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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)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION VESSEL LEASING SERVICE MASTER AGREEMENT

THE VESSEL LEASING SERVICE MASTER AGREEMENT

Reference is made to the announcement of the Company dated 13 December 2015 and the circular of the Company dated 31 December 2015 in relation to, among other things, the charter and lease of vessels by the Company to COSCO SHIPPING Holdings under the Assets Lease Framework Agreement. As the terms of the existing leases entered into pursuant to the Assets Lease Framework Agreement in respect of the 74 Vessels are due to expire, on 30 October 2020, the Company (as the lessor) and COSCO SHIPPING Lines (as the lessee) entered into the Vessel Leasing Service Master Agreement, pursuant to which, the CS Development Group has agreed to provide vessel leasing services to the COSCO SHIPPING Lines Group, whereby the 74 Vessels will be chartered to the COSCO SHIPPING Lines Group under bareboat charter.

IMPLICATIONS UNDER THE LISTING RULES

As one of more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder exceeds 75%, the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder constitute a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, 4,458,195,175 A Shares, representing approximately 38.41% of the total issued share capital of the Company, is 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, is 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 is the indirect controlling shareholder of COSCO SHIPPING Holdings and COSCO SHIPPING Lines is a wholly-owned subsidiary of COSCO SHIPPING Holdings, COSCO SHIPPING Lines is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company which is subject to the reporting, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 Vessel Leasing Service Master Agreement 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 Vessel Leasing Service Master Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder, (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Vessel Leasing Service Master Agreement 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 Vessel Leasing Service Master Agreement 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 10 December 2020, which is more than 15 business days after the publication of this announcement, as more time is needed for the preparation of certain information to be contained in the circular.

INTRODUCTION

Reference is made to the announcement of the Company dated 13 December 2015 and the circular of the Company dated 31 December 2015 in relation to, among other things, the charter and lease of vessels by the Company to COSCO SHIPPING Holdings under the Assets Lease Framework Agreement. As the terms of the existing leases entered into pursuant to the Assets Lease Framework Agreement in respect of the 74 Vessels are due to expire, on 30 October 2020, the Company (as the lessor) and COSCO SHIPPING Lines (as the lessee) entered into the Vessel Leasing Service Master Agreement, pursuant to which, the CS Development Group has agreed to provide vessel leasing services to the COSCO SHIPPING Lines Group, whereby the 74 Vessels will be chartered to the COSCO SHIPPING Lines Group under bareboat charter.

THE VESSEL LEASING SERVICE MASTER AGREEMENT

The principal terms of the Vessel Leasing Service Master Agreement are as follows:

Date: 30 October 2020

Parties: (1) the Company as lessor; and
(2) COSCO SHIPPING Lines as lessee.

Subject matter: Pursuant to the Vessel Leasing Service Master Agreement, the CS Development Group has agreed to provide vessel leasing services to the COSCO SHIPPING Lines Group in accordance with the following principles:

- (i) self-owned vessels will be chartered to the COSCO SHIPPING Lines Group under bareboat charter for a term commencing from 1 January 2021 and ending on the date on which the age of the vessels is 25 years; and
- (ii) leased-in vessels will be chartered to the COSCO SHIPPING Lines Group under bareboat charter for a term commencing from 1 January 2021 and ending on the date on which the age of the vessels is 25 years, and which shall comply with the requirements under the original bareboat charters between the CS Development Group and the original shipowners. The CS Development Group undertakes that written consent of the original shipowners or financing banks in respect of the sub-charter to the COSCO SHIPPING Lines Group (if necessary) has been obtained before signing of the Vessel Leasing Service Master Agreement and the CS Development Group will continue to be liable for the responsibilities and obligations under the relevant original bareboat charters or financing agreements.

Upon expiration of the term of the relevant charter, the vessels shall be returned by the COSCO SHIPPING Lines Group to the CS Development Group.

Term: The Vessel Leasing Service Master Agreement will become effective on 1 January 2021 upon satisfaction of all the conditions set out below and the term of the Vessel Leasing Service Master Agreement is 20 years from the effective date.

The term of the Vessel Leasing Service Master Agreement of 20 years was determined with reference to the longest term of the bareboat charters proposed to be entered into pursuant to the Vessel Leasing Service Master Agreement, which will be approximately 20 years taking into account of the age of the 74 Vessels (being in the range from approximately 5.7 years to approximately 17.8 years as at 1 January 2021).

Vessels to be chartered: The vessels to be chartered under the Vessel Leasing Service Master Agreement are the 74 Vessels, comprising 70 self-owned Vessels and four leased-in Vessels, with a total capacity of 581,603 TEUs and an average age of approximately 12.2 years.

The four leased-in Vessels, having an average age of approximately 6.7 years, are the subject of the sale and leaseback arrangement between the Group and the FPG Group, further details of which are set out in the announcement of the Company dated 10 January 2019. Pursuant to the FPG Bareboat Charters between the Group and the FPG Group, the four leased-in Vessels were chartered by the FPG Group to the Group for the charter period of eight years and seven months, subject to early buy-out option exercisable by the Group at the fourth anniversary and the date falling three months after the seventh anniversary of the charter commencement date (being in January 2019). It is currently expected that the aforementioned early buy-out option in respect of the four leased-in Vessels will be exercised by the Group. As at the date of this announcement, the outstanding aggregate charter hire payable by the Group for the four leased-in Vessels is approximately US\$184 million based on LIBOR of approximately 0.22225% as at 26 October 2020. The proposed sub-charter of the four leased-in Vessels pursuant to the Vessel Leasing Service Master Agreement is permissible under the FPG Bareboat Charters, and the Group has duly notified the FPG Group of the proposed sub-charter in accordance with the requirements thereunder. In the absence of a continuing event of default by the relevant parties, there will not generally be termination of the FPG Bareboat Charters which may then lead to the termination of the sub-charter of the four leased-in Vessels and, the term of the bareboat charters of the four leased-in Vessels shall be subject to compliance with the requirements under the FPG Bareboat Charters.

Specific lease contracts will be entered into by the parties in respect of the Vessels before 1 January 2021 in accordance with the Vessel Leasing Service Master Agreement.

Lease payments: Pursuant to the Vessel Leasing Service Master Agreement, the price for the vessel leasing thereunder shall be determined based on the fair market price. For the purpose of determining the fair market price, the parties have jointly appointed Drewry, an independent shipping consultant, to conduct an assessment and provide its recommendation on the charter fee of the bareboat charters of the 74 Vessels (including 70 self-owned Vessels and four leased-in Vessels) under the Vessel Leasing Service Master Agreement.

Based on the abovementioned fair market price, the parties agreed that the aggregate lease payments payable by the COSCO SHIPPING Lines Group to the CS Development Group under the Vessel Leasing Service Master Agreement shall be US\$4,618,343,445, which shall be payable by instalments in accordance with the specific terms of the relevant charterparty of the Vessels during the period of 20 years. Each of the lease payment instalments for each Vessel shall be settled in advance every 15 days during the term of the relevant charter.

In the event of a failure by the COSCO SHIPPING Lines Group to settle the lease payment instalment within the stipulated time, pursuant to the proposed terms of the specific lease contract to be entered into between the parties, the COSCO SHIPPING Lines Group will have a grace period of seven days to rectify the failure, failing which, the CS Development Group shall be entitled to withdraw the relevant vessel and terminate the relevant lease contract.

The price for the vessel leasing under the Vessel Leasing Service Master Agreement was determined after arm's length negotiation between the parties on normal commercial terms with reference to the fair market price as determined by Drewry as set out in the Drewry Report.

Drewry is a leading independent provider of research and consulting services for the maritime and shipping industry, and employs about 100 professionals across an international network of offices in London, Delhi, Singapore and Shanghai. In determining the fair market price for the proposed bareboat charters of the 74 Vessels (including 70 self-owned Vessels and four leased-in Vessels) under the Vessel Leasing Service Master Agreement, (i) with respect to Vessels with a capacity of over 9,000 TEUs, Drewry advised to apply the book value method to determine the charter rate, as there is no active leasing market for vessels with a capacity of over 9,000 TEUs and therefore, no reference can be made; and (ii) with respect to Vessels with a capacity of below 9,000 TEUs, Drewry advised to apply the market charter rate approach to determine the charter rate based on the historical time charter rate for similar types of vessels from Clarksons Research for the previous three years, less daily operating costs. The assumptions applied by Drewry include, among other things, (i) the type of lease being bareboat charter; (ii) the term of the charter being from 1 January 2021 until the age of the Vessels reaches 25 years; (iii) the carrying amount of the Vessels being based on the book value of the Vessels of the Company (with respect to Vessels with a capacity of over 9,000 TEUs only); and (iv) the residual value of the Vessels when reaching 25 years being calculated in accordance with scraping prices, being US\$366 per light displacement tonnage per Vessel (with respect to Vessels with a capacity of over 9,000 TEUs only).

A summary of the Drewry Report will be set out in the circular in relation to, among other things, the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder to be despatched to the Shareholders in due course.

In light of the foregoing and taking also into account the proposed term of the bareboat charters, where the Group will be able to secure a stable income stream over the remaining life of the 74 Vessels, the Board considers that the price for the vessel leasing under the Vessel Leasing Service Master Agreement is fair and reasonable and in the interests of the Company and the Shareholders. With respect to the four leased-in Vessels, it is expected that the aggregate lease payments payable by the COSCO SHIPPING Lines Group to the CS Development Group under the bareboat charters to be entered into pursuant to the Vessel Leasing Service Master Agreement (on the basis that the term of the bareboat charters will be approximately 18.3 years) will be higher than the sum of the early buy-out price and the aggregate charter hire payable (based on LIBOR of approximately 0.22225% as at 26 October 2020) by the Group to the FPG Group under the FPG Bareboat Charters.

**Effectiveness of the
Vessel Leasing Service
Master Agreement:**

The effectiveness of the Vessel Leasing Service Master Agreement is subject to the following conditions:

- (i) the Vessel Leasing Service Master Agreement having been duly executed by the Company and COSCO SHIPPING Lines; and
- (ii) the approval procedures in respect of the execution and performance of the Vessel Leasing Service Master Agreement in accordance with the articles of association, applicable laws and regulations and the listing rules having been completed by the Company and COSCO SHIPPING Lines.

If any of the above conditions is not satisfied before 31 December 2020, the Vessel Leasing Service Master Agreement shall be terminated and the parties shall not be liable for each other (save for intentional or gross negligence).

INFORMATION ON THE PARTIES TO THE VESSEL LEASING SERVICE MASTER AGREEMENT

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 COSCO SHIPPING Lines

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

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. The COSCO SHIPPING Holdings Group provides a wide range of container shipping and terminal services covering the whole shipping value chain for both international and domestic customers.

INFORMATION ON THE VESSELS

The 74 Vessels are container vessels with a total capacity of 581,603 TEUs and an average age of approximately 12.2 years. 49 Vessels have a capacity of below 9,000 TEUs and 25 Vessels have a capacity of more than 9,000 TEUs.

The net profits attributable to the 74 Vessels for the two years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 were approximately as follows:

	For the year ended 31 December		For the
	2018	2019	six months ended
	(audited)	(audited)	30 June 2020
	(RMB)	(RMB)	(unaudited)
			(RMB)
Net profit before tax	1,494,305,000	1,076,880,000	631,735,000
Net profit after tax	1,494,305,000	1,076,880,000	631,735,000

The unaudited book value of the 74 Vessels as at 30 June 2020 was approximately RMB27,972,742,000.

FINANCIAL EFFECTS OF THE VESSEL LEASING

Pursuant to the Vessel Leasing Service Master Agreement, the lease term is for the major part of the economic life of the 74 Vessels. The Group does not have control of the 74 Vessels as the Group is limited in its ability to direct the use of, and to obtain substantially all of the remaining benefits, from the 74 Vessels. Accordingly, the vessel leasing services shall be accounted for as a finance lease arrangement of the Group. At the lease commencement, the Group will derecognize the carrying amount of the 74 Vessels, recognize the net investment in the leases and recognize a gain on disposal.

Assuming that the lease commencement had taken place on 30 June 2020, it is estimated that the Group will recognize an unaudited gain before income tax of approximately RMB370,498,000 from the disposal, which is calculated based on the difference between (a) the estimated net investment in the leases of approximately RMB28,356,627,000, less the estimated PRC stamp duty (which is payable on contracts for leasing of the domestic Vessels for which the signing place will be mainland China) of approximately RMB11,029,000 and direct expenses in relation to the transactions of approximately RMB2,358,000; and (b) the carrying amount of the 74 Vessels as at 30 June 2020, being approximately RMB27,972,742,000. The estimated net investment in the leases of approximately RMB28,356,627,000 will be accounted for as the assets in the consolidated financial statements of the Group and represents the sum of (i) the estimated present value of the lease receivables that are not received at the lease commencement date discounted at the interest rate implicit in the lease, being approximately RMB25,401,749,000; and (ii) the unguaranteed residual value discounted at the interest rate implicit in the lease, being approximately RMB2,954,878,000.

REASONS FOR AND BENEFITS OF ENTERING INTO THE VESSEL LEASING SERVICE MASTER AGREEMENT

The Group is principally engaged in shipping and industry-related leasing businesses, manufacturing of containers and provision of investment and financial services. As a shipping financing platform, the Group will integrate premium resources and give full play to its advantages in the shipping industry. Synergic development will be pursued for various financial businesses 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 74 Vessels are currently being leased to the COSCO SHIPPING Holdings Group under the Asset Lease Framework Agreement. The entering into of the Vessel Leasing Service Master Agreement will enable to Group to continue to lease the 74 Vessels to the COSCO SHIPPING Holdings Group, thereby securing a stable income stream for the Group over the remaining life of the Vessels. The vessel leasing under the Vessel Leasing Service Master Agreement is also in line with the strategic development of the shipping and industry-related leasing businesses of the Group.

The Directors (other than the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that the Vessel Leasing Service Master Agreement was 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 Vessel Leasing Service Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder exceeds 75%, the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder constitute a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, 4,458,195,175 A Shares, representing approximately 38.41% of the total issued share capital of the Company, is 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, is 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 is the indirect controlling shareholder of COSCO SHIPPING Holdings and COSCO SHIPPING Lines is a wholly-owned subsidiary of COSCO SHIPPING Holdings, COSCO SHIPPING Lines is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company which is 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. Ip Sing Chi, Mr. Huang Jian and Mr. Liang Yanfeng, 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. Ip Sing Chi, Mr. Huang Jian and Mr. Liang Yanfeng have therefore abstained from voting on the relevant Board resolution approving the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Vessel Leasing Service Master Agreement 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 Vessel Leasing Service Master Agreement 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 Vessel Leasing Service Master Agreement and the transactions contemplated thereunder.

COSCO SHIPPING and its associates and those who are interested in the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder will be required to abstain from voting on the resolution in relation to the Vessel Leasing Service Master Agreement 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 Vessel Leasing Service Master Agreement 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 Vessel Leasing Service Master Agreement and the transactions contemplated thereunder, (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Vessel Leasing Service Master Agreement 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 Vessel Leasing Service Master Agreement 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 10 December 2020, which is more than 15 business days after the publication of this announcement, as more time is needed for the preparation of certain information to be contained in the circular.

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
“Assets Lease Framework Agreement”	the assets lease framework agreement dated 11 December 2015 entered into between the Company and COSCO SHIPPING Holdings in respect of the charter and lease of vessels and containers by the Company to COSCO SHIPPING Holdings
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“China Shipping”	China Shipping Group Company Limited# (中國海運集團有限公司), a PRC state-owned enterprise, the controlling shareholder of the Company and a wholly-owned subsidiary of COSCO SHIPPING
“Company”	COSCO SHIPPING Development Co., Ltd.* (中遠海運發展股份有限公司), 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: 02866) and the Shanghai Stock Exchange (Stock Code: 601866), respectively
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“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 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., a joint stock limited company established under the laws of the PRC with limited liability, which is principally engaged in domestic and international maritime container transport services and related business
“COSCO SHIPPING Lines Group”	COSCO SHIPPING Lines, its subsidiaries and/or its associates
“CS Development Group”	the Company, its subsidiaries and/or its associates
“Director(s)”	director(s) of the Company
“Drewry”	Drewry Shipping Consultants Ltd., an independent consultant specialized in shipping industry jointly engaged by the Company and COSCO SHIPPING Lines
“Drewry Report”	the rental assessment report dated 19 October 2020 issued by Drewry in respect of the 74 Vessels
“FPG Bareboat Charters”	collectively, the four bareboat charters dated 10 January 2019 entered into between the FPG Group and the Group, further details of which are set out in the announcement of the Company dated 10 January 2019
“FPG Group”	Financial Products Group Co., Ltd., a corporation formed under the laws of Japan with limited liability and the shares of which are listed on the Tokyo Stock Exchange (Stock Code: 7148), and its subsidiaries
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) 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 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 Vessel Leasing Service Master Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than (i) COSCO SHIPPING and its associates and (ii) any other Shareholders who have a material interest in the Vessel Leasing Service Master Agreement and the transactions contemplated thereunder
“LIBOR”	the London Interbank Offered Rate for the offering of deposits in US\$ for a period of three months
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to it 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
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“TEU(s)”	twenty-foot equivalent unit(s), a standard unit of measurement of the volume of a container with a length of 20 feet, a height of eight feet and six inches and a width of eight feet
“US\$”	United States Dollar, the lawful currency of the United States
“Vessel Leasing Service Master Agreement”	the vessel leasing service master agreement dated 30 October 2020 entered into between the Company and COSCO SHIPPING Lines

“Vessels” the 74 container vessels with a total capacity of 581,603 TEUs, which are proposed to be chartered to the COSCO SHIPPING Lines Group by the CS Development Group under the Vessel Leasing Service Master Agreement

“%” per cent

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

Hong Kong, 30 October 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.