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中遠海運發展股份有限公司  
**COSCO SHIPPING Development Co., Ltd.\***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 02866)**

**FURTHER ANNOUNCEMENT ON MAJOR TRANSACTIONS  
EQUITY TRANSFER AGREEMENT  
AND  
PROPOSED MANDATE IN RELATION TO POTENTIAL CAPITAL INCREASE**

Reference is made to (i) the announcement of COSCO SHIPPING Development Co., Ltd. (the “**Company**”) dated 10 December 2020; (ii) the circular of the Company dated 11 December 2020 (the “**Circular**”); and (iii) the poll results announcement of the Company dated 28 December 2020 in relation to, among other things, the Equity Transfer Agreement and the Proposed Mandate and the transactions contemplated thereunder. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

The Board is pleased to announce that China Insurance Investment Co., Ltd.# (中保投資有限責任公司) (“**China Insurance Investment**”) has been confirmed as the successful bidder of the public tender on SUAEE in respect of the Potential Capital Increase.

Accordingly, on 13 April 2021, COSCO SHIPPING Leasing, the Company, Mixed Ownership Reform Fund and China Insurance Investment entered into the capital increase agreement and the supplemental agreement (collectively, the “**Capital Increase Agreement**”).

The principal terms of the Capital Increase Agreement are set out as follows:

- Date:** 13 April 2021
- Parties:**
- (1) COSCO SHIPPING Leasing;
  - (2) the Company;
  - (3) Mixed Ownership Reform Fund; and
  - (4) China Insurance Investment.

**Subject matter:** The parties have agreed that the price for the Potential Capital Increase shall be RMB1.45987 per RMB1 registered capital of COSCO SHIPPING Leasing, representing the minimum bidding price (being the appraised value of the total shareholders' equity in COSCO SHIPPING Leasing of approximately RMB5,109,545,900) of the public tender.

Accordingly, China Insurance Investment shall make a capital increase in the amount of RMB3,000,000,000 for the increase of registered capital of COSCO SHIPPING Leasing in the amount of RMB2,054,977,136.03.

**Shareholding structure of COSCO SHIPPING Leasing:**

The shareholding structure of COSCO SHIPPING Leasing are set forth below:

*As at the date of this announcement*

No.	Shareholder	Registered capital (RMB)	Percentage of equity interest (%)
1.	The Company	3,500,000,000.00	100
	Total	3,500,000,000.00	100

*Immediately after completion of the Equity Transfer Agreement and before completion of the Potential Capital Increase*

No.	Shareholders	Registered capital (RMB)	Approximate percentage of equity interest (%)
1.	The Company	2,267,013,718.38	64.7718
2.	Mixed Ownership Reform Fund	1,232,985,281.62	35.2282
	Total	3,500,000,000.00	100

*After completion of the Equity Transfer Agreement and the Potential Capital Increase*

No.	Shareholders	Registered capital (RMB)	Approximate percentage of equity interest (%)
1.	The Company	2,267,013,718.38	40.81050
2.	Mixed Ownership Reform Fund	1,232,985,281.62	22.19606
3.	China Insurance Investment	2,054,977,136.03	36.99344
	Total	5,554,977,136.03	100

**Payment terms:** China Insurance Investment shall make the capital increase in the following manner:

- (1) the first instalment of no less than RMB1,000,000,000 shall be paid to COSCO SHIPPING Leasing within 30 working days after the date of the Capital Increase Agreement; and
- (2) the remaining amount of the capital increase shall be paid to COSCO SHIPPING Leasing within two years after the date of the Capital Increase Agreement.

**Completion:** Within 90 days after the payment of the first instalment of the capital increase, the Company, Mixed Ownership Reform Fund and China Insurance Investment shall cooperate with COSCO SHIPPING Leasing to arrange for relevant regulatory applications and filings and complete the change of industry and commerce registration.

**Governance of  
COSCO  
SHIPPING  
Leasing:**

*Board of directors and supervisory committee*

Following completion of the Potential Capital Increase, the directors and supervisors of COSCO SHIPPING Leasing shall be nominated by the Company, Mixed Ownership Reform Fund and China Insurance Investment in proportion to their holding of equity interests in COSCO SHIPPING Leasing.

In particular, it is proposed that:

- (1) the board of directors of COSCO SHIPPING Leasing shall comprise seven members, of whom, three members shall be nominated by the Company (one of whom shall be the general manager of COSCO SHIPPING Leasing), two members shall be nominated by Mixed Ownership Reform Fund and the remaining two members shall be nominated by China Insurance Investment; and
- (2) the supervisory committee of COSCO SHIPPING Leasing shall comprise three members, of whom, one member shall be an employee representative, one member shall be nominated by the Company and the remaining one member shall be nominated by Mixed Ownership Reform Fund.

The resolutions of the board of directors of COSCO SHIPPING Leasing shall be passed by simple majority of the directors in attendance of the board meeting, except that the profit distribution plan of COSCO SHIPPING Leasing is subject to the approval by at least two-thirds of all the members of the board of directors of COSCO SHIPPING Leasing.

### *Shareholders' meeting*

The shareholders of COSCO SHIPPING Leasing shall be entitled to the voting rights in proportion to their amount of paid-up capital. It is proposed that the following matters, among others, require approval by special resolution of the shareholders' meeting (which requires at least two-thirds of the voting rights of held by all the shareholders of COSCO SHIPPING Leasing):

- (1) amendments to the articles of association of COSCO SHIPPING Leasing;
- (2) increase or reduction of the registered capital of COSCO SHIPPING Leasing;
- (3) approval of the profit distribution plan (including whether to pay cash dividend for the year) and loss compensation plan of COSCO SHIPPING Leasing;
- (4) division, merger, dissolution, liquidation or change in corporate form of COSCO SHIPPING Leasing;
- (5) gratuitous transfer of material assets exceeding 10% of the audited net assets attributable to the equity owners of the parent company for the previous financial year of COSCO SHIPPING Leasing;
- (6) COSCO SHIPPING Leasing introducing new shareholders other than the existing shareholders; and
- (7) approval of the annual financial budget of COSCO SHIPPING Leasing.

**Profit distribution:** Following completion of the Potential Capital Increase, the Company, Mixed Ownership Reform Fund and China Insurance Investment shall be entitled to profit distribution in proportion to their holding of equity interests in COSCO SHIPPING Leasing.

The profit distribution by COSCO SHIPPING Leasing shall be made in accordance with certain annualized predetermined dividend rates, subject to maintenance of certain thresholds of undistributed profits in the reserves of COSCO SHIPPING Leasing. Save for the occurrence of mandatory distribution events (being COSCO SHIPPING Leasing only distributing profit to the Company or Mixed Ownership Reform Fund, or reduction of capital by COSCO SHIPPING Leasing), COSCO SHIPPING Leasing is entitled to defer the distribution of part or all of the dividend with no restriction on the number of deferment of dividend distribution.

As set out above, the profit distribution plan of COSCO SHIPPING Leasing is subject to the approval by (i) at least two-thirds of all the members of the board of directors of COSCO SHIPPING Leasing; and (ii) at least two-thirds of the voting rights of held by all the shareholders of COSCO SHIPPING Leasing.

**Reserved matters:** Pursuant to the Capital Increase Agreement, reserved matters requiring prior written consent of Mixed Ownership Reform Fund and China Insurance Investment include, among others:

- (1) gratuitous transfer of material assets exceeding 10% of the audited net assets attributable to the equity owners of the parent company for the previous financial year of COSCO SHIPPING Leasing;
- (2) division, merger, dissolution, liquidation or change in corporate form of COSCO SHIPPING Leasing; and
- (3) COSCO SHIPPING Leasing introducing new shareholders other than the existing shareholders.

**Other rights of  
China Insurance  
Investment:**

China Insurance Investment will be entitled to withhold payment of the capital contribution, request the Company to arrange for purchase of its equity interests in COSCO SHIPPING Leasing by third parties and terminate the Capital Increase Agreement in the following circumstances:

- (1) COSCO SHIPPING Leasing fails to make profit distribution in accordance with the Capital Increase Agreement;
- (2) in the event that COSCO SHIPPING Leasing has not elected to defer the distribution of dividend or there occurs mandatory distribution events, COSCO SHIPPING Leasing fails to distribute dividend in accordance with the Capital Increase Agreement and such failure subsisted and was not remedied within 10 working days;
- (3) COSCO SHIPPING Leasing or other shareholders determine and conduct reserved matters without prior written consent of China Insurance Investment; and
- (4) the Company breaches its obligations under the Capital Increase Agreement which include (i) voting on the shareholders' resolutions in relation to the profit distribution plan of COSCO SHIPPING Leasing; (ii) providing sufficient authorization to the management of COSCO SHIPPING Leasing; (iii) unless otherwise agreed, not transferring, pledging or otherwise disposing of its equity interest in COSCO SHIPPING Leasing and in the event of COSCO SHIPPING Leasing introducing new shareholders, maintaining as the largest shareholder of COSCO SHIPPING Leasing and ensuring that the new shareholders agree to the rights of China Insurance Investment under the Capital Increase Agreement; and (iv) ensuring that legal procedures to be performed by the Company and COSCO SHIPPING Leasing in respect of the capital increase and transactions contemplated under the Capital Increase Agreement in accordance with the PRC laws and relevant regulations of the relevant regulatory authorities will be complied with.

**Termination:** In the event that the Capital Increase Agreement is determined to be invalid, revoked, cancelled or terminated (due to, including but not limited to, violation of mandatory provisions of the applicable laws and regulations, violation of public interest and failure to comply with internal and external approval and filing procedures) and China Insurance Investment has already made capital contribution, COSCO SHIPPING Leasing and the Company shall jointly compensate China Insurance Investment with the actual amount of capital contribution made and a capital occupation fee determined with reference to the annualized predetermined dividend rates under the Capital Increase Agreement.

### **Information on China Insurance Investment**

China Insurance Investment is a company established under the laws of the PRC with limited liability upon the approval by the State Council of the PRC. China Insurance Investment is principally engaged in investment management and asset management.

Based on the information provided by China Insurance Investment, China Insurance Investment has a registered capital of RMB1.2 billion and has 46 shareholders, which include 27 insurance companies, 15 insurance asset management companies and four social capitals in the PRC. All of the shareholders of China Insurance Investment hold less than 5% of the equity interests in China Insurance Investment.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, China Insurance Investment and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

By order of the Board  
**COSCO SHIPPING Development Co., Ltd.**  
**Cai Lei**  
*Joint Company Secretary*

Shanghai, the People's Republic of China  
13 April 2021

*As at the date of this announcement, the Board comprises Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, being executive Directors, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, being non-executive Directors, and Mr. Cai Hongping, Ms. Hai Chi Yuet, Mr. Graeme Jack, Mr. Lu Jianzhong and Ms. Zhang Weihua, being independent non-executive Directors.*

\* *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 "COSCO SHIPPING Development Co., Ltd."*

# *For identification purpose only*