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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)

MAJOR AND CONNECTED TRANSACTIONS ASSIGNMENT AND NOVATION AGREEMENTS

ASSIGNMENT AND NOVATION AGREEMENTS

On 27 November 2020:

- (i) the Original Buyers and Oriental Fleet International entered into the Memoranda of Agreement, pursuant to which and subject to the terms thereof, the Original Buyers agree to transfer and Oriental Fleet International agree to take over all the rights, responsibilities and liabilities under the Shipbuilding Contracts in respect of the 16 Bulk Carriers under Construction at the aggregate consideration of US\$326,628,000 (which was determined based on the aggregate Assessment Prices of US\$845,760,000 and the unpaid fifth instalments under the Shipbuilding Contracts in the aggregate amount of US\$519,132,000, subject to the Added/Subtracted Contract Price); and
- (ii) the Original Buyers, Oriental Fleet International and the Sellers, entered into the Deeds of Novation in relation to the novation of the Shipbuilding Contracts in accordance with the Memoranda of Agreement.

IMPLICATIONS UNDER THE LISTING RULES

The Assignment and Novation Agreements were entered into within 12 months after completion of the Previous Acquisitions and are of a similar nature. Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the Previous Acquisitions and the Assignment and Novation Agreements and the transactions contemplated thereunder should be aggregated.

After aggregation, as one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the Assignment and Novation Agreements and the transactions contemplated thereunder exceed 25% but are less than 100%, the Assignment and Novation Agreements and the transactions contemplated thereunder constitute major transactions of the Company which are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, 47,570,789 A Shares, representing approximately 0.41% of the total issued share capital of the Company, are held by COSCO SHIPPING, 4,410,624,386 A Shares, representing approximately 38.00% of the total issued share capital of the Company, are held by China Shipping, a wholly-owned subsidiary of COSCO SHIPPING, and 100,944,000 H Shares, representing approximately 0.87% of the total issued share capital of the Company, are held by Ocean Fortune Investment Limited, an indirect wholly-owned subsidiary of COSCO SHIPPING. Therefore, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,458,195,175 A Shares and 100,944,000 H Shares, representing approximately 39.28% 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 COSCO SHIPPING Bulk is a wholly-owned subsidiary of COSCO SHIPPING, and each of the Original Buyers is an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk, each of the Original Buyers is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the Assignment and Novation Agreements and the transactions contemplated thereunder also constitute connected transactions of the Company which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that the Group proposes to enter into operating lease arrangements with the COSCO SHIPPING Bulk Group in respect of the 16 Bulk Carriers under Construction. Pursuant to the aforementioned operating lease arrangements, the Group will acquire the 16 Bulk Carriers under Construction through the Assignment and Novation Agreements and immediately after the delivery of which, the COSCO SHIPPING Bulk Group will charter-in the 16 Bulk Carriers under Construction from the Group.

In this connection, on 27 November 2020:

- (i) the Original Buyers and Oriental Fleet International entered into the Memoranda of Agreement, pursuant to which and subject to the terms thereof, the Original Buyers agree to transfer and Oriental Fleet International agree to take over all rights, responsibilities and liabilities under the Shipbuilding Contracts in respect of the 16 Bulk Carriers under Construction at the aggregate consideration of US\$326,628,000 (which was determined based on the aggregate Assessment Prices of US\$845,760,000 and the unpaid fifth instalments under the Shipbuilding Contracts in the aggregate amount of US\$519,132,000, subject to the Added/Subtracted Contract Price); and
- (ii) the Original Buyers, Oriental Fleet International and the Sellers, entered into the Deeds of Novation in relation to the novation of the Shipbuilding Contracts in accordance with the Memoranda of Agreement.

ASSIGNMENT AND NOVATION AGREEMENTS

The principal terms of the Memoranda of Agreement are as follows:

Date: 27 November 2020

Parties: (1) the Original Buyers, as assignor; and
(2) Oriental Fleet International, as assignee.

Subject matter: Pursuant to the Memoranda of Agreement and subject to the terms thereof, the Original Buyers agree to transfer and Oriental Fleet International agree to take over all the rights, responsibilities and liabilities under the Shipbuilding Contracts in respect of the 16 Bulk Carriers under Construction. It is expected that the 16 Bulk Carriers under Construction will be delivered during the period between December 2020 and August 2021.

Purchase price: The purchase price payable under each of the Memoranda of Agreement shall be the amount of (i) the relevant Assessment Price; less (ii) the amount of the unpaid fifth instalment under the respective Shipbuilding Contract (excluding Added/Subtracted Contract Price), which will be payable upon delivery of the Bulk Carriers under Construction under the Shipbuilding Contracts; less (iii) the relevant Added/Subtracted Contract Price (if any).

The Added/Subtracted Contract Price as a result of (i) upward adjustments to the contract price due to modifications of the Bulk Carriers under Construction; or (ii) downward adjustments due to the construction elements of the Bulk Carriers under Construction falling below certain agreed benchmarks and/or delay in delivery, under the Shipbuilding Contracts shall be confirmed by the Sellers and the Original Buyers at least 10 working days prior to the scheduled delivery date of the Bulk Carriers under Construction, consent to which shall not be unreasonably withheld by Oriental Fleet International.

As the construction work of the Bulk Carriers under Construction has been substantially completed or is close to completion and the Bulk Carriers under Construction are expected to be delivered as scheduled, it is expected that the Added/Subtracted Contract Price (if any) will be minimal. Taking into account the abovementioned status of the construction of the Bulk Carriers under Construction, the Board considers that the terms of the Assignment and Novation Agreements are fair and reasonable.

Set out below is a summary of the Assessment Price, the unpaid fifth instalment and the purchase price payable under the Memoranda of Agreement in respect of each type of the Bulk Carriers under Construction:

Type	Number of vessels	Assessment Price per vessel	Unpaid fifth instalment per vessel	Purchase price payable per vessel ^(Note 1)
208,000 DWT bulk carriers (Hull No. DE081 and DE082)	2	US\$55,250,000	US\$33,120,000	US\$22,130,000
210,000 DWT bulk carriers (Hull No. NB009-5 and NB009-6)	2	US\$52,330,000	US\$33,722,000	US\$18,608,000
210,000 bulk carriers (Hull No. BCK210K-1, BCK210K-2, BCK210K-3 and BCK210K-10)	4	US\$52,330,000	US\$33,722,000	US\$18,608,000
210,000 DWT bulk carriers (Hull No. N946, N947, N948, N949, N950, N951, N952 and N953)	8	US\$52,660,000	US\$31,320,000	US\$21,340,000

Note 1: On the assumption that there will not be any Added/Subtracted Contract Price.

Accordingly, the aggregate purchase price payable under the Memoranda of Agreement is US\$326,628,000, which was determined after arm's length negotiation between the parties with reference to the Assessment Reports issued by China Tong Cheng, an independent valuer, and the unpaid instalments under the Shipbuilding Contracts. According to the Assessment Reports, the aggregate Assessment Prices as at the benchmark date of 30 September 2020 were US\$845,760,000, which was determined based on the cost approach.

The purchase price payable by Oriental Fleet International under the Memoranda of Agreement will be funded by the internal resources of the Group and/or external debt financing of the Group.

Payment:

Within seven banking days of the receipt of a written notice from the Original Buyers after the Memoranda of Agreement coming into effect, the purchase price shall be remitted free of bank charges, withholdings or any other deductions whatsoever by Oriental Fleet International to the Original Buyers.

Transfer of rights and obligations:

All the rights of the Original Buyers under or in relation to the Shipbuilding Contracts shall be assigned and transferred to, and enjoyed by Oriental Fleet International from the date on which the Deeds of Novation become effective, except that the rights, costs, obligations and liabilities of supervision and inspection under the Shipbuilding Contracts shall not be transferred to Oriental Fleet International but still be undertaken by the Original Buyers.

As the Original Buyers have been undertaking the supervision and inspection of the construction of the Bulk Carriers under Construction, taking also into account (i) the construction work of the Bulk Carriers under Construction having been substantially completed or being close to completion; and (ii) the proposed timing of delivery of the Bulk Carriers under Construction, it was agreed that the rights, costs, obligations and liabilities of supervision and inspection under the Shipbuilding Contracts shall still be undertaken by the Original Buyers in view of continuity and efficiency. Further, as the COSCO SHIPPING Bulk Group will be the charterer of the Bulk Carriers under Construction upon delivery, the arrangement will also ensure that the Bulk Carriers under Construction will have the necessary specifications for the purpose of the time charter party.

Right of nomination:

Oriental Fleet International may nominate a company as the assignee under the Memoranda of Agreement after the signing of the Memoranda of Agreement, provided that such company shall be a subsidiary of Oriental Fleet International.

Effectiveness:

Unless otherwise agreed in writing between the parties, the Memoranda of Agreement shall come into effect provided all the conditions below are satisfied:

- (1) the authorized representative of the Original Buyers having signed the Memoranda of Agreement;
- (2) the authorized representative of Oriental Fleet International having signed the Memoranda of Agreement;
- (3) the approval of the Memoranda of Agreement and the transactions contemplated thereunder from the board of directors of the Original Buyers having been obtained;
- (4) the approval of the Memoranda of Agreement and the transactions contemplated thereunder at a general managers' working conference of COSCO SHIPPING Bulk having been obtained; and
- (5) the approval of the Memoranda of Agreement and the transactions contemplated thereunder from the Independent Shareholders at an extraordinary general meeting of the Company having been obtained.

The principal terms of the Deeds of Novation are as follows:

Date: 27 November 2020

Parties:

- (1) the Original Buyers, as original buyer;
- (2) Oriental Fleet International, as new buyer; and
- (3) the Sellers, as seller.

Subject matter: Pursuant to the Deeds of Novation and subject to the terms thereof, the parties agree that with effect from the effective date of the Deeds of Novation, the Shipbuilding Contracts shall be novated by the Original Buyers to Oriental Fleet International, and Oriental Fleet International shall substitute the Original Buyers as party to the Shipbuilding Contracts and that the Shipbuilding Contracts shall henceforth be construed and treated in all respects as if Oriental Fleet International had been named therein as the buyer instead of the Original Buyers.

Right of nomination: Oriental Fleet International may nominate a company to be the buyer under the Shipbuilding Contracts to take up all the rights, benefits, obligations and liabilities of Oriental Fleet International under the Shipbuilding Contracts after the signing of the Deeds of Novation, provided that such company shall be a subsidiary of Oriental Fleet International.

Effectiveness: The Deeds of Novation shall become effective upon fulfillment of the following conditions:

- (1) the due execution of the Deeds of Novation by the authorized representatives of the parties thereto;
- (2) the obtaining of approval of the Deeds of Novation and the transactions contemplated thereunder from the board of directors of the Original Buyers;
- (3) the obtaining of approval of the Deeds of Novation and the transactions contemplated thereunder from the general managers' working conference of COSCO SHIPPING Bulk;
- (4) the obtaining of approval of the Deeds of Novation and the transactions contemplated thereunder from the Independent Shareholders at an extraordinary general meeting of the Company;
- (5) only with respect to the Deeds of Novation in respect of the Shipbuilding Contracts where CSOC, Tianjin Xingang and/or Qingdao Beihai are the sellers, the notice of approval of the relevant Deeds of Novation by the head office of such sellers;

- (6) the Original Buyers giving a notice to notify Oriental Fleet International and the Sellers of the effectiveness of the Deeds of Novation at least seven working days prior to the scheduled delivery date of the Bulk Carriers under Construction;
- (7) the receipt by the Sellers of the first, second, third and fourth instalments of the contract price from the Original Buyers; and
- (8) the receipt by the Original Buyers from Oriental Fleet International of the purchase price under the corresponding Memoranda of Agreement.

REASONS FOR AND BENEFITS OF THE ASSIGNMENT AND NOVATION AGREEMENTS

The Group is principally engaged in shipping and industry-related leasing businesses, manufacturing of containers and provision of investment and financial services.

The acquisition of the Bulk Carriers under Construction by the Group pursuant to the Assignment and Novation Agreements and the subsequent leasing of the Bulk Carriers under Construction by the Group to the COSCO SHIPPING Bulk Group, are part and parcel of the overall operating lease arrangements between the Group and the COSCO SHIPPING Bulk Group.

As the Group strives to develop its vessel leasing business in the long run in an attempt to become China's leading and the world's first-class integrated supply chain financial service provider with distinct shipping logistics features, the entering into of the Assignment and Novation Agreements will expand the scale of the vessel leasing business and increase the proportion of the self-owned vessels of the Group. The proposed time charter party of the vessels between the Group and the COSCO SHIPPING Bulk Group following delivery of the vessels will also provide a stable income stream for the Group.

It is proposed that immediately after the delivery of Bulk Carriers under Construction, the COSCO SHIPPING Bulk Group will charter-in the Bulk Carriers under Construction from the Group pursuant to the Master Vessel Charter Agreement. The Bulk Carriers under Construction will be used by the COSCO SHIPPING Bulk Group for the transportation of bauxite in connection with Aluminum Corporation of China Limited's bauxite project in Guinea. The proposed term of the time charter party in respect of the Bulk Carriers under Construction is 10 years and the fees for the use and hire of the Bulk Carriers under Construction were determined with reference to the construction price and costs of the Bulk Carriers under Construction under the Assignment and Novation Agreements and in accordance with the general pricing principles and the general price determination procedures under the Master Vessel Charter Agreement approved by the Independent Shareholders at the extraordinary general meeting of the Company dated 23 December 2019. In determining the relevant charter hire rate (being in the range from US\$15,993 per day to US\$16,936 per day), the Group took into account the construction price and costs of the Bulk Carriers under Construction plus an appropriate margin (which is in line with the general pricing principles, being in the range from 0% to 12.25%) and sought to establish the market price by collecting applicable data and market information procedures.

The Group will ensure that the abovementioned time charter parties, being continuing connected transactions of Company, will be conducted within the applicable annual caps for the provision of vessel chartering services under the Master Vessel Charter Agreement as approved by the Independent Shareholders at the extraordinary general meeting of the Company dated 23 December 2019.

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) therefore consider that the Assignment and Novation Agreements were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the Assignment and Novation Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE PARTIES TO THE ASSIGNMENT AND NOVATION AGREEMENTS

Information on the Group

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 Oriental Fleet International

Oriental Fleet International is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in ship chartering, ship financial leasing and related businesses.

Information on the Original Buyers

Each of the Original Buyers is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk. Each of the Original Buyers is principally engaged in shipholding.

COSCO SHIPPING Bulk is a company established in the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in dry bulk shipping, semi-liner dry bulk shipping, whole-process logistics services, parcel cargo shipping services and coastal shipping services.

Information on CSOC, Tianjin Xingang and Qingdao Beihai

CSOC is a company established in the PRC with limited liability. It is principally engaged in the brokerage of sales and purchases of vessels.

Tianjin Xingang is a company established in the PRC with limited liability. It is principally engaged in ship and marine equipment design, manufacturing and repair and auxiliary services.

Qingdao Beihai is a company established in the PRC with limited liability. It is principally engaged in the manufacturing and repair of ships and offshore platforms.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Qingdao Beihai is a non-wholly owned subsidiary of China Shipbuilding Industry Company Limited* (中國船舶重工股份有限公司), the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601989) and whose controlling shareholder is China Shipbuilding Industry Corporation* (中國船舶重工集團有限公司), and each of CSOC and Tianjin Xingang is a subsidiary of China Shipbuilding Industry Corporation* (中國船舶重工集團有限公司). China Shipbuilding Industry Corporation* (中國船舶重工集團有限公司) is a PRC state-owned enterprise controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. Save as disclosed in this announcement, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of CSOC, Tianjin Xingang and Qingdao Beihai and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information on COSCO SHIPPING Yangzhou

COSCO SHIPPING Yangzhou is a company established in the PRC with limited liability. It is a wholly-owned subsidiary of COSCO SHIPPING Heavy Industry.

COSCO SHIPPING Heavy Industry is a company established in the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in ship and marine equipment manufacturing, repair and modifications and auxiliary services.

Information on Dalian COSCO KHI

Dalian COSCO KHI is a company established in the PRC with limited liability and an associate of COSCO SHIPPING. It is principally engaged in the design, manufacturing, sales and repairing of ships.

IMPLICATIONS UNDER THE LISTING RULES

The Assignment and Novation Agreements were entered into within 12 months after completion of the Previous Acquisitions and are of a similar nature. Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the Previous Acquisitions and the Assignment and Novation Agreements and the transactions contemplated thereunder should be aggregated.

After aggregation, as one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the Assignment and Novation Agreements and the transactions contemplated thereunder exceed 25% but are less than 100%, the Assignment and Novation Agreements and the transactions contemplated thereunder constitute major transactions of the Company which are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, 47,570,789 A Shares, representing approximately 0.41% of the total issued share capital of the Company, are held by COSCO SHIPPING, 4,410,624,386 A Shares, representing approximately 38.00% of the total issued share capital of the Company, are held by China Shipping, a wholly-owned subsidiary of COSCO SHIPPING, and 100,944,000 H Shares, representing approximately 0.87% of the total issued share capital of the Company, are held by Ocean Fortune Investment Limited, an indirect wholly-owned subsidiary of COSCO SHIPPING. Therefore, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,458,195,175 A Shares and 100,944,000 H Shares, representing approximately 39.28% 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 COSCO SHIPPING Bulk is a wholly-owned subsidiary of COSCO SHIPPING, and each of the Original Buyers is an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk, each of the Original Buyers is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the Assignment and Novation Agreements and the transactions contemplated thereunder also constitute connected transactions of the Company which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the 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 COSCO 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 resolution approving the Assignment and Novation Agreements and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Assignment and Novation Agreements and the transactions contemplated thereunder. Therefore, no other Director has abstained from voting on such Board resolution.

GENERAL

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Assignment and Novation Agreements and the transactions contemplated thereunder.

In this connection, an Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Assignment and Novation Agreements and the transactions contemplated thereunder.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Assignment and Novation Agreements and the transactions contemplated thereunder.

COSCO SHIPPING and its associates and those who are interested in the Assignment and Novation Agreements and the transactions contemplated thereunder will be required to abstain from voting on the resolution in relation to the Assignment and Novation Agreements and the transactions contemplated thereunder. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Assignment and Novation Agreements and the transactions contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM on the relevant resolution.

A circular containing, among other things, (i) further details of the Assignment and Novation Agreements and the transactions contemplated thereunder, (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Assignment and Novation Agreements and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Assignment and Novation Agreements and the transactions contemplated thereunder; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 3 December 2020.

DEFINITIONS

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

“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
“Added/Subtracted Contract Price”	the amount which shall be added on or subtracted from the contract price under the Shipbuilding Contracts in accordance with the terms thereof
“Assessment Price”	the assessed value of the rights under each of the Shipbuilding Contracts as at 30 September 2020 as set out in the Assessment Reports
“Assessment Reports”	collectively, the four assessment reports issued by China Tong Cheng in respect of the Bulk Carriers under Construction
“Assignment and Novation Agreements”	collectively, the Memoranda of Agreement and the Deeds of Novation
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company

“Bulk Carriers under Construction”	collectively, the 16 bulk carriers under construction and to be registered under the laws of Hong Kong, comprising (i) two 208,000 DWT bulk carriers (Hull No. DE081 and DE082) under construction by Dalian COSCO KHI; (ii) two 210,000 DWT bulk carriers (Hull No. NB009-5 and NB009-6) under construction by Tianjin Xingang; (iii) four 210,000 bulk carriers (Hull No. BCK210K-1, BCK210K-2, BCK210K-3 and BCK210K-10) under construction by Qingdao Beihai; and (iv) eight 210,000 DWT bulk carriers (Hull No. N946, N947, N948, N949, N950, N951, N952 and N953) under construction by COSCO SHIPPING Yangzhou
“China Shipping”	China Shipping (Group) Company Limited# (中國海運集團有限公司), a PRC state-owned enterprise and the controlling shareholder of the Company
“China Tong Cheng”	China Tong Cheng Assets Appraisal Co., Ltd. (中通誠資產評估有限公司), an independent valuer
“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 the A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 02866) and the Shanghai Stock Exchange (Stock Code: 601866), respectively
“Computershare”	Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company
“COSCO SHIPPING”	China COSCO SHIPPING Corporation Limited# (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 Bulk”	COSCO SHIPPING Bulk Co., Ltd.# (中遠海運散貨運輸有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Bulk Group”	COSCO SHIPPING Bulk and its subsidiaries
“COSCO SHIPPING Heavy Industry”	COSCO SHIPPING Heavy Industry Co., Ltd.# (中遠海運重工有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING Yangzhou”	COSCO SHIPPING Heavy Industry (Yangzhou) Co., Ltd.# (揚州中遠海運重工有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“CSOC”	China Shipping & Offshore International Co., Ltd. (中國船舶重工國際貿易有限公司), a company established in the PRC with limited liability

“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Dalian COSCO KHI”	Dalian COSCO KHI Ship Engineering Co., Ltd.# (大連中遠海運川崎船舶工程有限公司), a company established in the PRC with limited liability and an associate of COSCO SHIPPING
“Deeds of Novation”	collectively, the 16 deeds of novation dated 27 November 2020 with details as follows: <ul style="list-style-type: none"> (1) the deed of novation entered into among Wai Tong (as original buyer), Oriental Fleet International (as new buyer), CSOC and Qingdao Beihai (collectively as sellers) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. BC210K-1); (2) the deed of novation entered into among Wellship (as original buyer), Oriental Fleet International (as new buyer), CSOC and Qingdao Beihai (collectively as sellers) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. BC210K-2); (3) the deed of novation entered into among Well Common (as original buyer), Oriental Fleet International (as new buyer), CSOC and Qingdao Beihai (collectively as sellers) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. BC210K-3); (4) the deed of novation entered into among Wai Ji (as original buyer), Oriental Fleet International (as new buyer), CSOC and Qingdao Beihai (collectively as sellers) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. BC210K-10); (5) the deed of novation entered into among Well Prosper (as original buyer), Oriental Fleet International (as new buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N946); (6) the deed of novation entered into among Wai Hing (as original buyer), Oriental Fleet International (as new buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N947);

- (7) the deed of novation entered into among Wai Chung (as original buyer), Oriental Fleet International (as new buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N948);
- (8) the deed of novation entered into among Well Hua (as original buyer), Oriental Fleet International (as new buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N949);
- (9) the deed of novation entered into among Well State (as original buyer), Oriental Fleet International (as new buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N950);
- (10) the deed of novation entered into among Wai Hai (as original buyer), Oriental Fleet International (as new buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N951);
- (11) the deed of novation entered into among Well Transport (as original buyer), Oriental Fleet International (as new buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N952);
- (12) the deed of novation entered into among Well Force (as original buyer), Oriental Fleet International (as new buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N953);
- (13) the deed of novation entered into among Well Flourish (as original buyer), Oriental Fleet International (as new buyer) and CSOC and Tianjin Xingang (collectively as sellers) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. NB009-5);
- (14) the deed of novation entered into among Well Halo (as original buyer), Oriental Fleet International (as new buyer) and CSOC and Tianjin Xingang (collectively as sellers) in relation to the novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. NB009-6);

(15) the deed of novation entered into among Wai Cheong (as original buyer), Oriental Fleet International (as new buyer) and Dalian COSCO KHI (as seller) in relation to the novation of the shipbuilding contract of the 208,000 DWT bulk carrier (Hull No. DE081); and

(16) the deed of novation entered into among Wai Sheng (as original buyer), Oriental Fleet International (as new buyer) and Dalian COSCO KHI (as seller) in relation to the novation of the shipbuilding contract of the 208,000 DWT bulk carrier (Hull No. DE082)

“Director(s)”	director(s) of the Company
“DWT”	deadweight tonnage, a standard unit of measurement of the maximum weight a ship can carry
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Assignment and Novation Agreements and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“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
“H Shareholder(s)”	the holder(s) of H Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Cai Hongping, Ms. Hai Chi Yuet, Mr. Graeme Jack, Mr. Lu Jianzhong and Ms. Zhang Weihua, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Assignment and Novation Agreements and the transactions contemplated thereunder in accordance with the Listing Rules
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Assignment and Novation Agreements and the transactions contemplated thereunder

- “Independent Shareholders” the Shareholders other than (i) COSCO SHIPPING and its associates and (ii) all other parties (if any) who are involved or interested in the Assignment and Novation Agreements and the transactions contemplated thereunder
- “Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
- “Master Vessel Charter Agreement” the master vessel charter agreement dated 5 December 2016 entered into between the Company and COSCO SHIPPING in respect of the provision of vessel chartering services by the Company, its subsidiaries and/or its associates to COSCO SHIPPING, its subsidiaries and/or its associates (excluding the Company, its subsidiaries and/or its associates), further details of which are set out in the circular of the Company dated 6 December 2019
- “Memoranda of Agreement” collectively, the 16 memoranda of agreement dated 27 November 2020 with details as follows:
- (1) the memorandum of agreement entered into between Wai Tong (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. BC210K-1);
 - (2) the memorandum of agreement entered into between Wellship (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. BC210K-2);
 - (3) the memorandum of agreement entered into between Well Common (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. BC210K-3);
 - (4) the memorandum of agreement entered into between Wai Ji (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. BC210K-10);
 - (5) the memorandum of agreement entered into between Well Prosper (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N946);

- (6) the memorandum of agreement entered into between Wai Hing (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N947);
- (7) the memorandum of agreement entered into between Wai Chung (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N948);
- (8) the memorandum of agreement entered into between Well Hua (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N949);
- (9) the memorandum of agreement entered into between Well State (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N950);
- (10) the memorandum of agreement entered into between Wai Hai (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N951);
- (11) the memorandum of agreement entered into between Well Transport (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N952);
- (12) the memorandum of agreement entered into between Well Force (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. N953);
- (13) the memorandum of agreement entered into between Well Flourish (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. NB009-5);
- (14) the memorandum of agreement entered into between Well Halo (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 210,000 DWT bulk carrier (Hull No. NB009-6);

(15) the memorandum of agreement entered into between Wai Cheong (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 208,000 DWT bulk carrier (Hull No. DE081); and

(16) the memorandum of agreement entered into between Wai Sheng (as assignor) and Oriental Fleet International (as assignee) in relation to the assignment and novation of the shipbuilding contract of the 208,000 DWT bulk carrier (Hull No. DE082)

“Oriental Fleet International”	Oriental Fleet International Co., Ltd. (東方富利國際有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Original Buyers”	collectively, Wai Cheong, Wai Chung, Wai Hai, Wai Hing, Wai Ji, Wai Sheng, Wai Tong, Wellship, Well Common, Well Flourish, Well Force, Well Halo, Well Hua, Well Prosper, Well State and Well Transport
“percentage ratios”	has the meaning ascribed to such term under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Acquisitions”	the acquisitions of ten 62,000 DWT multi-purpose vessels by the Group through the assignment and novation of shipbuilding contracts and the entering into of shipbuilding contracts, the details of which are set out in the announcement of the Company dated 21 October 2020 and the circular of the Company dated 30 October 2020
“Qingdao Beihai”	Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd.# (青島北海船舶重工有限責任公司), a company established in the PRC with limited liability
“Register of Members”	the register of H Shares members of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sellers”	collectively, COSCO SHIPPING Yangzhou, CSOC, Dalian COSCO KHI, Qingdao Beihai and Tianjin Xingang
“Share(s)”	A Share(s) and H Shares(s)
“Shareholder(s)”	holder(s) of the Share(s)

“Shipbuilding Contracts”

collectively, the 16 shipbuilding contracts with details as follows:

- (1) the amended and restated shipbuilding contract dated 26 April 2019 entered into between Wai Tong (as buyer) and CSOC and Qingdao Beihai (collectively as sellers) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. BC210K-1);
- (2) the amended and restated shipbuilding contract dated 26 April 2019 entered into between Wellship (as buyer) and CSOC and Qingdao Beihai (collectively as sellers) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. BC210K-2);
- (3) the amended and restated shipbuilding contract dated 26 April 2019 entered into between Well Common (as buyer) and CSOC and Qingdao Beihai (collectively as sellers) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. BC210K-3);
- (4) the amended and restated shipbuilding contract dated 26 April 2019 entered into between Wai Ji (as buyer) and CSOC and Qingdao Beihai (collectively as sellers) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. BC210K-10);
- (5) the amended and restated shipbuilding contract dated 17 April 2019 entered into between Well Prosper (as buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. N946);
- (6) the amended and restated shipbuilding contract dated 17 April 2019 entered into between Wai Hing (as buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. N947);
- (7) the amended and restated shipbuilding contract dated 17 April 2019 entered into between Wai Chung (as buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. N948);
- (8) the amended and restated shipbuilding contract dated 17 April 2019 entered into between Well Hua (as buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. N949);
- (9) the amended and restated shipbuilding contract dated 17 April 2019 entered into between Well State (as buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. N950);

- (10) the amended and restated shipbuilding contract dated 17 April 2019 entered into between Wai Hai (as buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. N951);
- (11) the amended and restated shipbuilding contract dated 17 April 2019 entered into between Well Transport (as buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. N952);
- (12) the amended and restated shipbuilding contract dated 17 April 2019 entered into between Well Force (as buyer) and COSCO SHIPPING Yangzhou (as seller) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. N953);
- (13) the amended and restated shipbuilding contract dated 26 April 2019 entered into between Well Flourish (as buyer) and Tianjin Xingang (as seller) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. NB009-5);
- (14) the amended and restated shipbuilding contract dated 26 April 2019 entered into between Well Halo (as buyer) and Tianjin Xingang (as seller) in relation to the construction of the 210,000 DWT bulk carrier (Hull No. NB009-6);
- (15) the amended and restated shipbuilding contract dated 17 April 2019 entered into between Wai Cheong (as buyer) and Dalian COSCO KHI (as seller) in relation to the construction of the 208,000 DWT bulk carrier (Hull No. DE081); and
- (16) the amended and restated shipbuilding contract dated 17 April 2019 entered into between Wai Sheng (as buyer) and Dalian COSCO KHI (as seller) in relation to the construction of the 208,000 DWT bulk carrier (Hull No. DE082)

“Tianjin Xingang”	Tianjin Xingang Shipbuilding Heavy Industry Co., Ltd.# (天津新港船舶重工有限責任公司), a company established in the PRC with limited liability
“US\$”	United States dollar, the lawful currency of the United States of America
“Wai Cheong”	Wai Cheong Shipping Limited (惠昌船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Wai Chung”	Wai Chung Shipping Limited (惠中船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk

“Wai Hai”	Wai Hai Shipping Limited (惠海船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Wai Hing”	Wai Hing Shipping Limited (惠興船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Wai Ji”	Wai Ji Shipping Limited (惠濟船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Wai Sheng”	Wai Sheng Shipping Limited (惠盛船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Wai Tong”	Wai Tong Shipping Limited (惠同船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Wellship”	Wellship Shipping Limited (惠舟船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Well Common”	Well Common Shipping Limited (惠共船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Well Flourish”	Well Flourish Shipping Limited (惠繁船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Well Force”	Well Force Shipping Limited (惠強船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Well Halo”	Well Halo Shipping Limited (惠榮船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Well Hua”	Well Hua Shipping Limited (惠華船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Well Prosper”	Well Prosper Shipping Limited (惠振船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk

“Well State”	Well State Shipping Limited (惠國船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“Well Transport”	Well Transport Shipping Limited (惠運船務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk
“%”	per cent

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

Shanghai, the People’s Republic of China
27 November 2020

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

* *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 purposes only.