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中海集裝箱運輸股份有限公司

**China Shipping Container Lines Company Limited**\*

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 02866)**

**CONNECTED TRANSACTIONS  
ENTRY INTO BAREBOAT CHARTERS AND STANDBY CHARTERS**

**Independent Financial Adviser**



**大有融資有限公司**

**MESSIS CAPITAL LIMITED**

The Board is pleased to announce that on 30 October 2015, CSCL HK, a wholly-owned subsidiary of the Company, entered into the Bareboat Charters with the Owner, pursuant to which CSCL HK will lease six Vessels from the Owner for a term of 12 years; and corresponding to each of the Bareboat Charters, the Company entered into the Standby Charters with the Owner, pursuant to which the Company will lease relevant Vessel(s) from the Owner upon the occurrence of the EOD Termination of the relevant Bareboat Charter(s). The amount of charter hire for each of the Charters is US\$41,000 per calendar day (equivalent to approximately RMB260,329.5).

The Owner is an indirect wholly-owned subsidiary of China Shipping, the controlling shareholder of the Company. Accordingly, entry into the Charters constitutes a connected transaction of the Company under the Listing Rules. Since the highest applicable percentage ratio relating to the Charters is more than 0.1% but less than 5%, entry into the Charters is exempt from the independent shareholders' approval requirement but is subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

The Vessel Charter contemplated under the Charters will commence from the date of the delivery of the respective Vessel(s) to CSCL HK which is between April 2018 to December 2018, subject to the Company obtaining applicable internal and external approval(s) required under PRC laws and regulations, articles of association of the Company, listing rules of Shanghai Stock Exchange and the Listing Rules at that time. Upon commencement, the Vessel Charter will constitute a continuing connected transaction under the Master Bareboat Charter Agreement and shall, for the purpose of the Listing Rules, be aggregated with the other continuing connected transactions under the Master Bareboat Charter Agreement. The Company will strictly comply with the applicable requirements under Chapter 14A of the Listing Rules based on the classification of the connected transactions when aggregated at that time.

Further, pursuant to Rule 14A.52 of the Listing Rules, except in special circumstances where the nature of the transaction requires a longer period, the period of the Charters must not exceed three years. Accordingly, Messis Capital Limited has been appointed as the independent financial adviser to the Company to explain why a longer period for the Charters is required and to confirm that it is normal business practice for agreements of this type to be of such duration.

## I. THE BAREBOAT CHARTERS

The Board is pleased to announce that on 30 October 2015, CSCL HK, a wholly-owned subsidiary of the Company, entered into the Bareboat Charters with the Owner, pursuant to which CSCL HK will lease six Vessels from the Owner for a term of 12 years commencing from the date of delivery of the respective Vessel(s) to CSCL HK. The particulars of the Bareboat Charters are summarised below.

**Date:** 30 October 2015

**Parties:** (a) CSCL HK (as charterer); and  
(b) the Owner (as owner).

**Leasing of the Vessels:** The Owner will lease to CSCL HK six 21,000 TEU class container vessels, each with a capacity of no less than 20,988 TEU. The Vessels are used for international container liner shipping and will be managed, operated, repaired and maintained by CSCL HK during the term of the respective Bareboat Charters.

**Charter Hire and Payment Terms:** The highest aggregate amount of annual charter hire for six Vessels under the Bareboat Charters is US\$90,036,000 (equivalent to approximately RMB571,683,582, calculated based on a 366-day year). Such payments are to be made in US dollars.

Pursuant to the Bareboat Charters, CSCL HK will pay the Owner charter hire in the amount of US\$41,000 per calendar day (equivalent to approximately RMB260,329.5) for each Vessel during the charter period of 12 years on a monthly basis, with the first instalment payable on the date of delivery of such Vessel to CSCL HK.

Apart from the payment for the first and final instalment being made according to the actual number of chartered days in the month, the charter hire are payable in advance on the 15th day of each calendar month. Any delay in payment of hire will entitle the Owner to interest at the rate of 6.5% per annum.

The charter hire is determined by reference to the market freight rates for liners in the Far East and Europe trade lanes during the past five years (namely, from 2010 to 2014). According to the internal estimation and calculation of CSCL HK and the Company, hire for a time charter which is equivalent to the charter hire under the Charters plus the internal vessel management costs is consistent with the hire level for general time charter and long-term charter in the market, and it is expected that conducting the Vessel Charter will generate profits.

The charter hire will be funded from internal resources of CSCL HK.

**Charter Period:**

The Bareboat Charters will commence from the date of the delivery of the respective Vessel(s) to CSCL HK for a fixed term of 12 year and subject to the Company obtaining applicable internal and external approval(s) required under PRC laws and regulations, articles of association of the Company, listing rules of Shanghai Stock Exchange and the Listing Rules at that time. The Vessels are expected to be delivered to CSCL HK during the period between April 2018 to December 2018.

## **II. THE STANDBY CHARTERS**

On 30 October 2015, the Company entered into the Standby Charters with the Owner, pursuant to which the Company will lease relevant Vessel(s) from the Owner upon the occurrence of the EOD Termination of the relevant Bareboat Charter(s).

The terms of the Standby Charters are identical with that of the Bareboat Charters, except that the charter period under a Standby Charter will commence on the commencement date as stated in a written notice served by the Owner on the Company and shall continue until the full performance and completion of all obligations under the corresponding Bareboat Charter for the Vessel in accordance with its term of period. The Owner will serve such a written notice to the Company upon the occurrence of the EOD Termination of the relevant Bareboat Charter.

## **III. REASONS FOR AND BENEFITS OF ENTERING INTO THE CHARTERS**

The Group adheres to low-carbon environmental protection initiatives, positively responds to the current development trend for large-scale container vessels in the shipping market, and is committed to adjusting and optimizing the structure of its fleet. The Vessel Charter will further help optimize the Group's fleet structure, maintain a reasonable proportion between the self-owned vessels and leased vessels of the Group, and enhance the Group's comprehensive competitiveness.

The Board (including the independent non-executive Directors of the Company) considers that the terms of the Charters (including the charter hire) are on normal commercial terms and are entered into in the ordinary and usual course of business of the Company, which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. The following Directors, namely, Mr. Zhang Guofa, Mr. Huang Xiaowen, Mr. Zhao Hongzhou, Ms. Su Min, Mr. Ding Nong, Mr. Liu Xihan, Mr. Yu Zenggang and Mr. Chen Jihong, all holding directorship(s) or acting as senior management in China Shipping and/or its subsidiaries and thus having a material interest in the Vessel Charter, have therefore abstained from voting on the relevant board resolution.

#### **IV. INFORMATION ON THE PARTIES TO THE CHARTERS**

##### **1. The Company**

The Company is principally engaged in the operation and management of international and domestic container marine transportation.

##### **2. CSCL HK**

CSCL HK is a wholly-owned subsidiary of the Company and is principally engaged in the international container transportation.

##### **3. The Owner**

The Owner is an indirect wholly-owned subsidiary of China Shipping and is principally engaged in vessel investment and leasing business.

#### **V. IMPLICATIONS UNDER THE LISTING RULES**

The Owner is an indirect wholly-owned subsidiary of China Shipping, the controlling shareholder of the Company. Accordingly, entry into the Charters constitutes a connected transaction of the Company under the Listing Rules. Since the highest applicable percentage ratio relating to the Charters is more than 0.1% but less than 5%, entry into the Charters is exempt from the independent shareholders' approval requirement but is subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

The Vessel Charter contemplated under the Charters will commence from the date of the delivery of the respective Vessel(s) to CSCL HK which is between April 2018 to December 2018, subject to the Company obtaining applicable internal and external approval(s) required under PRC laws and regulations, articles of association of the Company, listing rules of Shanghai Stock Exchange and the Listing Rules at that time. Upon commencement, the Vessel Charter will constitute a continuing connected transaction under the Master Bareboat Charter Agreement and shall, for the purpose of the Listing Rules, be aggregated with the other continuing connected transactions under the Master Bareboat Charter Agreement. The Company will strictly comply with the applicable requirements under Chapter 14A of the Listing Rules based on the classification of the connected transactions when aggregated at that time.

Please refer to the Company's announcements dated 24 January 2007, 8 October 2009 and 20 September 2012 for background information in relation to the continuing connected transactions under the Master Bareboat Charter Agreement.

#### **VI. OPINION OF INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 14A.52 of the Listing Rules, except in special circumstances where the nature of the transaction requires a longer period, the period of the Charters must not exceed three years. Accordingly, Messis Capital Limited has been appointed as the independent financial adviser to the Company to explain why a longer period for the Charters is required and to confirm that it is normal business practice for agreements of this type to be of such duration.

The Independent Financial Advisor has discussed with the Company and was advised by the management of the Company that entering into the Vessel Charter with a duration longer than three years can benefit the Group from the followings:

- (i) Secure long term ultra large container vessels resources for the Group's operation

Each of the container vessels to be leased under the Vessel Charter would have a capacity of no less than 20,988 TEU and become one of the largest container vessels in the world. To the best knowledge of the Directors, the current container transportation market tends to develop ultra large container vessels as the employment of ultra large container vessels would benefit liner transportation companies from optimisation of fleet structure, economies of scale and fuel cost reduction. As such, the Directors consider that it is in the interest of the Company and the Shareholders as a whole to enter into the Vessel Charter to lease the 21,000 TEU class Vessels during the charter period so as to secure the Group's ultra large container vessels resources for its marine transportation business.

- (ii) Minimise cost

Having considered the specifications of the Vessels to be leased under the Vessel Charter, the Directors believe that having a long lease term would make the Group in a better position to bargain for a lower charter payment per calendar day as compared to a short lease term. In addition, a long lease term can minimise the operation costs and administrative costs such as initial inspection charges and delivery time cost of the Group as a whole.

The Independent Financial Advisor has conducted researches and select, on best effort basis, samples of bareboat charter as comparables (the "**Comparables**"). The Comparables were selected based on transactions which (i) are in similar nature of the Vessel Charter; (ii) are publicly available from reputable companies engaging in shipping business; and (iii) are of chartering terms over 10 years. Having considered that (i) it is a common practice for shipping companies worldwide to charter vessels for their business operations; and (ii) the duration of bareboat charters of the Comparables range from 10 to 13 years (the duration can be extended for further 3 to 10 years for some Comparables), the Independent Financial Advisor concurs with the Directors' view that it is a normal business practice for bareboat charter to have a duration longer than three years, and that having a charter period of 12 years pursuant to the Vessel Charter is not uncommon in the shipping industry. Therefore, the Independent Financial Advisor is of the view that the Vessel Charter requires a longer period and it is normal business practice for agreements of this type to be of such duration.

## **VII. SUBSEQUENT MATTERS RELATING TO THE CHARTERS**

The Owner is entitled with an option to build and purchase five Optional Vessels within half year after the entry into of the Charters. The Board has approved that if such option is exercised by the Owner, CSCL HK and the Company shall enter into one bareboat charter and one standby charter for each Optional Vessel, respectively, on substantially the same terms as the Charters. In such case, the charter of such Optional Vessels will be aggregated with the Vessel Charter, and the Company will strictly comply with the applicable requirements under Chapter 14A of the Listing Rules based on the classification of the connected transactions when aggregated.

## VIII. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

<b>“Bareboat Charters”</b>	the six bareboat charters for the charter of six 21,000 TEU class container carriers (No. H1416/H1417/H1420/H1427/H1428/H1429) entered into between CSCL HK (as charterer) and the Owner (as owner) on 30 October 2015
<b>“Board”</b>	the board of directors of the Company
<b>“Charters”</b>	the Bareboat Charters and the Standby Charters
<b>“China Shipping”</b>	China Shipping (Group) Company (中國海運(集團)總公司), a PRC state-owned enterprise and the controlling shareholder of the Company, together with its subsidiaries having an approximately 45.20% shareholding interest in the Company as at the date of this announcement
<b>“Company”</b>	China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司), a joint stock limited company incorporated in the PRC, of which 3,751,000,000 H shares are listed on the Stock Exchange and 7,932,125,000 A shares are listed on the Shanghai Stock Exchange
<b>“connected person”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“CSCL HK”</b>	China Shipping Container Lines (Hong Kong) Co., Ltd. (中海集裝箱運輸(香港)有限公司), a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
<b>“Director(s)”</b>	the director(s) of the Company
<b>“EOD Termination”</b>	termination of the relevant Bareboat Charter by the Owner in accordance with the provisions thereof upon the occurrence of any one of the charterers’ events of default (“ <b>EOD</b> ”) as set out in such Bareboat Charter and such EOD, after its occurrence, continues and has continued and has not been remedied by CSCL HK in accordance with the Bareboat Charter
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC



<b>“Independent Financial Adviser”</b>	Messis Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), being the independent financial adviser to the Company in connection with the Vessel Charter and the transactions contemplated thereunder
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Master Bareboat Charter Agreement”</b>	the master bareboat charter agreement dated 10 May 2004 entered into between the Company, China Shipping and Shanghai Puhai Shipping Co., Ltd. (上海浦海航運有限公司)
<b>“Optional Vessel”</b>	each 21,000 TEU class container vessel to be built and purchased by the Owner when it exercises option to build and purchase such vessel
<b>“Owner”</b>	China Shipping Nauticgreen Holdings Company Limited (中海綠舟控股有限公司), a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of China Shipping
<b>“percentage ratios”</b>	has the meaning ascribed to such term under the Listing Rules
<b>“PRC”</b>	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Shareholder(s)”</b>	the shareholder(s) of the Company, including holders of H shares and holders of A shares
<b>“Standby Charters”</b>	the six standby bareboat charters for the charter of six 21,000 TEU class container carriers (No. H1416/H1417/H1420/H1427/H1428/H1429) entered into between the Company (as standby charterer) and the Owner (as owner) on 30 October 2015, each corresponding to a Bareboat Charter
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“TEU”</b>	twenty-foot equivalent units, a standard unit of measurement of the volume of a container with a length of 20 feet, height of 8 feet and 6 inches and width of 8 feet

“US\$” or “US dollar”	United States dollar, the lawful currency of the United States of America
“Vessel”	the 21,000 TEU class container vessel, each with a capacity of no less than 20,988 TEU, to be leased by CSCL HK or the Company from the Owner under each Bareboat Charter or Standby Charter, which is registered in Hong Kong
“Vessel Charter”	the charter of six Vessels by CSCL HK or the Company from the Owner pursuant to the Bareboat Charters or the Standby Charters
“%”	per cent.

By order of the Board of  
**China Shipping Container Lines Company Limited**  
**Yu Zhen**  
*Joint Company Secretary*

Shanghai, the PRC  
30 October 2015

*The Board as at the date of this announcement comprises of Mr. Zhang Guofa, Mr. Huang Xiaowen and Mr. Zhao Hongzhou, being executive Directors, Ms. Su Min, Mr. Ding Nong, Mr. Liu Xihan, Mr. Yu Zenggang and Mr. Chen Jihong, being non-executive Directors, and Ms. Zhang Nan, Mr. Guan Yimin, Mr. Shi Xin, Ms. Hai Chi Yuet and Mr. Graeme Jack, being independent non-executive Directors.*

*The exchange rate adopted in this announcement for illustration purpose only is US\$1.00 = RMB6.3495. Such conversion should not be construed as a representation that the currency could actually be converted at that rate.*

\* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name “China Shipping Container Lines Company Limited”.*