping Services and Terminal Services Master Agreement and the transactions contemplated thereunder and hence no other Director has abstained from voting on the relevant Board resolution.

As disclosed in the COSCO SHIPPING Ports Announcement, the CSP Shipping Services and Terminal Services Master Agreement and the proposed annual caps thereunder are subject to the approval by the independent shareholders of COSCO SHIPPING Ports pursuant to the requirements under Chapter 14A of the Listing Rules.

In the event that the relevant resolution is not passed by the independent shareholders of COSCO SHIPPING Ports, the Company will monitor the transactions conducted under the CSH Shipping Services and Terminal Services Master Agreement closely and ensure that:

- (i) the CSH Receivable Cap will only be utilized for the provision of shipping and terminal services by the Group (other than members of the COSCO SHIPPING Ports Group) to the COSCO SHIPPING Group (other than members of the Group), and the transactions in respect of the provision of shipping related services by the COSCO SHIPPING Ports Group to the COSCO SHIPPING Group will not proceed; or
- (ii) in the event that COSCO SHIPPING Ports announces the revision of the CSP Receivable Caps such that the applicable percentage ratios are below 5% (i.e. approval by the independent shareholders of COSCO SHIPPING Ports is not required) in accordance with the Listing Rules, the CSH Receivable Cap will only be utilized for the provision of shipping and terminal services by the Group (including members of the COSCO SHIPPING Ports Group) to the COSCO SHIPPING Group (other than members of the Group) to the extent that the revised CSP Receivable Cap for the year ending 31 December 2019 and the CSH Receivable Cap are not exceeded.

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 internal controls systems of the Group to ensure that the transactions between the Group and the COSCO SHIPPING Group conducted in accordance with the pricing policy under the CSH Shipping Services and Terminal Services Master Agreement, the Company will implement the following internal control arrangements:

- (i) The Company will regularly examine the pricing of transactions under the CSH Shipping Services and Terminal Services Master Agreement to ensure that the continuing connected transactions thereunder 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 CSH Shipping Services and Terminal Services Master Agreement and recommendations for improvement.

(iii) The relevant department of the Company will summarize the transaction amounts incurred under the CSH Shipping Services and Terminal 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 CSH Shipping Services and Terminal Services Master Agreement in a timely manner such that the transactions can be conducted within the CSH Receivable Cap.

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 CSH Shipping Services and Terminal 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:

“2016 Circular”	the circular of the Company dated 29 October 2016 in relation to, among other things, the entering into of the 2016 CSH Master Port Services Agreement
“2016 CSH Master Port Services Agreement”	the master port services agreement dated 14 September 2016 and entered into between the Company and COSCO SHIPPING in relation to the provision of terminal related services by the COSCO SHIPPING Group to the Group
“2016 Poll Results Announcement”	the announcement of the Company dated 16 December 2016 in relation to, among other things, the approval of the then independent Shareholders in respect of the 2016 CSH Master Port Services Agreement and the proposed annual caps thereunder
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“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)
“connected person”	has the meaning ascribed thereto 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 currently owning an aggregate of 45.47% of the total registered capital 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 the indirect controlling Shareholder
“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries and/or associates
“COSCO SHIPPING Ports”	COSCO SHIPPING Ports Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1199) and a non-wholly owned subsidiary of the Company
“COSCO SHIPPING Ports Announcement”	the announcement of COSCO SHIPPING Ports dated 22 November 2018 in relation to, among other things, the entering into of the CSP Shipping Services and Terminal Services Master Agreement
“COSCO SHIPPING Ports Group”	COSCO SHIPPING Ports and its subsidiaries
“CSH Receivable Cap”	has the meaning ascribed thereto in the section headed “CSH Shipping Services and Terminal Services Master Agreement” in this announcement

“CSP Receivable Caps”	has the meaning ascribed thereto in the section headed “CSP Shipping Services and Terminal Services Master Agreement” in this announcement
“CSP Payable Caps”	has the meaning ascribed thereto in the section headed “CSP Shipping Services and Terminal Services Master Agreement” in this announcement
“CSH Shipping Services and Terminal Services Master Agreement”	the shipping services and terminal services master agreement dated 22 November 2018 and entered into between the Company and COSCO SHIPPING in relation to the provision of shipping and terminal services by the Group to the COSCO SHIPPING Group
“CSP Shipping Services and Terminal Services Master Agreement”	the shipping services and terminal services master agreement dated 22 November 2018 and entered into between COSCO SHIPPING Ports and COSCO SHIPPING in relation to (i) the provision of shipping related services by the COSCO SHIPPING Ports Group to the COSCO SHIPPING Group; and (ii) the provision of terminal related services by the COSCO SHIPPING Group to the COSCO SHIPPING Ports Group
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries and/or associates
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Reminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shares”	the ordinary shares of RMB1.00 each in the total registered capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
%	per cent

For the purposes of this announcement, the exchange rate of RMB1 = HK\$1.198739 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

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

Shanghai, the People's Republic of China
22 November 2018

As at the date of this announcement, the directors of the Company are Mr. XU Lirong¹ (Chairman), Mr. HUANG Xiaowen¹ (Vice Chairman), 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 and Mr. TEO Siong Seng³.

¹ *Executive Director*

² *Non-executive Director*

³ *Independent non-executive Director*

* *For identification purpose only*