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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The “COSCO SHIPPING Development Co., Ltd. Announcement on the Exercise Results During the First Exercise Period of the First Grant of Share Options under the Share Option Incentive Scheme and the Listing of Shares” as published by COSCO SHIPPING Development Co., Ltd. in Chinese on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 24 May 2022 is enclosed hereto as overseas regulatory announcement in Chinese and English for your reference only. In case of any inconsistencies between the Chinese version and the English translation, the Chinese version shall prevail.

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

24 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.”.*

Stock Abbreviation: COSCO SHIPPING Development Stock Code: 601866

Announcement No.: Lin 2022-034

COSCO SHIPPING Development Co., Ltd.*
ANNOUNCEMENT ON THE EXERCISE RESULTS
DURING THE FIRST EXERCISE PERIOD OF
THE FIRST GRANT OF SHARE OPTIONS UNDER
THE SHARE OPTION INCENTIVE SCHEME
AND THE LISTING OF SHARES

The board of directors of the Company and all members of the board of directors warrant that there are no false representations, misleading statements and material omissions in this announcement, and are severally and jointly responsible for the authenticity, accuracy and completeness of the content herein.

Important Notice:

1. The number of shares involved in the exercise of options:
20,560,412
2. The listing date of shares involved in the exercise of options: 24
May 2022

I. Decision-Making Procedures and Relevant Information
Disclosure for the Exercise of Options under the Share Option
Incentive Scheme

(I) Decision-Making Procedures and Information Disclosure

On 5 March 2020, COSCO SHIPPING Development Co., Ltd. (the “Company”) convened the 2020 First Extraordinary General Meeting, 2020 First A Shares Class Meeting and 2020 First H Shares Class Meeting, at which the Share Option Incentive Scheme of COSCO SHIPPING Development Co., Ltd. (Draft Revision) (the “Incentive Scheme”) and related resolutions were considered and approved. On 22 April 2020, the Company completed the registration of 78,220,711 share options under the first grant. On 8 June 2021, the Company completed the registration of reserved share options.

On 29 April 2022, the Company convened the fifty-third meeting of the sixth session of the Board and the twenty-first meeting of the sixth session of the Supervisory Committee, at which the “Resolution on the Adjustment to the Exercise Price, the List of Participants of the First Grant and Number of Share Options and the Cancellation of Partial Granted but Outstanding Share Options” was considered and approved, and since the Company has implemented of the 2019 and 2020 profit distribution plan, the exercise price under the Share Option Incentive Scheme has been adjusted from RMB2.52 per share to RMB2.419 per share. Due to reasons such as the resignation of participants, the list of participants of the first grant and number of share options were adjusted accordingly, and the number of participants changed from 124 to 110, the number of share options under the first grant changed from 78,220,711 to 68,833,794, and

9,386,917 share options were cancelled; the Supervisory Committee expressed its opinions on the adjustment to the exercise price, the list of participants of the first grant and number of share options under the Share Option Incentive Scheme, and the independent Directors expressed their independent opinions on the adjustment to the exercise price, the list of participants of the first grant and number of share options under the Share Option Incentive Scheme.

On 29 April 2022, the Company convened the fifty-third meeting of the sixth session of the Board and the twenty-first meeting of the sixth session of the Supervisory Committee, at which the “Resolution on the First Exercise Period of the First Grant of Share Options under the Share Option Incentive Scheme Fulfilling Exercise Conditions” was considered and approved to agree with the adjustment to the benchmark companies under the Share Option Incentive Scheme and the compliance of the first exercise period of the first grant of share options under the Share Option Incentive Scheme with exercise conditions, and approve the exercise of share options by the participants who meet the conditions.

On 30 April 2022, the Company published the “Announcement on the Adjustment to the Exercise Price, the List of Participants of the First Grant and Number of Share Options and the Cancellation of Partial Granted but Outstanding Share Options” (Announcement No.: Lin 2022-028) and the “Announcement on the First Exercise Period of the First Grant of Share

Options under the Share Option Incentive Scheme Fulfilling Exercise Conditions” (Announcement No.: Lin 2022-029) for information disclosure of the aforesaid matters.

(II) Relevant Explanations on the Adjustment of Benchmark Enterprises in the First Exercise Period

1. Basis of Adjustment of Benchmark Enterprises

Article 28(V) of Chapter 8 of the Share Option Incentive Scheme (Draft Revision) provides that “The board of the Company is authorized at the shareholders’ meeting to exclude or supersede the sample companies, if the above enterprises are not comparable due to the significant change of principal business. During the validity of this scheme, if the above enterprises issue shares for acquisition of assets, the effect of the acquisition on the calculation of indicators of the corresponding enterprises should be eliminated.”

Article 39 of the Guidelines for the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Circular No. 178) stipulates that “In principle, no adjustments will be made to the benchmark enterprises during the assessment period after the awards are granted. However, if adjustments are required for special reasons such as delisting, major changes in principal business or major asset restructuring that result in significant changes in the operating results, the Board shall consider and determine the issue and make disclosure and explanation in the announcement.”

2. Adjustment Particulars of Benchmark Enterprises

Due to the major changes in the principal business of Shandong Yulong Gold Co., Ltd. (山东玉龙黄金股份有限公司) and Jiangsu Safety Wire Rope Co., Ltd. (江苏赛福天钢索股份有限公司), the Company's original benchmarking enterprises, the Company excludes the aforementioned two companies out of the benchmark enterprises. To ensure the rationality of the structure and number of sample companies and the representativeness of the benchmark results, fully reflect the overall performance of the benchmark industry and smooth the numerical deviation caused by the abnormal performance of some companies, Square Technology Group Co., Ltd. and Kangxin New Materials Co. Ltd., two peer companies in the same industry with a high degree of similarity to the Company in terms of principal business are included in as benchmark enterprises.

(1) Shandong Yulong Gold Co., Ltd. (601028.SH)

According to the annual report disclosed by the company, its principal businesses were steel pipe business and new energy business in 2018, which are categorized as “metal product sector” in the Industry Classification of Listed Companies by the CSRC. On August 8, 2019, the company changed its de facto controller. Since 2019, the Company gradually divested steel pipe business and new energy business that are of poor profitability and put more efforts in the growth of commodity trading

business. In 2020, it was principally engaged in commodity trading business, which is categorized as “Wholesale Sector” in the Industry Classification of Listed Companies by the CSRC. In 2020, operating income of the Company was RMB11.908 billion, an increase of 547.37% compared with 2019. The operating income of the year all came from the trade industry sector, accounting for 100%, and the main business has been completely changed.

Therefore, according to Article 28(V) of Chapter 8 of the Share Option Incentive Scheme (Draft Revision), it is proposed to exclude the company out of benchmark enterprises, as there occurred major change of the company which make it incomparable for the reason that company changed its principal business from “Steel Pipe Sector” to “Wholesale Sector”.

(2) Jiangsu Safety Wire Rope Co., Ltd. (603028.SH)

According to the annual report disclosed by the company, its principal business was the research, development, production and sales of special wire ropes for elevators and cranes in 2018. On June 13, 2019, the company changed its de facto controller and was transformed from a private company to a local state-owned enterprise. At the end of July 2020, in order to diversify and expand its business and supplement the city infrastructure construction sector in its industry chain, the company changed its principal business to the business of research, development, production and sales of

special wire ropes for elevators and cranes and the general construction work contract business after the completion of acquisition of Tongren Architectural Design (Suzhou) Co., Ltd. After the acquisition, the total assets of the company for 2020 increased by 33.20% as compared with the last year. The net profit of the company's architectural design and EPC sector from August to December 2020 accounted for 47.73% of the company's net profit in the current year. New contracts for the projects announced to design since the beginning of 2021 and EPC major projects of Tongren Architectural Design (Suzhou) Co., Ltd. reached a total of RMB1.04 billion (the operating revenue of Jiangsu Safety Wire Rope Co., Ltd. for 2020 amounted to RMB750 million). In view of the above, the company changed its strategy by including the general construction work contract business, which showed significant difference with “Steel Pipe Sector”, the targeted industry for benchmark.

Therefore, according to Article 28(V) of Chapter 8 of the Incentive Scheme (Draft Revision), it is proposed to exclude the company out of benchmark enterprises, as there occurred major change of the company which makes it incomparable.

3. Operating results of the Company can meet the exercise conditions of equity incentives even if not including the above two benchmarking companies, namely Square Technology Group Co., Ltd. and Kangxin New Materials Co., Ltd.

Operating results of the Company for 2020 can meet the exercise conditions of equity incentives even if excluding the two companies, namely Yulong Gold and Jiangsu Safety and not including new benchmark companies. The details are as follows:

	Growth rate of the operating revenue for 2020	EOE for 2020
75th percentile	7.26%	29.35%
COSCO SHIPPING Development	7.67%	47.07%

4. Adjustment of benchmark enterprises of the Company has complied with the relevant requirements in relation to the selection and adjustment of benchmark enterprises under the “Notice on Issues concerning Regularising the Implementation of Equity Incentive Schemes by State-controlled Listed Companies” (關於規範國有控股上市公司實施股權激勵制度有關問題的通知) issued by SASAC and other regulatory documents.

II. The Basic Information on the Exercise of Options under the Share Option Incentive Scheme

(I) Number of share involved in the exercise of options by the

participants

No.	Name	Position	Number of share options to be exercised (0'000)	Percentage of the share options exercised to the total share options granted note 1
I. Directors and senior management				
1	Liu Chong	General Manager	0	0
2	Xu Hui	Deputy General Manager	49.6700	0.6394%
3	Lin Feng	Chief Account	0	0
4	Ming Dong	Deputy General Manager	42.1433	0.5425%
5	Zuo Guodong	Secretary of the Discipline Inspection Committee	42.1433	0.5425%
6	Du Haiying	Deputy General Manager	0	0
7	Peng Hongmin	Chief Safety Officer	32.5233	0.4187%
8	Cai Lei	Board Secretary	0	0
Sub-total			166.4799	2.1431%
II. Other participants				
27 core management and business personnel at the headquarters			523.6234	6.7407%
70 core management and business personnel of the Company's subsidiaries			1365.9379	17.5839%
Total			2056.0412	26.4677%

Note 1: The total share options granted is the sum of 68,833,794 share options under the adjusted initial grant in April 2022 and 8,847,445 reserved share options granted.

(II) Source of shares for the exercise of options

All the shares for the exercise of options are ordinary A shares repurchased by the Company.

(III) Number of participants

There are a total of 101 participants who exercised options.

III. Arrangement for the Listing of Shares involved in the Exercise of Options under the Share Option Incentive Scheme and Changes in the Share Capital Structure

(I) The listing date of shares involved in the exercise of options is 24 May 2022.

(II) The number of shares involved in the exercise of options is 20,560,412 shares.

(III) All the underlying shares of the exercised share options are outstanding shares without restricted conditions. Where the participants are senior management of the Company, their transfer of shares of the Company held by them shall comply with the relevant laws, regulations and normative documents such as the Company Law of the People's Republic of China and the Securities Law of the People's Republic of China and the relevant provisions of the Articles of Association of COSCO SHIPPING Development Co., Ltd.

(IV) Changes in the share capital structure

Class of shares	Before the change	Change	After the change
Shares with restricted conditions			
RMB-denominated ordinary shares (A shares)	1,978,352,301	0	1,978,352,301
Overseas-listed foreign shares (H shares)	0	0	0
Shares without restricted conditions			
RMB-denominated ordinary shares (A shares)	7,932,125,000	0	7,932,125,000
Overseas-listed foreign shares (H shares)	3,676,000,000	0	3,676,000,000
Total	13,586,477,301	0	13,586,477,301

Since all the underlying shares of the exercised share options are sourced from the ordinary A shares repurchased by the Company, the total number of shares without restricted conditions of the Company will remain unchanged after the exercise of options, and the number of shares in the Company's securities account designated for share repurchase will decrease by 20,560,412 shares accordingly.

The de facto controller of the Company will remain unchanged after the change of shares.

IV. Capital Verification and Share Registration

According to the "Capital Verification Report" (XYZH/2022BJAA131032) issued by ShineWing Certified Public Accountants (Special General Partnership), as of 6 May 2022, the Company has received RMB49,735,636.86 exercising funds from 101 eligible participants. After the exercise of options under the Share Option

Incentive Scheme, the registered capital of the Company will amount RMB13,586,477,301.00, and the share capital will amount to RMB13,586,477,301.00.

The registration procedures for the transfer of 20,560,412 shares to participants has been completed in Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 23 May 2022

V. Plan for the Use of Proceeds

The exercise does not involve the issuance of new shares or the use of proceeds.

VI. Influence of the Newly Increased Shares After the Exercise of Options on the Latest Financial Report

The exercise will not result in a change in the Company's total share capital nor cause material impact on the Company's financial performance and results of operation in the latest period.

VII. Documents Available for Inspection

(I) “Confirmation Letter of Transfer Registration” issued by Shanghai Branch of China Securities Depository and Clearing Corporation Limited

(II) Capital Verification Report

Announcement is hereby given.

The board of directors of COSCO SHIPPING Development Co., Ltd.

24 May 2022