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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)**

**(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS REGARDING  
HEAVY INDUSTRY SHIPBUILDING CONTRACTS**

**(2) MAJOR TRANSACTIONS REGARDING  
REVISED AND RESTATED CHENGXI SHIPBUILDING CONTRACTS**

**AND**

**(3) CONTINUING CONNECTED TRANSACTIONS REGARDING  
VESSEL LEASING SERVICE MASTER AGREEMENT**

**HEAVY INDUSTRY SHIPBUILDING CONTRACTS**

The Board is pleased to announce that, on 30 August 2024, (i) COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Dalian) (as the seller) entered into thirteen (13) Dalian Shipbuilding Contracts on substantially the same terms in relation to the construction of thirteen (13) 80,000 DWT bulk cargo vessels at the aggregate contract price of RMB4,061,061,946.89; (ii) COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Yangzhou) (as the seller) entered into two (2) Yangzhou Shipbuilding Contracts on substantially the same terms in relation to the construction of two (2) 82,500 DWT bulk cargo vessels at the aggregate contract price of RMB542,389,380.54; (iii) COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Zhoushan) (as the seller) entered into five (5) Zhoushan Shipbuilding Contracts on substantially the same terms in relation to the construction of five (5) 64,000 DWT bulk cargo vessels at the aggregate contract price of RMB1,228,761,061.95. Accordingly, the aggregate contract price for the twenty (20) vessels to be built under the Heavy Industry Shipbuilding Contracts shall be RMB5,832,212,389.38.

## **CHENGXI TRANSFER AGREEMENTS AND REVISED AND RESTATED CHENGXI SHIPBUILDING CONTRACTS**

On 30 August 2024, COSCO SHIPPING Development (Hainan) (as new buyer), Chengxi Shipyard (as builder), China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) and China Shipbuilding (BVI) (as original buyer), entered into twenty-two (22) Chengxi Transfer Agreements and Revised and Restated Chengxi Shipbuilding Contracts on substantially the same terms, pursuant to which, (i) COSCO SHIPPING Development (Hainan) (as new buyer) has agreed to be assigned and Shipbuilding (BVI) (as original buyer) has agreed to assign all rights and responsibilities under the Chengxi Shipbuilding Contracts entered into between Chengxi Shipyard (as builder), China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) and China Shipbuilding (BVI) (as original buyer) in respect of construction of twenty-two (22) 80,000 DWT bulk cargo vessels at the aggregate contract price of RMB6,872,580,000; and (ii) COSCO SHIPPING Development (Hainan) (as new buyer), Chengxi Shipyard (as builder) and China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) agreed to enter into the Revised and Restated Chengxi Shipbuilding Contracts, which shall be appended to the Chengxi Transfer Agreements.

## **VESSEL LEASING SERVICE MASTER AGREEMENT**

On 30 August 2024, COSCO SHIPPING Development (Hainan) (as lessor) and COSCO SHIPPING Bulk (as lessee) entered into the Vessel Leasing Service Master Agreement, pursuant to which, the COSCO SHIPPING Development (Hainan) Group has agreed to provide vessel leasing services to the COSCO SHIPPING Bulk Group in relation to the forty-two (42) vessels to be built under the Shipbuilding Contracts with a term from the effective date thereof to 31 December 2044.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Heavy Industry Shipbuilding Contracts**

As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder exceed 5% but are all less than 25%, the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute discloseable transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 45.95% of the total issued share capital of the Company (excluding 28,724,292 A Shares held by the Company as treasury shares). Accordingly, COSCO SHIPPING is a controlling Shareholder and therefore a connected person of the Company. As at the date of this announcement, Heavy Industry (Dalian), Heavy Industry (Yangzhou) and Heavy Industry (Zhoushan) are indirect wholly-owned subsidiaries of COSCO SHIPPING and therefore are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules, subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

### **Chengxi Transfer Agreement and Revised and Restated Chengxi Shipbuilding Contracts**

As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the Chengxi Transfer Agreements, the Revised and Restated Chengxi Shipbuilding Contracts and the transactions contemplated thereunder exceed 25% but are all less than 100%, the Chengxi Transfer Agreements, the Revised and Restated Chengxi Shipbuilding Contracts and the transactions contemplated thereunder constitute major transactions of the Company which are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **Vessel Leasing Service Master Agreement**

As at the date of this announcement, COSCO SHIPPING Bulk is a wholly-owned subsidiary of COSCO SHIPPING, a controlling Shareholder, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the Vessel Leasing Service Master Agreement exceed 5%, the transactions under the Vessel Leasing Service Master Agreement constitute continuing connected transactions of the Company subject to reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the initial term under the Vessel Leasing Service Master Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, an Independent Financial Adviser is required to explain why the Vessel Leasing Service Master Agreement requires a period longer than three years and confirm that it is normal business practice for agreements of this type to be of such duration. The Company will appoint an Independent Financial Adviser to express its opinion in this regard in the circular to be despatched in due course.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

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 Heavy Industry Shipbuilding Contracts, the Vessel Leasing Service Master Agreement, the respective transactions contemplated thereunder and the proposed annual caps under the Vessel Leasing Service Master Agreement.

In this connection, an Independent Financial Adviser will be appointed by the Company in respect of (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder; (ii) the Vessel Leasing Service Master Agreement, the transactions contemplated thereunder and the proposed annual caps; and (iii) to explain why the Vessel Leasing Service Master Agreement requires a period longer than three years and confirm that it is normal business practice for agreements of this type to be of such duration pursuant to Rule 14A.52 of the Listing Rules.

## **EGM**

The EGM will be convened for the Shareholders to consider and, if thought fit, approve, among other things, the Heavy Industry Shipbuilding Contracts, the Chengxi Transfer Agreements, the Revised and Restated Chengxi Shipbuilding Contracts, the Vessel Leasing Service Master Agreement, the respective transactions contemplated thereunder and the proposed annual caps under the Vessel Leasing Service Master Agreement.

A circular containing, among other things, (i) details of the transactions under the Shipbuilding Contracts and the Vessel Leasing Service Master Agreement (including the proposed annual caps); (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or around 27 September 2024 as additional time is required to prepare certain information in the circular.

## INTRODUCTION

The Board is pleased to announce that, on 30 August 2024, (i) COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Dalian) (as the seller) entered into thirteen (13) Dalian Shipbuilding Contracts on substantially the same terms in relation to the construction of thirteen (13) 80,000 DWT bulk cargo vessels at the aggregate contract price of RMB4,061,061,946.89; (ii) COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Yangzhou) (as the seller) entered into two (2) Yangzhou Shipbuilding Contracts on substantially the same terms in relation to the construction of two (2) 82,500 DWT bulk cargo vessels at the aggregate contract price of RMB542,389,380.54; (iii) COSCO SHIPPING Development (Hainan) (as the buyer) and Heavy Industry (Zhoushan) (as the seller) entered into five (5) Zhoushan Shipbuilding Contracts on substantially the same terms in relation to the construction of five (5) 64,000 DWT bulk cargo vessels at the aggregate contract price of RMB1,228,761,061.95. Accordingly, the aggregate contract price for the twenty (20) vessels to be built under the Heavy Industry Shipbuilding Contracts shall be RMB5,832,212,389.38.

On 30 August 2024, COSCO SHIPPING Development (Hainan) (as new buyer), Chengxi Shipyard (as builder), China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) and China Shipbuilding (BVI) (as original buyer), entered into twenty-two (22) Chengxi Transfer Agreements and Revised and Restated Chengxi Shipbuilding Contracts on substantially the same terms, pursuant to which, (i) COSCO SHIPPING Development (Hainan) (as new buyer) has agreed to be assigned and Shipbuilding (BVI) (as original buyer) has agreed to assign all rights and responsibilities under the Chengxi Shipbuilding Contracts entered into between Chengxi Shipyard (as builder), China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) and China Shipbuilding (BVI) (as original buyer) in respect of construction of twenty-two (22) 80,000 DWT bulk cargo vessels at the aggregate contract price of RMB6,872,580,000; and (ii) COSCO SHIPPING Development (Hainan) (as new buyer), Chengxi Shipyard (as builder) and China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) agreed to enter into the Revised and Restated Chengxi Shipbuilding Contracts, which shall be appended to the Chengxi Transfer Agreements.

On 30 August 2024, COSCO SHIPPING Development (Hainan) (as lessor) and COSCO SHIPPING Bulk (as lessee) entered into the Vessel Leasing Service Master Agreement, pursuant to which, the COSCO SHIPPING Development (Hainan) Group has agreed to provide vessel leasing services to the COSCO SHIPPING Bulk Group in relation to the forty-two (42) vessels to be built under the Shipbuilding Contracts with a term from the effective date thereof to 31 December 2044.

## HEAVY INDUSTRY SHIPBUILDING CONTRACTS

The principal terms of the Heavy Industry Shipbuilding Contracts are as follows:

**Date:** 30 August 2024

**Parties:** With respect to the Dalian Shipbuilding Contracts:

- (1) COSCO SHIPPING Development (Hainan), as buyer; and
- (2) Heavy Industry (Dalian), as seller.

With respect to the Yangzhou Shipbuilding Contracts:

- (1) COSCO SHIPPING Development (Hainan), as buyer; and
- (2) Heavy Industry (Yangzhou), as seller.

With respect to the Zhoushan Shipbuilding Contracts:

- (1) COSCO SHIPPING Development (Hainan), as buyer; and
- (2) Heavy Industry (Zhoushan), as seller.

**Subject matter:** Pursuant to the Heavy Industry Shipbuilding Contracts:

- (1) Heavy Industry (Dalian) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of, thirteen (13) 80,000 DWT bulk cargo vessels, which are expected to be delivered in 2026 and 2027;
- (2) Heavy Industry (Yangzhou) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of, two (2) 82,500 DWT bulk cargo vessels, which are expected to be delivered in 2027; and
- (3) Heavy Industry (Zhoushan) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of, five (5) 64,000 DWT bulk cargo vessels, which are expected to be delivered in 2027.

**Contract price and payment:**

Under the Heavy Industry Shipbuilding Contracts, the aggregate contract price for the twenty (20) vessels to be built shall be RMB5,832,212,389.38: (i) the aggregate contract price for thirteen (13) 80,000 DWT bulk cargo vessels is RMB4,061,061,946.89; (ii) the aggregate contract price for the two (2) 82,500 DWT bulk cargo vessels is RMB542,389,380.54; and (iii) the aggregate contract price for five (5) 64,000 DWT bulk cargo vessels is RMB1,228,761,061.95, subject to adjustments in accordance with the terms of the Heavy Industry Shipbuilding Contracts as set out below.

The twenty (20) vessels under the Heavy Industry Shipbuilding Contracts are methanol-ready eco-friendly bulk cargo vessels. The abovementioned contract price was determined after arm's length negotiation between (i) COSCO SHIPPING Development (Hainan); and (ii) Heavy Industry (Dalian), Heavy Industry (Yangzhou) or Heavy Industry (Zhoushan) (as the case may be) with reference to the market price of the same type of vessel.

The contract price of the vessels under the Heavy Industry Shipbuilding Contracts shall be payable in five instalments, being (i) for Dalian Shipbuilding Contracts, approximately 15%, 15%, 10%, 10% and 50% of the contract price; and (ii) for Yangzhou Shipbuilding Contracts and Zhoushan Shipbuilding Contracts, approximately 20%, 10%, 10%, 10% and 50% of the contract price, at the relevant stages of their construction, respectively.

The contract price payable by COSCO SHIPPING Development (Hainan) under the Heavy Industry Shipbuilding Contracts will be funded by internal resources, bank borrowings and/or external debt financing of the Group.

**Adjustment to contract price and value-added tax:**

The contract price payable under the Heavy Industry Shipbuilding Contracts is subject to downward adjustments, or COSCO SHIPPING Development (Hainan) shall be entitled to reject the vessel(s) and rescind the relevant Heavy Industry Shipbuilding Contract(s), in the event that (i) the construction elements of the relevant vessel(s), being its speed, DWT and fuel consumption rate, fail to meet certain agreed standards under the relevant Heavy Industry Shipbuilding Contract(s); or (ii) the delay in delivery of the relevant vessel(s) exceeds certain agreed time limits under the relevant Heavy Industry Shipbuilding Contract(s).

In the event that COSCO SHIPPING Development (Hainan) rejects the vessel(s) and rescind the relevant Heavy Industry Shipbuilding Contract(s), Heavy Industry (Dalian), Heavy Industry (Yangzhou) or Heavy Industry (Zhoushan) (as the case may be) shall refund the full amount of all sums already paid by COSCO SHIPPING Development (Hainan) under the relevant Heavy Industry Shipbuilding Contract(s), together with accrued interest.

Pursuant to applicable PRC laws and regulations, taking into account the value-added tax applicable to the present transactions, (i) the aggregate amount (inclusive of tax) of thirteen (13) 80,000 DWT bulk cargo vessels under the Dalian Shipbuilding Contracts shall be RMB4,589,000,000; (ii) the aggregate amount (inclusive of tax) of two (2) 82,500 DWT bulk cargo vessels is RMB612,900,000 under the Yangzhou Shipbuilding Contracts; and (iii) the aggregate amount (inclusive of tax) of the five (5) 64,000 DWT bulk cargo vessels shall be RMB1,388,500,000 under the Zhoushan Shipbuilding Contracts.

**Supervision and inspection:**

COSCO SHIPPING Development (Hainan) shall appoint in good time and maintain at the shipyard of Heavy Industry (Dalian), Heavy Industry (Yangzhou) and Heavy Industry (Zhoushan) (as the case may be), at its own cost and expense, one or more representative(s) to supervise and survey the construction of the vessels.

**Modifications:**

The specifications and plans in accordance with which the vessels are constructed, may be modified and/or changed at any time after the date of the Heavy Industry Shipbuilding Contracts in writing by the parties thereto, provided that such modifications and/or changes or an accumulation thereof will not, according to the reasonable judgment of Heavy Industry (Dalian), Heavy Industry (Yangzhou) or Heavy Industry (Zhoushan) (as the case may be), adversely affect its other commitments; and provided further that COSCO SHIPPING Development (Hainan) shall assent to adjustment of the contract price, time of delivery of the vessel and other terms of the Heavy Industry Shipbuilding Contracts, if any.

- Effectiveness:** The Heavy Industry Shipbuilding Contracts shall only take effect upon:
- (1) the due execution of the Heavy Industry Shipbuilding Contracts by the authorized representatives of the parties thereto; and
  - (2) the respective internal approvals of the Heavy Industry Shipbuilding Contracts having been obtained by the parties thereto.

The Heavy Industry Shipbuilding Contracts shall also be subject to approval by the Independent Shareholders at a general meeting of the Company.

## **CHENGXI TRANSFER AGREEMENTS AND REVISED AND RESTATED CHENGXI SHIPBUILDING CONTRACTS**

The principal terms of the Chengxi Transfer Agreements are as follows:

- Date:** 30 August 2024
- Parties:**
- (1) COSCO SHIPPING Development (Hainan), as new buyer;
  - (2) Chengxi Shipyard, as builder;
  - (3) China Shipbuilding Trading, together with Chengxi Shipyard, as sellers; and
  - (4) China Shipbuilding (BVI), as original buyer.
- Subject matter:** Pursuant to the Chengxi Transfer Agreements, COSCO SHIPPING Development (Hainan) agrees to be assigned and China Shipbuilding (BVI) agrees to assign all rights and responsibilities under the Chengxi Shipbuilding Contracts entered into between Chengxi Shipyard (as builder), China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) and China Shipbuilding (BVI) (as original buyer) in respect of construction of twenty-two (22) 80,000 DWT bulk cargo vessels. COSCO SHIPPING Development (Hainan) (as new buyer), Chengxi Shipyard (as builder) and China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) agree to enter into the Revised and Restated Chengxi Shipbuilding Contracts, which shall be appended to the Chengxi Transfer Agreements.

- Effectiveness:** The Chengxi Transfer Agreements shall become effective when the following conditions have been duly fulfilled:
- (1) the due execution of the Chengxi Transfer Agreements by the authorized representatives of the parties thereto; and
  - (2) the approvals of the Chengxi Transfer Agreements from the respective board of directors of Chengxi Shipyard and China Shipbuilding Trading having been obtained.

The Chengxi Transfer Agreements shall also be subject to approval by the Shareholders at a general meeting of the Company.

The principal terms of the Revised and Restated Chengxi Shipbuilding Contracts are as follows:

**Date:** 30 August 2024

- Parties:**
- (1) COSCO SHIPPING Development (Hainan), as buyer;
  - (2) Chengxi Shipyard, as builder; and
  - (3) China Shipbuilding Trading, together with Chengxi Shipyard, as sellers.

**Subject matter:** Chengxi Shipyard and China Shipbuilding Trading agree to build, complete and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) agrees to purchase and take delivery of, twenty-two (22) 80,000 DWT bulk cargo vessels, which are expected to be delivered in 2027.

**Contract price and payment:** Under the Revised and Restated Chengxi Shipbuilding Contracts, the aggregate contract price for twenty-two (22) 80,000 DWT bulk cargo vessels is RMB6,872,580,000, subject to adjustments in accordance with the terms of the Revised and Restated Chengxi Shipbuilding Contracts as set out below.

The abovementioned contract price was determined after arm's length negotiation between COSCO SHIPPING Development (Hainan), Chengxi Shipyard and China Shipbuilding Trading with reference to the market price of the same type of vessels.

The contract price of the vessels under the Revised and Restated Chengxi Shipbuilding Contracts shall be payable in five instalments, being approximately 20%, 10%, 10%, 10% and 50% of the contract price, at the relevant stages of their construction, respectively.

The contract price payable by COSCO SHIPPING Development (Hainan) under the Revised and Restated Chengxi Shipbuilding Contracts will be funded by internal resources, bank borrowings and/or external debt financing of the Group.



<b>Adjustment to contract price and value-added tax:</b>	<p>The contract price payable under the Revised and Restated Chengxi Shipbuilding Contracts is subject to downward adjustments or Chengxi Shipyard and China Shipbuilding Trading shall pay liquidated damages, or COSCO SHIPPING Development (Hainan) shall be entitled to reject the vessel(s) and rescind the relevant Revised and Restated Shipbuilding Contract(s), in the event that (i) the construction elements of the relevant vessel(s), being its speed, DWT and fuel consumption rate, fail to meet certain agreed benchmarks under the relevant Revised and Restated Chengxi Shipbuilding Contract(s); or (ii) the delay in delivery of the relevant vessel exceeds certain agreed time limits under the relevant Revised and Restated Chengxi Shipbuilding Contract(s).</p> <p>In the event that COSCO SHIPPING Development (Hainan) rejects the vessel(s) and rescinds the Revised and Restated Chengxi Shipbuilding Contract(s), Chengxi Shipyard and China Shipbuilding Trading shall refund the full amount of all sums already paid by COSCO SHIPPING Development (Hainan) under the Revised and Restated Chengxi Shipbuilding Contract(s), together with accrued interest.</p> <p>Pursuant to applicable PRC laws and regulations, taking into account the value-added tax applicable to the present transactions, the aggregate amount (inclusive of tax) of twenty-two (22) 80,000 DWT bulk cargo vessels under the Revised and Restated Chengxi Shipbuilding Contracts shall be RMB7,766,000,000.</p>
<b>Supervision and inspection:</b>	<p>COSCO SHIPPING Development (Hainan) shall send at the time requested by Chengxi Shipyard and China Shipbuilding Trading and maintain at the shipyard of Chengxi Shipyard and China Shipbuilding Trading, at its own cost and expense, one or more representative(s) to supervise and survey the construction of the vessels.</p>
<b>Modifications:</b>	<p>The specifications and plans in accordance with which the vessels are constructed, may be modified and/or changed at any time after the date of the Revised and Restated Chengxi Shipbuilding Contracts by written agreement of the parties thereto, provided that such modifications and/or changes or an accumulation thereof will not, in the reasonable judgment of Chengxi Shipyard and China Shipbuilding Trading, adversely affect their other commitments and provided further that COSCO SHIPPING Development (Hainan) shall assent to adjustment of the contract price, time of delivery of the vessel, specifications and other terms of the Revised and Restated Chengxi Shipbuilding Contracts, if any.</p>
<b>Effectiveness:</b>	<p>The Revised and Restated Chengxi Shipbuilding Contracts shall take effect when the Chengxi Transfer Agreements become effective.</p>

## **VESSEL LEASING SERVICE MASTER AGREEMENT**

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

- Date:** 30 August 2024
- Parties:**
- (1) COSCO SHIPPING Development (Hainan) (for itself and on behalf of its subsidiaries and/or associates), as lessor; and
  - (2) COSCO SHIPPING Bulk (for itself and on behalf of its subsidiaries and/or associates), as lessee.
- Subject matter:** Pursuant to the Vessel Leasing Service Master Agreement, the COSCO SHIPPING Development (Hainan) Group has agreed to provide vessel leasing services to the COSCO SHIPPING Bulk Group in relation to the forty-two (42) vessels to be built under the Shipbuilding Contracts.
- Term:** The Vessel Leasing Service Master Agreement will become effective upon satisfaction of all the conditions set out below with a term from the effective date thereof to 31 December 2044.
- Vessels to be chartered:** The vessels to be chartered under the Vessel Leasing Service Master Agreement are the forty-two (42) vessels, comprising thirty-five (35) 80,000 DWT bulk cargo vessels, two (2) 82,500 DWT bulk cargo vessels and five (5) 64,000 DWT bulk cargo vessels, which are the vessels to be built under the Shipbuilding Contracts.
- Pricing policies:** Pursuant to the Vessel Leasing Service Master Agreement, the COSCO SHIPPING Bulk Group will inquire about prices from a number of leasing companies in the market, and the terms of vessel leasing services to be provided by the COSCO SHIPPING Development (Hainan) Group to the COSCO SHIPPING Bulk Group shall be no less favorable to the COSCO SHIPPING Development (Hainan) Group than the terms of vessel leasing services it provides to independent third parties, and no less favorable to the COSCO SHIPPING Bulk Group than the terms of vessel leasing services provided by independent third parties to the COSCO SHIPPING Bulk Group. The price of vessel leasing services shall be determined by both parties through arm's length negotiation with reference to factors such as vessel construction price, vessel specifications and delivery date.

**Lease arrangements and period:**

The lease period of each vessel shall commence from the date of delivery of each vessel, which shall be 180 months  $\pm$  90 days. In any event, each vessel shall be delivered no later than 31 December 2027.

Upon expiration of the lease period of each vessel, the COSCO SHIPPING Bulk Group shall return such vessel to the COSCO SHIPPING Development (Hainan) Group pursuant to the definitive vessel lease agreement entered into between the parties thereto.

Members of the COSCO SHIPPING Bulk Group, as the lessee of the vessel, agree to pay the members of the COSCO SHIPPING Development (Hainan) Group daily rent as set out in the table below during the lease period:

Type of vessel	Rent per day per vessel (exclusive of tax)	Rent per day per vessel (inclusive of value-added tax)
80,000 DWT bulk cargo vessel	RMB110,091.74	RMB120,000
64,000 DWT bulk cargo vessel	RMB92,660.55	RMB101,000
82,500 DWT bulk cargo vessel	RMB101,834.86	RMB111,000

**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 COSCO SHIPPING Development (Hainan) and COSCO SHIPPING Bulk; and
- (ii) the applicable approvals (including, among others, those by the Board and the Independent Shareholders as applicable) of the execution and performance of the Vessel Leasing Service Master Agreement and the proposed annual caps thereunder as required under the articles of association, applicable laws and regulations and the applicable listing rules requirements having been obtained by COSCO SHIPPING Development (Hainan) and COSCO SHIPPING Bulk.

## Proposed Annual Caps under the Vessel Leasing Service Master Agreement

The table below sets out the proposed annual caps for the vessel leasing services under the Vessel Leasing Service Master Agreement for the years ending 31 December 2044:

<b>Year ending 31 December</b>	<b>Proposed Annual Caps (RMB million)</b>
2024	0
2025	0
2026	100
2027	900
2028	1,900
2029	1,900
2030	1,900
2031	1,900
2032	1,900
2033	1,900
2034	1,900
2035	1,900
2036	1,900
2037	1,900
2038	1,900
2039	1,900
2040	1,900
2041	1,900
2042	1,900
2043	500
2044	100

No transaction amount is expected to be incurred for the two years ending 31 December 2025 as the relevant vessels are expected to be delivered in 2026 and 2027, respectively. Ordinary resolution(s) in respect of the Vessel Leasing Service Master Agreement and the proposed annual caps thereunder will be proposed at the EGM for the consideration and approval by the Independent Shareholders. Notwithstanding the aforementioned, having considered the terms of the Vessel Leasing Service Master Agreement and to allow the Directors and the Shareholders appropriate opportunities to review such proposed annual caps thereunder in case of any changes to applicable industry and market conditions, the proposed annual caps for the remaining term of the Vessel Leasing Service Master Agreement (i.e. those for the years from 1 January 2026 to 31 December 2044) will be submitted to the Board and a general meeting of the Company every three years for re-consideration and approval by the Directors and the Independent Shareholders at the relevant time, subject to compliance with the then applicable laws, regulations and listing rules requirements. In the event that such approvals from the Board and/or the Independent Shareholders are not obtained, the relevant proposed annual caps not being approved shall be revoked. The Company shall re-negotiate and determine the proposed annual cap(s) of the relevant year(s) in accordance with the then applicable laws, regulations and listing rules requirements as and when required.

In arriving at the proposed annual caps for the provision of vessel leasing services by the COSCO SHIPPING Development (Hainan) Group to the COSCO SHIPPING Bulk Group under the Vessel Leasing Service Master Agreement, the Directors have considered:

1. the daily rent of each type of the vessels and the lease period as set out in the subsection headed “Vessel Leasing Service Master Agreement – Lease arrangements and period” in this announcement;
2. expected rent adjustment due to expected vessel price adjustment in the future; and
3. expected rent adjustment in the future to meet international conventions and environmental protection upgrade requirements.

## **REASONS FOR AND BENEFITS OF THE SHIPBUILDING CONTRACTS AND THE VESSEL LEASING SERVICE MASTER AGREEMENT**

With a focus on shipping and logistics industry, the Company will concentrate on the integrated development with container manufacturing, container leasing and shipping leasing business as the core business and underpinned by investment management, continuously accelerate “integrating industry and finance and facilitating industry development with finance for synergy”, so as to strive to grow into a world-class industry-finance operator in the shipping industry.

The construction of vessels under the Shipbuilding Contracts and the subsequent leasing of such vessels 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. The Company will be able to actively grasp the opportunities arising from the green and low-carbon transformation of the shipping industry, will further implement its strategic development plan for a shipping industry-finance operator, will enhance its value discovery and value creation capabilities. The transactions under the Shipbuilding Contracts and the Vessel Leasing Service Master Agreement, will effectively strengthen the cornerstone of the development of the its vessel leasing business, contribute long-term stable income and cash flow, and improve its overall financial stability. In addition, the Company will be able to collaborate with enterprises upstream and downstream of the shipping industry chain to deepen a RMB application scenario of “manufacturing, leasing and shipping”, to promote the implementation of the use of RMB in the international shipping field and helping to demonstrate the new momentum of high-quality development of the Company.

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 Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement 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 Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement, and the proposed annual caps under the Vessel Leasing Service Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the terms of the Chengxi Transfer Agreements and the Revised and Restated Chengxi Shipbuilding Contracts 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 HEAVY INDUSTRY SHIPBUILDING CONTRACTS, CHENGXI TRANSFER AGREEMENTS, REVISED AND RESTATED CHENGXI SHIPBUILDING CONTRACTS AND VESSEL LEASING SERVICE MASTER AGREEMENT**

### **Information on the Group**

The Company is a joint stock 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.

With a focus on the integrated logistics industry, the Group will develop container manufacturing, container leasing and shipping leasing business as the core business and shipping supply chain finance services as auxiliary business, take full advantage of the support from investment management and achieve industry-finance-investment integrated development.

### **Information on COSCO SHIPPING Development (Hainan)**

COSCO SHIPPING Development (Hainan) is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in vessel leasing and vessel operation.

### **Information on Heavy Industry (Dalian)**

Heavy Industry (Dalian) is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of COSCO SHIPPING Heavy Industry and therefore an indirect wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in the business of float installation and ship designing and manufacturing.

### **Information on Heavy Industry (Yangzhou)**

Heavy Industry (Yangzhou) is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of COSCO SHIPPING Heavy Industry and therefore an indirect wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in the business of float installation and ship designing and manufacturing.

### **Information on Heavy Industry (Zhoushan)**

Heavy Industry (Zhoushan) is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of COSCO SHIPPING Heavy Industry and therefore is an indirect wholly-owned subsidiary of COSCO SHIPPING. It is principally engaged in the business of float installation and ship designing and manufacturing.

### **Information on Chengxi Shipyard**

Chengxi Shipyard is a company established in the PRC with limited liability and is a wholly-owned subsidiary of China CSSC Holdings Ltd.# (中國船舶工業股份有限公司), a company established under the laws of the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600150). It is principally engaged in ship repair and conversion, ship building, and manufacturing and repair of marine engineering equipment.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of Chengxi Shipyard and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Information on China Shipbuilding (BVI)**

China Shipbuilding (BVI) is a limited company established in the British Virgin Islands and is a wholly owned subsidiary of China Shipbuilding Trading Co., Ltd (中國船舶工業貿易有限公司). It is principally engaged in trading.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of China Shipbuilding (BVI) and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Information on China Shipbuilding Trading**

China Shipbuilding Trading is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of China State Shipbuilding Corporation Limited (中國船舶集團有限公司). It is principally engaged in import and export of goods, technology, and export agency; technology development, promotion, transfer, technical consultancy and services; and research and development, design and leasing of vessels.

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

### **Information on COSCO SHIPPING Bulk**

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.

### **IMPLICATIONS UNDER THE LISTING RULES**

#### **Heavy Industry Shipbuilding Contracts**

As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder exceed 5% but are all less than 25%, the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute discloseable transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 45.95% of the total issued share capital of the Company (excluding 28,724,292 A Shares held by the Company as treasury shares). Accordingly, COSCO SHIPPING is a controlling Shareholder and therefore a connected person of the Company. As at the date of this announcement, Heavy Industry (Dalian), Heavy Industry (Yangzhou) and Heavy Industry (Zhoushan) are indirect wholly-owned subsidiaries of COSCO SHIPPING and therefore are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules, subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

Mr. Zhang Mingwen, being an executive Director, and Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, all being non-executive Directors, hold directorship(s) or act as senior management in COSCO SHIPPING and/or its associates, and were nominated by China Shipping to the Board. Accordingly, Mr. Zhang Mingwen, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi have abstained from voting on the relevant Board resolutions approving the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder. Therefore, no other Director has abstained from voting on such Board resolutions.



## **Chengxi Transfer Agreement and Revised and Restated Chengxi Shipbuilding Contracts**

As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the Chengxi Transfer Agreements, the Revised and Restated Chengxi Shipbuilding Contracts and the transactions contemplated thereunder exceed 25% but are all less than 100%, the Chengxi Transfer Agreements, the Revised and Restated Chengxi Shipbuilding Contracts and the transactions contemplated thereunder constitute major transactions of the Company which are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the Chengxi Transfer Agreements, the Revised and Restated Chengxi Shipbuilding Contracts and the transactions contemplated thereunder. Therefore, no Director has abstained from voting on the Board resolutions approving the Chengxi Transfer Agreements, the Revised and Restated Chengxi Shipbuilding Contracts and the transactions contemplated thereunder.

## **Vessel Leasing Service Master Agreement**

As at the date of this announcement, COSCO SHIPPING Bulk is a wholly-owned subsidiary of COSCO SHIPPING, a controlling Shareholder, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the Vessel Leasing Service Master Agreement exceed 5%, the transactions under the Vessel Leasing Service Master Agreement constitute continuing connected transactions of the Company subject to reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the initial term under the Vessel Leasing Service Master Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, an Independent Financial Adviser is required to explain why the Vessel Leasing Service Master Agreement requires a period longer than three years and confirm that it is normal business practice for agreements of this type to be of such duration. The Company will appoint an Independent Financial Adviser to express its opinion in this regard in the circular to be despatched in due course.

Mr. Zhang Mingwen, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, who hold directorship(s) or act as senior management in COSCO SHIPPING and/or its associates and were nominated by China Shipping to the Board, have abstained from voting on the relevant Board resolutions 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 resolutions.

## **INTERNAL CONTROL PROCEDURES FOR THE GROUP**

Pursuant to the terms of the continuing connected transaction framework agreements of the Group, the Group may, from time to time and as necessary, enter into separate implementation agreements for each of the specific transactions contemplated under the continuing connected transaction framework agreements of the Group.

Each implementation agreement shall set out the specific terms and other relevant conditions for the particular transaction, including but not limited to rights and benefits of the parties, coordination of the parties, fees and expenses, payments, use of information, breach of agreement and exclusion of liabilities. Any execution and amendments of such implementation agreements shall not contravene the relevant continuing connected transaction framework agreements.

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, the Company has implemented the following internal control procedures to ensure that the terms offered by the relevant connected parties are no less favourable than those available to or from independent third parties (as the case may be) and the continuing connected transactions of the Group are conducted in accordance with the pricing policy under the respective continuing connected transaction framework agreements:

- (i) the Company has prepared and implemented the Methods for Management of Connected Transactions (關連交易管理辦法) which sets out, among other things, the relevant requirements for and identification of connected transactions, the responsibilities of relevant departments in the conduct and management of connected transactions, reporting procedures and ongoing monitoring, with a view to ensuring compliance of the Group with applicable laws and regulations (including the Listing Rules) in relation to connected transactions;
- (ii) before entering into any implementation agreements pursuant to the continuing connected transaction framework agreements, the relevant executives of the relevant departments of the Company will review contemporaneous prices and other relevant terms offered by at least two independent third parties operating at the same or nearby area before the commencement of the relevant transaction, and ensure that the terms offered by the relevant connected persons are fair and reasonable and comparable to those offered by independent third parties. Where the offers made by independent third parties are more favourable to the Company, the Company would take up those offers of the independent third parties;
- (iii) after entering into the implementation agreements pursuant to the continuing connected transaction framework agreements, the Company will regularly examine the pricing of the transactions under the continuing connected transaction framework agreements to ensure that they are conducted in accordance with the pricing terms thereof, including reviewing the transaction records of the Company for the provision or purchase of similar goods or services to or from independent third parties, as the case may be;
- (iv) the Company will regularly convene meetings to discuss any issues in the transactions under the continuing connected transaction framework agreements and recommendations for improvement;
- (v) the Company will regularly summarise the transaction amounts incurred under the respective continuing connected transaction framework agreements and submit periodic reports, which set out, among other things, the historical transaction amounts, the estimated future transaction amounts and the applicable annual caps, to the management of the Company. If the aforementioned transaction amount incurred reaches 80% of the respective applicable annual cap, immediate reporting will be made to the management of the Company. In doing so, the management and the relevant departments of the Company can be informed of the status of the continuing connected transactions in a timely manner such that the transactions can be conducted within the applicable annual caps;

- (vi) if it is anticipated that the existing annual caps may be exceeded in the event that the Company continues to conduct the continuing connected transactions, the relevant business departments shall report to the management of the Company at least two months in advance, the Company will then take all appropriate steps in advance to revise the relevant annual caps in accordance with the relevant requirements of the Hong Kong Listing Rules and if necessary, refrain from further conducting the relevant continuing connected transactions until the revised annual caps are approved; and
- (vii) the supervision department of the Company will periodically review and inspect the progress of the relevant continuing connected transactions.

By implementing the above procedures, the Directors consider that the Company has established sufficient internal control measures to ensure that the pricing basis of each of the continuing connected transaction agreements of the Group will be on normal commercial terms (or better to the Group), fair and reasonable, in accordance with the pricing policy of the Company and in the interests of the Company and the Shareholders as a whole.

The relevant departments of the Company will also collect statistics of each of the continuing connected transaction agreements of the Group on a quarterly basis to ensure that the annual caps approved by the Independent Shareholders or as announced are not exceeded.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

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 Heavy Industry Shipbuilding Contracts, the Vessel Leasing Service Master Agreement, the respective transactions contemplated thereunder and the proposed annual caps under the Vessel Leasing Service Master Agreement.

In this connection, an Independent Financial Adviser will be appointed by the Company in respect of (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder; (ii) the Vessel Leasing Service Master Agreement, the transactions contemplated thereunder and the proposed annual caps; and (iii) to explain why the Vessel Leasing Service Master Agreement requires a period longer than three years and confirm that it is normal business practice for agreements of this type to be of such duration pursuant to Rule 14A.52 of the Listing Rules.

#### **EGM**

The EGM will be convened for the Shareholders to consider and, if thought fit, approve, among other things, the Heavy Industry Shipbuilding Contracts, the Chengxi Transfer Agreements, the Revised and Restated Chengxi Shipbuilding Contracts, the Vessel Leasing Service Master Agreement, the respective transactions contemplated thereunder and the proposed annual caps under the Vessel Leasing Service Master Agreement.

A circular containing, among other things, (i) details of the transactions under the Shipbuilding Contracts and the Vessel Leasing Service Master Agreement (including the proposed annual caps); (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or around 27 September 2024 as additional time is required to prepare certain information in the circular.

## DEFINITIONS

Unless the context requires otherwise, capitalized 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
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Chengxi Shipbuilding Contracts”	the shipbuilding contracts dated 28 June 2024 entered into between Chengxi Shipyard (as builder), China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) and China Shipbuilding (BVI) (as buyer) in relation to the construction of the twenty-two (22) 80,000 DWT bulk cargo vessels
“Chengxi Shipyard”	Chengxi Shipyard Co., Ltd.# (中船澄西船舶修造有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of China CSSC Holdings Ltd.# (中國船舶工業股份有限公司)
“Chengxi Transfer Agreements”	the transfer agreements dated 30 August 2024 entered into between COSCO SHIPPING Development (Hainan) (as new buyer), Chengxi Shipyard (as builder), China Shipbuilding Trading (together with Chengxi Shipyard, as sellers) and China Shipbuilding (BVI) (as original buyer) in relation to the transfer of all rights and responsibilities by China Shipbuilding (BVI) to COSCO SHIPPING Development (Hainan) under the Chengxi Shipbuilding Contracts in respect of construction of twenty-two (22) 80,000 DWT bulk cargo vessels
“China Shipbuilding (BVI)”	China Shipbuilding Trading (BVI) Co., Ltd. (中國船舶工業貿易(BVI)有限公司), a company established under the laws of the British Virgin Islands and a wholly-owned subsidiary of China Shipbuilding Trading Co., Ltd. (中國船舶工業貿易有限公司)
“China Shipbuilding Trading”	China Shipbuilding Trading Co., Ltd. (中國船舶工業貿易有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of China State Shipbuilding Corporation Limited (中國船舶集團有限公司)
“China Shipping”	China Shipping Group Company Limited# (中國海運集團有限公司), a PRC state-owned enterprise, a direct 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 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

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“COSCO SHIPPING Bulk Group”	COSCO SHIPPING Bulk and its subsidiaries and/or associates (as the context may require)
“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 Development (Hainan) Group”	COSCO SHIPPING Development (Hainan) and its subsidiaries and/or associates (as the context may require)
“COSCO SHIPPING Development (Hainan)”	COSCO SHIPPING Development (Hainan) Co., Ltd.# (海南中遠海發航運有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“COSCO SHIPPING Heavy Industry”	COSCO SHIPPING Heavy Industry Co., Ltd.# (中遠海運重工有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING
“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
“Dalian Shipbuilding Contracts”	the shipbuilding contracts dated 30 August 2024 entered into between COSCO SHIPPING Development (Hainan) (as buyer) and Heavy Industry (Dalian) (as seller) in relation to the construction of thirteen (13) 80,000 DWT bulk cargo vessels
“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 Shipbuilding Contracts, the Vessel Leasing Service Master Agreement, the respective transactions contemplated thereunder and the proposed annual caps under the Vessel Leasing Service Master Agreement
“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
“Heavy Industry (Dalian)”	COSCO SHIPPING Heavy Industry (Dalian) Co., Ltd. (大連中遠海運重工有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING

“Heavy Industry (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 an indirect wholly-owned subsidiary of COSCO SHIPPING
“Heavy Industry (Zhoushan)”	COSCO SHIPPING Heavy Industry (Zhoushan) Co., Ltd. (舟山中遠海運重工有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING
“Heavy Industry Shipbuilding Contracts”	collectively, Dalian Shipbuilding Contracts, Yangzhou Shipbuilding Contracts and Zhoushan Shipbuilding Contracts
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	the Shareholder(s) other than (i) COSCO SHIPPING and its associates and (ii) all other Shareholder(s) (if any) who is or are involved or interested in the Heavy Industry Shipbuilding Contracts, the Vessel Leasing Service Master Agreement and the respective transactions contemplated thereunder
“Independent Board Committee”	the independent board committee of the Company comprising Ms. Zhang Weihua, Mr. Shao Ruiqing and Mr. Chan Kwok Leung, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Heavy Industry Shipbuilding Contracts, the Vessel Leasing Service Master Agreement and the respective 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 (i) the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder; (ii) the Vessel Leasing Service Master Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the explanation as to why the Vessel Leasing Service Master Agreement requires a period longer than three years and confirmation that it is normal business practice for agreements of this type to be of such duration pursuant to Rule 14A.52 of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio(s)”	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

“Revised and Restated Chengxi Shipbuilding Contracts”	the Chengxi Shipbuilding Contracts as revised and restated pursuant to the Chengxi Transfer Agreements dated 30 August 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Shares(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Shipbuilding Contracts”	collectively, the Heavy Industry Shipbuilding Contracts, the Chengxi Transfer Agreements and the Revised and Restated Chengxi Shipbuilding Contracts
“Vessel Leasing Service Master Agreement”	the vessel leasing service master agreement dated 30 August 2024 entered into between COSCO SHIPPING Development (Hainan) (as lessor) and COSCO SHIPPING Bulk (as lessee)
“Yangzhou Shipbuilding Contracts”	the shipbuilding contracts dated 30 August 2024 entered into between COSCO SHIPPING Development (Hainan) (as buyer) and Heavy Industry (Yangzhou) (as seller) in relation to the construction of two (2) 82,500 DWT bulk cargo vessels
“Zhoushan Shipbuilding Contracts”	the shipbuilding contracts dated 30 August 2024 entered into between COSCO SHIPPING Development (Hainan) (as buyer) and Heavy Industry (Zhoushan) (as seller) in relation to the construction of five (5) 64,000 DWT bulk cargo vessels
“%”	per cent

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

Shanghai, the People’s Republic of China  
1 September 2024

*As at the date of this announcement, the Board comprises Mr. Zhang Mingwen (Chairman), being an executive Director, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, being non-executive Directors and Ms. Zhang Weihua, Mr. Shao Ruiqing and Mr. Chan Kwok Leung, being independent non-executive Directors.*

\* *The Company is a registered non-Hong Kong company as defined under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name “COSCO SHIPPING Development Co., Ltd.”.*

# *For identification purposes only.*