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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)

DISCLOSEABLE AND CONNECTED TRANSACTION ASSIGNMENT AND NOVATION OF SHIPBUILDING CONTRACTS

THE ASSIGNMENT AND NOVATION OF SHIPBUILDING CONTRACTS

The Board is pleased to announce that, on 4 May 2017, in respect of the 13,500 TEU Vessels, (i) COSCO SHIPPING HK (as assignor), a wholly-owned subsidiary of the Company, and COSCO Mercury (as assignee), a wholly-owned subsidiary of COSCO SHIPPING Holdings, entered into the 13,500 TEU Vessel Assignment Agreements for the assignment of the 13,500 TEU Shipbuilding Contracts, and (ii) COSCO SHIPPING HK (as original buyer), COSCO Mercury (as new buyer) and the 13,500 TEU Vessel Builders (as seller) entered into the 13,500 TEU Vessel Variation Agreements for the transfer of all the rights, obligations, debts and liabilities of COSCO SHIPPING HK under the 13,500 TEU Shipbuilding Contracts to COSCO Mercury. The aggregate consideration payable by COSCO Mercury to COSCO SHIPPING HK under the 13,500 TEU Vessel Assignment Agreements is estimated to be approximately US\$109,746,200 (equivalent to approximately HK\$853,825,436).

On the same date, in respect of the 21,000 TEU Vessels, (i) Oriental Fleet (as assignor), a wholly-owned subsidiary of the Company, and COSCO Mercury (as assignee) entered into the 21,000 TEU Vessel Memoranda of Agreement for the assignment of the 21,000 TEU Shipbuilding Contracts, and (ii) Oriental Fleet (as original buyer), COSCO Mercury (as new buyer) and the 21,000 TEU Vessel Builders (as seller) entered into the 21,000 TEU Vessel Novation Agreements for the novation of the 21,000 TEU Shipbuilding Contracts from Oriental Fleet to COSCO Mercury. The aggregate consideration payable by COSCO Mercury to Oriental Fleet under the 21,000 TEU Vessel Memoranda of Agreement is estimated to be approximately US\$98,329,000 (equivalent to approximately HK\$764,999,620).

The aggregate consideration payable by COSCO Mercury to the Group under the Assignment and Novation Agreements in respect of the Shipbuilding Contracts is estimated to be approximately US\$208,075,200 (equivalent to approximately HK\$1,618,825,056).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Assignment and Novation exceeds 5% but are less than 25%, the Assignment and Novation constitute a discloseable transaction of the Company which is 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 4,458,195,175 A Shares and 100,944,000 H Shares, representing approximately 39.02% 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 Mercury is a wholly-owned subsidiary of COSCO SHIPPING Holdings, COSCO Mercury is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the Assignment and Novation 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.

INTRODUCTION

The Board is pleased to announce that, on 4 May 2017, in respect of the 13,500 TEU Vessels, (i) COSCO SHIPPING HK (as assignor), a wholly-owned subsidiary of the Company, and COSCO Mercury (as assignee), a wholly-owned subsidiary of COSCO SHIPPING Holdings, entered into the 13,500 TEU Vessel Assignment Agreements for the assignment of the 13,500 TEU Shipbuilding Contracts, and (ii) COSCO SHIPPING HK (as original buyer), COSCO Mercury (as new buyer) and the 13,500 TEU Vessel Builders (as seller) entered into the 13,500 TEU Vessel Variation Agreements for the transfer of all the rights, obligations, debts and liabilities of COSCO SHIPPING HK under the 13,500 TEU Shipbuilding Contracts to COSCO Mercury. The aggregate consideration payable by COSCO Mercury to COSCO SHIPPING HK under the 13,500 TEU Vessel Assignment Agreements is estimated to be approximately US\$109,746,200 (equivalent to approximately HK\$853,825,436).

On the same date, in respect of the 21,000 TEU Vessels, (i) Oriental Fleet (as assignor), a wholly-owned subsidiary of the Company, and COSCO Mercury (as assignee) entered into the 21,000 TEU Vessel Memoranda of Agreement for the assignment of the 21,000 TEU Shipbuilding Contracts, and (ii) Oriental Fleet (as original buyer), COSCO Mercury (as new buyer) and the 21,000 TEU Vessel Builders (as seller) entered into the 21,000 TEU Vessel Novation Agreements for the novation of the 21,000 TEU Shipbuilding Contracts from Oriental Fleet to COSCO Mercury. The aggregate consideration payable by COSCO Mercury to Oriental Fleet under the 21,000 TEU Vessel Memoranda of Agreement is estimated to be approximately US\$98,329,000 (equivalent to approximately HK\$764,999,620).

The aggregate consideration payable by COSCO Mercury to the Group under the Assignment and Novation Agreements in respect of the Shipbuilding Contracts is estimated to be approximately US\$208,075,200 (equivalent to approximately HK\$1,618,825,056).

The principal terms of the Assignment and Novation Agreements are set out below.

THE 13,500 TEU VESSEL ASSIGNMENT AGREEMENTS

The principal terms of each of the 13,500 TEU Vessel Assignment Agreements are as follows:

Date: 4 May 2017

Parties: (a) COSCO SHIPPING HK (as assignor); and
(b) COSCO Mercury (as assignee).

Subject matter: Subject to the terms and conditions of the 13,500 TEU Vessel Assignment Agreement, COSCO SHIPPING HK has agreed to assign, and COSCO Mercury has agreed to accept the assignment of, the relevant 13,500 TEU Shipbuilding Contract in respect of the relevant 13,500 TEU Vessel.

Transfer of rights and obligations: Subject to the terms and conditions of the 13,500 TEU Vessel Assignment Agreement, all the rights, interests, obligations and liabilities of COSCO SHIPPING HK under the relevant 13,500 TEU Shipbuilding Contract shall be transferred to COSCO Mercury from the Payment Receipt Date, and COSCO Mercury shall bear all the obligations and liabilities of COSCO SHIPPING HK and all the other obligations and liabilities under or in relation to the relevant 13,500 TEU Shipbuilding Contract.

Consideration: The consideration payable under each of the 13,500 TEU Vessel Assignment Agreements shall be the sum of the following items:

- (a) the assessment value of the relevant 13,500 TEU Vessel as at the Benchmark Date as determined by an independent valuer, which shall be paid in US\$ at the exchange rate of US\$1.00 to RMB6.8750;
- (b) the amount of interest capitalized during the Interim Period in respect of the relevant 13,500 TEU Vessel determined by the following formula:

$$\text{US\$22,392} \div 30 \times (\text{Number of days during the Interim Period})$$

- (c) the amount of supervisors' salaries incurred by COSCO SHIPPING HK in respect of the relevant 13,500 TEU Vessel during the Interim Period as determined by the following formula:

$$(\text{RMB58,171.42} \div 30) \times (\text{Number of days in the Interim Period}) \div (\text{Applicable RMB to US\$ exchange rate announced by the People's Bank of China on the 10th business day prior to the Payment Date})$$

- (d) the amount of payment made by COSCO SHIPPING HK to the 13,500 TEU Vessel Builders pursuant to the relevant 13,500 TEU Shipbuilding Contract during the Interim Period.

The aggregate consideration payable under the 13,500 TEU Vessel Assignment Agreements was determined after arm's length negotiation between COSCO SHIPPING HK and COSCO Mercury with reference to the valuation report dated 7 April 2017 prepared by an independent valuer. According to the aforementioned valuation report, the total assessment value of the 13,500 TEU Vessels under the 13,500 TEU Shipbuilding Contracts as at the Benchmark Date was RMB667,424,000 (equivalent to approximately HK\$754,189,120), which was equivalent to the total net asset value of the 13,500 TEU Vessels determined based on the payment instalments made under the 13,500 TEU Shipbuilding Contracts and other costs incurred.

Assuming that the Payment Date occurs on or around 30 June 2017:

- (a) the total amount of interest capitalized in respect of the 13,500 TEU Vessels during the Interim Period is estimated to be approximately US\$716,544 (equivalent to approximately HK\$5,574,712);
- (b) the total amount of supervisors' salaries incurred for the 13,500 TEU Vessels during the Interim Period is estimated to be approximately RMB1,861,485 (equivalent to approximately HK\$2,103,478); and
- (c) the total payment to be made by COSCO SHIPPING HK to the 13,500 TEU Vessel Builders under the 13,500 TEU Shipbuilding Contracts during the Interim Period pursuant to the terms of the 13,500 TEU Shipbuilding Contracts is estimated to be approximately US\$11,680,000 (equivalent to approximately HK\$90,870,400).

Therefore, the aggregate consideration payable by COSCO Mercury to COSCO SHIPPING HK under the 13,500 TEU Vessel Assignment Agreements is estimated to be approximately US\$109,746,200 (equivalent to approximately HK\$853,825,436).

Payment terms:

Payment of the consideration shall be made within 10 business days from the date when the 13,500 TEU Vessel Assignment Agreement comes into effect.

Other building supervision fees: The other building supervision fees in respect of the relevant 13,500 TEU Vessel shall be borne by COSCO Mercury with effect from the Benchmark Date, and COSCO Mercury shall reimburse COSCO SHIPPING HK of such fees actually advanced by it of an amount not exceeding RMB40,000 per month per vessel.

Conditions: Each of the 13,500 TEU Vessel Assignment Agreements shall become effective upon, among other things:

- (a) the signing of the 13,500 TEU Vessel Assignment Agreement by the authorized director of COSCO SHIPPING HK;
- (b) the signing of the 13,500 TEU Vessel Assignment Agreement by the authorized representative of COSCO Mercury;
- (c) the approval of the 13,500 TEU Vessel Assignment Agreement and the transactions contemplated thereunder at the Shareholders' meeting of the Company; and
- (d) the approval of the 13,500 TEU Vessel Assignment Agreement and the transactions contemplated thereunder at the shareholders' meeting of COSCO SHIPPING Holdings.

THE 13,500 TEU VESSEL VARIATION AGREEMENTS

The principal terms of each of the 13,500 TEU Vessel Variation Agreements are as follows:

Date: 4 May 2017

Parties:

- (a) COSCO SHIPPING HK (as original buyer);
- (b) COSCO Mercury (as new buyer); and
- (c) the 13,500 TEU Vessel Builders (as seller).

Subject matter: Pursuant to the 13,500 TEU Vessel Variation Agreement, all the rights, obligations, debts and liabilities of COSCO SHIPPING HK under the relevant 13,500 TEU Vessel Shipbuilding Contract shall be transferred to COSCO Mercury, with effect from the payment of the purchase price under the relevant 13,500 TEU Vessel Assignment Agreement.

Effectiveness: The 13,500 TEU Vessel Variation Agreement shall become effective upon, among other things, the obtaining of approval of the 13,500 TEU Vessel Variation Agreements at the shareholders' meetings of the Company and COSCO SHIPPING Holdings, respectively.

THE 21,000 TEU VESSEL MEMORANDA OF AGREEMENT

The principal terms of each of the 21,000 TEU Vessel Memoranda of Agreements are as follows:

Date:	4 May 2017
Parties:	(a) Oriental Fleet (as assignor); and (b) COSCO Mercury (as assignee).
Subject matter:	Subject to terms and conditions of the 21,000 TEU Vessel Memorandum of Agreement, Oriental Fleet has agreed to assign, and COSCO Mercury has agreed to accept the assignment of, the relevant 21,000 TEU Shipbuilding Contract in respect of the relevant 21,000 TEU Vessel.
Transfer of rights and obligations:	Subject to the terms and conditions of the 21,000 TEU Vessel Memorandum of Agreement, all the rights, obligations, liabilities and risks of Oriental Fleet under the relevant 21,000 TEU Shipbuilding Contract shall be transferred to COSCO Mercury from the Payment Receipt Date, and COSCO Mercury shall bear all the obligations, liabilities and risks of Oriental Fleet and all the other obligations, liabilities and risks under or in relation to the relevant 21,000 TEU Shipbuilding Contract.
Consideration:	The consideration payable under each of the 21,000 TEU Vessel Memoranda of Agreement shall be the sum of the following items: (a) the assessment value of the relevant 21,000 TEU Vessel as at the Benchmark Date as determined by an independent valuer, which shall be paid in US\$ at the exchange rate of US\$1.00 to RMB6.8750; (b) the amount of supervisors' salaries incurred by Oriental Fleet in respect of the relevant 21,000 TEU Vessel during the Interim Period as determined by the following formula: $(RMB58,171.42 \div 30) \times (\text{Number of days in the Interim Period}) \div (\text{Applicable RMB to US\$ exchange rate announced by the People's Bank of China on the day on the 10th business day prior to the Payment Date})$ (c) the amount of payment made by Oriental Fleet to the 21,000 TEU Vessel Builders pursuant to the relevant 21,000 TEU Shipbuilding Contract during the Interim Period.

The aggregate consideration payable under the 21,000 TEU Vessel Memoranda of Agreement was determined after arm's length negotiation between Oriental Fleet and COSCO Mercury with reference to the valuation report dated 7 April 2017 prepared by an independent valuer. According to the aforementioned valuation report, the total assessment value of the 21,000 TEU Vessels under the 21,000 TEU Shipbuilding Contracts as at the Benchmark Date was RMB578,384,600 (equivalent to approximately HK\$653,574,598), which was equivalent to the total net asset value of the 21,000 TEU Vessels determined based on the payment instalments made under the 21,000 TEU Shipbuilding Contracts and other costs incurred.

Assuming that the Payment Date occurs on or around 30 June 2017:

- (a) the total amount of supervisors' salaries incurred for the 21,000 TEU Vessels during the Interim Period is estimated to be approximately RMB1,396,114 (equivalent to approximately HK\$1,577,609); and
- (b) the total payment to be made by Oriental Fleet to the 21,000 TEU Vessel Builders under the 21,000 TEU Shipbuilding Contracts during the Interim Period pursuant to the terms of the 21,000 TEU Shipbuilding Contracts is estimated to be approximately US\$13,998,000 (equivalent to approximately HK\$108,904,440).

Therefore, the aggregate consideration payable by COSCO Mercury to Oriental Fleet under the 21,000 TEU Vessel Memoranda of Agreement is estimated to be approximately US\$98,329,000 (equivalent to approximately HK\$764,999,620).

Payment terms:

Payment of the consideration shall be made within 10 business days from the date when the 21,000 TEU Vessel Memorandum of Agreement comes into effect.

Other building supervision fees:

The other building supervision fees in respect of the 21,000 TEU Vessels shall be borne by COSCO Mercury with effect from the Benchmark Date, and COSCO Mercury shall reimburse Oriental Fleet of such fees actually advanced by it of an amount not exceeding RMB40,000 per month per vessel.

- Conditions:** Each of the 21,000 TEU Vessel Memoranda of Agreement shall become effective upon, among other things:
- (a) the signing of the 21,000 TEU Vessel Memorandum of Agreement by the authorized director of Oriental Fleet;
 - (b) the signing of the 21,000 TEU Vessel Memorandum of Agreement by the authorized representative of COSCO Mercury;
 - (c) approval of the 21,000 TEU Vessel Memorandum of Agreement and the transactions contemplated thereunder by the Shareholders; and
 - (d) approval of the 21,000 TEU Vessel Memorandum of Agreement and the transactions contemplated thereunder by the shareholders of COSCO SHIPPING Holdings.

THE 21,000 TEU VESSEL NOVATION AGREEMENTS

The principal terms of each of the 21,000 TEU Vessel Novation Agreements are as follows:

Date: 4 May 2017

Parties:

- (a) Oriental Fleet (as original buyer);
- (b) COSCO Mercury (as new buyer); and
- (c) the 21,000 TEU Vessel Builders (as seller).

Subject matter: Pursuant to the 21,000 TEU Vessel Novation Agreement, (i) all the rights, benefits, obligations and liabilities of Oriental Fleet under the relevant 21,000 TEU Shipbuilding Contract shall be transferred to and novated in favour of COSCO Mercury as if COSCO Mercury had originally been a party thereto, with effect from the Payment Receipt Date; and (ii) the relevant 21,000 TEU Vessel Builder has agreed to acknowledge and give consent and agreement to the novation.

Effectiveness: The 21,000 TEU Vessel Novation Agreement shall become effective upon, among other things, the obtaining of approval of the 21,000 TEU Vessel Novation Agreements and the transactions contemplated thereunder from independent shareholders at the shareholders' meetings of the Company and COSCO SHIPPING Holdings, respectively.

REASONS FOR AND BENEFITS OF THE ASSIGNMENT AND NOVATION

The Group has transformed from a container liner operator into an integrated financial services platform and has since been focusing on the provision of integrated financial services with diversified leasing businesses.

The Assignment and Novation are in line with the Group's transformed business. The Assignment and Novation would also optimize the Company's capital structure and reduce the future capital expenditure of the Company. In addition, the consideration payable to the Group under the Assignment and Novation Agreements would enhance the financial position of the Company.

The terms of the Assignment and Novation Agreements were agreed after arm's length negotiations between the parties thereto. As stated in the section headed "Implications under the Listing Rules", all the executive Directors and non-executive Directors have abstained from voting on the relevant Board resolutions approving the Assignment and Novation. The independent non-executive Directors will, after considering the advice from the Independent Financial Adviser, express their view on whether the terms of the Assignment and Novation Agreements and the transactions contemplated thereunder are on normal commercial terms that are fair and reasonable and whether the Assignment and Novation are in the interests of the Company and the Shareholders as a whole.

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

Information on the Group

The Company is a joint stock 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 providing integrated financial services with diversified leasing businesses such as vessel leasing, container leasing and non-shipping finance leasing, supply chain finance, shipping insurance, logistic infrastructure investment and other financial assets investment services.

Information on Oriental Fleet

Oriental Fleet is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in ship holding and management, financing and leasing services.

Information on COSCO SHIPPING HK

COSCO SHIPPING HK is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in leasing of vessels and containers.

Information on COSCO Mercury

COSCO Mercury is a company incorporated in the Cayman Islands with limited liability and is a wholly-owned subsidiary of COSCO SHIPPING Holdings. COSCO Mercury and its subsidiaries are principally engaged in the leasing of vessels.

Information on the 13,500 TEU Vessel Builders and the 21,000 TEU Vessel Builders

CSTC is a company established under the laws of the PRC with limited liability and is principally engaged in military products trading, international marketing of civilian vessels, import of technologies, equipment and materials, export of electromechanical products such as marine equipment, and international engineering contracting. It is the major platform for foreign trade and cooperation of China State Shipbuilding Corporation.

Shanghai Jiangnan Changxing is a company established under the laws of the PRC with limited liability. Its scope of business covers, among other things, vessels, vessel equipment, port machineries.

Shanghai Waigaoqiao is a company established under the laws of the PRC with limited liability and is principally engaged in shipbuilding and offshore engineering business.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Assignment and Novation exceeds 5% but are less than 25%, the Assignment and Novation constitute a discloseable transaction of the Company which is 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 4,458,195,175 A Shares and 100,944,000 H Shares, representing approximately 39.02% 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 Mercury is a wholly-owned subsidiary of COSCO SHIPPING Holdings, COSCO Mercury is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the Assignment and Novation 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.

Ms. Sun Yueying, Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, all being executive Directors, hold directorship(s) or act as senior management in China Shipping and its associates, and Mr. Feng Boming, Mr. Chen Dong and Mr. Huang Jian, all being non-executive Directors were nominated by China Shipping to the Board. Accordingly, Ms. Sun Yueying, Mr. Wang Daxiong, Mr. Liu Chong, Mr. Xu Hui, Mr. Feng Boming, Mr. Chen Dong and Mr. Huang Jian have therefore abstained from voting on the relevant Board resolutions approving the Assignment and Novation. Save as aforementioned, none of the other Directors has a material interest in the Assignment and Novation and hence no other Director has abstained from voting on such Board resolutions.

GENERAL

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

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

The Company will seek the Independent Shareholders' approval for the Assignment and Novation Agreements and the transactions contemplated thereunder at the AGM.

A circular containing, among other things, (i) further details of the Assignment and Novation; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Assignment and Novation; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Assignment and Novation; and (iv) a notice convening the AGM, is expected to be despatched to the Shareholders on or before 26 May 2017, 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 included in the circular.

DEFINITIONS

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

“13,500 TEU Shipbuilding Contracts”	collectively, the eight shipbuilding contracts for the construction of the 13,500 TEU Vessels entered into between COSCO SHIPPING HK (as buyer) and the 13,500 TEU Vessel Builders (as seller) on 29 July 2015
“13,500 TEU Vessels”	collectively, the eight container vessels with a capacity of 13,500 TEU each (No. H3025/ H3026/ H3027/ H3028/ H3029/ H3030/ H3031/ H3032) originally proposed to be acquired by COSCO SHIPPING HK under the 13,500 TEU Shipbuilding Contracts and which are under construction
“13,500 TEU Vessel Assignment Agreements”	collectively, the eight assignment agreements entered into between COSCO Shipping HK (as assignor) and COSCO Mercury (as assignee) on 4 May 2017 in respect of the assignment of the 13,500 TEU Shipbuilding Contracts
“13,500 TEU Vessel Builders”	collectively, CSTC and Shanghai Jiangnan Changxing
“13,500 TEU Vessel Variation Agreements”	collectively, the eight variation agreements entered into between COSCO Shipping HK (as original buyer), COSCO Mercury (as new buyer) and the 13,500 TEU Vessel Builders (as seller) on 4 May 2017 in respect of the novation of the 13,500 TEU Shipbuilding Contracts

“21,000 TEU Shipbuilding Contracts”	collectively, the six shipbuilding contracts for the construction of the 21,000 TEU Vessels entered into between Oriental Fleet (as buyer) and the 21,000 TEU Vessel Builders (as seller) on 30 October 2015
“21,000 TEU Vessels”	collectively, the six container vessels with a capacity of 21,000 TEU each (No. H1416/ H1417/ H1420/ H1427/ H1428/ H1429) originally proposed to be acquired by Oriental Fleet under the 21,000 TEU Shipbuilding Contracts and which are under construction
“21,000 TEU Vessel Builders”	collectively, CSTC and Shanghai Waigaoqiao
“21,000 TEU Vessel Memoranda of Agreement”	collectively, the six memoranda of agreement entered into between Oriental Fleet (as assignor) and COSCO Mercury (as assignee) on 4 May 2017 in respect of the assignment of the 21,000 TEU Shipbuilding Contracts
“21,000 TEU Vessel Novation Agreements”	collectively, the six novation agreements entered into between Oriental Fleet (as original buyer), COSCO Mercury (as new buyer) and the 21,000 TEU Vessel Builders (as seller) on 4 May 2017 in respect of the novation of the 21,000 TEU Shipbuilding Contracts
“AGM”	the annual general meeting of the Company to be convened to consider and, if though fit, approve, among other things, the Assignment and Novation Agreements and the transactions contemplated thereunder
“Assignment and Novation”	the assignment and novation of all of the rights and obligations of (i) COSCO SHIPPING HK under the 13,500 TEU Shipbuilding Contracts to COSCO Mercury; and (ii) Oriental Fleet under the 21,000 TEU Shipbuilding Contracts to COSCO Mercury, pursuant to the Assignment and Novation Agreements
“Assignment and Novation Agreements”	collectively, the 13,500 TEU Vessel Assignment Agreements, the 13,500 TEU Vessel Variation Agreements, the 21,000 TEU Vessel Memoranda of Agreement and the 21,000 TEU Vessel Novation Agreements
“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
“Benchmark Date”	28 February 2017
“Board”	the board of directors of the Company
“China Shipping”	China Shipping (Group) Company Limited [#] (中國海運(集團)總公司), a PRC state-owned enterprise and the controlling shareholder of the Company

“COSCO SHIPPING”	China COSCO SHIPPING Corporation Limited [#] (中國遠洋海運集團有限公司), a PRC state-owned enterprise and an indirect controlling shareholder of the Company
“COSCO SHIPPING 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)
“COSCO Mercury”	COSCO (Cayman) Mercury Co., Ltd., a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Holdings
“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 A Shares of which are listed on Main Board of the Hong Kong Stock Exchange (Stock Code: 2866) and the Shanghai Stock Exchange (Stock Code: 601866), respectively
“COSCO Company”	China Ocean Shipping (Group) Company [#] (中國遠洋運輸(集團)總公司), a PRC state-owned enterprise and the controlling shareholder of COSCO SHIPPING Holdings, and a wholly-owned subsidiary of COSCO SHIPPING
“COSCO SHIPPING HK”	COSCO SHIPPING Development (Hong Kong) Co., Ltd. (中遠海運發展(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CSTC”	China Shipbuilding Trading Company Limited [#] (中國船舶工業貿易公司), a company established under the laws of the PRC with limited liability
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign shares in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on Main Board of the Hong Kong Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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, Mr. Tsang Hing Lun, Ms. Hai Chi Yuet and Mr. Graeme Jack, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Assignment and Novation in accordance with the Listing Rules
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of Assignment and Novation
“Independent Shareholders”	the Shareholders other than (i) COSCO SHIPPING and its associates and (ii) all other parties (if any) who are involved or interested in the Assignment and Novation
“Interim Period”	the period from the Benchmark Date to the Payment Date under the relevant 21,000 TEU Vessel Memorandum of Agreement or the relevant 13,500 TEU Vessel Assignment Agreement (as the case may be)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Oriental Fleet”	Oriental Fleet International Co., Ltd. (東方富利國際有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Payment Date”	the date of payment of the purchase price by COSCO Mercury to COSCO SHIPPING HK or Oriental Fleet pursuant to the relevant 21,000 TEU Vessel Memorandum of Agreement or the relevant 13,500 TEU Vessel Assignment Agreements (as the case may be)
“Payment Receipt Date”	the date of receipt of the purchase price by COSCO SHIPPING HK or Oriental Fleet under the relevant 21,000 TEU Vessel Memorandum of Agreement or the relevant 13,500 TEU Vessel Assignment Agreement (as the case may be), which is estimated to be one business day after the Payment Date
“percentage ratios”	has the meaning ascribed to such term under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Jiangnan Changxing”	Shanghai Jiangnan Changxing Shipbuilding Company Limited# (上海江南長興造船有限責任公司), a company established under the laws of the PRC with limited liability

“Shanghai Waigaoqiao”	Shanghai Waigaoqiao Shipbuilding Company Limited [#] (上海外高橋造船有限公司), a company established under the laws of the PRC with limited liability
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Shipbuilding Contracts”	collectively, the 13,500 TEU Shipbuilding Contracts and the 21,000 TEU Shipbuilding Contracts
“TEU”	twenty-foot equivalent units, a standard unit of measurement of the volume of a container with a length of 20 feet, weight of eight feet and six inches and width of eight feet
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

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

Shanghai, the People’s Republic of China
4 May 2017

For the purpose of this announcement, translations of US\$ into HK\$ or vice versa have been calculated by using an exchange rate of US\$1.00 equal to HK\$7.78. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of RMB1.00 equal to HK\$1.13. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

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.

* *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.