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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS
(1) THE DISPOSAL OF EQUITY INTERESTS IN COSCO SHIPPING
FINANCE; AND
(2) THE CAPITAL INCREASE IN COSCO SHIPPING FINANCE

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that, on 19 May 2022, COSCO and the Company entered into the Equity Transfer Agreement, pursuant to which the Company conditionally agrees to sell and COSCO conditionally agrees to purchase 10.0000% of the equity interests of COSCO SHIPPING Finance at the total consideration of RMB911,638,820 (equivalent to approximately HK\$1,093,966,584). As at the date of this announcement, the Company holds 23.3840% equity interests in COSCO SHIPPING Finance.

THE CAPITAL INCREASE AGREEMENT

The Board is also pleased to announce that, on 19 May 2022, each of the Post-restructuring Shareholders (including the Company) entered into the Capital Increase Agreement, pursuant to which the Post-restructuring Shareholders conditionally agree to increase the registered capital of COSCO SHIPPING Finance by the aggregate of RMB13,500 million (equivalent to approximately HK\$16,200 million) in proportion to their respective shareholdings of COSCO SHIPPING Finance upon completion of the Shareholding Restructuring. Accordingly, the Company agrees to contribute RMB1,806,840,000 (equivalent to approximately HK\$2,168,208,000) pursuant to the Capital Increase Agreement.

Upon completion of the Shareholding Restructuring and the Capital Increase, the registered capital of COSCO SHIPPING Finance will be increased from RMB6,000 million to RMB19,500 million, while the shareholding by the Company in COSCO SHIPPING Finance will remain at 13.3840%.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, 47,570,789 A Shares, representing approximately 0.35% of the total issued share capital of the Company, are held by COSCO SHIPPING, 4,628,015,690 A Shares, representing approximately 34.06% of the total issued share capital of the Company, are held by China Shipping, a wholly-owned subsidiary of COSCO SHIPPING, 1,447,917,519 A Shares, representing approximately 10.66% of the total issued share capital of the Company, are held by COSCO SHIPPING Investment, an indirect wholly-owned subsidiary of COSCO SHIPPING, and 100,944,000 H Shares, representing approximately 0.74% of the total issued share capital of the Company, are held by Ocean Fortune Investment Limited, a wholly-owned subsidiary of COSCO SHIPPING Investment. Therefore, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 45.81% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company.

As at the date of this announcement, COSCO SHIPPING Finance is a non-wholly owned subsidiary of COSCO SHIPPING and COSCO is a wholly-owned subsidiary of COSCO SHIPPING, respectively. Therefore, each of COSCO SHIPPING Finance and COSCO is an associate (as defined under the Hong Kong Listing Rules) of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, both of the Disposal of Equity Interests and the Capital Increase by the Company will constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Disposal of Equity Interests

As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Disposal of Equity Interests exceeds 5% but are all less than 25%, the Disposal of Equity Interests (i) constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules; and (ii) constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Capital Increase by the Company

As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Capital Increase exceeds 5% but are all less than 25%, the Capital Increase (i) constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules; and (ii) constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on, among other things, (i) the Equity Transfer Agreement and the Disposal of Equity Interests, and (ii) the Capital Increase Agreement and the Capital Increase by the Company and on how to vote on the resolutions in respect of (i) the Equity Transfer Agreement and the Disposal of Equity Interests, and (ii) the Capital Increase Agreement and the Capital Increase by the Company at the AGM. TC Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

THE AGM AND CIRCULAR

The AGM will be held at 1:30 p.m. on Thursday, 30 June 2022 at Level 3, Ocean Hotel Shanghai, 1171 Dong Da Ming Road, Hong Kou District, Shanghai, the PRC for the Shareholders to consider and, if thought fit, approve the resolutions contained in the notice of the AGM.

A circular containing, among other things, (i) further details of (a) the Equity Transfer Agreement and the Disposal of Equity Interests, and (b) the Capital Increase Agreement and the Capital Increase by the Company; (ii) a letter from the Independent Board Committee; (iii) a letter from TC Capital to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Hong Kong Listing Rules, is proposed to be despatched to the Shareholders on or around 9 June 2022 as additional time is required to prepare certain information in the circular.

The members of the COSCO SHIPPING Group will abstain from voting on the resolution in respect of (i) the Equity Transfer Agreement and the Disposal of Equity Interests, and (ii) the Capital Increase Agreement and the Capital Increase by the Company at the AGM.

INTRODUCTION

As at the date of this announcement, COSCO SHIPPING Finance has 15 existing shareholders. To optimize its shareholding structure in order to enhance the overall performance of financial services to its shareholders, COSCO SHIPPING Finance proposed the Shareholding Restructuring. Pursuant to the Shareholding Restructuring, the following agreements were entered into by relevant parties on 19 May 2022:

- (1) the equity transfer agreement entered into by COSCO SHIPPING Holdings, COSCO International Freight, COSCO Tianjin, COSCO Qingdao, COSCO Xiamen, China Bunker, COSCO Shipbuilding and COSCO Shipyard, pursuant to which COSCO SHIPPING Holdings conditionally agrees to purchase an aggregate of 15.1258% of the equity interests of COSCO SHIPPING Finance from other parties thereto;
- (2) the Equity Transfer Agreement entered into by COSCO and the Company, pursuant to which the Company conditionally agrees to sell and COSCO conditionally agrees to purchase 10.0000% of the equity interests of COSCO SHIPPING Finance;

- (3) the equity transfer agreement entered into by COSCO SHIPPING Logistics, China Agency and China Tally, pursuant to which COSCO SHIPPING Logistics conditionally agrees to purchase, China Agency and China Tally conditionally agrees to sell an aggregate of 4.8018% of the equity interests of COSCO SHIPPING Finance; and
- (4) the equity transfer agreement entered into by COSCO SHIPPING Specialized and Guangzhou Ocean, pursuant to which COSCO SHIPPING Specialized conditionally agrees to purchase and Guangzhou Ocean conditionally agrees to sell 3.5214% of the equity interests of COSCO SHIPPING Finance.

In addition to the Shareholding Restructuring, in order to increase the capital adequacy ratio for COSCO SHIPPING Finance to further develop its business and enhance its overall profitability, on 19 May 2022, each of the Post-restructuring Shareholders (including the Company) entered into the Capital Increase Agreement, pursuant to which the Post-restructuring Shareholders conditionally agree to increase the registered capital of COSCO SHIPPING Finance by an aggregate of RMB13,500 million (equivalent to approximately HK\$16,200 million) in proportion to their respective shareholdings of COSCO SHIPPING Finance after completion of the Shareholding Restructuring.

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that, on 19 May 2022, COSCO and the Company entered into the Equity Transfer Agreement, pursuant to which the Company conditionally agrees to sell and COSCO conditionally agrees to purchase 10.0000% of the equity interests of COSCO SHIPPING Finance at the total consideration of RMB911,638,820 (equivalent to approximately HK\$1,093,966,584). As at the date of this announcement, the Company holds 23.3840% equity interests in COSCO SHIPPING Finance.

The principal terms of the Equity Transfer Agreement is set out below.

Date

19 May 2022

Parties

- (1) The Company; and
- (2) COSCO

Subject matter

The Company conditionally agrees to sell and COSCO conditionally agrees to purchase 10.0000% of the equity interests of COSCO SHIPPING Finance at the consideration of RMB911,638,820 (equivalent to approximately HK\$1,093,966,584).

Consideration

The consideration for the Disposal of Equity Interests under the Equity Transfer Agreement in the amount of RMB911,638,820 (equivalent to approximately HK\$1,093,966,584) was determined after arm's length negotiations between the parties with reference to the appraised value of the entire equity interests of COSCO SHIPPING Finance as at 31 December 2021 by an independent valuer. Pursuant to the valuation report issued by an independent valuer, the appraised value of the entire equity interests of COSCO SHIPPING Finance as at 31 December 2021 was approximately RMB9,116,388,200 (equivalent to approximately HK\$10,939,665,840) under income approach, therefore the corresponding appraised value of 10.0000% of the equity interests of COSCO SHIPPING Finance as at 31 December 2021 was approximately RMB911,638,820 (equivalent to approximately HK\$1,093,966,584).

As the valuation report for the transactions contemplated under the Equity Transfer Agreement is still undergoing the state-owned assets filing procedures in accordance with relevant laws and regulations of the PRC as at the date of the Equity Transfer Agreement, the parties to the Equity Transfer Agreement agree and confirm that if the above valuation report is adjusted during the filing process, the consideration for the transactions contemplated under the Equity Transfer Agreement shall be adjusted accordingly as confirmed after the completion of the filing procedures.

Conditions

The Equity Transfer Agreement shall be effective upon the satisfaction of the following conditions:

- (1) the completion of all internal approval procedures in respect of the execution and performance of the Equity Transfer Agreement by the parties thereto in accordance with their respective articles of association and applicable laws, regulations and normative documents;
- (2) the consent for the transactions contemplated under the Equity Transfer Agreement being obtained at the shareholders' meeting of COSCO SHIPPING Finance;
- (3) the consents for the non-exercise of the Right of First Refusal being obtained from relevant shareholders of COSCO SHIPPING Finance and the completion of all internal approval procedures by such shareholders of COSCO SHIPPING Finance in respect of the non-exercise of the Right of First Refusal;
- (4) the approval(s) for the transactions contemplated under the Equity Transfer Agreement being obtained from the PRC governmental department and its authorized offices in respect of state-owned assets supervision and administration; and
- (5) the approval for the proposal of the Shareholding Restructuring being obtained from Shanghai office of CBIRC.

Payment Conditions and Terms

COSCO shall fully pay the consideration under the Equity Transfer Agreement in cash to the Company within 15 business days after all the following payment conditions have been satisfied or otherwise agreed by the parties to the Equity Transfer Agreement:

- (1) the Equity Transfer Agreement becomes effective;
- (2) there is no material adverse changes of COSCO SHIPPING Finance in respect of its business, operation, asset and indebtedness taking place after 31 December 2021; and
- (3) there is no breach of the Equity Transfer Agreement and all the representations and warranties thereof remain valid.

Completion

The Company shall cooperate with COSCO to complete the registration with the relevant administration of industry and commerce of the PRC in relation to the transfer of equity interests of COSCO SHIPPING Finance contemplated under the Equity Transfer Agreement within 30 business days after all the consideration under the Equity Transfer Agreement having been fully settled and the Company's obligation under the Equity Transfer Agreement to deliver the 10.0000% equity interests in COSCO SHIPPING Finance to COSCO shall be duly performed upon the completion of such registration. The parties to the Equity Transfer Agreement agree and confirm that during the Transition Period, the profit and loss of the Target Assets shall accrue to or be borne by the Company, as the case may be.

Reasons for and Benefits of the Disposal of Equity Interests under the Equity Transfer Agreement and Use of Proceeds

The Disposal of Equity Interests could further optimize the layout of the Company's industrial structure with focus on the Company's main business of shipping leasing and container leasing and manufacturing. The Disposal of Equity Interests could provide cash inflow to the Company in the amount of approximately RMB911,638,820 (equivalent to approximately HK\$1,093,966,584). The Group currently intends to apply the proceeds from the Disposal of Equity Interests as general working capital and to support the funding needs for the future business development of the Group. Subject to final audit, it is expected that the Group will realize a gain on disposal from the Disposal of Equity Interests of approximately RMB1,378,039.6 (excluding the profit and loss of the Target Assets during the Transition Period) with reference to the carrying value of the Group's long term investment in the Target Assets as at 31 December 2021. In addition, the Disposal of Equity Interests could also enable COSCO SHIPPING Finance to further optimize its shareholding structure, better comply with the regulatory requirements and establish a corporate governance system that is more suitable for its development, so that the shareholding structure of COSCO SHIPPING Finance is more compatible with its business scale.

Upon completion of the Disposal of Equity Interests, the Company will hold 13.3840% equity interests in COSCO SHIPPING Finance and become the third largest shareholder of COSCO SHIPPING Finance.

Taking into account the above, the Board (including the independent non-executive Directors) considers that the terms of the Equity Transfer Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

THE CAPITAL INCREASE AGREEMENT

The Board is also pleased to announce that, on 19 May 2022, each of the Post-restructuring Shareholders (including the Company) entered into the Capital Increase Agreement, pursuant to which the Post-restructuring Shareholders conditionally agree to increase the registered capital of COSCO SHIPPING Finance by the aggregate of RMB13,500 million (equivalent to approximately HK\$16,200 million) in proportion to their respective shareholdings of COSCO SHIPPING Finance upon completion of the Shareholding Restructuring. Accordingly, the Company agrees to contribute RMB1,806,840,000 (equivalent to approximately HK\$2,168,208,000) pursuant to the Capital Increase Agreement.

Upon completion of the Shareholding Restructuring and the Capital Increase, the registered capital of COSCO SHIPPING Finance will be increased from RMB6,000 million to RMB19,500 million, while the shareholding by the Company in COSCO SHIPPING Finance will remain at 13.3840%.

The principal terms of the Capital Increase Agreement is set out below.

Date

19 May 2022

Parties

- (1) COSCO SHIPPING;
- (2) COSCO SHIPPING Holdings;
- (3) the Company;
- (4) COSCO SHIPPING Energy;
- (5) COSCO;
- (6) COSCO SHIPPING Lines;
- (7) COSCO SHIPPING Specialized; and
- (8) COSCO SHIPPING Logistics

Subject matter

The Post-restructuring Shareholders conditionally agrees to increase the registered capital of COSCO SHIPPING Finance by an aggregate of RMB13,500 million (equivalent to approximately HK\$16,200 million) in proportion to their respective shareholdings of COSCO SHIPPING Finance upon completion of the Shareholding Restructuring.

Consideration

The aggregate amount of capital contribution payable by the Post-restructuring Shareholders to COSCO SHIPPING Finance for the Capital Increase under the Capital Increase Agreement is RMB13,500 million (equivalent to approximately HK\$16,200 million), the breakdown of which is set out below:

Post-restructuring Shareholders	Shareholding Percentage in Equity Interests of COSCO SHIPPING Finance upon the Completion of Shareholding Restructuring	Amount of Capital Contribution Payable
COSCO SHIPPING	31.2083%	RMB4,213,120,500
COSCO SHIPPING Holdings	15.1258%	RMB2,041,983,000
the Company	13.3840%	RMB1,806,840,000
COSCO SHIPPING Energy	10.9145%	RMB1,473,457,500
COSCO	10.0000%	RMB1,350,000,000
COSCO SHIPPING Lines	7.8430%	RMB1,058,805,000
COSCO SHIPPING Specialized	6.7226%	RMB907,551,000
COSCO SHIPPING Logistics	4.8018%	RMB648,243,000
Total	100%	RMB13,500,000,000

The amount of capital contribution for the Capital Increase shall be payable in full by each of the Post-restructuring Shareholders in cash within 15 business days after the approval for the Capital Increase being obtained from Shanghai office of CBIRC.

The amount of capital contribution for the Capital Increase was determined after arm's length negotiations among the Post-restructuring Shareholders with reference to, among other things, (i) their respective shareholdings in COSCO SHIPPING Finance and (ii) the estimated business needs and future business development of COSCO SHIPPING Finance.

The amount of capital contribution for the Capital Increase payable by the Company in the amount of RMB1,806,840,000 (equivalent to approximately HK\$2,168,208,000) will be funded by the internal resources of the Group.

Conditions

The Capital Increase Agreement shall be effective upon the satisfaction of the following conditions:

- (1) the duly execution of the Capital Increase Agreement by the legal representatives or authorized representatives of the parties thereto and affix of company chop by the parties thereto;

- (2) the completion of relevant internal approval procedures in respect of the Capital Increase Agreement by the parties thereto in accordance with their respective articles of association and applicable laws and regulations;
- (3) the consent for the Capital Increase being obtained at the shareholders' meeting of COSCO SHIPPING Finance;
- (4) the approval(s) for the Capital Increase being obtained from the PRC governmental department and its authorized offices in respect of state-owned assets supervision and administration;
- (5) the approval for the Shareholding Restructuring being obtained from Shanghai office of CBIRC and the Shareholding Restructuring being duly completed; and
- (6) the approval for the Capital Increase being obtained from Shanghai office of CBIRC.

Reasons for and Benefits of the Capital Increase

The Capital Increase will provide additional capital for COSCO SHIPPING Finance to increase its capital adequacy ratio, increase its risk resistance capacity and effectively prevent and control the investment risk of its shareholders. In addition, the Capital Increase could also optimize the asset portfolio of COSCO SHIPPING Finance and enhance the efficiency and performance of its capital utility, provide stable and adequate return on investment to the Company and reduce the risks arising from fluctuation of the shipping market. Moreover, the Capital Increase will further strengthen its capacity of providing credit and loan-related services and in turn enable COSCO SHIPPING Finance to provide stable and favorable financial services to the Group in the future.

The terms of the Capital Increase Agreement and the transactions contemplated thereunder were agreed after arm's length negotiations among the Post-restructuring Shareholders. By participating in the Capital Increase in proportion to its shareholding in COSCO SHIPPING Finance, the Group can prevent dilution of its shareholding in COSCO SHIPPING Finance, which can maximize value to shareholders and further increase return on investment from COSCO SHIPPING Finance.

Taking into account the above, the Board (including the independent non-executive Directors) considers that the terms of the Capital Increase Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF COSCO SHIPPING FINANCE

The shareholding structure of COSCO SHIPPING Finance (i) as at the date of this announcement, (ii) immediately after completion of the Shareholding Restructuring, and (iii) immediately after completion of the Shareholding Restructuring and the Capital Increase is as set out below:

Parties	Shareholding as at the date of this announcement		Shareholding immediately after completion of the Shareholding Restructuring		Shareholding immediately after completion of the Shareholding Restructuring and the Capital Increase	
	<i>Amount of contribution to the registered capital (RMB)</i>	<i>Approximate percentage of the registered capital (%)</i>	<i>Amount of contribution to the registered capital (RMB)</i>	<i>Approximate percentage of the registered capital (%)</i>	<i>Amount of contribution to the registered capital (RMB)</i>	<i>Approximate percentage of the registered capital (%)</i>
(1) COSCO SHIPPING	1,872,493,772	31.2083	1,872,493,772	31.2083	6,085,614,272	31.2083
(2) The COSCO SHIPPING Holdings Group						
COSCO SHIPPING Holdings	Nil	–	907,548,333	15.1258	2,949,531,333	15.1258
COSCO SHIPPING Lines	470,580,380	7.8430	470,580,380	7.8430	1,529,385,380	7.8430
COSCO International Freight	192,072,841	3.2012	Nil	–	Nil	–
Sub-total	662,653,221	11.0442	1,378,128,713	22.9688	4,478,916,713	22.9688
(3) the Company	1,403,040,268	23.3840	803,040,268	13.3840	2,609,880,268	13.3840
(4) COSCO SHIPPING Energy	654,872,460	10.9145	654,872,460	10.9145	2,128,329,960	10.9145
(5) The COSCO SHIPPING Specialized Group						
COSCO SHIPPING Specialized	192,072,841	3.2012	403,355,526	6.7226	1,310,906,526	6.7226
Guangzhou Ocean	211,282,685	3.5214	Nil	–	Nil	–
Sub-total	403,355,526	6.7226	403,355,526	6.7226	1,310,906,526	6.7226
(6) Other COSCO SHIPPING Subsidiaries						
COSCO	Nil	–	600,000,000	10.0000	1,950,000,000	10.0000
COSCO SHIPPING Logistics	Nil	–	288,109,261	4.8018	936,352,261	4.8018
COSCO Tianjin	384,148,882	6.4025	Nil	–	Nil	–
China Agency	268,902,617	4.4817	Nil	–	Nil	–
COSCO Qingdao	153,659,553	2.5610	Nil	–	Nil	–
COSCO Shipbuilding	72,028,915	1.2005	Nil	–	Nil	–
COSCO Shipyard	48,018,210	0.8003	Nil	–	Nil	–
China Bunker	38,413,288	0.6402	Nil	–	Nil	–
COSCO Xiamen	19,206,644	0.3201	Nil	–	Nil	–
China Tally	19,206,644	0.3201	Nil	–	Nil	–
Sub-total	1,003,584,753	16.7264	888,109,261	14.8018	2,886,352,261	14.8018
Total	6,000,000,000	100	6,000,000,000	100	19,500,000,000	100

In light of the above, upon completion of the Shareholding Restructuring and the Capital Increase, the Company will remain its proportion of equity interests of COSCO SHIPPING Finance at 13.3840%, therefore COSCO SHIPPING Finance will not become a subsidiary of the Company and its financial statements will not be consolidated into the financial statements of the Group.

INFORMATION ON COSCO SHIPPING FINANCE

COSCO SHIPPING Finance is a company established under the laws of the PRC with limited liability and is a non-wholly owned subsidiary of COSCO SHIPPING. It is principally engaged in the provision of deposit services, credit services, financial and financing consultation, credit verification and related consultation and agency services, settlement and liquidation.

Based on the financial statements of COSCO SHIPPING Finance prepared in accordance with Accounting Standards for Business Enterprises, the financial information of COSCO SHIPPING Finance for the two years ended 31 December 2020 and 2021 was approximately as follows:

	For the year ended	
	31 December	
	2020	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>Approximately</i>	<i>Approximately</i>
Profit before taxation	651,768	456,466
Profit after taxation	500,158	341,335
	As at 31 December	
	2020	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>Approximately</i>	<i>Approximately</i>
Net Assets	8,743,332	8,790,521

INFORMATION ON THE PARTIES TO THE EQUITY TRANSFER AGREEMENT AND THE PARTIES TO THE CAPITAL INCREASE AGREEMENT

Information on the Company

The Company is a joint stock limited company established under the laws of 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 is principally engaged in shipping and industry-related leasing businesses, manufacturing of containers and provision of investment and financial services.

Information on COSCO SHIPPING

COSCO SHIPPING is a company incorporated under the laws of the PRC and is a state-owned enterprise 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.

Information on COSCO SHIPPING Holdings

COSCO SHIPPING Holdings 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.

COSCO SHIPPING Holdings and its subsidiaries provide a wide range of container shipping and terminal services covering the whole shipping value chain for both international and domestic customers.

Information on COSCO SHIPPING Energy

COSCO SHIPPING Energy is a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Hong Kong Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange.

COSCO SHIPPING Energy and its subsidiaries are principally engaged in investment holding, oil shipment along the coast of the PRC and internationally, international liquefied natural gas shipment and vessel chartering.

Information on COSCO

COSCO is a PRC state-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in operation of bulk cargo shipping, general cargo and special vessel shipping, ship repair and retrofit, ship building, provision of vessel fuels, and provision of financial services, ship trading services and seaman and ship management services.

Information on COSCO SHIPPING Lines

COSCO SHIPPING Lines is a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of COSCO SHIPPING Holdings. It is principally engaged in container shipping.

Information on COSCO SHIPPING Specialized

COSCO SHIPPING Specialized is a joint stock limited company established under the laws of the PRC with limited liability and the A shares of which are listed on the Shanghai Stock Exchange.

COSCO SHIPPING Specialized and its subsidiaries are principally engaged in the operations and management of vessels and carriers and cargo transportation.

Information on COSCO SHIPPING Logistics

COSCO SHIPPING Logistics is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in the provision of cargo logistics, international freight agency services and related consultancy services.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, 47,570,789 A Shares, representing approximately 0.35% of the total issued share capital of the Company, are held by COSCO SHIPPING, 4,628,015,690 A Shares, representing approximately 34.06% of the total issued share capital of the Company, are held by China Shipping, a wholly-owned subsidiary of COSCO SHIPPING, 1,447,917,519 A Shares, representing approximately 10.66% of the total issued share capital of the Company, are held by COSCO SHIPPING Investment, an indirect wholly-owned subsidiary of COSCO SHIPPING, and 100,944,000 H Shares, representing approximately 0.74% of the total issued share capital of the Company, are held by Ocean Fortune Investment Limited, a wholly-owned subsidiary of COSCO SHIPPING Investment. Therefore, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 45.81% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company.

As at the date of this announcement, COSCO SHIPPING Finance is a non-wholly owned subsidiary of COSCO SHIPPING and COSCO is a wholly-owned subsidiary of COSCO SHIPPING, respectively. Therefore, each of COSCO SHIPPING Finance and COSCO is an associate (as defined under the Hong Kong Listing Rules) of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, both of the Disposal of Equity Interests and the Capital Increase by the Company will constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Disposal of Equity Interests

As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Disposal of Equity Interests exceeds 5% but are all less than 25%, the Disposal of Equity Interests (i) constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules; and (ii) constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Capital Increase by the Company

As one or more applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the Capital Increase exceeds 5% but are all less than 25%, the Capital Increase (i) constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules; and (ii) constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, all being executive Directors, and Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, all being non-executive Directors, hold directorship(s) or act as senior management in COSCO SHIPPING and/or its associates, and were nominated by China Shipping to the Board. Accordingly, Mr. Wang Daxiong, Mr. Liu Chong, Mr. Xu Hui, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi have therefore abstained from voting on the relevant Board resolutions approving (i) the Equity Transfer Agreement and the Disposal of Equity Interests, and (ii) the Capital Increase Agreement and the Capital Increase by the Company pursuant to the articles of association of the Company. Save as aforementioned, none of the other Directors has a material interest in (i) the Equity Transfer Agreement and the Disposal of Equity Interests, and (ii) the Capital Increase Agreement and the Capital Increase by the Company. Therefore, no other Director has abstained from voting on such Board resolutions.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on, among other things, (i) the Equity Transfer Agreement and the Disposal of Equity Interests, and (ii) the Capital Increase Agreement and the Capital Increase by the Company and on how to vote on the resolutions in respect of (i) the Equity Transfer Agreement and the Disposal of Equity Interests, and (ii) the Capital Increase Agreement and the Capital Increase by the Company at the AGM. TC Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

THE AGM AND CIRCULAR

The AGM will be held at 1:30 p.m. on Thursday, 30 June 2022 at Level 3, Ocean Hotel Shanghai, 1171 Dong Da Ming Road, Hong Kou District, Shanghai, the PRC for the Shareholders to consider and, if thought fit, approve the resolutions contained in the notice of the AGM.

A circular containing, among other things, (i) further details of (a) the Equity Transfer Agreement and the Disposal of Equity Interests, and (b) the Capital Increase Agreement and the Capital Increase by the Company; (ii) a letter from the Independent Board Committee; (iii) a letter from TC Capital to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Hong Kong Listing Rules, is proposed to be despatched to the Shareholders on or around 9 June 2022 as additional time is required to prepare certain information in the circular.

The members of the COSCO SHIPPING Group will abstain from voting on the resolution in respect of (i) the Equity Transfer Agreement and the Disposal of Equity Interests, and (ii) the Capital Increase Agreement and the Capital Increase by the Company at the AGM.

DEFINITIONS

Unless the context requires otherwise, capitalized terms used in this announcement shall have the meanings as follows:

“AGM”	the 2021 annual general meeting of the Company to be held at 1:30 p.m. on Thursday, 30 June 2022 at Level 3, Ocean Hotel Shanghai, 1171 Dong Da Ming Road, Hong Kou District, Shanghai, the PRC for the Shareholders to consider and, if thought fit, approve the resolutions contained in the notice of the AGM
“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Benchmark Date”	the benchmark date for the valuation of the Target Assets, i.e. 31 December 2021
“Board”	the board of Directors
“Capital Increase”	the proposed increase in the registered capital of COSCO SHIPPING Finance by an aggregate of RMB13,500 million (equivalent to approximately HK\$16,200 million) to be contributed by the Post-restructuring Shareholders in proportion to their respective shareholdings of COSCO SHIPPING Finance
“Capital Increase Agreement”	the capital increase agreement dated 19 May 2022 entered into by the Post-restructuring Shareholders in relation to the Capital Increase
“Capital Increase by the Company”	the proposed increase in the registered capital of COSCO SHIPPING Finance in the amount of RMB1,806,840,000 (equivalent to approximately HK\$2,168,208,000) to be contributed by the Company pursuant to the Capital Increase Agreement
“CBIRC”	China Banking and Insurance Regulatory Commission and its local offices
“China Agency”	China Ocean Shipping Agency Co., Ltd.# (中國外輪代理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING

“China Bunker”	China Marine Bunker (Petro China) Co., Ltd.# (中國船舶燃料有限責任公司), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of COSCO SHIPPING
“China Shipping”	China Shipping Group Company Limited# (中國海運集團有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of COSCO SHIPPING and a controlling shareholder of the Company
“China Tally”	China Ocean Shipping Tally Co., Ltd.# (中國外輪理貨有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“Completion Audit Benchmark Date”	if the Completion Date is on or before the 15th calendar day of a month, the Completion Audit Benchmark Date shall be the last day of the previous month of such month; if the Completion Date is after the 15th calendar day of a month, the Completion Audit Benchmark Date shall be the last day of such month
“Completion Date”	the date on which the consideration for the transactions under the Equity Transfer Agreement has been fully paid by COSCO to the designated account(s) of the Company
“Company”	COSCO SHIPPING Development Co., Ltd.* (中遠海運發展股份有限公司), a joint stock limited company established in the PRC, the H shares and A shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2866) and the Shanghai Stock Exchange (Stock Code: 601866), respectively
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong 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 of the Company and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO International Freight”	COSCO International Freight Co., Ltd.# (中遠海運國際貨運有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Holdings
“COSCO Qingdao”	COSCO (Qingdao) Co., Ltd.# (中遠海運(青島)有限公司), formerly known as Qingdao Ocean Shipping Co., Ltd.* (青島遠洋運輸有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING

“COSCO Shipbuilding”	COSCO Shipbuilding Industry Company Ltd.# (中遠造船工業有限公司), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING”	China COSCO Shipping Corporation Ltd.# (中國遠洋海運集團有限公司), a PRC state-owned enterprise and an indirect controlling shareholder of the Company
“COSCO SHIPPING Energy”	COSCO SHIPPING Energy Transportation Co., Ltd. (中遠海運能源運輸股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1138) and the Shanghai Stock Exchange (Stock Code: 600026), respectively
“COSCO SHIPPING Finance”	COSCO SHIPPING Finance Company Limited# (中遠海運集團財務有限責任公司), a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Group”	COSCO SHIPPING, its subsidiaries and/or its associates
“COSCO SHIPPING Holdings”	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 and A shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1919) and the Shanghai Stock Exchange (Stock Code: 601919), respectively
“COSCO SHIPPING Holdings Group”	COSCO SHIPPING Holdings and its subsidiaries
“COSCO SHIPPING Lines”	COSCO SHIPPING Lines Co., Ltd.# (中遠海運集裝箱運輸有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Holdings
“COSCO SHIPPING Logistics”	COSCO SHIPPING Logistics Co., Ltd.# (中遠海運物流有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Specialized”	COSCO SHIPPING Specialized Carriers Co., Ltd.# (中遠海運特種運輸股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600428)
“COSCO SHIPPING Specialized Group”	COSCO SHIPPING Specialized and its subsidiaries

“COSCO Shipyard”	COSCO Shipyard Group Co., Ltd.# (中遠船務工程集團有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO Tianjin”	COSCO (Tianjin) Co., Ltd.# (中遠海運(天津)有限公司), formerly known as COSCO Bulk Carrier Co., Ltd.* (中遠散貨運輸有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO Xiamen”	COSCO (Xiamen) Co., Ltd.# (中遠海運(廈門)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“Director(s)”	director(s) of the Company
“Disposal of Equity Interests”	the disposal of 10.0000% equity interests in COSCO SHIPPING Finance by the Company to COSCO at the consideration of RMB911,638,820 (equivalent to approximately HK\$1,093,966,584) pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and COSCO, pursuant to which the Company conditionally agrees to sell and COSCO conditionally agrees to purchase 10.0000% of the equity interests in COSCO SHIPPING Finance
“Group”	the Company and its subsidiaries
“Guangzhou Ocean”	Guangzhou Ocean Shipping Co., Ltd.# (廣州遠洋運輸有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Specialized
“H Share(s)”	the overseas listed foreign shares in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of (i) the Equity Transfer Agreement and the Disposal of Equity Interests, and (ii) the Capital Increase Agreement and the Capital Increase by the Company
“Independent Shareholders”	the Shareholders other than COSCO SHIPPING, China Shipping and their respective associates
“Non-selling Shareholder(s)”	collectively, (1) COSCO SHIPPING, (2) COSCO SHIPPING Lines, (3) COSCO SHIPPING Energy, and (4) COSCO SHIPPING Specialized
“Post-restructuring Shareholder(s)”	collectively, (1) the Company, (2) COSCO SHIPPING Lines, (3) COSCO SHIPPING, (4) COSCO, (5) COSCO SHIPPING Holdings, (6) COSCO SHIPPING Energy, (7) COSCO SHIPPING Specialized, and (8) COSCO SHIPPING Logistics
“PRC”	the People’s Republic of China
“PRC Company Law”	PRC Company Law (《中華人民共和國公司法》) and its amendments issued from time to time
“Right of First Refusal”	the right of first refusal conferred to the Non-selling Shareholders in relation to the Shareholding Restructuring pursuant to the PRC Company Law
“RMB”	Renminbi, the lawful currency of the PRC
“Selling Shareholder(s)”	collectively, (1) COSCO Tianjin, (2) COSCO Qingdao, (3) COSCO Xiamen, (4) China Bunker, (5) COSCO Shipbuilding, and (6) COSCO Shipyard
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholding Restructuring”	the proposed transfer of the equity interests of COSCO SHIPPING Finance under (1) the Equity Transfer Agreement, (2) the equity transfer agreement entered into by COSCO SHIPPING Holdings, COSCO International Freight and each of the Selling Shareholders dated 19 May 2022, (3) the equity transfer agreement entered into by COSCO SHIPPING Logistics, China Agency and China Tally dated 19 May 2022, and (4) the equity transfer agreement entered into by COSCO SHIPPING Specialized and Guangzhou Ocean dated 19 May 2022

“TC Capital”	TC Capital International Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement, the Capital Increase Agreement and the transactions contemplated thereunder
“Target Assets”	the 10.0000% equity interest in COSCO SHIPPING Finance to be transferred by the Company to COSCO pursuant to the Equity Transfer Agreement
“Transition Period”	the period starting from the Benchmark Date to the Completion Audit Benchmark Date
“%”	per cent

The exchange rate used for reference purpose in this announcement is RMB1.00 to HK\$1.20.

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

Shanghai, the People’s Republic of China
19 May 2022

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, Mr. Lu Jianzhong, Ms. Zhang Weihua and Mr. Shao Ruiqing, being independent non-executive Directors.

* *The Company is a registered non-Hong Kong company as defined under 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 purposes only