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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)

TERMINATION OF THE CS SUBSCRIPTION AGREEMENT

Reference is made to (i) the announcement of COSCO SHIPPING Development Co., Ltd. (the “**Company**”) dated 11 October 2016; (ii) the circular of the Company dated 1 December 2016 (the “**Circular**”); (iii) the announcements of the Company dated 13 December 2016, 19 December 2016 and 29 December 2016, in relation to, among other things, (1) the Proposed Non-public Issuance of A Shares; (2) the CS Subscription; (3) the Specific Mandate; (4) the Whitewash Waiver; (5) the Special Deal; (6) the Proposed Amendments to the Articles of Association; and (7) the Shareholders’ Return Plan.

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

THE NEW PRC REGULATIONS

Subsequent to the approval of, among other things, the Proposed Non-public Issuance of A Shares and the CS Subscription by the Independent Shareholders at the EGM and the Class Meetings held on 29 December 2016, the CSRC issued the “Decision in Amending the Implementation Rules for the Non-public Issuance of Shares by Listed Companies” (《關於修改《上市公司非公開發行股票實施細則》的決定》) and the “Issuance Regulation Questions and Answers – Regulatory Requirements regarding Guiding and Regulating Financing Activities of Listed Companies” (《發行監管問答－關於引導規範上市公司融資行為的監管要求》) on 17 February 2017 (collectively, the “**New PRC Regulations**”).

According to the New PRC Regulations, among other things, (i) the number of A shares proposed to be issued by a PRC listed company by way of non-public issuance shall not exceed 20% of the total number of the issued shares of the PRC listed company prior to the issuance of such A shares; and (ii) the price determination date for the non-public issuance of shares by a PRC listed company shall be the first day of the offering period of the non-public issuance of shares.

In light of the New PRC Regulations, on 20 April 2017, the Board has approved to make certain adjustments to the Proposed Non-public Issuance of A Shares (the “**Revised Proposed Non-public Issuance of A Shares**”), including, among other things:

- (1) the total number of A Shares to be issued under the Proposed Non-public Issuance of A Shares, whereby the maximum number of A Shares to be issued shall be reduced from 3,278,688,524 (subject to adjustments) to 2,336,625,000 (subject to adjustments); and
- (2) the Price Determination Date, issue price and pricing principles, whereby the Price Determination Date shall be changed from 12 October 2016 to the first day of the offering period of the Revised Proposed Non-public Issuance of A Shares (the “**Revised Price Determination Date**”), resulting in a change in the Benchmark Price from (a) RMB3.66 per A Share (subject to adjustments) to (b) the higher of (i) 90% of the average trading price of the A Shares during the 20 trading days immediately preceding the Revised Price Determination Date, which is calculated by dividing the total turnover of the A Shares by the total trading volume of the A Shares during the 20 trading days immediately preceding the Revised Price Determination Date; and (ii) the latest audited net asset per Share of the Company before the issuance of A Shares under the Revised Proposed Non-public Issuance of A Shares (subject to adjustments).

THE TERMINATION AGREEMENT AND THE COSCO SUBSCRIPTION AGREEMENT

As part of the Revised Proposed Non-public Issuance of A Shares, the Company has, on 20 April 2017, entered into (i) a termination agreement with China Shipping to terminate the CS Subscription Agreement and the CS Subscription contemplated thereunder; and (ii) a subscription agreement (the “**COSCO Subscription Agreement**”) with China COSCO SHIPPING Corporation Limited# (中國遠洋海運集團有限公司) (“**COSCO SHIPPING**”), pursuant to which COSCO SHIPPING has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, 50% of the total number of A Shares to be issued under the Revised Proposed Non-public Issuance of A Shares (the “**COSCO Subscription**”).

As at the date of this announcement, COSCO SHIPPING and parties acting in concert with it 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 39.02% of the entire issued share capital of the Company. Immediately following completion of the COSCO Subscription, assuming that (i) the maximum number of A Shares up to 2,336,625,000 is being issued under the Revised Proposed Non-public Issuance of A Shares, (ii) COSCO SHIPPING subscribes for 50% of the maximum number of A Shares being issued and (iii) there is no change in the total issued share capital of the Company since the date of this announcement save for the issue of the A Shares pursuant to the Revised Proposed Non-public Issuance of A Shares, the aggregate shareholding of COSCO SHIPPING and parties acting in concert with it in the Company will increase to approximately 40.85% of the then enlarged total issued share capital of the Company.

IMPLICATIONS UNDER THE TAKEOVERS CODE

As a result of the termination of the CS Subscription Agreement and under the COSCO Subscription, the increase in the aggregate shareholding of COSCO SHIPPING and parties acting in concert with it in the Company as outlined above will be less than 2%, accordingly, there will not be any obligation under Rule 26.1 of the Takeovers Code on China Shipping or COSCO SHIPPING to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by China Shipping and parties acting in concert with it or COSCO SHIPPING and parties acting in concert with it, respectively. Accordingly, the Whitewash Waiver will no longer be required and in the absence of an offer under the Takeovers Code under the Revised Proposed Non-public Issuance of A Shares, the consent to the Special Deal will also not be required.

Further details of the Revised Proposed Non-public Issuance of A Shares will be disclosed in a separate announcement of the Company in due course.

By order of the Board
COSCO SHIPPING Development Co., Ltd.
Yu Zhen
Joint Company Secretary

Shanghai, the People's Republic of China
20 April 2017

As at the date of this announcement, the Board comprises Ms. Sun Yueying, Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, being executive Directors, Mr. Feng Boming, Mr. Huang Jian and Mr. Chen Dong, being non-executive Directors, and Mr. Cai Hongping, Mr. Tsang Hing Lun, Ms. Hai Chi Yuet and Mr. Graeme Jack, being independent non-executive Directors.

All the Directors jointly and severally accept full responsibility for the accuracy of the information in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any of the statements in this announcement misleading.

* *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 purpose only.