

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**UPDATE ANNOUNCEMENT – CONNECTED TRANSACTION ON
ENTERING INTO SUPPLEMENTAL AGREEMENTS IN RELATION TO
VESSELS UNDER CONSTRUCTION BY WHOLLY-OWNED SUBSIDIARY**

Reference is made to (i) the announcement dated 15 July 2021 of the Company; (ii) the circular dated 5 August 2021 of the Company (the “**Circular**”); and (iii) the poll results announcement dated 29 October 2021 of the Company in relation to the Shipbuilding Transaction under the Shipbuilding Contracts. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

ENTERING INTO SUPPLEMENTAL AGREEMENTS

As disclosed in the Circular, the Shipbuilding Transaction under the Shipbuilding Contracts involves four 16,180 TEU Container Vessel Shipbuilding Contracts for the construction of four units of 16,180 TEU container vessels at an aggregate consideration of US\$620 million (collectively, the “**Original Shipbuilding Contracts**”). The Board announces that on 29 May 2024, the Buyer (COSCO (CAYMAN) Mercury Co., Ltd., a wholly-owned subsidiary of the Company) and the Builder (COSCO SHIPPING Heavy Industry (Yangzhou) Co., Ltd. (揚州中遠海運重工有限公司), an indirect wholly-owned subsidiary of COSCO SHIPPING) entered into separate supplemental agreements in respect of the Original Shipbuilding Contracts (each, a “**Supplemental Agreement**”, and collectively, the “**Supplemental Agreements**”), agreeing (i) to upgrade the power system of the aforesaid four units of 16,180 TEU container vessels under construction from single-conventional-fuel-powered to conventional fuel plus methanol dual-fuel-powered, with change of capacity to 16,108 TEU per vessel; (ii) to change the delivery schedule under the Original Shipbuilding Contracts from the period from June 2025 to December 2025 to the period from November 2025 to June 2026; (iii) to increase the consideration for each of the Original Shipbuilding Contracts by US\$28.5 million (the “**Supplemental Consideration**”) from US\$155 million to US\$183.5 million (equivalent to approximately HK\$1,431.3 million) and increase the total consideration for the Original Shipbuilding Contracts by US\$114 million from US\$620 million to US\$734 million (equivalent to approximately HK\$5,725.2 million); and (iv) that the Supplemental Consideration and the fifth installment under the Original Shipbuilding Contracts equivalent to 10% of the contract price under the Original Shipbuilding Contracts (i.e., US\$15.5 million) shall be paid by the Buyer within five working days upon the signing of the respective Supplemental Agreements, and the remaining balance of the fifth installment under the Original Shipbuilding Contracts shall remain to be paid upon delivery of the vessels.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

COSCO SHIPPING Holdings has always adhered to the concept of green, low-carbon and sustainable development and has continued to improve the top-level design of its green and low-carbon transformation and development strategy. Following the principles of “mature technology, reasonable cost and reliable supply”, the Group has made long-term planning for the overall steady low-carbon and green transformation of its dual-brand fleet. In order to meet the relevant requirements of the global green and low-carbon shipping regulations in the long term, and taking into account factors such as the efficiency of the transformation of vessels under construction and cost control, the Company has decided to upgrade the power of the four 16,180 TEU container vessels ordered from COSCO SHIPPING Heavy Industry (Yangzhou) Co., Ltd. in 2021 from single-conventional-fuel-powered to conventional fuel plus methanol dual-fuel-powered. The upgrade project will be beneficial to the vessels’ long-term compliance with the requirements of the relevant emission reduction policies and the maintenance of a high environmental protection rating, which will help the Company better comply with environmental protection laws and regulations and reduce compliance risks and operating costs.

The terms of the Supplemental Agreements (including the Supplemental Consideration and the delivery schedule) were determined based on increase in the costs and the technical requirements attributable to the power system conversion and upgrade, on arm’s length negotiation and on normal commercial terms (including payment terms, technical terms and delivery dates, which met the Buyer’s requirements), and such consideration is in line with the mutually agreed market price of new vessels upon comparison. Such Supplemental Consideration will be financed by the Company’s own funds. The Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Agreements are fair and reasonable, and the Supplemental Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Save as disclosed above, the other terms and conditions for the Shipbuilding Transaction under the Shipbuilding Contracts disclosed in the Circular remain unchanged.

LISTING RULES IMPLICATIONS

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over approximately 43.93% 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. The Builder is an indirect wholly-owned subsidiary of COSCO SHIPPING. Accordingly, the Builder is a connected person of the Company under Chapter 14A of the Listing Rules, and the entering into of the Supplemental Agreements constitutes a connected transaction of the Company.

As disclosed in the Circular, as the highest applicable percentage ratio of the Shipbuilding Transaction under the Shipbuilding Contracts exceeds 5% but is less than 25%, the Shipbuilding Transaction under the Shipbuilding Contracts constituted discloseable transaction and connected transaction of the Company subject to the reporting, announcement, circular and independent shareholders’ approval requirements under Chapters 14 and 14A of the Listing Rules, which was approved by the then shareholders of the Company at the extraordinary general meeting held on 29 October 2021. As the highest applicable percentage ratio in respect of the transactions contemplated under the Supplemental Agreements exceeds 0.1% but is less than 5%, the transactions contemplated under the Supplemental Agreements are subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. Mr. WAN Min, Mr. CHEN Yangfan, Mr. TAO Weidong and Mr. ZHANG Feng, being executive Directors nominated by COSCO SHIPPING, the controlling shareholder of the Company, abstained from voting on the resolution of the Board approving the entering into of the Supplemental Agreements in accordance with the Articles of Association. Save for the aforesaid Directors, none of the other Directors has a material interest in the entering into of the Supplemental Agreements.

INFORMATION ON PARTIES TO THE SUPPLEMENTAL AGREEMENTS

INFORMATION ON THE COMPANY

The Company is 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 Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange. The Group provides a wide range of container shipping services, terminal services and high-quality supply chain services covering the whole shipping value chain for both international and domestic customers.

INFORMATION ON THE BUILDER

The Builder, 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, COSCO SHIPPING is a company incorporated under the laws of the PRC, is a state-owned enterprise owned as to 90% by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and as to 10% by the National Council for Social Security Fund; 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.

The exchange rate used for reference purposes in this announcement is US\$1.00 = 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 May 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*