

CASE HIGHLIGHT –

Acquisition of Orient Overseas (Int'l) Ltd. by COSCO SHIPPING Holdings Co., Ltd.



COMPANIES INVOLVED

About COSCO

(Our Client)



COSCO SHIPPING Holdings Co., Ltd.
(1919.HK)
(601919.SH)

- ♦ Listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in 2005 and 2007 respectively
- ♦ Principally engaged in the provision of a wide range of container shipping and terminal services covering the whole shipping value chain through its various subsidiaries
- ♦ Was the world's 4th largest container shipping line before the transaction

About OOIL

(Target Company)



Orient Overseas (Int'l) Ltd.
(316.HK)

- ♦ Listed on the Hong Kong Stock Exchange in 1992
- ♦ Commonly recognized by its trade name – "OOCL"
- ♦ Principally engaged in the provision of container transport and logistic services
- ♦ Was the world's 7th largest container shipping line before the transaction

CONTAINER SHIPPING INDUSTRY OVERVIEW

Development Trend

A series of M&A transactions took place over the past few years, such as

- ♦ The CMA CGM's acquisition of American President Lines Ltd. (APL) in 2016
- ♦ The merger of three Japanese liners – NYK, K Line and MOL as Ocean Network Express (ONE) in 2018

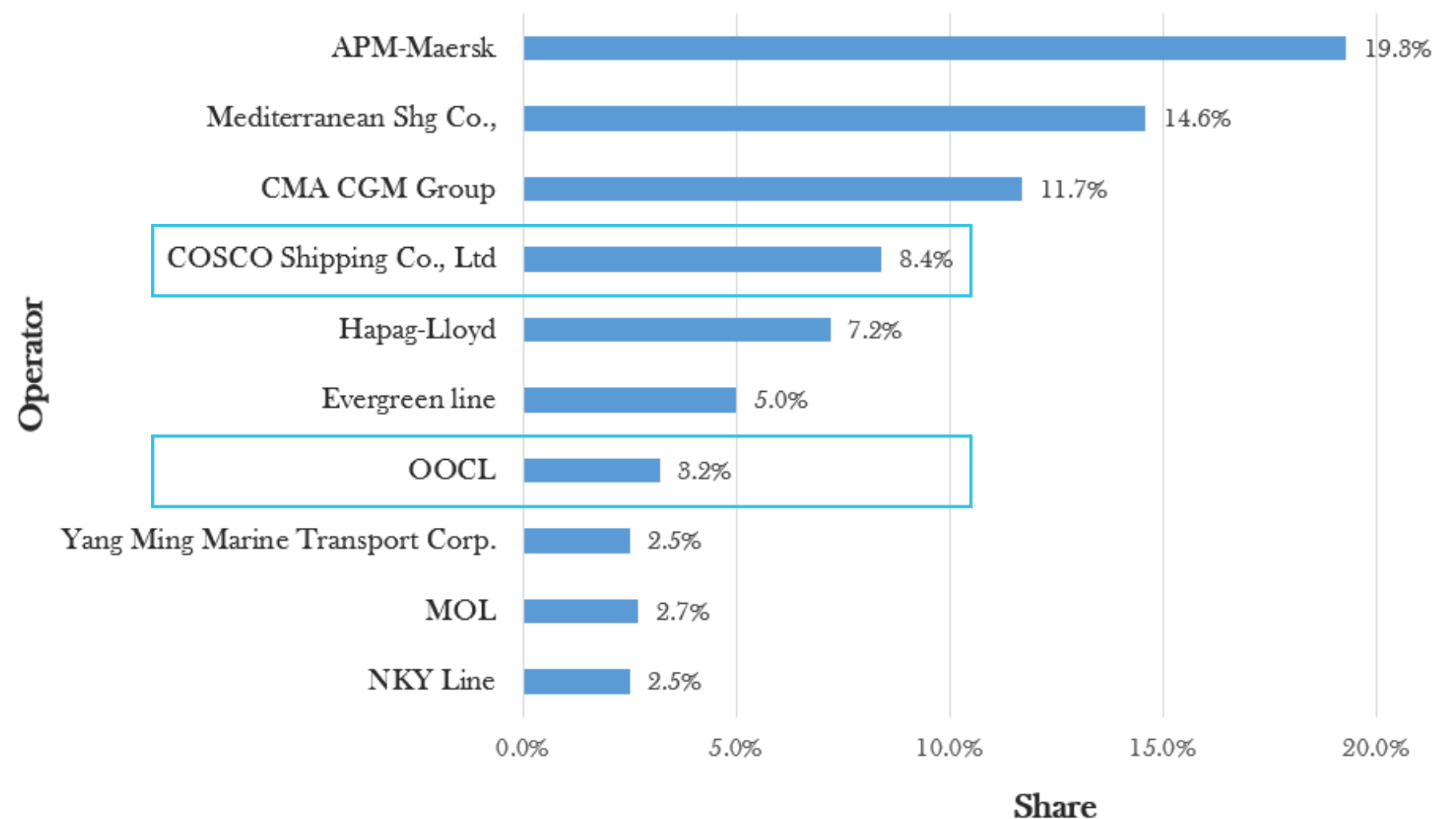
Cause

- ♦ Joining forces as a strategy to stay afloat in the prolonged recession

Impact

- ♦ Converted into an oligopolistic market with the growing shares of the liner giants

The World's Top 10 liners in terms of Market Share in December 2017



Graph 1 – Ranking of the world's top 10 liner operators in December 2017 (The Alphaliner TOP 100)

ACQUISITION SUMMARY



The **LARGEST** M&A transaction
in the industry in terms of deal price

COSCO
(and **SIPG**, the joint offeror)
acquired all of the **OOIL**
shares held by qualifying **OOIL**
shareholders in July 2017;
the transaction was completed
in August 2018

With an aggregate
consideration of
USD \$4.7b

Upon the completion,
COSCO hold **75%** stake
in **OOIL**

TRANSACTION SYNERGY

INCREASE
IN SCALE

The combined lines of the two operators possesses
More than 400 vessels



With a capacity exceeding
2.9 million TEUs including order book



A total of approx. 22,000 employees
in 46 countries

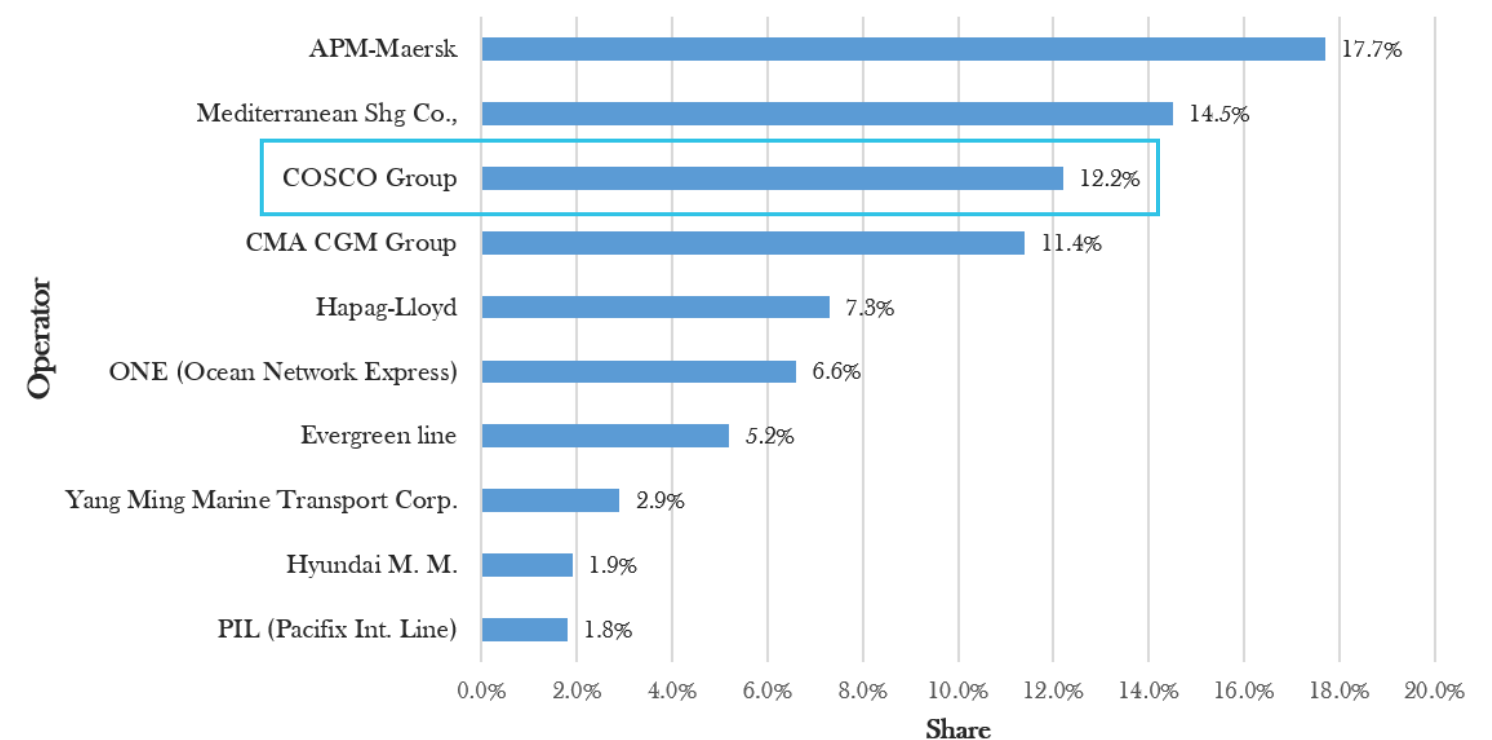


Overtook CMA CGM Group as the
world's 3rd largest container shipping line

3rd

HIGHER
IN RANK

The World's Top 10 liners in terms of Market Share in March 2019



Graph 2 – Ranking of the world's top 10 liner operators in March 2019 (The Alphaliner TOP 100)

TRANSACTION SYNERGY (CONT.)



HIGHER IN RANK (CONT.)

Ranked top on the trans-pacific trade with a capacity exceeding 77,000 TEUs per week;

1st

Became the 2nd largest and the 3rd largest mover of US imports and exports respectively (*iContainers*)



ACHIEVE SUSTAINABLE GROWTH

Other identified benefits of the acquisition:

- Extended global sales network and customer base
- Optimization of shipping network and IT system
- Increase in operational efficiency and core competitiveness



OUR ENGAGEMENT

PPA
Valuation on
OOIL's Major Assets
(Tangible Assets)

The Terminal Equipment

The Vessels

The Containers

Two Terminals
in California and Taiwan

OUR ENGAGEMENT (CONT.)

PPA Valuation on OOIL's Major Assets (Intangible Assets)

Trademark

Two Self-developed Software

The California Terminal's
Concession Right

ABOUT AVISTA

A leading professional valuation
and financial advisory firm

Has a strong presence in the Greater China Region
with offices in Hong Kong, Shanghai and Beijing

Experienced in performing a full range of valuation, financial
advisory, ESG advisory and risk advisory services

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